G.D. Apte & Co.
Chartered Accountants
GDA House, Plot No. 85
Right Bhusari Colony Paud Road,
Pune - 411 038, Maharashtra

Khandelwal Jain & Co.
Chartered Accountants
6-B&C, PIL Court, 6th Floor, 111
M.K. Road, Churchgate,
Mumbai 400 020, Maharashtra

**Independent Auditor's Review Report on Unaudited Standalone Financial Results of Bajaj Housing Finance Limited for quarter and nine months ended December 31, 2023 pursuant to the Regulation 52 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015, as amended**

**The Board of Directors**

**Bajaj Housing Finance Limited**

1. We have reviewed the accompanying standalone unaudited financial results of Bajaj Housing Finance Limited ("the Company") for the quarter and nine months ended December 31, 2023 ("the Statement") attached herewith, being submitted by the company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. The statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting' ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the statement based on our review.

3. We conducted our review of the Statement in accordance with the Standards on Review Engagement (SRE) 2410 - "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement. Review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

G. D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

4. Based on review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms Regulation 52 of the SEBI (Listing Obligation & Disclosure Requirement ) Regulations, 2015, as amended including the manner in which it is to be disclosed, or that it contains any material misstatements or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank Of India in respect of income recognition, asset classification, provisioning and other related matters.

**For G.D. Apte & Co.**

**Chartered Accountants**

Firm Registration Number: 100515W

UDIN: 24113053BKBFD06937

**Umesh S. Abhyankar**

**Partner**

Membership No: 113053

Pune, January 25, 2024

**For Khandelwal Jain & Co**

**Chartered Accountants**

Firm Registration Number: 105049W

UDIN: 24033632BKFHUV2171

**Shailesh Shah**

**Partner**

Membership No: 033632

Pune, January 25, 2024

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# Bajaj Housing Finance Limited

## Statement of unaudited financial results for the Quarter and Nine months ended 31 December 2023

(₹ in crore)

| | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | 31.12.2023 (Reviewed) | 30.09.2023 (Reviewed) | 31.12.2022 (Reviewed) | 31.12.2023 (Reviewed) | 31.12.2022 (Reviewed) | 31.03.2023 (Audited) |
| 1 | **Income** | | | | | | |
| | (a) Revenue from operations | | | | | | |
| | Interest income | 1,845.47 | 1,782.31 | 1,427.81 | 5,294.73 | 3,748.67 | 5,269.24 |
| | Fees and commission income | 31.82 | 30.35 | 22.07 | 95.25 | 65.47 | 86.22 |
| | Net gain on fair value change | 27.16 | 35.22 | 38.76 | 98.00 | 78.05 | 112.04 |
| | Sale of services | 16.62 | 19.01 | 18.15 | 52.10 | 35.48 | 50.29 |
| | Income on derecognised (assigned) loans | 12.93 | 32.35 | 6.61 | 52.72 | 144.46 | 134.80 |
| | Other operating income | 12.18 | 12.25 | 3.64 | 28.12 | 7.37 | 12.14 |
| | Total Revenue from operations | 1,946.18 | 1,911.49 | 1,517.04 | 5,620.92 | 4,079.50 | 5,664.73 |
| | (b) Other income | 0.06 | - | 0.05 | 0.17 | 0.15 | 0.50 |
| | **Total Income** | **1,946.24** | **1,911.49** | **1,517.09** | **5,621.09** | **4,079.65** | **5,665.23** |
| 2 | **Expenses** | | | | | | |
| | (a) Finance costs | 1,200.35 | 1,150.81 | 878.81 | 3,413.31 | 2,257.29 | 3,211.32 |
| | (b) Fees and commission expense | 2.90 | 2.98 | 3.46 | 8.79 | 10.86 | 14.03 |
| | (c) Impairment of financial instruments | 0.56 | 18.33 | 30.14 | 25.63 | 66.59 | 123.50 |
| | (d) Employee benefits expense | 112.82 | 115.19 | 107.16 | 342.22 | 324.11 | 434.93 |
| | (e) Depreciation and amortization expenses | 9.99 | 9.72 | 8.40 | 29.40 | 24.34 | 33.40 |
| | (f) Other expenses | 47.76 | 39.46 | 37.29 | 128.64 | 103.20 | 147.99 |
| | **Total expenses** | **1,374.38** | **1,336.49** | **1,065.26** | **3,947.99** | **2,786.39** | **3,965.17** |
| 3 | **Profit before tax (1-2)** | **571.86** | **575.00** | **451.83** | **1,673.10** | **1,293.26** | **1,700.06** |
| 4 | **Tax expense** | | | | | | |
| | (a) Current Tax | 136.00 | 119.90 | 119.26 | 395.99 | 317.05 | 399.80 |
| | (b) Deferred tax (credit)/charge | (1.11) | 3.99 | (1.70) | (72.77) | 19.88 | 42.46 |
| | **Total tax expense** | **134.89** | **123.89** | **117.56** | **323.22** | **336.93** | **442.26** |
| 5 | **Profit after tax (3-4)** | **436.97** | **451.11** | **334.27** | **1,349.88** | **956.33** | **1,257.80** |
| 6 | **Other comprehensive Income** | | | | | | |
| | (a) (i) Items that will not be reclassified to profit or loss | - | - | - | - | - | 5.54 |
| | (ii) Tax impact on above | - | - | - | - | - | (1.39) |
| | (b) (i) Items that will be reclassified to profit or loss | 0.92 | (0.42) | - | 0.50 | - | - |
| | (ii) Tax impact on above | (0.23) | 0.11 | - | (0.12) | - | - |
| | **Total other comprehensive income, net of tax** | **0.69** | **(0.31)** | **-** | **0.38** | **-** | **4.15** |
| 7 | **Total Comprehensive Income (5+6)** | **437.66** | **450.80** | **334.27** | **1,350.26** | **956.33** | **1,261.95** |
| 8 | Paid-up Equity Share Capital (Face Value of ₹ 10) | | | | | | 6,712.16 |
| 9 | Other equity | | | | | | 3,791.03 |
| 10 | Earnings per share (not annualised) | | | | | | |
| | Basic (₹) | 0.65 | 0.67 | 0.50 | 2.01 | 1.43 | 1.88 |
| | Diluted (₹) | 0.65 | 0.67 | 0.50 | 2.01 | 1.43 | 1.88 |

G. D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

Bajaj Housing Finance Limited

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## Bajaj Housing Finance Limited

### Statement of unaudited financial results for the Quarter and Nine months ended 31 December 2023

**Notes:**

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its meetings held on 25 January 2024 and reviewed by joint statutory auditors pursuant to Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. These financial results are available on the website of the Company viz. https://www.bajajhousingfinance.in and on the website of BSE Limited (www.bseindia.com).

2 All the secured non-convertible debentures of the Company including those issued during the nine months ended 31 December 2023, are fully secured by first pari passu charge by mortgage of the Company's immovable property at Chennai and/or by hypothecation of book debts/loan receivables to the extent as stated in the respective information memorandum. Further, the Company has at all times, for the non convertible debentures issued, maintained asset cover as stated in the respective information memorandum which is sufficient to discharge the principal amount, interest accrued thereon and such other sums as mentioned therein. The details for security cover as per the format prescribed by the SEBI vide circular dated 19 May 2022 is enclosed.

3 The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment.

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

(a) Details of loans (not in default) transferred through assignment during the quarter and nine months ended 31 December 2023

(₹ in crore)

| Particulars | For the quarter ended 31 December 2023 | | For the nine month ended 31 December 2023 | |
|---|---|---|---|---|
| Number of accounts assigned through Direct Assignment | 23 | 358 | 5,458 | 358 |
| Amount of loan account assigned | 2,772.55 | 333.78 | 6,758.14 | 333.78 |
| Retention of beneficial economic interest (MRR)* | 1% | 10% | 1% | 10% |
| Weighted average residual maturity (in months) | 153.19 | 142.03 | 170.20 | 142.03 |
| Weighted average holding period (in months) | 9.98 | 14.78 | 14.32 | 14.78 |
| Coverage of tangible security | 100% | 100% | 100% | 100% |
| Rating-wise distribution of rated loans | Unrated | Unrated | Unrated | Unrated |

* Retained by the originator

(b) Details of loans (not in default) acquired through assignment during the quarter and nine months ended 31 December 2023

(₹ In Crore)

| Particulars | For the quarter ended 31 December 2023 | | For the nine month ended 31 December 2023 | |
|---|---|---|---|---|
| Number of accounts acquired through Direct Assignment | 7,620 | 9 | 12,375 | 14 |
| Amount of loan account acquired | 1,022.71 | 30.29 | 1,884.14 | 45.26 |
| Beneficial economic interest acquired * | 90% | 80% | 90% | 80% |
| Weighted average residual maturity (in months) | 191.15 | 192.84 | 200.84 | 196.19 |
| Weighted average holding period (in months) | 15.73 | 11.56 | 15.45 | 11.13 |
| Coverage of tangible security | 100% | 100% | 100% | 100% |
| Rating-wise distribution of rated loans | Unrated | Unrated | Unrated | Unrated |

* Acquired by the assignee

(c) The Company has not acquired/transferred any stressed loan during the quarter and nine month ended 31 December 2023.

5 The Company holds a management and macro-economic overlay of ₹ 150 crore as at 31 December 2023.

6 As per the Company's review of probability of utilisation of the Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, there is no intention of utilisation of this Special Reserve in future and the deferred tax liability created on the said special reserve is not capable of being reversed. In the absence of any temporary difference, no deferred tax liability is required to be recognised. Consequent to this review, the deferred tax liability of ₹ 73.09 crore as at 1 April 2023, was reversed during the quarter ended 30 June 2023 with corresponding credit to the Statement of Profit and Loss.

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Bajaj Housing Finance Limited

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

7 Disclosures in compliance with Regulation 52 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and nine month ended 31 December 2023 is attached as Annexure 1.

8 Figures for the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

9 The Company has designated an exclusive email ID viz. bhflinvestor.service@bajajfinserv.in for investor grievance redressal.

By order of the Board of Directors
For **Bajaj Housing Finance Limited**

Bajaj Housing Finance Limited

**Atul Jain**
**Managing Director**
DIN: 09561712

Pune
25 January 2024

**CIN :** U65910PN2008PLC132228
**Registered Office :** Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune - 411 035
**Corporate Office** : Cerebrum IT Park, B2 Building, 5th Floor, Kumar City, Kalyani Nagar, Pune - 411 014
Tel. : 020-71878060
**E-mail:** bhflinvestor.service@bajajfinserv.in | **Website:**https://www.bajajhousingfinance.in/

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## Bajaj Housing Finance Limited

### Statement of unaudited financial results for the Quarter and Nine months ended 31 December 2023

### Annexure 1

**Disclosure in compliance with Regulation 52 (4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015**

| Particulars | For the quarter ended 31 December 2023 | For the nine months ended 31 December 2023 |
|---|---|---|
| 1. Debt-Equity ratio [Debt securities+Borrowings (other than debt securities)+Deposits] / Total Equity | 5.37 | |
| 2. Outstanding redeemable preference shares (quantity and value) | The Company has not issued any preference shares. | |
| 3. Debenture redemption reserve | Not Applicable<br>[According to Rule 18 (7) (b)(iv)(A) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, no Debenture Redemption Reserve is required to be created in the case of privately placed debentures issued by the Company which is a HFC registered with NHB.] | |
| 4. Capital redemption reserve | Not applicable | |
| 5. Net Worth (₹ in crore) [Total Equity] | 11,853.45 | |
| 6. Net Profit after tax (₹ in crore) | 436.97 | 1,349.88 |
| 7. Earnings per share [not annualised] | | |
| Basic (₹) | 0.65 | 2.01 |
| Diluted (₹) | 0.65 | 2.01 |
| 8. Total debts to total assets [Debt securities+Borrowings (other than debt securities)+Deposits] / Total Assets | 0.84 | |
| 9. Net Profit Margin percent [Profit after tax / Total Income] | 22.45% | 24.01% |
| 10. Other Ratio | | |
| (a) Gross NPA (stage 3 asset, gross) ratio | 0.25% | |
| (b) Net NPA (stage 3 asset, net) ratio | 0.10% | |
| (c) Provision coverage (on stage 3 asset) ratio | 60.67% | |
| (d) Capital to risk-weighted assets ratio (Regulatory requirement-15%) | 21.92% | |
| (e) Liquidity Coverage Ratio (Regulatory requirement-85%) | 149.22% | 127.20% |

Note :

Debt Service Coverage Ratio, Interest Service Coverage Ratio, Current ratio, Long term debt to working capital, Bad debts to Accounts receivable ratio, Current liability ratio, Debtors turnover, Inventory turnover and Operating margin percent are not relevant to the Company.

G. D. APTE & CO. Chartered Accountants

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Bajaj Housing Finance Limited

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Khandelwal Jain & Co.
Chartered Accountants
6-B&C, PIL Court, 6th Floor, 111
M.K. Road, Churchgate,
Mumbai 400 020, Maharashtra

## Independent Auditors' 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, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

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

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the '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.

**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, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 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

| Sr. No. | Key Audit Matters | How our audit addressed the key audit matters |
|---|---|---|
| 1. | **Impairment of financial assets as at balance sheet date (expected credit losses):**<br>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.<br><br>In the process, a significant degree of judgement has been applied by the management for: | • We understood and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines.<br>• We assessed the Company's process on timely recognition of impairment in the loan portfolios which included assessing the accuracy of the system generated reports on defaults and ageing.<br>• We have discussed with the management and evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions including factors that affect the |



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KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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

**Information other than the Financial Statements and Auditor's Report thereon**

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

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

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

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

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

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;



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(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, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

(h) With respect to the other matters to be included in the 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 41(a) to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

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

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

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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

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

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

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

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

Pune, April 24, 2023

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

**Shailesh Shah**
**Partner**
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune, April 24, 2023

**Annexure "1" to Independent Auditors' Report**

**(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our Report to the Members of Bajaj Housing Finance Limited of even date)**

(i)

(a)

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

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

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

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

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

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

(ii)

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

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

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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

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

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

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

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

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

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

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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

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

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

(vii)

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

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

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

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

(ix)

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

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

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

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

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

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

(x)

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

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

(xi)

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



G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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

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

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

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

(xiv)

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

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

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

(xvi)

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

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

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

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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

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

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

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

(xx)

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

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

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

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

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

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

Pune, April 24, 2023

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

**Shailesh Shah**
**Partner**
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune, April 24, 2023

**Annexure 2 to Independent Auditor's Report**

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

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

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

**Management's Responsibility for Internal Financial Controls**

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

**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.

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

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.

**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.

G.D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

**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, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on issued by the ICAI.

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

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

Pune, April 24, 2023

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

**Shailesh Shah**
**Partner**
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune, April 24, 2023

Bajaj Housing Finance Limited

Balance Sheet as at 31 March 2023

(₹ in crore)

| Particulars | Note No. | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **I. Financial assets** | | | |
| Cash and cash equivalents | 5. | 93.88 | 407.03 |
| Bank balances other than cash and cash equivalents | 6. | 14.99 | 0.14 |
| Derivative financial instruments | 7. | 1.37 | - |
| Receivables | 8 | | |
| (i) Trade receivables | | 1.59 | 1.87 |
| (ii) Other receivables | | 0.36 | 0.01 |
| Loans | 9. | 62,113.89 | 46,482.07 |
| Investments | 10. | 2,000.91 | 1,248.27 |
| Other financial assets | 11. | 301.94 | 253.93 |
| **Total (I)** | | **64,528.93** | **48,393.32** |
| **II. Non-financial assets** | | | |
| Current tax assets (net) | | 3.97 | 9.08 |
| Deferred tax assets (net) | 12. | - | 15.58 |
| Property, plant and equipment | 13. | 84.92 | 78.09 |
| Intangible assets under development | 13. | 0.31 | 1.46 |
| Other Intangible assets | 13. | 28.07 | 19.11 |
| Other non-financial assets | 14. | 7.94 | 10.44 |
| **Total (II)** | | **125.21** | **133.76** |
| **Total assets (I+II)** | | **64,654.14** | **48,527.08** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **I. Financial liabilities** | | | |
| Payables | 15. | | |
| (A) Trade payables | | | |
| (i) Total outstanding dues to micro enterprises and small enterprises | | - | 0.18 |
| (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 45.93 | 36.23 |
| (B) Other payables | | | |
| (i) Total outstanding dues to micro enterprises and small enterprises | | - | - |
| (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 73.04 | 38.17 |
| Debt securities | 16. | 19,914.92 | 16,489.15 |
| Borrowings (other than debt securities) | 17. | 33,654.70 | 24,493.17 |
| Deposits | 18. | 175.77 | 510.00 |
| Other financial liabilities | 19. | 211.62 | 174.42 |
| **Total (I)** | | **54,075.98** | **41,741.32** |
| **II. Non-financial liabilities** | | | |
| Current tax liabilities (net) | | 16.17 | 20.06 |
| Provisions | 20. | 15.63 | 4.05 |
| Deferred tax liabilities (net) | 12. | 28.27 | - |
| Other non-financial liabilities | 21. | 14.90 | 20.29 |
| **Total (II)** | | **74.97** | **44.40** |
| **III. EQUITY** | | | |
| Equity share capital | 22. | 6,712.16 | 4,883.33 |
| Other equity | 23. | 3,791.03 | 1,858.03 |
| **Total (III)** | | **10,503.19** | **6,741.36** |
| **Total liabilities and equity (I+II+III)** | | **64,654.14** | **48,527.08** |
| Summary of significant accounting policies | 4. | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

**Pune: 24 April, 2023**

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**On behalf of the Board of Directors**

**Atul Jain**
**Managing Director**
DIN: 09561712

**Sanjiv Bajaj**
**Chairman**
DIN: 00014615

**Gaurav Kalani**
**Chief Financial Officer**

**Rajeev Jain**
**Vice Chairman**
DIN: 01550158

**Atul Patni**
**Company Secretary**
FCS: F10094

**Anami Roy**
**Director**
DIN: 01361110

Bajaj Housing Finance Limited

Statement of Profit and Loss for the year ended 31 March 2023

(₹ in crore)

| Particulars | Note No. | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| I. Revenue from Operations | | | |
| Interest income | 24. | 5,269.24 | 3,481.75 |
| Fees and commission income | 25. | 86.22 | 81.85 |
| Net gain on fair value changes | 26 | 112.04 | 58.97 |
| Sale of services | 27. | 50.29 | 142.02 |
| Income on derecognised (assigned) loans | 28. | 134.80 | - |
| Other operating income | 29. | 12.14 | 2.12 |
| **Total Revenue from operations (I)** | | **5,664.73** | **3,766.71** |
| II. Other Income | 30. | 0.71 | 0.42 |
| **III. Total Income (I) + (II)** | | **5,665.44** | **3,767.13** |
| **IV. Expenses** | | | |
| Finance costs | 31. | 3,211.32 | 2,155.31 |
| Fees and commission expense | 32. | 14.03 | 4.68 |
| Impairment on financial instruments | 33. | 123.50 | 181.07 |
| Employee benefits expenses | 34. | 435.14 | 348.94 |
| Depreciation and amortisation | 13. | 33.40 | 25.76 |
| Other expenses | 35. | 147.99 | 91.51 |
| **Total Expenses (IV)** | | **3,965.38** | **2,807.27** |
| **V. Profit before exceptional items and tax (III) - (IV)** | | 1,700.06 | 959.86 |
| VI. Exceptional Items | | - | - |
| **VII. Profit before tax (V) - (VI)** | | **1,700.06** | **959.86** |
| **VIII. Tax expense** | | | |
| Current tax | | 399.80 | 250.40 |
| Deferred tax charge / (credit) | | 42.46 | (0.16) |
| **Total tax expense (VIII)** | 12. | **442.26** | **250.24** |
| **IX. Profit after tax (VII)- (VIII)** | | **1,257.80** | **709.62** |
| **X. Other Comprehensive Income** | | | |
| (A) Items that will not be reclassified to profit or loss: | | | |
| Re-measurement gains/(losses) on defined benefit plans | | 5.54 | (0.64) |
| Income tax effect relating to these items that will not be reclassified to profit or loss | | (1.39) | 0.16 |
| **Subtotal (A)** | | **4.15** | **(0.48)** |
| (B) Items that will be reclassified to profit or loss in subsequent periods: | | - | - |
| Income tax effect relating to these items that will be reclassified to profit or loss in subsequent periods | | - | - |
| **Subtotal (B)** | | **-** | **-** |
| **Other comprehensive income for the year, net of tax [X=(A + B)]** | | **4.15** | **(0.48)** |
| **XI. Total comprehensive income for the year (IX+X)** | | **1,261.95** | **709.14** |
| Earnings per equity share | | | |
| (Nominal value per share ₹ 10/-) | | | |
| Basic (₹) | 36. | 1.88 | 1.45 |
| Diluted (₹) | 36. | 1.88 | 1.45 |
| Summary of significant accounting policies | 4. | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 24 April, 2023**

**On behalf of the Board of Directors**

**Atul Jain**
**Managing Director**
DIN: 09561712

**Sanjiv Bajaj**
**Chairman**
DIN: 00014615

**Gaurav Kalani**
**Chief Financial Officer**

**Rajeev Jain**
**Vice Chairman**
DIN: 01550158

**Atul Patni**
**Company Secretary**
FCS: F10094

**Anami Roy**
**Director**
DIN: 01361110

Bajaj Housing Finance Limited
Statement of Changes in Equity for the year ended 31 March 2023

**I. Equity share capital**

(₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Balance at the beginning of the year | 4,883.33 | 4,883.33 |
| Changes in Equity Share Capital due to prior period errors | - | - |
| Restated balance at the beginning of the current reporting period | - | - |
| Changes in equity share capital during the year (refer note no. 22(a)) | 1,828.83 | - |
| **Balance at the end of the year** | **6,712.16** | **4,883.33** |

II. Other equity

For the year ended 31 March 2023 (₹ in crore)

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

For the year ended 31 March 2022 (₹ in crore)

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

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 24 April, 2023**

**On behalf of the Board of Directors**

**Atul Jain**
**Managing Director**
DIN: 09561712

**Sanjiv Bajaj**
**Chairman**
DIN: 00014615

**Gaurav Kalani**
**Chief Financial Officer**

**Rajeev Jain**
**Vice Chairman**
DIN: 01550158

**Atul Patni**
**Company Secretary**
FCS: F10094

**Anami Roy**
**Director**
DIN: 01361110

Bajaj Housing Finance Limited
Statement of cash flows for the year ended 31 March 2023

(₹ in crore)

| | Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| I. | **Cash flow from operating activities** | | |
| | **Profit before tax** | 1,700.06 | 959.86 |
| | Adjustments for: | | |
| | Interest income | (5,269.24) | (3,481.75) |
| | Depreciation, amortisation and impairment | 33.40 | 25.76 |
| | Impairment on financial instruments | 123.50 | 181.07 |
| | Finance Costs | 3,211.32 | 2,155.31 |
| | Net (gain)/ loss on disposal of property, plant and equipment | 0.70 | 0.48 |
| | Provision no longer required written back | - | (0.05) |
| | Service fees for management of assigned portfolio of loans | (22.49) | (112.53) |
| | Income on derecognised (assigned) loans | (134.80) | - |
| | Net (gain)/ loss on financial instruments measured at FVTPL | (112.04) | (58.97) |
| | | **(469.59)** | **(330.82)** |
| | Cash inflow from interest on loans | 5,040.50 | 3,476.05 |
| | Cash inflow from receivables on assignment of loans | 104.64 | 57.13 |
| | Cash outflow towards finance cost | (3,103.62) | (2,502.59) |
| | **Cash from operations before working capital changes** | **1,571.93** | **699.77** |
| | **Working capital changes:** | | |
| | (Increase) / decrease in Bank balances other than cash and cash equivalents | (14.85) | 249.89 |
| | (Increase) / decrease in trade receivables | 0.27 | 3.72 |
| | (Increase) / decrease in other receivables | (0.35) | 0.01 |
| | (Increase) / decrease in loans | (15,584.98) | (13,256.65) |
| | (Increase) / decrease in other financial assets | 3.96 | 15.51 |
| | (Increase) / decrease in other non-financial assets | 1.55 | 3.32 |
| | Increase / (decrease) in trade payables | 9.52 | 15.56 |
| | Increase / (decrease) in other payables | 34.87 | 16.89 |
| | Increase / (decrease) in other financial liabilities | 33.16 | 14.95 |
| | Increase / (decrease) in provisions | 17.12 | 1.12 |
| | Increase / (decrease) in other non-financial liabilities | (5.39) | (2.27) |
| | | (13,933.19) | (12,238.18) |
| | Income taxes paid (net of refunds) | (398.58) | (242.35) |
| | **Net cash used in operating activities (I)** | **(14,331.77)** | **(12,480.53)** |
| II. | **Cash flow from investing activities** | | |
| | Purchase of property, plant and equipment | (20.37) | (18.41) |
| | Sale of property, plant and equipment | 3.87 | 1.63 |
| | Purchase of intangible assets and intangible assets under development | (13.43) | (10.71) |
| | Purchase of investments measured under FVTPL | (43,035.86) | (33,133.80) |
| | Sale of investments measured under FVTPL | 42,408.09 | 34,831.88 |
| | Purchase of investments measured under amortised cost | - | (4,900.00) |
| | Sale of investments measured under amortised cost | - | 5,400.00 |
| | Interest received on investments | 46.26 | 26.73 |
| | **Net cash generated from / (used) in investing activities (II)** | **(611.44)** | **2,197.32** |
| III. | **Cash flow from financing activities** | | |
| | Issue of equity share capital (including securities premium) | 2,499.88 | - |
| | Proceeds from long term borrowings | 26,657.22 | 15,597.40 |
| | Repayments towards long term borrowings | (10,737.42) | (6,923.39) |
| | Short term borrowings (net) | (3,435.11) | 1,054.99 |
| | Deposits accepted (other than public deposits) (net) | (340.68) | 510.00 |
| | Payment of lease liability | (13.83) | (10.54) |
| | **Net cash generated from financing activities (III)** | **14,630.06** | **10,228.46** |
| | **Net decrease in cash and cash equivalents (I+II+III)** | **(313.15)** | **(54.75)** |
| | Cash and cash equivalents at the beginning of the year | 407.03 | 461.78 |
| | **Cash and cash equivalents at the end of the year** | **93.88** | **407.03** |

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

S.R. DINE & CO. Chartered Accountants

Bajaj Housing Finance Ltd. Pune

Components of cash and cash equivalents:

(₹ in crore)

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

Notes:

1) The above statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard 7 - Statement of cash flows.
2) Refer note no. 42 for change in liabilities arising from financing activities.

As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 24 April, 2023**

**On behalf of the Board of Directors**

**Atul Jain**
**Managing Director**
DIN: 09561712

**Gaurav Kalani**
**Chief Financial Officer**

**Atul Patni**
**Company Secretary**
FCS: F10094

**Sanjiv Bajaj**
**Chairman**
DIN: 00014615

**Rajeev Jain**
**Vice Chairman**
DIN: 01550158

**Anami Roy**
**Director**
DIN: 01361110

## 1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') (Corporate ID No.: U65910PN2008PLC132228) was incorporated as a subsidiary of Bajaj Finserv Limited ('BFS') on 13 June 2008, is a company limited by shares and domiciled as well as having its operations in India. The Company was acquired by Bajaj Finance Limited (BFL) from BFS in November 2014 to conduct housing finance business in a dedicated subsidiary company and accordingly the Company's name was changed to Bajaj Housing Finance Limited (BHFL) on 14 November 2014. It got registered with National Housing Bank ('NHB') as a non deposit taking Housing Finance Company vide certificate no 09.0127.15 on 24 September 2015. BHFL is a 100% subsidiary of BFL and started its operation in financial year 2017-18 (FY2018). The Non convertible debentures (NCDs) of the Company are listed on the Bombay Stock Exchange (BSE), India. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property, (iii) lease rental discounting, (iv) developer financing, (v) rural mortgage loans and (vi) unsecured loans. The Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business is at 5th floor, B2 Building, Cerebrum IT Park, Kalyani Nagar, Pune Maharashtra, India. Under the scale based regulations for NBFCs, the Company has been classified as NBFC-UL (upper layer) by the RBI vide press release dated 30 September 2022.

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

## 2. Basis of preparation

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

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

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

## 3. Presentation of Financial Statements

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

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

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

*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, 48 and 49)
iii) Impairment of financial assets (Refer note no. 4.4.(i), 9, 50)
iv) Pruvisions and other contingent liabilities (Refer note no. 4.9 and 41)
v) Provision for tax expenses (Refer note no. 4.5)

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Ltd. Pune

## 4. Summary of significant accounting policies

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

### 4.1 Income

#### (i) Interest income

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

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

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

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

#### (ii) Other revenue from operations

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

**(a) Fees and commission**

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

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

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

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

**(b) Net gain on fair value changes**

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

**(c) Sale of services**

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

**(d) Income on derecognised (assigned) loans**

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

**(e) Other operating Income**

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

#### (iii) Other Income

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

#### (iv) Taxes

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

MUMBAI

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Ltd. Pune

4. Summary of significant accounting policies (Contd.)

4.2 Expenditures

(i) Finance Cost

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

(ii) Fees and commission expenses

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

(iii) Other expenses

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

4.3 Cash and cash equivalents

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

4.4 Financial instruments

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

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

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

(i) Financial assets

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

Initial measurement

All financial assets are recognized initially at fair value adjusted for incremental transaction costs that are directly attributable to the acquisition of the financial asset except for following :
-Financial assets measured at FVTPL which are recognised at fair value; and
-Trade receivables that do not contain a significant financing component (as defined in Ind AS 115) which are recorded at transaction price.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into three categories as per the Company's Board approved policy:
a) Debt instruments at amortised cost
b) Debt instruments at FVOCI
c) Debt instruments at FVTPL

a) Debt instruments at amortised cost:

The Company measures its debt instruments at amortised cost if both the following conditions are met:
- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

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

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

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

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

b) Debt instruments at FVOCI:

The Company subsequently classifies its debt instruments as FVOCI, only if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being 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.

4. Summary of significant accounting policies (Contd.)

c) Debt instruments at FVTPL:

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

**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, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised if the present value of fee to be received is not expected to compensate the Company adequately for performing the service. If the present value of fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:
- The carrying amount (measured at the date of derecognition) and
- The consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

**Reclassification of financial assets**

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

**Impairment on financial assets:**

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

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

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

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

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

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

a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:
a) Contractual payments of either principal or interest are past due for more than 90 days;
b) The loan is otherwise considered to be in default.

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

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans are upgraded to stage 1 if-
- The loan which was restructured is not in default for a period till repayment of 10% of principal outstanding or 12 months, whichever is later; and
- Other loans of such customer are not in default during this period; and
- There are no other indications of impairment.

V.H. MANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Ltd. Pune

4. Summary of significant accounting policies (Contd.)

b) Significant increase in credit risk (stage 2)

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

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

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolius. 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 assets in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using behavioural analysis and other performance indicators, determined statistically.

d) Measurement of ECL

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

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

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

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

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

*B) Simplified Approach*

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

**(ii) Financial liabilities**

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

**Initial measurement:**

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

**Subsequent measurement:**

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

**Derecognition:**

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

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4. Summary of significant accounting policies (Contd.)

**(iii) Offsetting of financial instruments**

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

**(iv) Derivative Financial Instruments**

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

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

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

**Hedge Accounting**

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

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

Hedges that meet the criteria for hedge accounting are accounted for, as described below:
Fair value hedges hedge the exposure to changes in the fair value of a recognised liability, or an identified portion of such liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in Finance Cost.

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

**4.5 Taxes**

**(i) Current income tax**

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

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

**(ii) Deferred tax**

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

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

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

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

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

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.

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

**4.6 Property, plant and equipment**

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

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

**Recognition and Derecognition**

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

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

**Depreciation on property, plant and equipment:**

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

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

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

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

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

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

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

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

**4.7 Intangible assets and amortization thereof**

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

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

**4.8 Impairment on non-financial assets**

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

**4.9 Provisions, contingent liabilities and contingent assets**

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made as a contingent liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

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4. Summary of significant accounting policies (Contd.)

4.10 Foreign currency translation

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

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

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

4.11 Retirement and other employee benefits

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

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

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

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

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

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

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

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**4.14 Leases**

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

**(i) As a lessee**

Measurement of lease liability

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

(i) increased by interest on lease liability,

(ii) reduced by lease payments 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 payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

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

**(ii) As a lessor**

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

**4.15 Fair value measurement**

The Company measures its qualifying financial instruments at fair value on each balance sheet date.

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

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

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

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

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

**4.16 Earnings Per Share**

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

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

**4.17 Segment Reporting**

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

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**4.18 Recent Indian Accounting Standards / Pronouncements**

Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023 :

**Ind AS 8 - Definition of Accounting Estimates**

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

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

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

**Ind AS 1 - Disclosure of Accounting Policies**

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

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

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

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

**4.19 Collateral Valuation**

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

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

**4.20 Statement of cash flow**

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

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

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5. Cash and cash equivalents

(₹ in crore)

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

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

6. Bank balances other than cash and cash equivalents

(₹ in crore)

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

7. Derivative financial instruments

**As at 31 March 2023** (₹ in crore)

| Particulars | Notional Amount | Fair value assets | Fair Value Liabilities |
|---|---|---|---|
| **Interest Rate Derivatives** | | | |
| Interest Rate Swaps (Fair Value Hedge) | 100.00 | 1.37 | - |
| **Total** | **100.00** | **1.37** | **-** |

**As at 31 March 2022** (₹ in crore)

| Particulars | Notional Amount | Fair value assets | Fair Value Liabilities |
|---|---|---|---|
| **Interest Rate Derivatives** | | | |
| Interest Rate Swaps (Fair Value Hedge) | - | - | - |
| **Total** | **-** | **-** | **-** |

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

8. Trade receivables

(₹ in crore)

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

-No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.
-No trade receivables are due from firms or private companies in which any director is a partner, a director or a member.

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Trade receivables ageing schedule as at 31 March 2023

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

Trade receivables ageing schedule as at 31 March 2022

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

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9. Loans

(₹ in crore)

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

*The net value is the fair value of these loans

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

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

**Loan details**

(₹ in crore)

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

**Summary of loans by stage distribution**

(₹ in crore)

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

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

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9. 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 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
| | Term loans (Gross) | Impairment loss allowance | Term loans (Gross) | Impairment loss allowance | Term loans (Gross) | Impairment loss allowance | Term loans (Gross) | Impairment loss allowance |
| **Balance as at the beginning of the year** | **46,199.61** | **259.95** | **603.69** | **128.17** | **146.36** | **79.47** | **46,949.66** | **467.59** |
| Transfer during the year | | | | | | | | |
| Transfer to stage 1 | 239.13 | 24.24 | (226.58) | (24.10) | (12.55) | (0.14) | - | 0.00 |
| Transfer to stage 2 | (141.05) | (26.56) | 159.89 | 33.81 | (18.84) | (7.25) | - | - |
| Transfer to stage 3 | (54.38) | (20.03) | (78.60) | (39.85) | 132.98 | 59.88 | - | - |
| | **43.70** | **(22.35)** | **(145.29)** | **(30.14)** | **101.59** | **52.49** | **-** | **0.00** |
| Impact of changes in credit risk on account of stage movements | | (28.45) | | 28.00 | | 38.86 | - | 38.41 |
| Changes in opening credit exposures (additinnal disbursement net of repayments) | (9,950.71) | 4.44 | (103.82) | (48.71) | (60.84) | (32.21) | (10,115.37) | (76.48) |
| New credit exposures during the year, net of repayments | 25,849.42 | 146.07 | 5.33 | 1.05 | 2.93 | 1.44 | 25,857.68 | 148.56 |
| Amounts written off during the year | | | | | (52.71) | (52.71) | (52.71) | (52.71) |
| **Balance as at the end of the year** | **62,142.02** | **359.66** | **359.91** | **78.37** | **137.33** | **87.34** | **62,639.26** | **525.37** |

(₹ in crore)

| Particulars | For the year ended 31 March 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
| | Term loans (Gross) | Impairment loss allowance | Term loans (Gross) | Impairment loss allowance | Term loans (Gross) | Impairment loss allowance | Term loans (Gross) | Impairment loss allowance |
| Balance as at the beginning of the year | **32,996.17** | **178.68** | **659.36** | **131.88** | **119.13** | **45.20** | 33,774.66 | 355.76 |
| Transfer during the year | | | | | | | | |
| Transfer to stage 1 | 185.49 | 31.79 | (179.45) | (29.83) | (6.04) | (1.96) | 0.00 | - |
| Transfer to stage 2 | (316.14) | (1.91) | 317.77 | 2.56 | (1.63) | (0.65) | - | - |
| Transfer to stage 3 | (63.32) | (0.36) | (55.93) | (11.91) | 119.25 | 12.27 | - | - |
| | **(193.97)** | **29.52** | **82.39** | **(39.18)** | **111.58** | **9.66** | **0.00** | **-** |
| Impact of changes in credit risk on account of stage movements | | (20.93) | | 50.68 | | 60.57 | - | 90.32 |
| Changes in opening credit exposures (additional disbursement net of repayments) | (8,224.41) | (45.15) | (154.99) | (17.71) | (19.22) | 32.17 | (8,398.62) | (30.69) |
| New credit exposures during the year, net of repayments | 21,621.82 | 117.83 | 16.93 | 2.50 | 4.11 | 1.11 | 21,642.86 | 121.44 |
| Amounts written off during the year | - | - | - | - | (69.24) | (69.24) | (69.24) | (69.24) |
| **Balance as at the end of the year** | **46,199.61** | **259.95** | **603.69** | **128.17** | **146.36** | **79.47** | **46,949.66** | **467.59** |

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

(₹ in crore)

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

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10. Investments

(₹ in crore)

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

**Out of above:** (₹ in crore)

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

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

11. Other financial assets

(₹ in crore)

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

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

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

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12. Deferred tax assets (net)

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

(₹ in crore)

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

For the year ended 31 March 2023

(₹ in crore)

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

For the year ended 31 March 2022

(₹ in crore)

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

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13. Property, plant and equipment and intangible assets

For the year ended 31 March 2023 (₹ in crore)

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

For the year ended 31 March 2022 (₹ in crore)

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

**Notes**

(a) See note no. 4.6 and 4.14

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

(c) See note no. 4.7

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13.A Intangible assets under development

(₹ in crore)

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

13.B Intangible assets under development aging as at 31 March 2023

(₹ in crore)

| Intangible assets under development | Period | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | |
| Projects in progress | 0.31 | - | - | - | **0.31** |

Intangible assets under development aging as at 31 March 2022

(₹ in crore)

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

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

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14. Other non-financial assets

(₹ in crore)

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

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

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

15. Payables

(₹ in crore)

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

Trade Payable aging schedule as at 31 March 2023

| Particulars | Not due | Unbilled | Outstanding from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | 0.00 | - | - | - | 0.00 |
| (ii) Others | - | 42.89 | 2.97 | 0.05 | 0.02 | | 45.93 |
| (iii) Disputed dues - MSME | | | - | - | - | - | - |
| (iv) Disputed dues - Others | | | - | - | - | - | - |

Trade Payable aging schedule as at 31 March 2022

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

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

(₹ in crore)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Principal amount due to suppliers under MSMED Act, as at the year end (since paid) (24,480) | 0.00 | 0.18 |
| Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year | 3.46 | 4.62 |
| Interest paid to suppliers under MSMED Act (other than Section 16) | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | 0.09 | 0.03 |
| Interest due and payable to suppliers under MSMED Act, for payments already made | - | - |
| Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act | - | - |

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16. Debt securities

(₹ in crore)

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

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

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

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

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

**Terms of repayment of non convertible debenture (NCDs) as at 31 March 2023** (₹ in crore)

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

Interest rate ranges from 5.00 % p.a. to 8.04 % p.a. as at 31 March 2023.

Amount to be called and paid is ₹105 crore each in Jan 2024, Jan 2025 and ₹120 crore in Jan 2026.

Amount to be called and paid is ₹147 crore each Mar 2024, Mar 2025 and ₹168 crore in Mar 2026.

**Terms of repayment of non convertible debenture (NCDs) as at 31 March 2022** (₹ in crore)

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

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2022.

Amount to be called and paid is ₹105 crore each in Jan 2023, Jan 2024, Jan 2025 and ₹120 crore in Jan 2026.

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

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Bajaj Housing Finance Ltd Pune

16. Debt securities (Contd.)

Terms of repayment of commercial paper as at 31 March 2023 (₹ in crore)

| Original maturity (In no. of years) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| Issued at discount and redeemable at par | | | | | |
| Up to 1 years | 423.53 | - | - | - | 423.53 |
| Impact of EIR | | | | | (0.04) |
| **Total** | | | | | **423.49** |

Interest rate ranges from 5.00 % p.a. to 6.00 % p.a.

Face value of commercial paper is ₹ 425 crore as at 31 March 2023 (Previous year ₹ 4,075 crore).

Terms of repayment of commercial paper as at 31 March 2022 (₹ in crore)

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

Interest rate ranges from 3.91 % p.a. to 5.15 % p.a. as at 31 March 2022.

Face value of commercial paper is ₹ 4,075 crore as at 31 March 2022 (Previous year ₹ 2,925 crore).

17. Borrowings (other than debt securities)

(₹ in crore)

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

**a) Nature of security for term loans taken from Banks**

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

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

**b) Nature of security for term loans taken from NHB**

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

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

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

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

Terms of repayment of term loan from banks as at 31 March 2023 (₹ in crore)

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

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

Terms of repayment of term loan from NHB as at 31 March 2023 (₹ in crore)

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

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

Terms of repayment of working capital demand loan as at 31 March 2023 (₹ in crore)

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

Terms of repayment of term loans from banks as at 31 March 2022 (₹ in crore)

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

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

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18. Deposits

(₹ in crore)

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

Terms of repayment of Deposits as at 31 March 2023 (₹ in crore)

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

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

Terms of repayment of Deposits as at 31 March 2022 (₹ in crore)

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

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

19. Other financial liabilities

(₹ in crore)

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

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

** Includes amount payable to assignment partners and insurance partners

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

a. Lease Liability Movement

(₹ in crore)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Opening Balance / Transition adjustment | 40.29 | 31.96 |
| Add : | | |
| Addition during the year | 18.36 | 19.24 |
| Interest on Lease Liability | 2.77 | 2.46 |
| Lease modification/ adjustments | - | 0.00 |
| Less : | | |
| Deletion during the year | 0.49 | 0.37 |
| Lease rental payments | 16.60 | 13.00 |
| **Balance at the end of the year** | **44.33** | **40.29** |

b. Lease rentals of ₹ 0.75 crores (Previous year ₹ 0.89 crores) pertaining to short-term leases, low value assets and GST disallowance on lease rentals have been charged to statement of profit and loss.

c. Future Lease Cash Outflow for all leased assets :

(₹ in crore)

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

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19. Other financial liabilities (Contd.)

d. Maturity Analysis of Lease Liability:

(₹ in crore)

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

e. Amount recognised in statement of profit and loss

(₹ in crore)

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

20. Provisions

(₹ in crore)

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

21. Other non-financial liabilities

(₹ in crore)

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

22. Equity share capital

(₹ in crore)

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

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

| Equity share capital issued, subscribed and fully paid up | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Nos. | ₹ in crore | Nos. | ₹ in crore |
| Outstanding at the beginning of the year | 4,88,33,33,329 | 4,883.33 | 4,88,33,33,329 | 4,883.33 |
| Add: Issue of equity shares on right basis | 1,82,88,22,235 | 1,828.83 | - | - |
| **Outstanding at the end of the year** | **6,71,21,55,564** | **6,712.16** | **4,88,33,33,329** | **4,883.33** |

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

b. Terms/rights/restrictions attached to equity shares

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

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

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Nos. | ₹ in crore | Nos. | ₹ in crore |
| Bajaj Finance Limited* | 6,71,21,55,564 | 6,712.16 | 4,88,33,33,329 | 4,883.33 |

* A subsidiary of Bajaj Finserv Ltd.

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22. Equity share capital (Contd.)

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

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Nos. | % Holding | Nos. | % Holding |
| Bajaj Finance Limited (Holding Company) | 6,71,21,55,564 | 100.00% | 4,88,33,33,329 | 100.00% |

e. Details of shareholding of promoters

| Shares held by promoters at the year ended 31 March 2023 | | | | % Changes during the year |
|---|---|---|---|---|
| S.N. | Promoter name | No. of Shares | % of total shares | |
| 1 | Bajaj Finance Limited | 6,71,21,55,564 | 100.00% | 0.00% |

| Shares held by promoters at the year ended 31 March 2022 | | | | % Changes during the year |
|---|---|---|---|---|
| S.N. | Promoter name | No. of Shares | % of total shares | |
| 1 | Bajaj Finance Limited | 4,88,33,33,329 | 100.00% | 0.00% |

f. Refer note 43. on Capital

23. Other equity

(₹ in crore)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **(i) Securities premium** | | |
| Balance as at the beginning of the year | 166.67 | 166.67 |
| Add: Received during the year | | |
| On right issue of shares | 671.05 | - |
| **Balance as at the end of the year (i)** | **837.72** | **166.67** |
| **(ii) Statutory reserve in terms of Section 29C of the NHB Act, 1987** | | |
| **Balance as at the beginning of the year** | | |
| a) Statutory Reserve u/s 29C of the NHB Act, 1987 | 208.89 | 126.96 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 22.66 | 22.66 |
| c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 134.40 | 74.40 |
| **Total** | **365.95** | **224.02** |
| **Addition / appropriation / withdrawal during the year** | | |
| **Add:** | | |
| a) Amount transferred u/s 29C of the NHB Act, 1987 | 95.56 | 81.93 |
| b) Additional amount transferred u/s 29C of the NHB Act, 1987 | - | - |
| c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 156.00 | 60.00 |
| **Less:** | | |
| a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| b) Additional amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| c) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987 | - | - |
| **Balance as at the end of the year** | | |
| a) Statutory Reserve u/s 29C of the NHB Act, 1987 | 304.45 | 208.89 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 22.66 | 22.66 |
| c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 290.40 | 134.40 |
| **Balance as at the end of the year (ii)** | **617.51** | **365.95** |
| **(iii) Retained earnings** | | |
| **Balance as at the beginning of the year** | **1,325.41** | **758.20** |
| Profit for the year | 1,257.80 | 709.62 |
| Item of other comprehensive income recognised directly in retained earnings | | |
| On defined benefit plan | 4.15 | (0.48) |
| | **2,587.36** | **1,467.34** |
| Less: Appropriations: | | |
| Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987 | 95.56 | 81.93 |
| Transfer to additional statutory reserve in terms of Section 29C of the NHB Act, 1987 | - | - |
| Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987 | 156.00 | 60.00 |
| **Total appropriations** | **251.56** | **141.93** |
| **Balance as at the end of the year (iii)** | **2,335.80** | **1,325.41** |
| **Total (i) to (iii)** | **3,791.03** | **1,858.03** |

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23. **Other equity (Contd.)**

**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 accnrdance with the provisions of the Companies Act, 2013.

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

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

**iii. Retained earnings**

Retained earnings represents the surplus in profit and loss account after appropriation.

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

(a) actuarial gains and losses; and

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

**iv. Other comprehensive income**

On loans

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

(₹ in crore)

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

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24. Interest income

(₹ in crore)

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

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

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

25. Fees and commission income

(₹ in crore)

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

26. Net gain on fair value changes

(₹ in crore)

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

27. Sale of services

(₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Service charges | 27.80 | 29.49 |
| Service fees for management of assigned portfolio of loans | 22.49 | 112.53 |
| **Total** | **50.29** | **142.02** |

28. Income on derecognised (assigned) loans

(₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Income on derecognised (assigned) loans | 134.80 | - |
| **Total** | **134.80** | **-** |

29. Other operating income

(₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Bad debt recoveries | 10.29 | 1.44 |
| Miscellaneous charges and receipts | 1.85 | 0.68 |
| **Total** | **12.14** | **2.12** |

30. Other income

(₹ in crore)

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

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31. Finance costs

(₹ in crore)

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

32. Fees and commission expense

(₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Commission and incentives | 0.28 | 0.11 |
| Loan portfolio management service charges | 13.75 | 4.57 |
| **Total** | **14.03** | **4.68** |

33. Impairment on financial instruments

(₹ in crore)

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

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

34. Employee benefits expenses

(₹ in crore)

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

35. Other expenses

(₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Travelling expenses | 24.29 | 18.01 |
| Information technology expenses | 23.76 | 13.97 |
| Repairs, maintenance and office expenses | 15.17 | 11.56 |
| Employee training, recruitment and management cost | 10.92 | 2.17 |
| Outsourcing / back office expenses | 10.64 | 8.41 |
| Advertisement, branding and promotion | 9.78 | 5.16 |
| Communication expenses | 9.38 | 7.31 |
| Rent, taxes and energy cost | 6.12 | 4.43 |
| Legal and professional charges | 4.30 | 3.27 |
| Bank charges | 1.98 | 1.93 |
| Customer experience | 1.97 | 0.11 |
| Printing and stationery | 1.93 | 1.43 |
| Director's fees, commission & expenses | 1.14 | 0.50 |
| Net loss on disposal of property, plant and equipment | 0.70 | 0.48 |
| Auditor's fees and expenses* | 0.57 | 0.52 |
| Insurance | 0.29 | 0.19 |
| Business support services | 0.02 | 0.34 |
| Expenditure towards Corporate Social Responsibility activities ** | 12.68 | 7.67 |
| Miscellaneous expenses | 12.35 | 4.05 |
| **Total** | **147.99** | **91.51** |

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* Auditor's fees and expenses

(₹ in crore)

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

** Corporate Social Responsibility expenditure

(₹ in crore)

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

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36. Earnings per share (EPS)

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

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

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

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

37. Segment information

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

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

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

39. Revenue from contract with customers

(₹ in crore)

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

**Contract balances** (₹ in crore)

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

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

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40. Employee benefits plan

(I) Defined benefit plans

A) Gratuity

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

(i) Movement in defined benefit obligations (₹ in crore)

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

* On account of business combination within the group

(ii) Movement in plan assets (₹ in crore)

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

* On account of business combination within the group

(iii) Reconciliation of net liability/ (asset) (₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Net defined benefit liability/ (asset) as at the beginning of the year** | **1.03** | **(1.41)** |
| Expense charged to statement of profit & loss | 5.04 | 3.76 |
| Amount recognised in other comprehensive income | (5.54) | 0.64 |
| Employers contribution | (2.89) | (1.95) |
| **Net defined benefit liability/ (asset) as at the end of the year** | **(2.36)** | **1.03** |

(iv) Expenses charged to the statement of profit and loss (₹ in crore)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Current service cost | 5.01 | 3.91 |
| Interest cost | 0.03 | (0.15) |
| **Total** | **5.04** | **3.76** |

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

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

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40. Employee benefits plan (Contd.)

**(vi) Amount recognised in Balance Sheet**

(₹ in crore)

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

**(vii) Key actuarial assumptions**

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

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

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

**(ix) Projected plan cash flow**

(₹ in crore)

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

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

(₹ in crore)

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

**B) Long-term service benefit liability**

(₹ in crore)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Present value of unfunded obligations | 1.97 | 1.65 |
| Expense recognised in the statement of profit and loss | 0.52 | 0.29 |
| Discount rate (p.a.) | 7.45% | 7.25% |

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41. Contingent liabilities and commitments

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

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

(b) Capital and other commitments (₹ in crore)

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

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

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

(b) Changes in liability arising from Financing Activities

For the year ended 31 March 2023 (₹ In Crore)

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

For the year ended 31 March 2022 (₹ In Crore)

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

* Other includes interest accrued and EIR adjustments

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

(₹ in crore)

| Name of the related party and nature of relationship | | Nature of Transaction | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
|---|---|---|---|---|---|---|
| | | | 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 | - | (550.00) | - | (350.00) |
| | | Interest paid on non-convertible debentures | 20.81 | | 9.00 | - |
| | | Business support charges paid | 3.63 | - | - | - |
| | | ESOP Recharge | 0.60 | (0.71) | - | - |
| 2 | Bajaj Finance Limited (Holding company) | Contribution to Equity (6,71,21,55,564 shares of ₹10 each) | 2,500.00 | (6,712.16) | - | (4,883.33) |
| | | Security deposit received | - | (0.08) | - | (0.08) |
| | | Rent received | 0.20 | | 0.19 | - |
| | | Assets purchased | 0.79 | (0.10) | 0.27 | - |
| | | Assets sold | 0.48 | 0.35 | 0.38 | - |
| | | Purchase of loan portfolio | - | - | 738.79 | - |
| | | Direct assignment of loan portfolio | 1,789.90 | - | 1,503.69 | - |
| | | Business support charges paid | 16.83 | (2.32) | 7.86 | - |
| | | Business support charges received | 0.81 | - | 1.14 | - |
| | | Fees and commission received | 66.30 | 0.02 | 44.64 | - |
| | | ESOP recharge | 26.17 | - | 19.23 | - |
| | | Investment in Inter Corporate Deposits | - | - | 4,900.00 | - |
| | | Investment repayment received | - | - | 4,900.00 | |
| | | Interest income on investments in inter-corporate deposits | - | - | 3.82 | - |
| | | Short term loan taken | - | - | 750.00 | - |
| | | Short term loan repaid | - | - | 750.00 | |
| 3 | Bajaj Financial Securities Limited (Fellow Subsidiary) | Company's contribution towards NPS | 0.45 | - | - | - |
| 4 | Bajaj Finserv Direct Limited (Subsidiary of Ultimate Holding company) | Business support charges paid | 0.66 | - | 1.05 | (0.91) |
| | | Assets purchased | 0.09 | - | - | - |
| | | Assets sold (₹ 33,647 previous year: ₹ 12,971) | | | | - |
| 5 | Bajaj Allianz General Insurance Company Ltd. (Subsidiary of Ultimate Holding company) | Insurance expense | 4.42 | 0.63 | 3.79 | 4.54 |
| | | Interest paid on non-convertible debentures | - | - | 10.57 | - |
| | | Asset Purchased | - | - | 0.01 | - |
| | | Secured non-convertible debentures issued | - | (150.00) | - | (100.00) |
| | | Secured non-convertible debentures repaid | 100.00 | | 50.00 | - |
| | | Interest paid on non-convertible debentures | 7.10 | | - | - |
| 6 | Bajaj Allianz Life Insurance Company Ltd. (Subsidiary of Ultimate Holding company) | Insurance expense | 9.10 | 0.65 | 11.61 | 0.30 |
| | | Interest paid on non-convertible debentures | 50.94 | - | 33.99 | - |
| | | Unsecured non-convertible debentures issued | 217.00 | (868.00) | 217.00 | (651.00) |

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43. Disclosure of transactions with related parties as required by Ind AS 24 (contd.) (₹ in crore)

| Name of the related party and nature of relationship | | Nature of Transaction | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
|---|---|---|---|---|---|---|
| | | | Transaction Value | Outstanding amounts carried in Balance Sheet | Transaction Value | Outstanding amounts carried in Balance Sheet |
| **B. Key Management Personnel and their relatives** | | | | | | |
| 1 | Sanjiv Bajaj | Sitting Fees | 0.14 | - | 0.17 | - |
| | (Chairman) | Commission | 0.07 | (0.06) | - | - |
| 2 | Rajeev Jain | Sitting Fees | 0.15 | - | - | - |
| | (Vice Chairman) | Commission | 0.11 | (0.09) | - | - |
| 3 | Atul Jain | Short term employee benefit | 10.29 | (0.04) | 8.14 | (1.14) |
| | (Managing Director) | Share based payment | 8.06 | - | 4.46 | - |
| 4 | Lila Poonawala | Sitting Fees | 0.16 | - | 0.17 | - |
| | (Director till 21 Jan 2023) | Commission | 0.08 | (0.07) | - | - |
| 5 | Anami Narayan Roy | Sitting Fees | 0.16 | - | 0.11 | - |
| | (Director) | Commission | 0.09 | (0.08) | - | - |
| 6 | Dr. Arindam K Bhattacharya | Sitting Fees | 0.07 | - | - | - |
| | (Director w.e.f. 1 May 2022) | Commission | 0.05 | (0.05) | - | - |
| 7 | Dr. Omkar Goswami (Non Executive Director till 9 July 2021) | Sitting Fees | - | - | 0.01 | - |
| 8 | Gaurav Kalani | Short term employee benefit | 2.23 | (0.77) | 1.64 | (0.63) |
| | (Chief Financial Officer)* | Share based payment | 0.80 | - | 0.64 | - |
| 9 | Atul Patni (Company Secretary w.e.f. 1 May 2022)* | Short term employee benefit | 0.48 | - | - | - |
| **C. Other Entities** | | | | | | |
| 1 | Bajaj Auto Ltd. | Security deposit (paid) | - | 0.03 | | 0.03 |
| | | Rent expense | 0.06 | - | 0.06 | - |
| | | Business support charges paid | 1.27 | - | - | - |
| 2 | Bajaj Holdings and Investment Limited | Secured non-convertible debentures issued | - | - | - | - |
| | | Secured non-convertible debentures repaid | - | - | 150.00 | - |
| | | Business support charges paid | 1.51 | - | - | - |
| | | Interest paid on non-convertible debentures | - | - | 10.41 | - |
| 3 | Maharashtra Scooters Limited | Secured non-convertible debentures issued | - | (50.00) | - | (50.00) |
| | | Interest paid on non-convertible debentures | 2.90 | - | 1.50 | - |
| 4 | Hind Musafir Agency Ltd. | Services received | 4.06 | - | 1.25 | (0.18) |
| 5 | Bajaj Allianz Staffing Solutions Ltd. | Manpower supply services | 12.79 | - | - | - |
| 6 | Poddar Housing And Development Limited | Interest Income | - | - | 1.07 | - |
| | | Loan repayment received | - | - | 13.00 | - |
| 7 | Ashwin Vijaykumar Jain | Interest Income | - | - | 0.00 | - |
| | | Loan repayment received | - | - | 0.15 | - |
| **D. Post employment benefit entity** | | | | | | |
| 1 | Bajaj Auto Employees Group Gratuity Fund | Gratuity contribution | 3.02 | - | 2.00 | - |

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

Note: -

1. Transactions value are excluding taxes and duties.

2. Amount in bracket denotes credit balance.

3. The above disclosures have been made for related parties identified as such only to be in conformity with the Indian Accounting Standard (Ind AS) 24.

4. 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.

5. Related parties as defined under clause 9 of the Indian Accounting Standard - 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.

6. 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.

7. NCD transaction includes only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting dates.

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

44 Relationship with Struck off Companies

For the year ended 31 March 2023

(₹ in crore)

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

For the year ended 31 March 2022

(₹ in crore)

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

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

45. Capital

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

(i) Capital management

*Objective*

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

*Planning*

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

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

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

(ii) Regulatory capital

(₹ in crore)

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

46. Analytical Ratios

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

47. Events after reporting date

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

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## 48. Fair values

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

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

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

Valuation framework

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

The Company's valuation framework includes:

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

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

Valuation methodologies adopted

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

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

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

## 49. Fair value hierarchy

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

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

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

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

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

(₹ in crore)

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

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

(₹ in crore)

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

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49. Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2023: (₹ in crore)

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

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

Fair value of financial instruments not measured at fair value as at 31 March 2022: (₹ in crore)

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

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

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50. Risk management objectives and policies

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

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

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50. Risk management objectives and policies (Contd.)

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

(a) **Liquidity and funding risk**

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

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

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

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

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

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50. Risk management objectives and policies (Contd.)

(a) Liquidity and funding risk (Contd.)

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

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

(₹ in crore)

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

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

(₹ in crore)

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | *Within 12 months* | *After 12 months* | *Total* | *Within 12 months* | *After 12 months* | *Total* |
| *Assets* | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 93.88 | - | 93.88 | 407.03 | - | 407.03 |
| Bank balances other than cash and cash equivalents | 0.03 | 14.96 | 14.99 | 0.01 | 0.13 | 0.14 |
| Derivative Financial Instrument | - | 1.37 | 1.37 | | | |
| Trade receivables | 1.59 | | 1.59 | 1.87 | | 1.87 |
| Other receivables | 0.36 | | 0.36 | 0.01 | | 0.01 |
| Loans | 2,147.69 | 59,966.20 | 62,113.89 | 2,660.43 | 43,821.64 | 46,482.07 |
| Investments | 2,000.91 | - | 2,000.91 | 1,248.27 | - | 1,248.27 |
| Other financial assets | 74.17 | 227.77 | 301.94 | 66.71 | 187.22 | 253.93 |
| **Non-financial assets** | - | | | | | |
| Current tax assets (net) | - | 3.97 | 3.97 | - | 9.08 | 9.08 |
| Deferred tax assets (net) | - | - | - | (0.00) | 15.58 | 15.58 |
| Property, plant and equipment | - | 84.92 | 84.92 | - | 78.09 | 78.09 |
| Intangible assets under development | - | 0.31 | 0.31 | - | 1.46 | 1.46 |
| Other intangible assets | - | 28.07 | 28.07 | - | 19.11 | 19.11 |
| Other non-financial assets | 7.94 | - | 7.94 | 10.44 | - | 10.44 |
| **Total assets** | **4,326.57** | **60,327.57** | **64,654.14** | **4,394.77** | **44,132.31** | **48,527.08** |
| | | | | | | |
| **LIABILITIES** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade payables | 45.93 | - | 45.93 | 36.41 | - | 36.41 |
| Other payables | 73.04 | - | 73.04 | 38.17 | - | 38.17 |
| Debt securities | 5,335.89 | 14,579.03 | 19,914.92 | 7,423.27 | 9,065.88 | 16,489.15 |
| Borrowings (other than debt securi | 6,746.89 | 26,907.81 | 33,654.70 | 4,950.26 | 19,542.91 | 24,493.17 |
| Deposits | 9.23 | 166.54 | 175.77 | 65.00 | 445.00 | 510.00 |
| Other financial liabilities | 180.76 | 30.86 | 211.62 | 145.62 | 28.80 | 174.42 |
| **Non-financial liabilities** | - | | | | | |
| Current tax liabilities (net) | 16.17 | - | 16.17 | 20.06 | - | 20.06 |
| Provisions | 1.87 | 13.76 | 15.63 | 1.44 | 2.61 | 4.05 |
| Deferred tax liabilities (net) | - | 28.27 | 28.27 | - | - | - |
| Other non-financial liabilities | 14.90 | - | 14.90 | 20.29 | - | 20.29 |
| **Total Liabilities** | **12,424.68** | **41,726.27** | **54,150.95** | **12,700.52** | **29,085.20** | **41,785.72** |

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50. Risk management objectives and policies (Contd.)

(b) Market risk

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

Interest rate risk

On Investments

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

Sensitivity analysis as at 31 March 2023 : (₹ in crore)

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

Sensitivity analysis as at 31 March 2022 : (₹ in crore)

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

On assets and liabilities

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

Sensitivity analysis as at 31 March 2023 : (₹ in crore)

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

Sensitivity analysis as at 31 March 2022 : (₹ in crore)

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

(c) Credit Risk

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

*Classification of financial assets under various stages*

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

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

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

*Computation of impairment on financial instruments*

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

The Company recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. Accordingly, during the year, the Company has redeveloped its ECL model and implemented the same with the approval of Audit Committee and the Board.

The Company follows simplified ECL approach under Ind AS 109 'Financial instruments' for trade receivables, and other financial assets.

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50. Risk management objectives and policies (Contd.)

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

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 2023** (₹ in crore)

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

**As at 31 March 2022** (₹ in crore)

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

*Collateral valuation*

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

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

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

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

*Analysis of Concentration Risk*

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

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50. Risk management objectives and policies (Contd.)

(c) Credit Risk (Contd.)

ECL sensitivity analysis to forward economic conditions and management overlay

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

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

*Methodology*

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

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

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

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

- While formulating the Central Scenario, the Company has considered that the current unemployment rate of 7.5% may move towards an average of 7% over the next few years.

- For the downside scenario, the Company believes that the downside risks might have passed, however, the downside peak unemployment rate might reach 8.78%. However, as per mean reversion approach, the downside scenario assumes it to fall from the peak and normalise to around 7% within next three years.

- For the upside scenario, the Company acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. Therefore, while forecasting, a positive stance has been adopted with the expectation that the unemployment levels may not drop significantly. The unemployment rate may improve to a best case of 5.2% by the end of June 2024 but may come back to an historical (excluding COVID period) 4-year average of 7%.

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

- The Central Scenario assumed by the Company considers a persistent inflation around 6% in Q4 FY2023. We have, however, seen higher levels of inflation in the first half of FY2023 and the Company expects inflation to come down in FY2024, which is in line with the Central bank's projection. However, keeping a conservative approach, company expects inflation to range between 5.7% to 6.2% during FY2024, suggesting inflation to decline moderately compared to previous year.

-For the downside scenario, the company considers that the inflation risk may continue due to various uncertainties (SVB crisis, geopolitical conflict, elections etc), and therefore assumes the inflation to touch a peak of around 6.95% in Q2 FY2024, and subsequently normalise to around 5% within next three years.

-For the upside scenario, we believe that there would be certain factors which might come into play viz, base effect, higher food grain production, continuously falling WPI, better supply chain management etc, and, therefore, inflation may see easing to a base of around 3% before averaging back to the pre-COVID levels.

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50. Risk management objectives and policies (Contd.)

(c) Credit Risk (Contd.)

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

**ECL sensitivity to future economic conditions**

(₹ in crore)

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

(d) **Operational risk**

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

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

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

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51. Employee stock option plan

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

**As on 31 March 2023**

| Grant date | Exercise price (₹) | Options granted | Options vested and exercisable | Options unvested | Options exercised | Options cancelled | Options outstanding |
|---|---|---|---|---|---|---|---|
| **A) From Bajaj Finance Limited (Holding Company) (BFL)** | | | | | | | |
| 16-May-19 | 3,002.75 | 1,37,550 | 56,488 | 27,457 | 38,514 | 15,091 | 83,945 |
| 19-May-20 | 1,938.60 | 2,55,000 | 58,514 | 1,07,452 | 58,708 | 30,326 | 1,65,966 |
| 27-Apr-21 | 4,736.55 | 1,15,446 | 19,014 | 78,078 | 8,111 | 10,243 | 97,092 |
| 26-Apr-22 | 7,005.50 | 1,17,897 | - | 1,16,409 | - | 1,488 | 1,16,409 |
| **B) From Bajaj Finserv Limited (Ultimate Holding Company) (BFS)** | | | | | | | |
| 28-Apr-22 | 1,482.64 | 47,340 | - | 47,340 | - | - | 47,340 |
| Total | | 6,73,233 | 1,34,016 | 3,76,736 | 1,05,333 | 57,148 | 5,10,752 |

**As on 31 March 2022**

| Grant date | Exercise price (₹) | Options granted | Options vested and exercisable | Options unvested | Options exercised | Options cancelled | Options outstanding |
|---|---|---|---|---|---|---|---|
| 16-May-19 | 3,002.75 | 1,37,550 | 38,592 | 57,516 | 26,152 | 15,290 | 96,108 |
| 19-May-20 | 1,938.60 | 2,55,000 | 36,044 | 1,67,900 | 24,305 | 26,751 | 2,03,944 |
| 27-Apr-21 | 4,736.55 | 1,15,446 | - | 1,07,352 | - | 8,094 | 1,07,352 |
| Total | | 5,07,996 | 74,636 | 3,32,768 | 50,457 | 50,135 | 4,07,404 |

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

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| | BFS | BFL | BFL |
| Grant date | 28-Apr-22 | 26-Apr-22 | 27-Apr-21 |
| No. of options granted | 47,340 | 1,17,897 | 1,15,446 |
| Weighted average fair value (₹) | 689.20 | 3,240.10 | 2,108.92 |

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

**As on 31 March 2023**

| Total for all grants BFL | No. of options | Range of exercise prices (₹) | Weighted average exercise price (₹) | Weighted average remaining contractual life (years) |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 4,07,404 | 1938.60-4736.55 | 2,926.90 | 5.77 |
| Granted during the year | 1,17,897 | 7,005.50 | 7,005.50 | - |
| Cancelled during the year | 7,013 | 1938.60-7005.50 | 3,840.86 | - |
| Exercised during the year | 54,876 | 1938.60-4736.55 | 2,591.88 | - |
| Outstanding at the end of the year | 4,63,412 | 1938.60-7005.50 | 3,990.38 | 5.38 |
| Exercisable at the end of the year | 1,34,016 | 1938.60-7005.50 | 2,784.11 | 3.55 |

The weighted average market price of equity shares for options exercised during the year is ₹ 6,427.00 (Previous year ₹ 6,158.33).

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51. Employee stock option plan (Contd.)

As on 31 March 2023

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

As on 31 March 2022

| Total for all grants | No. of options | Range of exercise prices | Weighted average exercise | Weighted average remaining |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 3,67,506 | 1938.60-3002.75 | 2,292.03 | 4.51 |
| Granted during the year | 1,15,446 | 4,736.55 | 4,736.55 | - |
| Cancelled during the year | 35,521 | 1938.60-4736.55 | 2,882.51 | - |
| Exercised during the year | 40,027 | 1938.60-3002.75 | 2,356.58 | - |
| Outstanding at the end of the year | 4,07,404 | 1938.60-4736.55 | 2,926.90 | 5.77 |
| Exercisable at the end of the year | 74,636 | 1938.60-3002.75 | 2,488.84 | 3.89 |

**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 (₹)* |
|---|---|---|---|---|---|
| A) For ESOP granted by BFL | | | | | |
| 16-May-19 | 7.09% | 3.5 -6.5 years | 34.03% | 0.13% | 3,002.75 |
| 19-May-20 | 5.07% | 3.5 -6.5 years | 42.95% | 0.83% | 1,938.60 |
| 27-Apr-21 | 5.65% | 3.5 -6.5 years | 42.51% | 0.21% | 4,736.55 |
| 26-Apr-22 | 6.56% | 3.5 -6.5 years | 41.87% | 0.29% | 7,005.50 |
| B) For ESOP granted by BFS | | | | | |
| 28-Apr-22 | 6.75% | 3.5 -6.5 years | 34.19% | 0.02% | 14,826.40 |

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

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52. Utilisation of Borrowed funds

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

**For the year ended 31 March 2023** (₹ in crore)

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

**For the year ended 31 March 2022** (₹ in crore)

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

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

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

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

53.1 Principal Business Criteria

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

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

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

53.2 Disclosures:

53.2.1 Capital

(₹ in crore)

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

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

(₹ in crore)

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

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53.2.3 Investments

(₹ in crore)

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

* Represents unrealised gain due to fair value change

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53.2.4 Derivatives

**Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)** (₹ in crore)

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

* Concentration arising from SWAP is with Banks

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

**Exchange Traded Interest Rate (IR) Derivative**

The Company has not entered into any exchange traded derivative.

**Disclosures on Risk Exposure in Derivatives**

**A. Qualitative Disclosure**

**Financial Risk Management**

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

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

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

**Constituents of Hedge Management Framework**

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

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

**Hedging Policy**

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

**Measurement and Accounting**

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

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

**B. Quantitative Disclosure - Interest Rate Derivatives** (₹ in crore)

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

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53.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2023 (₹ in crore)

| Particulars | 1 day to 7days | 8 to 14 days | 15 days to 30/31 days | Over one month up to 2 months | Over 2 month & up to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Borrowings from bank | 17.72 | - | 59.55 | 110.31 | 1,315.90 | 1,373.53 | 3,688.90 | 10,344.20 | 11,943.00 | 2,801.59 | 31,654.70 |
| ICD | - | - | - | - | - | 6.42 | 2.81 | 166.54 | - | - | 175.77 |
| NHB Refinance | - | - | - | - | - | 60.33 | 120.65 | 487.61 | 482.62 | 853.79 | 2,000.00 |
| Market borrowing | - | - | 441.42 | 88.88 | 109.72 | 1,726.39 | 2,969.48 | 9,422.90 | 1,835.64 | 3,320.49 | 19,914.92 |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | - |
| **Assets** | - | - | - | - | - | - | - | - | - | - | - |
| Advances | 713.63 | 413.26 | 646.54 | 1,357.92 | 1,304.13 | 3,714.93 | 6,477.60 | 17,819.59 | 10,340.04 | 19,326.25 | 62,113.89 |
| Investments* | 363.49 | 215.00 | 24.88 | 99.36 | - | 699.15 | 599.06 | 14.96 | - | - | 2,015.90 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | - |

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

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

53.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2022 (₹ in crore)

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

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

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

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53.2.6 Exposure

53.2.6.1 Exposure to Real Estate Sector

(₹ in crore)

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

* Exposure includes non-fund based (NFB) limits and undrawn loan commitment towards partially disbursed / sanctioned but not disbursed. In addition to above, the Company has loan exposure amounting ₹ 2,737.91 crore as on 31 March 2023 (Previous year ₹ 3,028.69 crore) pertaining to commercial properties not required to be classified as commercial real estate exposure and on properties used for dual purpose of commercial and residential usage.

53.2.6.2 Exposure to Capital Market

(₹ in crore)

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

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

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53.2.6.3 **Details of financing of parent company products**

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

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

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

53.2.6.5 **Unsecured Advances**

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

53.2.6.6 **Exposure to group companies engaged in real estate business**

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

53.3 **Miscellaneous**

53.3.1 **Registration obtained from other financial sector regulators**

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

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

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

53.3.3 **Related party Transactions**

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

53.3.4 **Group Structure**

**Diagrammatic representation of group structure given below:**

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

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

*Above shareholding is as of 31 March 2023*

53.3.5 **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 2023 | As at 31 March 2022 |
|---|---|---|---|---|---|
| India Ratings | Non-Convertible Debenture & Subordinated debt | IND AAA/Stable | NIL | 7,000.00 | 4,000.00 |
| | Long-Term Bank Rating/Short-Term Bank Rating | IND AAA(Stable) / IND A1+ | NIL | 40,000.00 | 31,000.00 |
| | Commercial Paper | IND A1+ | NIL | 6,000.00 | 6,000.00 |
| CRISIL | Non-Convertible Debenture | CRISIL AAA/Stable | NIL | 27,717.80 | 22,969.70 |
| | Subordinated debt | CRISIL AAA/Stable | NIL | 1,000.00 | 1,000.00 |
| | Long-Term / Short-Term Bank Rating | CRISIL AAA/(Stable) / CRISIL A1+ | NIL | 16,000.00 | 11,000.00 |
| | Commercial Paper | CRISIL A1+ | NIL | 6,000.00 | 6,000.00 |

53.3.6 **Remuneration of Directors**

(₹ in crore)

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

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53.4 Additional Disclosures

53.4.1 Provisions and Contingencies

**Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account** (₹ in crore)

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

**Break up of Loan & Advances and Provisions thereon** (₹ in crore)

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

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

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

53.4.3 **Concentration of Public Deposits, Advances, Exposures and NPAs**

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

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

53.4.3.2 **Concentration of Loans & Advances**

(₹ in crore)

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

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

(₹ in crore)

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

53.4.3.4 Concentration of NPAs

(₹ in crore)

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

53.4.3.5 Sector-wise NPAs

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

53.4.4 Movement of NPAs

(₹ in crore)

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

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53.4.5 Overseas Assets

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

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

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

53.4.7 **Disclosure of Complaints**

**Customers Complaints***

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

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

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

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

54.2 **Sectoral exposure**

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

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

54.3 Intra-group exposures

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

54.4 Unhedged foreign currency exposure

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

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

54.5 Related Party Disclosure (₹ in crore)

| Related Party | Parent | | Follow Subsidiary | | Directors | | Key Management Personnel | | Relatives of Key Management Personnel | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Items | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **Balance Sheet** | | | | | | | | | | | | | | |
| Borrowings | | | | | | | | | | | | | | |
| Outstanding at the year end | (550.00) | (350.00) | (1,018.00) | (751.00) | - | - | - | - | - | - | (50.00) | (50.00) | (1,618.00) | (1,151.00) |
| Maximum during the year | (550.00) | (350.00) | (1,118.00) | (801.00) | - | - | - | - | - | - | (50.00) | (200.00) | (1,718.00) | (1,351.00) |
| Deposits | | | | | | | | | | | | | | |
| Outstanding at the year end | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Maximum during the year | | | | | | | | | | | | | - | - |
| Advances | | | | | | | | | | | | | | |
| Outstanding at the year end | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Maximum during the year | | | | | | | | | | | | | - | - |
| Investments | | | | | | | | | | | | | | |
| Outstanding at the year end | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Maximum during the year | | | | | | | | | | | | | - | - |
| Contribution to Equity Share Capital | (6,712.16) | (4,883.33) | - | - | - | - | - | - | - | - | - | - | (6,712.16) | (4,883.33) |
| Other Payables | (3.21) | (0.08) | - | (0.91) | (0.40) | (1.14) | (0.77) | (0.63) | - | - | - | (0.18) | (4.38) | (2.94) |
| Other Receivables | 0.37 | - | 1.28 | 4.84 | - | - | - | - | - | - | 0.03 | 0.03 | 1.68 | 4.87 |
| **Transactions during the year** | | | | | | | | | | | | | | |
| Purchase of fixed assets | 0.79 | 0.27 | 0.09 | 0.01 | - | - | - | - | - | - | - | - | 0.88 | 0.28 |
| Purchase of other assets (loan portfolio) | - | 738.79 | - | - | - | - | - | - | - | - | - | - | - | 738.79 |
| Sale of fixed assets | 0.48 | 0.38 | - | - | - | - | - | - | - | - | - | - | 0.48 | 0.38 |
| Purchase of investments | - | 4,900.00 | - | - | - | - | - | - | - | - | - | - | - | 4,900.00 |
| Sale of investments | - | 4,900.00 | - | - | - | - | - | - | - | - | - | - | - | 4,900.00 |
| Borrowings | - | 750.00 | 217.00 | 217.00 | - | - | - | - | - | - | - | - | 217.00 | 967.00 |
| Borrowings repaid | - | 750.00 | 100.00 | 50.00 | - | - | - | - | - | - | - | 150.00 | 100.00 | 950.00 |
| Loan repayment received | - | - | - | - | - | - | - | - | - | 0.15 | - | 13.00 | - | 13.15 |
| Interest paid | 20.81 | 9.00 | 58.04 | 44.56 | - | - | - | - | - | - | 2.90 | 11.91 | 81.75 | 65.47 |
| Interest received | - | 3.82 | - | - | - | - | - | - | - | 0.00 | - | 1.07 | - | 4.89 |
| Others | | | | | | | | | | | | | | |
| Business Support Charges Paid | 20.46 | 7.86 | 0.66 | 1.05 | - | - | - | - | - | - | 2.78 | - | 23.90 | 8.91 |
| Business support charges received | 0.81 | 1.14 | - | - | - | - | - | - | - | - | - | - | 0.81 | 1.14 |
| Fees and commission | 66.30 | 44.64 | - | - | - | - | - | - | - | - | - | - | 66.30 | 44.64 |
| Equity Contribution received (including Premium) | 2,500.00 | - | - | - | - | - | - | - | - | - | - | - | 2,500.00 | - |
| Security deposit received | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security deposit (paid) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Direct assignment of loan portfolio | 1,789.90 | 1,503.69 | - | - | - | - | - | - | - | - | - | - | 1,789.90 | 1,503.69 |
| ESOP recharge | 26.77 | 19.23 | - | - | - | - | - | - | - | - | - | - | 26.77 | 19.23 |
| Rent income | 0.20 | 0.19 | - | - | - | - | - | - | - | - | - | - | 0.20 | 0.19 |
| Insurance expense | - | - | 13.52 | 15.40 | - | - | - | - | - | - | - | - | 13.52 | 15.40 |
| Sitting Fees | - | - | - | - | 0.68 | 0.46 | - | - | - | - | - | - | 0.68 | 0.46 |
| Commission | - | - | - | - | 0.40 | - | - | - | - | - | - | - | 0.40 | - |
| Short term employee benefit | - | - | - | - | 10.29 | 8.14 | 2.71 | 1.64 | - | - | - | - | 13.00 | 9.78 |
| Share based payment | - | - | - | - | 8.06 | 4.46 | 0.80 | 0.64 | - | - | - | - | 8.86 | 5.10 |
| Rent expense | - | - | - | - | - | - | - | - | - | - | 0.06 | 0.06 | 0.06 | 0.06 |
| Services received | - | - | - | - | - | - | - | - | - | - | 4.06 | 1.25 | 4.06 | 1.25 |
| Manpower supply services | - | - | - | - | - | - | - | - | - | - | 12.79 | - | 12.79 | - |
| Company's contribution towards NPS | - | - | 0.45 | - | - | - | - | - | - | - | - | - | 0.45 | - |
| Gratuity | | | - | - | | - | - | - | | | 3.02 | 2.00 | 3.02 | 2.00 |

Amount in bracket denotes credit balance.

1. The Company has allotted 6,712,162,235 equity shares having face value of Rs. 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7th April 2022 at a premium of Rs. 3.67/- per share involving aggregate amount of Rs. 6,712,999,999,952.45.

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

54.6 Disclosure of complaints

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

| Sr. No. | Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| | **Complaints received by the NBFC from its customers** | | |
| (a) | Number of complaints pending at beginning of the year | 0 | 0 |
| (b) | Number of complaints received during the year | 417 | 505 |
| (c) | Number of complaints disposed during the year | 417 | 505 |
| | (i) of which, number of complaints rejected by the NBFC | 0 | 0 |
| (d) | Number of complaints pending at the end of the year | 0 | 0 |

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

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

**For the year ended 31 March 2023**

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

**For the year ended 31 March 2022**

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

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

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

54.9 Loans to Directors, Senior Officers and relatives of Directors (₹ In crore)

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

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

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

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

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

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

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

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

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

# Total public deposits

Total liabilities are excluding Equity share capital and Other equity.

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

57.3 **Top 10 borrowings**

(₹ in crore)

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

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

57.4 **Funding Concentration based on significant instrument/product***

(₹ in crore)

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

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

Total liabilities are excluding Equity share capital and Other equity.

57.5 **Stock ratio**

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

Total liabilities are excluding equity share capital and other equity.

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

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

57.6 **Institutional set-up for liquidity risk management**

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

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

Appendix I as on 31st March 2023

| | Q1 FY23 | | Q2 FY23 | | Q3 FY23 | | Q4 FY23 | |
|---|---|---|---|---|---|---|---|---|
| | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
| **High Quality Liquid Assets** | | | | | | | | |
| 1. **Total High Quality Liquid Assets (HQLA) | 852.14 | 852.14 | 1,069.38 | 1,069.38 | 1,035.87 | 1,035.87 | 1,519.63 | 1,519.63 |
| **Cash Outflows** | | | | | | | | |
| 2. Deposits (for deposit taking companies) | | | | | | | - | - |
| 3. Unsecured wholesale funding | 456.38 | 524.84 | 788.18 | 906.41 | 349.33 | 401.72 | 640.72 | 736.83 |
| 4. Secured wholesale funding | 998.49 | 1,148.26 | 899.78 | 1,034.75 | 1,299.06 | 1,493.92 | 1,084.41 | 1,247.07 |
| 5. Additional requirements, of which | - | - | - | - | - | - | - | - |
| (i) Outflows related to derivative exposures and other collateral | - | - | - | - | - | - | - | - |
| (ii) Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) Credit and liquidity facilities | | | | | | | | |
| 6. Other contractual funding obligations" | 1,420.23 | 1,633.27 | 2,315.01 | 2,662.26 | 1,940.28 | 2,193.83 | 2,367.38 | 2,722.48 |
| 7. Other contingent funding obligations | - | - | - | - | - | - | - | - |
| **8. TOTAL CASH OUTFLOWS** | **2,875.10** | **3,306.37** | **4,002.97** | **4,603.42** | **3,588.67** | **4,089.47** | **4,092.51** | **4,706.38** |
| **Cash Inflows** | | | | | | | | |
| 9. Secured lending | - | - | - | - | - | - | - | - |
| 10. Inflows from fully performing exposures | 482.98 | 362.23 | 560.14 | 420.11 | 538.97 | 404.23 | 613.83 | 460.37 |
| 11. Other cash inflows* | 5,148.21 | 3,861.16 | 8,871.38 | 6,653.54 | 8,126.95 | 6,095.21 | 6,268.75 | 4,701.56 |
| **12. TOTAL CASH INFLOWS** | **5,631.19** | **4,223.39** | **9,431.52** | **7,073.65** | **8,665.92** | **6,499.44** | **6,882.58** | **5,161.93** |
| | | Total Adjusted Value | | Total Adjusted Value | | Total Adjusted Value | | Total Adjusted Value |
| **13. TOTAL HQLA** | | **852.14** | | **1,069.38** | | **1,035.87** | | **1,519.63** |
| **14. TOTAL NET CASH OUTFLOWS** | | **826.59** | | **1,150.86** | | **1,022.37** | | **1,176.60** |
| **15. LIQUIDITY COVERAGE RATIO (%)** | | **103.09%** | | **92.92%** | | **101.32%** | | **129.15%** |
| **16. NHB Requirement (%)** | | **50.00%** | | **50.00%** | | **60.00%** | | **60.00%** |
| **17. NHB Requirement Amount** | | **413.30** | | **575.43** | | **511.18** | | **588.30** |

****Components of HQLA**

| High Quality Liquid Assets (HQLA) | Actual Cashflow | Stressed Cashflow | Actual Cashflow | Stressed Cashflow | Actual Cashflow | Stressed Cashflow | Actual Cashflow | Stressed Cashflow |
|---|---|---|---|---|---|---|---|---|
| 1. Assets to be included as HQLA without any haircut | 852.14 | 852.14 | 1,069.38 | 1,069.38 | 1,035.87 | 1,035.87 | 1,519.63 | 1,519.63 |
| 2. Assets to be considered for HQLA with a minimum haircut of 15% | - | - | - | - | - | - | - | - |
| 3. Assets to be considered for HQLA with a minimum haircut of 50% | - | - | - | - | - | - | - | - |
| 4. Approved securities held as per the provisions of section 45 IB of RBI Act | - | - | - | - | - | - | - | - |
| Total HQLA | 852.14 | 852.14 | 1,069.38 | 1,069.38 | 1,035.87 | 1,035.87 | 1,519.63 | 1,519.63 |

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| | Q3 FY22 | | Q4 FY22 | |
|---|---|---|---|---|
| | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
| **High Quality Liquid Assets** | | | | |
| 1. **Total High Quality Liquid Assets (HQLA) | 571.15 | 571.15 | 896.65 | 896.65 |
| **Cash Outflows** | | | | |
| 2. Deposits (for deposit taking companies) | | | - | - |
| 3. Unsecured wholesale funding | 500.00 | 575.00 | 932.47 | 1,072.34 |
| 4. Secured wholesale funding | 409.85 | 471.34 | 674.20 | 775.33 |
| 5. Additional requirements, of which | - | - | - | - |
| (i) Outflows related to derivative exposures and other collateral requirements | - | - | - | - |
| (ii) Outflows related to loss of funding on debt products | - | - | - | - |
| (iii) Credit and liquidity facilities | | | | |
| 6. Other contractual funding obligations# | 1,165.04 | 1,339.79 | 1,271.68 | 1,462.43 |
| 7. Other contingent funding obligations | - | - | - | - |
| **8. TOTAL CASH OUTFLOWS** | **2,074.89** | **2,386.13** | **2,878.35** | **3,310.10** |
| **Cash Inflows** | | | | |
| 9. Secured lending | - | - | - | - |
| 10. Inflows from fully performing exposures | 415.22 | 311.41 | 478.03 | 358.52 |
| 11. Other cash inflows* | 5,711.26 | 4,283.44 | 4,421.18 | 3,315.89 |
| **12. TOTAL CASH INFLOWS** | **6,126.48** | **4,594.85** | **4,899.21** | **3,674.41** |
| | | Total Adjusted Value | | Total Adjusted Value |
| **13. TOTAL HQLA** | | **571.15** | | **896.65** |
| **14. TOTAL NET CASH OUTFLOWS** | | **596.53** | | **827.52** |
| **15. LIQUIDITY COVERAGE RATIO (%)** | | **95.74%** | | **108.35%** |
| **16. NHB Requirement w.e.f. Dec 21 (%)** | | **50.00%** | | **50.00%** |
| **17. NHB Requirement Amount** | | **298.27** | | **413.76** |

****Components of HQLA**

| High Quality Liquid Assets (HQLA) | Actual Cashflow | Stressed Cashflow | Actual Cashflow | Stressed Cashflow |
|---|---|---|---|---|
| 1. Assets to be included as HQLA without any haircut | 571.15 | 571.15 | 896.65 | 896.65 |
| 2. Assets to be considered for HQLA with a minimum haircut of 15% | - | - | - | - |
| 3. Assets to be considered for HQLA with a minimum haircut of 50% | - | - | - | - |
| 4. Approved securities held as per the provisions of section 45 IB of | - | - | - | - |
| **Total HQLA** | **571.15** | **571.15** | **896.65** | **896.65** |

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

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

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

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

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

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

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

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

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

59.1 Policy for sales out of amortised cost business model portfolios

Refer Note No. 4.4 (i)

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

**As at 31 March 2023** (₹ In Crore)

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

* Computed on the value as per the IRACP norms

**As at 31 March 2022** (₹ In Crore)

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

* Computed on the value as per the IRACP norms

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

APTE & CO. Chartered Accountants

Bajaj Housing Finance Ltd. Pune

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

For the half year ended 30 September 2022

(₹ In Crore)

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

For the half year ended 31 March 2023

(₹ In Crore)

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

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

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

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

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Ltd. Pune

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

(₹ In Crore)

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

(₹ In Crore)

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

(₹ In Crore)

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

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

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANT

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Ltd. Pune

62. **Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated 24 September 2021**
The Company has not entered into any Securitisiation transactions during the current year and previous year.

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

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As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 24 April, 2023**

**On behalf of the Board of Directors**

**Atul Jain**
**Managing Director**
DIN: 09561712

**Gaurav Kalani**
**Chief Financial Officer**

**Atul Patni**
**Company Secretary**
FCS: F10094

**Sanjiv Bajaj**
**Chairman**
DIN: 00014615

**Rajeev Jain**
**Vice Chairman**
DIN: 01550158

**Anami Roy**
**Director**
DIN: 01361110

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

Schedule to the Balance Sheet

(₹ In crore)

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

(₹ In crore)

| Particulars | Amount outstanding as at 31 March 2023 | Amount outstanding as at 31 March 2022 |
|---|---|---|
| **Assets side** | | |
| **3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:** | | |
| (a) Secured | 60,037.05 | 44,585.82 |
| (b) Unsecured | 2,076.84 | 1,896.25 |
| **4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities** | | |
| (i) Lease assets including lease rentals under sundry debtors | | |
| (a) Financial lease | - | - |
| (b) Operating lease | - | - |
| (ii) Stock on hire including hire charges under sundry debtors | | |
| (a) Assets on hire | - | - |
| (b) Repossessed Assets | - | - |
| (iii) Other loans counting towards asset financing activities | | |
| (a) Loans where assets have been repossessed | - | - |
| (b) Loans other than (a) above | - | - |

Bajaj Housing Finance Ltd. Pune

(₹ in crore)

| Particulars | Amount outstanding as at 31 March 2023 | Amount outstanding as at 31 March 2022 |
|---|---|---|
| **5 Break-up of Investments** | | |
| **Current Investments** | | |
| 1 Quoted | | |
| (i) Shares | | |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | 578.49 | 580.82 |
| (iv) Government Securities | 1,422.42 | 667.45 |
| (v) Others (Certificate of Deposits and Commercial Paper) | | |
| 2 Unquoted | | |
| (i) Shares | | |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| **Long Term investments** | | |
| 1 Quoted | | |
| (i) Share | - | - |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| 2 Unquoted | | |
| (i) Shares | - | - |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |

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

(₹ in crore)

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

(₹ in crore)

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

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

Bajaj Housing Finance Ltd. Pune

G. D. APTE & CO. Chartered Accountants

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

(₹ in crore)

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

(₹ in crore)

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

8 Other information

(₹ in crore)

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

* Provision for ECL Stage 3 has been considered.

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Bajaj Housing Finance Ltd. Pune

Atul Patni
Company Secretary
FCS: F10094

Anami Roy
Director
DIN: 01361110

Pune: 24 April, 2023

Bajaj Housing Finance Limited

Balance Sheet as at 31 March 2022

(₹ in crore)

| Particulars | Note No. | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 5. | 407.03 | 461.78 |
| Bank balances other than cash and cash equivalents | 6. | 0.14 | 255.00 |
| Trade receivables | 7. | 237.33 | 310.66 |
| Loans | 8. | 46,482.07 | 33,418.90 |
| Investments | 9. | 1,248.27 | 3,266.04 |
| Other financial assets | 10. | 18.48 | 33.99 |
| | | **48,393.32** | **37,746.37** |
| **Non-financial assets** | | | |
| Current tax assets (net) | | 9.08 | 4.46 |
| Deferred tax assets (net) | 11. | 15.58 | 15.26 |
| Property, plant and equipment | 12. | 78.09 | 64.32 |
| Intangible assets under development | 12. | 1.46 | - |
| Intangible assets | 12. | 19.11 | 14.57 |
| Other non-financial assets | 13. | 10.44 | 13.40 |
| | | **133.76** | **112.01** |
| **Total assets** | | **48,527.08** | **37,858.38** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Financial liabilities** | | | |
| Payables | 14. | | |
| (I) Trade payables | | | |
| (i) Total outstanding dues to micro enterprises and small enterprises | | 0.18 | - |
| (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 36.23 | 20.90 |
| (II) Other payables | | | |
| (i) Total outstanding dues to micro enterprises and small enterprises | | - | - |
| (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 38.17 | 21.28 |
| Debt securities | 15. | 16,489.15 | 11,332.08 |
| Borrowings (other than debt securities) | 16. | 24,493.17 | 20,268.52 |
| Deposits | 17. | 510.00 | - |
| Other financial liabilities | 18. | 174.42 | 151.14 |
| | | **41,741.32** | **31,793.92** |
| **Non-financial liabilities** | | | |
| Current tax liabilities (net) | | 20.06 | 7.39 |
| Provisions | 19. | 4.05 | 2.29 |
| Other non-financial liabilities | 20. | 20.29 | 22.56 |
| | | **44.40** | **32.24** |
| **EQUITY** | | | |
| Equity share capital | 21. | 4,883.33 | 4,883.33 |
| Other equity | 22. | 1,858.03 | 1,148.89 |
| | | **6,741.36** | **6,032.22** |
| **Total liabilities and equity** | | **48,527.08** | **37,858.38** |

Summary of significant accounting policies 4.

The accompanying notes are an integral part of the financial statements

As per our report of even date

**On behalf of the Board of Directors**

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Sanjiv Bajaj**
**Chairman**

**Rajeev Jain**
**Managing Director**

**Atul Jain**
**Chief Executive Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

**Pune: 25 April, 2022**

Bajaj Housing Finance Limited

Statement of Profit and Loss for the year ended 31 March 2022

(₹ in crore)

| Particulars | Note No. | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|---|
| **Revenue from Operations** | | | |
| Interest income | 23. | 3,481.75 | 2,877.43 |
| Fees and commission income | 24. | 81.85 | 74.62 |
| Net gain on fair value changes | 25. | 58.97 | 59.85 |
| Sale of services | 26. | 142.02 | 142.15 |
| Other operating income | 27. | 2.07 | 0.65 |
| **Total Revenue from operations** | | **3,766.66** | **3,154.70** |
| Other Income | 28. | 0.47 | 0.58 |
| **Total Income (I) + (II)** | | **3,767.13** | **3,155.28** |
| **Expenses** | | | |
| Finance costs | 29. | 2,155.31 | 1,965.87 |
| Fees and commission expense | 30. | 4.68 | 1.33 |
| Impairment on financial instruments | 31. | 181.07 | 247.21 |
| Employee benefits expenses | 32. | 348.80 | 245.76 |
| Depreciation, amortisation and impairment | 12. | 25.76 | 21.77 |
| Other expenses | 33. | 91.65 | 60.16 |
| **Total Expenses** | | **2,807.27** | **2,542.10** |
| **Profit before tax (III) - (IV)** | | **959.86** | **613.18** |
| **Tax expense** | | | |
| Current tax | | 250.40 | 187.00 |
| Deferred tax charge / (credit) | | (0.16) | (27.01) |
| **Total tax expense** | 11. | **250.24** | **159.99** |
| **Profit after tax (V)- (VI)** | | **709.62** | **453.19** |
| **Other Comprehensive Income** | | | |
| (A) Items that will not be reclassified to profit or loss: | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (0.64) | 1.27 |
| Income tax effect relating to these items that will not be reclassified to profit or loss | | 0.16 | (0.32) |
| **Subtotal (A)** | | **(0.48)** | **0.95** |
| (B) Items that will be reclassified to profit or loss in subsequent periods: | | - | - |
| Income tax effect relating to these items that will be reclassified to profit or loss in subsequent periods | | - | - |
| **Subtotal (B)** | | - | - |
| **Other comprehensive income for the year, net of tax (A + B)** | | **(0.48)** | **0.95** |
| **Total comprehensive income for the year (VII+VIII)** | | **709.14** | **454.14** |
| Earnings per equity share | | | |
| (Nominal value per share ₹ 10/-) | | | |
| Basic (₹) | 34. | 1.45 | 0.93 |
| Diluted (₹) | 34. | 1.45 | 0.93 |
| Summary of significant accounting policies | 4. | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 25 April, 2022**

**On behalf of the Board of Directors**

**Sanjiv Bajaj**
**Chairman**

**Rajeev Jain**
**Managing Director**

**Atul Jain**
**Chief Executive Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

Bajaj Housing Finance Limited
Statement of Changes in Equity for the year ended 31 March 2022

a. Equity share capital

(₹ in crore)

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

b. Other equity

For the year ended 31 March 2022

(₹ in crore)

| Particulars | Note No. | Reserves and Surplus | | | | Total other equity |
|---|---|---|---|---|---|---|
| | | Securities Premium | Statutory reserve in terms of NHB Act | Retained earnings | Capital Contribution from Holding-ESOPs | |
| **Balance as at 31 March 2021** | | **166.67** | **224.02** | **758.20** | - | **1,148.89** |
| Profit after tax | | - | - | 709.62 | - | 709.62 |
| Other comprehensive income (net of tax) | | - | - | (0.48) | - | (0.48) |
| **Total** | | **166.67** | **224.02** | **1,467.34** | - | **1,858.03** |
| Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987 | | - | 141.93 | (141.93) | - | - |
| Add: Recharge liability towards ESOP issued by holding company | | - | - | - | 19.23 | 19.23 |
| Less: Payment to holding on account of recharge liability | | - | - | - | (19.23) | (19.23) |
| **Balance as at 31 March 2022** | 22 | **166.67** | **365.95** | **1,325.41** | - | **1,858.03** |

For the year ended 31 March 2021

(₹ in crore)

| Particulars | Note No. | Reserves and Surplus | | | | 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) | - | - |
| Add: Recharge liability towards ESOP issued by holding company | | - | - | - | 13.36 | 13.36 |
| Less: Payment to holding on account of recharge liability | | - | - | - | (20.41) | (20.41) |
| **Balance as at 31 March 2021** | 22 | **166.67** | **224.02** | **758.20** | - | **1,148.89** |

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 25 April, 2022**

**On behalf of the Board of Directors**

**Sanjiv Bajaj**
**Chairman**

**Rajeev Jain**
**Managing Director**

**Atul Jain**
**Chief Executi Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

Bajaj Housing Finance Limited

Statement of cash flows for the year ended 31 March 2022

(₹ in crore)

| | Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|---|
| A. | **Cash flow from operating activities** | | |
| | **Profit before tax** | **959.86** | **613.18** |
| | Adjustments for: | | |
| | Interest income | (3,481.75) | (2,877.43) |
| | Depreciation, amortisation and impairment | 25.76 | 21.77 |
| | Impairment on financial instruments | 181.07 | 247.21 |
| | Finance Costs | 2,155.31 | 1,965.87 |
| | Share based payment expenses | 19.23 | 13.36 |
| | Net loss on disposal of property, plant and equipment and intangible assets | 0.48 | 0.44 |
| | Provision no longer required written back | (0.05) | - |
| | Service fees for management of assigned portfolio of loans | (112.53) | (103.74) |
| | Net gain on fair value changes | (58.97) | (59.85) |
| | | **(311.59)** | **(179.19)** |
| | Cash inflow from interest on loans | 3,476.05 | 2,840.61 |
| | Cash inflow from service asset | 57.13 | 38.52 |
| | Cash outflow towards finance cost | (2,502.59) | (1,669.72) |
| | **Cash generated from operations before working capital changes** | **719.00** | **1,030.22** |
| | **Working capital changes:** | | |
| | (Increase) / decrease in trade receivables | 3.73 | (1.97) |
| | (Increase) / decrease in loans | (13,256.65) | (5,698.50) |
| | (Increase) / decrease in other financial assets | 265.40 | (275.64) |
| | (Increase) / decrease in other non-financial assets | 3.32 | (8.59) |
| | Increase / (decrease) in trade payables | 15.56 | (9.69) |
| | Increase / (decrease) in other payables | 16.89 | 3.45 |
| | Increase / (decrease) in other financial liabilities | 14.95 | 80.79 |
| | Increase / (decrease) in provisions | 1.12 | 1.28 |
| | Increase / (decrease) in other non-financial liabilities | (2.27) | (17.08) |
| | | (12,218.95) | (4,895.73) |
| | Income taxes paid (net of refunds) | (242.35) | (180.04) |
| | **Net cash used in operating activities (A)** | **(12,461.30)** | **(5,075.77)** |
| B. | **Cash flow from investing activities** | | |
| | Purchase of property, plant and equipment | (18.41) | (6.60) |
| | Sale of property, plant and equipment | 1.63 | 1.51 |
| | Purchase of intangible assets and intangible assets under development | (10.71) | (8.43) |
| | Investments measured under FVTPL (net) | 1,698.08 | (314.45) |
| | Purchase of investments measured under amortised cost | (4,900.00) | (3,475.00) |
| | Sale of investments measured under amortised cost | 5,400.00 | 2,975.00 |
| | Interest received on investments | 26.73 | 30.93 |
| | **Net cash generated from / (used) in investing activities (B)** | **2,197.32** | **(797.04)** |
| C. | **Cash flow from financing activities** | | |
| | Payment to holding on account of recharge liability | (19.23) | (20.41) |
| | Proceeds from long term borrowings | 15,597.40 | 7,302.31 |
| | Repayments towards long term borrowings | (6,923.39) | (3,026.88) |
| | Short term borrowings (net) | 1,054.99 | 1,428.58 |
| | Deposits accepted (other than public deposits) (net) | 510.00 | - |
| | Payment towards principal portion of lease liability | (10.54) | (7.73) |
| | **Net cash generated from financing activities (C)** | **10,209.23** | **5,675.87** |
| | **Net decrease in cash and cash equivalents (A+B+C)** | **(54.75)** | **(196.94)** |
| | Cash and cash equivalents at the beginning of the year | 461.78 | 658.72 |
| | **Cash and cash equivalents at the end of the year** | **407.03** | **461.78** |

KHANDELWAL JAIN & CO. CHARTERED ACCOUNTANTS MUMBAI

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Limited

Bajaj Housing Finance Limited
Statement of cash flows for the year ended 31 March 2022

Notes:

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

As per our report of even date

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

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

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

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 25 April, 2022**

**On behalf of the Board of Directors**

**Sanjiv Bajaj**
**Chairman**

**Rajiv Jain**
**Managing Director**

**Atul Jain**
**Chief Executive Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

## 1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') (Corporate ID No.: U65910PN2008PLC132228) was incorporated as a subsidiary of Bajaj Finserv Limited ('BFS') on 13 June 2008, is a company limited by shares and domiciled as well as having its operations in India. The Company was acquired by Bajaj Finance Limited (BFL) from BFS in November 2014 to conduct housing finance business in a dedicated subsidiary company and accordingly the Company's name was changed to Bajaj Housing Finance Limited (BHFL) on 14 November 2014. It got registered with National Housing Bank ('NHB') as a non deposit taking Housing Finance Company vide certificate no 09.0127.15 on 24 September 2015. BHFL is a 100% subsidiary of BFL and started its operation in financial year 2017-18 (FY2018). The Non convertible debentures (NCDs) of the Company are listed on the Bombay Stock Exchange (BSE), India. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property, (iii) lease rental discounting, (iv) developer financing, (v) rural mortgage loans and (vi) unsecured loans. The Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business is at 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 25 April 2022, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

## 2. Basis of preparation

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

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

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

## 3. Presentation of Financial Statements

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

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

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only where Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

*Critical accounting estimates and judgements:*

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

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

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

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

KHANDELWAL JAIN & CO. CHARTERED ACCOUNTANTS MUMBAI

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Limited

## 4. Summary of significant accounting policies

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

### 4.1 Income

#### (i) Interest income

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

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

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

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

#### (ii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 - 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 - 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

**(a) Fees and commission**

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

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

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

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

**(b) Net gain on fair value changes**

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

**(c) Sale of services**

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

**(d) Other operating income**

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

#### (iii) Other Income

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

#### (iv) Taxes

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

### 4.2 Expenditures

#### (i) Finance Cost

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

Bajaj Housing Finance Limited

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

G. D. APTE & CO. Chartered Accountants

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

**(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 three categories as per the Company's Board approved policy:

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

a) Debt instruments at amortised cost:

The Company measures its financial assets at amortised cost if both the following conditions are met:

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

To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the nature of portfolio, and the period for which the interest rate is set.

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

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

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

b) Debt instruments at FVOCI:

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

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

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognized in the Other Comprehensive Income (OCI). The interest 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.

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

G. D. APTE & CO. Chartered Accountants

Bajaj Housing Finance Limited

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

c) Debt instruments at FVTPL:

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

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

**Derecognition of Financial Assets:**

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

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

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

On derecognition of a financial asset in its entirety, the difference between:
- The carrying amount (measured at the date of derecognition) and
- The consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

**Reclassification of financial assets**

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

**Impairment on financial assets:**

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

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

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

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

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

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery. The Company may apply enforcement activities to certain qualifying financial assets written off.

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

a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:
a) Contractual payments of either principal or interest are past due for more than 90 days;
b) The loan is otherwise considered to be in default.

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

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of 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.

G. D. APTE & CO. Chartered Accountants

KHANDELWAL JAIN & CO. MUMBAI CHARTERED ACCOUNTANTS

Bajaj Housing Finance Limited

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

b) Significant increase in credit risk (stage 2)

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

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

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

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

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

d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

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

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

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

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 48.

*B) Simplified Approach*

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

**(ii) Financial liabilities**

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings.

**Initial measurement:**

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

**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.

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

**(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**4.5 Taxes**

**(i) Current income tax**

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

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

**(ii) Deferred tax**

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

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

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

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

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

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

**4.6 Property, plant and equipment**

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

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

**Recognition and Derecognition**

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

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

**Depreciation on property, plant and equipment:**

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

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

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

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

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

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

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

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

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

**4.7 Intangible assets and amortization thereof**

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

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

**4.8 Impairment on non-financial assets**

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

**4.9 Provisions, contingent liabilities and contingent assets**

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

**4.10 Foreign currency translation**

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

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

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

**4.11 Retirement and other employee benefits**

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

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

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

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

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

**4.12 Employee Stock Option Scheme**

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

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

**4.13 Leases**

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

**(i) As a lessee**

**Measurement of Lease Liability:** At the time of initial recognition, the Company measures lease liability as present value of all lease payment discounted using the Company's incremental cost of borrowing rate and directly attributable cost. Subsequently, the lease liability is –

(i) increased by interest on lease liability;

(ii) reduce by lease payment made; and

(iii) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

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

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

**(ii) As a lessor**

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

**4.14 Fair value measurement**

The Company measures its qualifying financial instruments at fair value on each balance sheet date.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 46 and 47.

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

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

**4.15 Earnings Per Share**

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

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

**4.16 Segment Reporting**

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

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

**4.17 Recent Indian Accounting Standards / Pronouncements**

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

**a) Ind AS 103 – Reference to Conceptual Framework**

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

**b) Ind AS 16 – Proceeds before intended use**

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

**c) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**d) Ind AS 109 – Annual Improvements to Ind AS (2021)**

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

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

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

**4.18 Collateral Valuation**

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

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

**4.19 Statement of cash flow**

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

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

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5. Cash and cash equivalents

(₹ in crore)

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

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

6. Bank balances other than cash and cash equivalents

(₹ in crore)

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

7. Trade receivables

(₹ in crore)

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

Impairment allowance recognised on trade and other receivables is ₹ Nil (Previous year: ₹ Nil).

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

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

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

| Particular | Not due | Unbilled | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade Receivables** | | | | | | | | |
| Considered good | 235.45 | - | 1.88 | - | - | - | - | 237.33 |

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

| Particular | Not due | Unbilled | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade Receivables** | | | | | | | | |
| Considered good | 305.07 | - | 5.59 | - | - | - | - | 310.66 |

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8. Loans

(₹ in crore)

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

*The net value is the fair value of these loans

**Summary of loans by stage distribution**

(₹ in crore)

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

*Net carrying amount in Stage 2 includes nondelinquent account restructured under RBI resolution framework for COVID-19-related stress of ₹ 286 crore (previous year ₹ 366 crore) where there were no overdue. Such loans get reclassified to Stage 1, post 12 months of satisfactory performance.

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

(₹ 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 | - | - |
| | **(504.88)** | **(0.54)** | **371.71** | **(2.84)** | **133.17** | **3.38** | **-** | **-** |
| Impact of changes in credit risk on account of stage movements | | (1.11) | | 89.72 | | 34.68 | - | 123.29 |
| Changes in opening credit exposures (additional disbursement net of repayments) | (7,855.31) | 15.86 | (79.03) | 8.62 | (30.91) | 8.09 | (7,965.25) | 32.57 |
| New credit exposures during the year, net of repayments | 13,577.94 | 75.46 | 72.77 | 13.78 | 4.87 | 1.74 | 13,655.58 | 90.98 |
| Amounts written off during the year | - | - | - | - | (11.70) | (11.70) | (11.70) | (11.70) |
| **Balance as at the end of the year** | **32,996.17** | **178.68** | **659.36** | **131.88** | **119.13** | **45.20** | **33,774.66** | **355.76** |

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

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

(₹ in crore)

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

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9. Investments

(₹ in crore)

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

Out of above:

(₹ in crore)

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

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

10. Other financial assets

(₹ in crore)

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

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

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

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11. Deferred tax assets (net)

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

(₹ in crore)

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

Deferred tax assets (net) recorded in Balance Sheet

(₹ in crore)

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

Changes in deferred tax assets recorded in profit or Loss

(₹ in crore)

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

Changes in deferred tax recorded in other comprehensive income

(₹ in crore)

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

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12. Property, plant and equipment and intangible assets

For the year ended 31 March 2022 (₹ in crore)

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

For the year ended 31 March 2021 (₹ in crore)

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

**Notes**

(a) See note no. 4.6 and 4.13

(b) See note no. 4.7

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

12.A Intangible assets under development aging as at 31 March 2022 (₹ in crore)

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

Intangible assets under development aging as at 31 March 2021 (₹ in crore)

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

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

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## 13. Other non-financial assets

(₹ in crore)

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

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

## 14. Payables

(₹ in crore)

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

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

| Particular | Not due | Unbilled | Outstanding from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | 0.18 | - | - | - | 0.18 |
| (ii) Others | - | 32.52 | 3.67 | 0.02 | 0.01 | 0.01 | 36.23 |

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

| Particular | Not due | Unbilled | Outstanding from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - | - | - |
| (ii) Others | - | 19.92 | 0.96 | 0.01 | 0.01 | - | 20.90 |

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

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Principal amount due to suppliers under MSMED Act, as at the year end (since paid) | 0.18 | - |
| Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year | 4.62 | 0.04 |
| Interest paid to suppliers under MSMED Act (other than Section 16) | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | 0.03 | - |
| Interest due and payable to suppliers under MSMED Act, for payments already made | - | - |
| Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act | - | - |

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## 15. Debt securities

(₹ in crore)

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

*Privately placed redeemable non-convertible debentures are secured by a first pari-passu charge by mortgage of Company's office at Unit No.804, admeasuring 2,610 sq. ft. 8th Floor, Block-A of Wing Delta, bearing old Door nos. 113 to 122 and 128 to 134 and New No.177, Raheja Towers, Anna Salai, Mount Road, Chennai – 600 002 of nominal value and debts/ loan receivables under financing activity as stated in the respective information memorandum.

Quarterly returns or statements of current assets filed by the Company with banks or financial institutions or debenture trustees are in agreement with the books of accounts.

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

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

(₹ in crore)

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

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2022.

As at 31 March 2022, partly called and paid unsecured debentures of ₹ 761.25 crore.

Amount to be called and paid is ₹105 crore each in Feb 2023, Feb 2024, Feb 2025 and ₹120 crore in Feb 2026.

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

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

(₹ in crore)

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

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2021.

As at 31 March 2021, partly called and paid unsecured debentures of ₹ 507.35 crore.

Amount to be called and paid is ₹105 crore each in Feb 2022,Feb 2023, Feb 2024, Feb 2025 and ₹120 crore in Feb 2026.

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

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15. Debt securities (Contd.)

Terms of repayment of commercial paper as at 31 March 2022

(₹ in crore)

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

Interest rate ranges from 3.91 % p.a. to 5.15 % p.a. as at 31 March 2022.

Face value of commercial paper is ₹ 4,075 crore as at 31 March 2022 (Previous year ₹ 2,925 crore).

Terms of repayment of commercial paper as at 31 March 2021

(₹ in crore)

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

Interest rate ranges from 3.65 % p.a. to 4.55 % p.a.as at 31 March 2021.

Face value of commercial paper is ₹ 2,925 crore as at 31 March 2021 (Previous year ₹ 1,515 crore).

16. Borrowings (other than debt securities)

(₹ in crore)

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

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

Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

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

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

Terms of repayment of term loans as at 31 March 2022

(₹ in crore)

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

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

Terms of repayment of term loans as at 31 March 2021

(₹ in crore)

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

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

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

(₹ in crore)

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

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

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## 17. Deposits

(₹ in crore)

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

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

(₹ in crore)

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

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

## 18. Other financial liabilities

(₹ in crore)

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

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

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

a. Lease Liability Movement

(₹ in crore)

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

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

c. Future Lease Cash Outflow for all leased assets :

(₹ in crore)

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

d. Maturity Analysis of Lease Liability:

(₹ in crore)

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

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19. Provisions

(₹ in crore)

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

20. Other non-financial liabilities

(₹ in crore)

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

21. Equity share capital

(₹ in crore)

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

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

| Equity share capital issued, subscribed and fully paid up | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in crore | Nos. | ₹ in crore |
| Outstanding at the beginning of the year | 4,88,33,33,329 | 4,883.33 | 4,88,33,33,329 | 4,883.33 |
| **Outstanding at the end of the year** | **4,88,33,33,329** | **4,883.33** | **4,88,33,33,329** | **4,883.33** |

b. Terms/rights/restrictions attached to equity shares

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

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

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in crore | Nos. | ₹ in crore |
| Bajaj Finance Limited* | 4,88,33,33,329 | 4,883.33 | 4,88,33,33,329 | 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 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Nos. | % Holding | Nos. | % Holding |
| Bajaj Finance Limited (Holding Company) | 4,88,33,33,329 | 100.00% | 4,88,33,33,329 | 100.00% |

e. Details of shareholding of promoters

| Shares held by promoters at the year ended 31 March 2022 | | | | % Changes during the year |
|---|---|---|---|---|
| S.N. | Promoter name | No. of Shares | % of total shares | |
| 1 | Bajaj Finance Limited | 4,88,33,33,329 | 100.00% | 0.00% |

| Shares held by promoters at the year ended 31 March 2021 | | | | % Changes during the year |
|---|---|---|---|---|
| S.N. | Promoter name | No. of Shares | % of total shares | |
| 1 | Bajaj Finance Limited | 4,88,33,33,329 | 100.00% | 0.00% |

Refer note 43. on Capital

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22. Other equity

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **(i) Securities premium** | | |
| Balance as at the beginning of the year | 166.67 | 166.67 |
| **Balance as at the end of the year (i)** | **166.67** | **166.67** |
| **(ii) Statutory reserve in terms of Section 29C of the NHB Act, 1987** | | |
| **Balance as at the beginning of the year** | | |
| a) Statutory Reserve u/s 29C of the NHB Act, 1987 | 126.96 | 78.32 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 22.66 | - |
| c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 74.40 | 32.40 |
| **Total** | **224.02** | **110.72** |
| **Addition / appropriation / withdrawal during the year** | | |
| **Add:** | | |
| a) Amount transferred u/s 29C of the NHB Act, 1987 | 81.93 | 48.64 |
| b) Additional amount transferred u/s 29C of the NHB Act, 1987 | - | 22.66 |
| c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 60.00 | 42.00 |
| **Less:** | | |
| a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| b) Additional amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| c) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987 | - | - |
| **Balance as at the end of the year** | | |
| a) Statutory Reserve u/s 29C of the NHB Act, 1987 | 208.89 | 126.96 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 22.66 | 22.66 |
| c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 134.40 | 74.40 |
| **Balance as at the end of the year (ii)** | **365.95** | **224.02** |
| **(iii) Retained earnings** | | |
| **Balance as at the beginning of the year** | **758.20** | **417.36** |
| Profit for the year | 709.62 | 453.19 |
| Item of other comprehensive income recognised directly in retained earnings | | |
| On defined benefit plan | (0.48) | 0.95 |
| | **1,467.34** | **871.50** |
| Less: Appropriations: | | |
| Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987 | 81.93 | 48.64 |
| Transfer to additional statutory reserve in terms of Section 29C of the NHB Act, 1987 | - | 22.66 |
| Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987 | 60.00 | 42.00 |
| **Total appropriations** | **141.93** | **113.30** |
| **Balance as at the end of the year (iii)** | **1,325.41** | **758.20** |
| **(iv) Capital Contribution from Holding-ESOPs** | | |
| **Balance as at the beginning of the year** | - | 7.05 |
| Add: fair value of stock options issued by holding company | 19.23 | 13.36 |
| Less: Payment to holding company towards employee stock option plan (Refer Note no 49 ) | (19.23) | (20.41) |
| **Balance as at the end of the year (iv)** | - | - |
| **Total (i) to (iv)** | **1,858.03** | **1,148.89** |

**Nature and purpose of other equity:**

**i. Securities premium**

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

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22. Other equity (Contd.)

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

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

**iii. Retained earnings**

Retained earnings represents the surplus in profit and loss account after appropriation.

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

(a) actuarial gains and losses; and

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

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

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

**v. Other comprehensive income**

On loans

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

(₹ in crore)

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

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## 23. Interest income

(₹ in crore)

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

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

## 24. Fees and commission income

(₹ in crore)

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

## 25. Net gain on fair value changes

(₹ in crore)

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

## 26. Sale of services

(₹ in crore)

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

## 27. Other operating income

(₹ in crore)

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

## 28. Other income

(₹ in crore)

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

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## 29. Finance costs

(₹ in crore)

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

## 30. Fees and commission expense

(₹ in crore)

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

## 31. Impairment on financial instruments

(₹ in crore)

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

## 32. Employee benefits expenses

(₹ in crore)

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

## 33. Other expenses

(₹ in crore)

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

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*** Payment to auditor**

(₹ in crore)

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

**** Corporate Social Responsibility expenditure**

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| (a) Gross amount required to be spent by the Company during the year | 7.67 | 3.91 |
| (b) Amount spent in cash during the year on: | | |
| (i) Construction/acquisition of any asset | 7.38 | - |
| (ii) On purposes other than (i) above | 0.29 | 3.91 |
| (c) Excess / (Shortfall) at the end of the year | - | - |
| (d) Total of previous years shortfall | - | - |
| (e) Reason for shortfall | NA | NA |
| (f) Nature of CSR activities (activities as per Schedule VII) | Activities mentioned in i and ii | Activities mentioned in i and ii |
| (g) Details of related party transactions | - | - |
| (h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation | - | - |

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## 34. Earnings per share (EPS)

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

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

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

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Net profit attributable to equity shareholders (₹ in crore) (A) | 709.62 | 453.19 |
| Weighted average number of equity shares for basic and diluted earnings per share (B) | 4,88,33,33,329 | 4,88,33,33,329 |
| Weighted average number of equity shares for diluted earnings per share (C) | 4,88,33,33,329 | 4,88,33,33,329 |
| **Earning Per Share (basic) (₹) (A/B)** | **1.45** | **0.93** |
| **Earning Per Share (diluted) (₹) (A/C)** | **1.45** | **0.93** |

The Company has allotted 1,828,822,235 equity shares having face value of Rs. 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7th April 2022 at a premium of Rs. 3.67/- per share involving aggregate amount of Rs. 24,999,999,952.45 These shares would be considered for computing 'Earnings per share' from the quarter ending June 30, 2022 onwards.

## 35. Segment information

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

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

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

## 37. Revenue from contract with customers

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Type of Services** | | |
| Distribution income | 33.23 | 14.75 |
| Fees on value added services and products | 7.63 | 4.94 |
| Service and administration charges | 30.69 | 50.40 |
| Foreclosure income | 10.30 | 4.53 |
| **Total** | **81.85** | **74.62** |
| **Geographical markets** | | |
| India | 81.85 | 74.62 |
| Outside India | - | - |
| **Total** | **81.85** | **74.62** |
| **Timing of revenue recognition** | | |
| Services transferred at a point in time | 81.85 | 74.62 |
| Services transferred over time | - | - |
| **Total** | **81.85** | **74.62** |

**Contract balances** (₹ in crore)

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

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

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## 38. Employee benefits plan

### (I) Defined benefit plans

### A) Gratuity

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

**(i) Movement in defined benefit obligations** (₹ in crore)

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

* On account of business combination within the group

**(ii) Movement in plan assets** (₹ in crore)

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

* On account of business combination within the group

**(iii) Reconciliation of net liability/ (asset)** (₹ in crore)

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

**(iv) Expenses charged to the statement of profit and loss** (₹ in crore)

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

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38. Employee benefits plan (Contd.)

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

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

(vi) Amount recognised in Balance Sheet (₹ in crore)

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

(vii) Key actuarial assumptions

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

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

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

**Code on Social Security, 2020**

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

(ix) Projected plan cash flow (₹ in crore)

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

(x) Expected contribution to fund in the next year (₹ in crore)

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

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**38. Employee benefits plan (Contd.)**

**B) Long-term service benefit liability**

(₹ in crore)

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

**39. Contingent liabilities and commitments**

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

(₹ in crore)

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

**(b) Capital and other commitments**

(₹ in crore)

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

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

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

**(b) Changes in liability arising from Financing Activities**

**For the year ended 31 March 2022**

(₹ In Crore)

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

**For the year ended 31 March 2021**

(₹ In Crore)

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

* Other includes Interest accrued and EIR adjustments

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

(₹ in crore)

| Name of the related party and nature of relationship | | Nature of Transaction | Year ended 31 March 2022 | | Year ended 31 March 2021 | |
|---|---|---|---|---|---|---|
| | | | 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 | - | (350.00) | - | (150.00) |
| | | Interest paid on non-convertible debentures | 9.00 | - | - | - |
| 2 | Bajaj Finance Limited (Holding company) | Contribution to Equity (4,88,33,33,329 shares of ₹10 each) | - | (4,883.33) | - | (4,883.33) |
| | | Security deposit received | - | (0.08) | - | (0.08) |
| | | Rent received | 0.19 | - | 0.19 | - |
| | | Assets purchased | 0.27 | - | 0.09 | - |
| | | Assets sale | 0.38 | - | 0.07 | - |
| | | Purchase of loan portfolio | 738.79 | - | 300.13 | - |
| | | Direct assignment of loan portfolio | 1,503.69 | - | - | - |
| | | Business support charges paid | 7.86 | - | 4.72 | - |
| | | Business support charges received | 1.14 | - | 1.50 | - |
| | | Fees and commission received | 44.64 | - | 61.28 | - |
| | | ESOP recharge cost | 19.23 | - | 20.41 | - |
| | | Investment in Inter Corporate Deposits | 4,900.00 | - | - | - |
| | | Investment repayment received | 4,900.00 | | - | |
| | | Interest income on investments in inter-corporate deposits | 3.82 | - | - | - |
| | | Short term loan taken | 750.00 | - | - | - |
| | | Short term loan repaid | 750.00 | | - | |
| 3 | Bajaj Allianz General Insurance Company Ltd.(Fellow subsidiary) | Insurance expense | 3.79 | 4.54 | 2.63 | 3.25 |
| | | Interest paid on non-convertible debentures | 10.57 | - | 10.51 | - |
| | | Asset Purchased | 0.01 | - | - | - |
| | | Secured non-convertible debentures issued | - | (100.00) | - | (150.00) |
| | | Secured non-convertible debentures repaid | 50.00 | - | - | - |
| 4 | Bajaj Allianz Life Insurance Company Ltd. (Fellow subsidiary) | Insurance expense | 11.61 | 0.30 | 15.22 | 3.06 |
| | | Interest paid on non-convertible debentures | 33.99 | - | 16.96 | - |
| | | Unsecured non-convertible debentures issued | 217.00 | (651.00) | - | (434.00) |
| 5 | Bajaj Finserv Direct Limited (Fellow subsidiary) | Business support charges paid | 1.05 | (0.91) | 0.09 | - |
| | | Assets purchased | - | - | 0.12 | - |
| | | Assets sale | 0.00 | - | (0.02) | - |
| | | Other Receipts | - | - | 0.07 | - |
| **B. Key Management Personnel and their relatives** | | | | | | |
| 1 | Sanjiv Bajaj (Non Executive Director) | Sitting Fees | 0.17 | - | 0.07 | - |
| 2 | Lila Poonawalla (Non Executive Director) | Sitting Fees | 0.17 | - | 0.07 | - |
| 3 | Anami Narayan Roy (Non Executive Director) | Sitting Fees | 0.11 | - | 0.03 | - |
| 4 | Omkar Goswami (Non Executive Director) | Sitting Fees | 0.01 | - | 0.04 | - |
| 5 | Atul Jain (Chief Executive Officer) | Remuneration (including perqusites) | 8.14 | (1.14) | 7.51 | (1.80) |
| | | Fair value of stock options grated by Holding Company | 4.46 | - | 3.23 | - |
| 6 | Gaurav Kalani (Chief Financial Officer) | Remuneration (including perqusites) | 1.64 | (0.63) | 0.99 | (0.25) |
| | | Fair value of stock options grated by Holding Company | 0.64 | - | 0.47 | - |

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41. Disclosure of transactions with related parties as required by Ind AS 24 (contd.)

(₹ in crore)

| Name of the related party and nature of relationship | | Nature of Transaction | Year ended 31 March 2022 | | Year ended 31 March 2021 | |
|---|---|---|---|---|---|---|
| | | | Transaction Value | Outstanding amounts carried in Balance Sheet | Transaction Value | Outstanding amounts carried in Balance Sheet |
| **C. Entities in which KMP & their relatives have significant influence** | | | | | | |
| 1 | Bajaj Auto Ltd. | Security deposit (paid) | 0.00 | 0.03 | - | 0.02 |
| | | Rent expense | 0.06 | - | 0.05 | |
| 2 | Bajaj Holdings and Investment Limited | Secured non-convertible debentures issued | - | - | - | (150.00) |
| | | Secured non-convertible debentures repaid | 150.00 | | - | |
| | | Interest paid on non-convertible debentures | 10.41 | - | 10.41 | - |
| 3 | Maharashtra Scooters Limited | Secured non-convertible debentures issued | - | (50.00) | | (25.00) |
| | | Interest paid on non-convertible debentures | 1.50 | - | | |
| 4 | Hind Musafir Agency Ltd. | Services received | 1.25 | (0.18) | 0.73 | (0.04) |
| 5 | Poddar Housing And Development Limited | Interest Income | 1.07 | - | 1.56 | 0.13 |
| | | Loan given | - | - | - | 13.00 |
| | | Loan repayment received | 13.00 | | - | |
| 6 | Ashwin Vijaykumar Jain | Interest Income | 0.00 | - | 0.01 | 0.00 |
| | | Loan given | - | - | 0.15 | 0.15 |
| | | Loan repayment received | 0.15 | | - | |
| **D. Post employment benefit entity** | | | | | | |
| 1 | Bajaj Auto Employees Group Gratuity Fund | Gratuity contribution | 2.00 | - | 3.65 | - |

Note: -

1. Transactions value are excluding taxes and duties.

2. Amount in bracket denotes credit balance.

3. Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the company. In other cases, disclosure has been made only when there have been transactions with those parties.

4. Related parties as defined under clause 9 of the Indian Accounting Standard - 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.

5. Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

6. NCD transaction includes only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting dates.

42. Relationship with Struck off Companies

(₹ in crore)

| Name of struck off Company | Nature of transactions with struck-off Company | Relationship with the Struck off company | Balance outstanding 31st March 2022 | Balance outstanding 31st March 2021 |
|---|---|---|---|---|
| Gayathri Technocrats Private Limited | Loan Given | No | 0.15 | 0.21 |
| CSE Computer Solutions East Pvt Ltd | Loan Given | No | 0.37 | 0.38 |

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**43. Capital**

The Company actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirements of the regulator, Reserve Bank of India/National Housing Bank. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI/NHB.

**(i) Capital management**

***Objective***

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and its growth strategy. The Company endeavors to maintain a higher capital base than the mandated regulatory capital at all times.

***Planning***

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks- which include credit, liquidity and interest rate.

The Company monitors its capital adequacy ratio (CRAR) on a monthly basis through its assets liability management committee (ALCO).

The Company endeavors to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

**(ii) Regulatory capital** (₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Tier I capital | 6,469.01 | 5,820.36 |
| Tier II capital | 259.95 | 178.68 |
| **Total capital** | **6,728.96** | **5,999.04** |
| **Total risk weighted assets** | **34,126.15** | **28,119.67** |
| Tier I CRAR | 18.95% | 20.70% |
| Tier II CRAR | 0.76% | 0.63% |
| **Total CRAR** | **19.71%** | **21.33%** |

**44. Analytical Ratios**

| Ratio | Numerator | Denominator | As at 31 March 2022 | As at 31 March 2021 | % Variance | Reason for variance (if above 25%) |
|---|---|---|---|---|---|---|
| Capital to risk-weighted assets ratio (CRAR) | 6,728.96 | 34,126.15 | 19.71% | 21.33% | -8.22% | NA |
| Tier I CRAR | 6,469.01 | 34,126.15 | 18.95% | 20.70% | -9.23% | NA |
| Tier II CRAR | 259.95 | 34,126.15 | 0.76% | 0.63% | 17.11% | NA |
| Debt Equity Ratio | 41,492.32 | 6,741.36 | 6.15 | 5.24 | 14.89% | NA |
| Liquidity Coverage Ratio | 1,074.48 | 818.95 | 131.20% | NA | NA | NA |

Note : Liquidity Coverage Ratio was not appliable as at 31 March 2021.

**45. Events after reporting date**

There have been no events after the reporting date that require adjustment in these financial statements.

The Company has allotted 1,828,822,235 equity shares having face value of Rs. 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7th April 2022 at a premium of Rs. 3.67/- per share involving aggregate amount of Rs. 24,999,999,952.45.

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## 46. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.
The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note 46) using quoted market prices of the underlying instruments;
- Fair value of loans held for a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

The Company has determined that the carrying values of cash and cash equivalents, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

## 47. Fair value hierarchy

The Company determines fair values of financial instruments according to the following hierarchy:

Level 1-valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2- valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3- valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

**Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2022:**

(₹ in crore)

| 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 2022 | 1,248.27 | - | - | 1,248.27 |
| Loans designated under FVOCI | 31 March 2022 | - | 35,044.84 | - | 35,044.84 |

**Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2021:**

(₹ in crore)

| 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 Mar 2021 | 2,757.32 | - | - | 2,757.32 |
| Loans designated under FVOCI | 31 Mar 2021 | - | 25,178.92 | - | 25,178.92 |

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47. Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2022:

(₹ in crore)

| Particulars | Carrying value | Fair value measurement using | | | Total |
|---|---|---|---|---|---|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 407.03 | 407.03 | - | - | 407.03 |
| Bank balances other than cash and cash equivalents | 0.14 | 0.14 | - | - | 0.14 |
| Trade receivables | 237.33 | - | - | 237.33 | 237.33 |
| Loans at amortised cost* | 11,437.23 | - | - | 11,437.23 | 11,437.23 |
| Other financial assets | 18.48 | - | - | 18.48 | 18.48 |
| **Total financial assets** | **12,100.21** | **407.17** | **-** | **11,693.04** | **12,100.21** |
| **Financial liabilities** | | | | | |
| Trade payables | 36.41 | - | - | 36.41 | 36.41 |
| Other payables | 38.17 | - | - | 38.17 | 38.17 |
| Debt securities | 16,489.15 | - | 16,545.35 | - | 16,545.35 |
| Borrowings (other than debt securities) | 24,493.17 | - | - | 24,493.17 | 24,493.17 |
| Deposits | 510.00 | - | - | 510.00 | 510.00 |
| Other financial liabilities | 174.42 | - | - | 174.42 | 174.42 |
| **Total financial liabilities** | **41,741.32** | **-** | **16,545.35** | **25,252.17** | **41,797.52** |

*Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

Fair value of financial instruments not measured at fair value as at 31 March 2021:

(₹ in crore)

| Particulars | Carrying value | Fair value measurement using | | | 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 at amortised cost* | 8,239.98 | - | - | 8,239.98 | 8,239.98 |
| Investments | 508.72 | 508.72 | - | - | 508.72 |
| Other financial assets | 33.99 | - | - | 33.99 | 33.99 |
| **Total financial assets** | **9,810.13** | **1,225.50** | **-** | **8,584.63** | **9,810.13** |
| **Financial liabilities** | | | | | |
| Trade payables | 20.90 | - | - | 20.90 | 20.90 |
| Other payables | 21.28 | - | - | 21.28 | 21.28 |
| Debt Securities | 11,332.08 | - | 11,491.68 | - | 11,491.68 |
| Borrowings (other than debt securities) | 20,268.52 | - | - | 20,268.52 | 20,268.52 |
| Other financial liabilities | 151.14 | - | - | 151.14 | 151.14 |
| **Total financial liabilities** | **31,793.92** | **-** | **11,491.68** | **20,461.84** | **31,953.52** |

*Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

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**48. Risk management objectives and policies**

A summary of the major risks faced by the Company, its measurement, monitoring and management are described as under:

| Nature of risk | Arising from | Executive governance structure | Measurement, monitoring and management of risk |
|---|---|---|---|
| Liquidity and funding risk | Liquidity risk arises from mismatches in the timing of cash flows.<br><br>Funding risk arises from:<br>• inability to raise incremental borrowings to fund business requirement or repayment obligations<br>• when long term assets cannot be funded at the expected term resulting in cashflow mismatches;<br>• Amidst volatile market conditions impacting sourcing of funds from banks and money markets | Board appointed Risk Management Committee (RMC) and Asset Liability Committee (ALCO) | Liquidity and funding risk is:<br>• measured by<br>-identification of gaps in the structural and dynamic liquidity statements.<br>- assessment of incremental borrowings required for meeting the repayment obligation, the Company's business plan and prevailing market conditions.<br>- liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and board approved liquidity risk framework.<br><br>• monitored by<br>- assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory framework for HFCs.<br>- a constant calibration of sources of funds in line with emerging market conditions in banking and money markets.<br>- periodic reviews by ALCO of liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company.<br><br>• managed by the Company's treasury team under liquidity risk management framework through various means like liquidity buffers, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks and assignment of loans under the guidance of ALCO and Board. |
| Market risk | Market risk arises from fluctuation in the fair value of future cash flow of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. | Board appointed RMC and ALCO | Market risk is:<br>• measured using basis point value (PV01), modified duration analysis and other measures to determine movements in our portfolios and impact on our income, including the sensitivity of net interest income. Market risks for the Company encompass, Interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturities.<br><br>• monitored by assessments of fluctuation in the interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities; and<br><br>• managed by the Company's treasury team under the guidance of ALCO and Investment Committee. |

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48. Risk management objectives and policies (Contd.)

| Nature of risk | Arising from | Executive governance structure | Measurement, monitoring and management of risk |
|---|---|---|---|
| Credit Risk | Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company. | Board appointed RMC and Chief Risk Officer (CRO) | Credit risk is:<br>• measured as the amount at risk due to repayment default by customers or counterparties to the Company. Various metrics such as instalment default rate, overdue position, instalment moratorium, restructuring, one time resolution plan, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk.<br><br>• monitored by RMC and CRO using level of credit exposures, portfolio monitoring, contribution of repeat customers, bureau data, concentration risk of geography, customer and portfolio; and assessment of any major change in the business environment including economic, political as well as natural calamity / pandemic.<br><br>• managed by a robust control framework by the risk and debt management unit. This is achieved by continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, debt management and risk containment along with business. The same is periodically reviewed by the Board appointed RMC. |
| Operational risk | Operational risk is the risk arising from inadequate or failed internal processes or controls, its people and system and also from external events. | Board appointed RMC / Senior Management and Audit Committee (AC) | Operational risk is:<br>• measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud.<br><br>• monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework.<br><br>• managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC. |

(a) **Liquidity and funding risk**

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company maintains a judicious mix of borrowings from banks, money markets and continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings along with liquidity buffer framework has helped the Company maintain a healthy asset liability position and interest rate during the financial year 2021-22 (FY2022) - the weighted average cost of borrowing was 6.18% versus 7.73% despite highly uncertain market conditions. The overall borrowings including debt securities stood at ₹ 41,492 crore as of 31 March 2022.

The Company continuously monitors liquidity in the market; and as a part of its ALM strategy maintains a liquidity buffer through an active investment desk to reduce this risk. The Company endeavours to maintain liquidity buffer of 5% to 8% of its overall borrowings in normal market scenario. The Company continued to maintain significantly higher amount of liquidity buffer to safeguard itself against any significant liquidity risk emanating from economic volatility owing to continued Covid pandemic. The average liquidity buffer for FY2022 was ₹ 2276 crore. With easing of economic volatility, the Company has brought down its liquidity buffer in a calibrate manner to ₹ 1655 crore as on 31 March 2022.

RBI vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 has issued guidelines on liquidity risk framework for NBFCs. It covers various aspects of Liquidity risk management such as granular level classification of buckets in structural liquidity statement, tolerance limits thereupon, and liquidity risk management tools and principles. The Company has a policy on Liquidity Risk Management Framework which covers liquidity risk management policy, strategies and practices, liquidity coverage ratio (LCR), stress testing, contingency funding plan, maturity profiling, liquidity risk measurement – stock approach, currency risk, interest rate risk and liquidity risk monitoring framework.

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**48. Risk management objectives and policies (Contd.)**

**(a) Liquidity and funding risk (Contd.)**

The Company exceeds the regulatory requirement of LCR which mandated maintaining 50% of expected net cash outflows for a stressed scenario in high quality liquid assets (HQLA) by December 2021; which has to be increased to 100% by December 2025 in a phased manner. Currently, the LCR requirement is at 50% for the Company, which and will move to 60% from 1 December 2022. As of 31 March 2022, the Company maintained a LCR of 131.20%, well in excess of the RBI's stipulated norm of 50%.

The Company focuses on funding the balance sheet through long term liabilities against relatively shorter tenor assets. This practice lends itself to having an inherent ALM advantage due to large EMI inflow emanating from short tenor businesses which puts it in an advantageous position for servicing of its near term obligations.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities :

(₹ in crore)

| Particulars | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | *Within 12 months* | *After 12 months* | *Total* | *Within 12 months* | *After 12 months* | *Total* |
| Debt securities | 7,963.53 | 11,267.77 | 19,231.30 | 6,979.24 | 5,517.74 | 12,496.98 |
| Borrowings (other than debt securities) | 6,369.90 | 21,750.95 | 28,120.85 | 4,943.42 | 18,724.77 | 23,668.19 |
| Deposits | 85.03 | 456.55 | 541.58 | - | - | - |
| Trade payables | 36.41 | - | 36.41 | 20.90 | - | 20.90 |
| Other payables | 38.17 | - | 38.17 | 21.28 | - | 21.28 |
| Other financial liabilities | 149.50 | 32.12 | 181.62 | 130.33 | 25.70 | 156.03 |
| **Total** | **14,642.54** | **33,507.39** | **48,149.93** | **12,095.18** | **24,268.20** | **36,363.38** |

The table below shows contractual maturity profile of carrying value of assets and liabilities:

(₹ in crore)

| Particulars | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | *Within 12 months* | *After 12 months* | *Total* | *Within 12 months* | *After 12 months* | *Total* |
| ***Assets*** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 407.03 | - | 407.03 | 461.78 | - | 461.78 |
| Bank balances other than cash and cash equivalents | 0.01 | 0.13 | 0.14 | 254.98 | 0.02 | 255.00 |
| Trade receivables | 55.43 | 181.90 | 237.33 | 167.55 | 143.11 | 310.66 |
| Loans | 2,660.43 | 43,821.64 | 46,482.07 | 1,736.52 | 31,682.38 | 33,418.90 |
| Investments | 1,248.27 | - | 1,248.27 | 3,266.04 | - | 3,266.04 |
| Other financial assets | 13.16 | 5.32 | 18.48 | 27.05 | 6.94 | 33.99 |
| **Non-financial assets** | | | | | | |
| Current tax assets (net) | - | 9.08 | 9.08 | - | 4.46 | 4.46 |
| Deferred tax assets (net) | - | 15.58 | 15.58 | - | 15.26 | 15.26 |
| Property, plant and equipment | - | 78.09 | 78.09 | - | 64.32 | 64.32 |
| Intangible assets under development | - | 1.46 | 1.46 | - | - | - |
| Other intangible assets | - | 19.11 | 19.11 | - | 14.57 | 14.57 |
| Other non-financial assets | 10.44 | - | 10.44 | 13.40 | - | 13.40 |
| **Total assets** | **4,394.77** | **44,132.31** | **48,527.08** | **5,927.32** | **31,931.06** | **37,858.38** |
| **LIABILITIES** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade payables | 36.41 | - | 36.41 | 20.90 | - | 20.90 |
| Other payables | 38.17 | - | 38.17 | 21.28 | - | 21.28 |
| Debt securities | 7,423.27 | 9,065.88 | 16,489.15 | 6,704.50 | 4,627.58 | 11,332.08 |
| Borrowings (other than debt securities) | 4,950.26 | 19,542.91 | 24,493.17 | 3,709.49 | 16,559.03 | 20,268.52 |
| Deposits | 65.00 | 445.00 | 510.00 | - | - | - |
| Other financial liabilities | 145.62 | 28.80 | 174.42 | 128.33 | 22.81 | 151.14 |
| **Non-financial liabilities** | | | | | | |
| Current tax liabilities (net) | 20.06 | - | 20.06 | 7.39 | - | 7.39 |
| Provisions | 1.44 | 2.61 | 4.05 | 0.88 | 1.41 | 2.29 |
| Other non-financial liabilities | 20.29 | - | 20.29 | 22.56 | - | 22.56 |
| **Total Liabilities** | **12,700.52** | **29,085.20** | **41,785.72** | **10,615.33** | **21,210.83** | **31,826.16** |

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48. Risk management objectives and policies (Contd.)

(b) **Market risk**

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.

**Interest rate risk**

On Investments

The Company holds shorter duration investment portfolio and thus it has a minimum fair value change impact on its investment portfolio. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR and the parameters for monitoring the same are defined in its investment policy.

**Sensitivity analysis as at 31 March 2022 :** (₹ in crore)

| Particulars | Carrying value | Fair value | Sensitivity to fair value | |
|---|---|---|---|---|
| | | | 1 % increase | 1 % decrease |
| Investment at FVTPL | 1,248.27 | 1,248.27 | (2.35) | 2.35 |
| Investment at amortised cost | - | - | - | - |

**Sensitivity analysis as at 31 March 2021 :** (₹ in crore)

| Particulars | Carrying value | Fair value | Sensitivity to fair value | |
|---|---|---|---|---|
| | | | 1 % increase | 1 % decrease |
| Investment at FVTPL | 2,757.32 | 2,757.32 | (3.09) | 3.09 |
| Investment at amortised cost | 508.72 | 508.72 | - | - |

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is monitored monthly by ALCO.

**Sensitivity analysis as at 31 March 2022 :** (₹ in crore)

| Particulars | Carrying value | Fair value | Sensitivity to fair value | |
|---|---|---|---|---|
| | | | 1 % increase | 1 % decrease |
| Loans | 46,482.07 | 46,482.07 | - | - |
| Debt Securities | 16,489.15 | 16,545.35 | (248.77) | 263.38 |
| Borrowings (other than debt securities) | 24,493.17 | 24,493.17 | - | - |

**Sensitivity analysis as at 31 March 2021 :** (₹ in crore)

| Particulars | Carrying value | Fair value | Sensitivity to fair value | |
|---|---|---|---|---|
| | | | 1 % increase | 1 % decrease |
| Loans | 33,418.90 | 33,418.90 | - | - |
| Debt Securities | 11,332.08 | 11,491.68 | (115.51) | 122.72 |
| Borrowings (other than debt securities) | 20,268.52 | 20,268.52 | - | - |

(c) **Credit Risk**

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans, (v) rural mortgage loans and (vi) unsecured loans. The Company assesses the credit quality of all financial instruments that are subject to credit risk.

*Classification of financial assets under various stages*

The Company classifies its financial assets in three stages having the following characteristics:

- stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised;
- stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised; and
- stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 2 day past due (DPD) on the reporting date and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month point in time probability of default (PD). For stage 2 and 3 assets, a life time ECL is calculated based on a lifetime PD.

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**48. Risk management objectives and policies (Contd.)**

**(c) Credit Risk (Contd.)**

One time restructuring (OTR) of loan accounts was permitted by RBI vide circulars dated 6 August 2020 'resolution framework for COVID-19 related stress' and 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and circulars dated 5 May 2021 'Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses' and 'Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)'. The Company has considered OTR as an indicator of significant increase in credit risk and accordingly classified such loans as stage 2. Further, the Company has, on demonstration of regular payment of 12 instalments of principal and/or interest- post renegotiation and subject to no overdues and no other indicators of significant increase in credit risk on the reporting date, reclassified such loans to stage 1.

*Computation of impairment on financial instruments*

The Company calculates impairment on financial instruments as per ECL approach prescribed under Ind AS 109 'Financial instrument'. ECL uses three main components: PD (Probability of Default), LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions. For further details of computation of ECL please refer to significant accounting policies note no 3.4 (i).

The Company recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. The incremental information of the portfolio performance, in both FY2021 and FY2022, was not considered appropriate for recalibration of ECL model. This was due to continued distortion caused by multiple wave of covid pandemic leading to lockdowns which resulted in very low economic activity, distortion of customers financial position and volitile repayment behaviour, leading to RBI announcing EMI moratorium and OTR. Given the temporary distortion of input variables, the Company has not recalibrated components of its ECL model.

Trade receivables and other financial assets were subjected to simplified ECL approach under Ind AS 109 'Financial instruments'.

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<br>Loan against property<br>Rural mortgage loans<br>Lease rental discounting<br>Developer loans<br>Other loans | Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers, and also basis DPD bucket apprach. for retail loans and management evaluation/judgement for wholesale loans. | | 100% | EAD is ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period. | LGD is ascertaiend using past trends of recoveries for each set of portfolios and discounted using a reasonable approximation of the original effective rates of interest. |

The table below summarises the gross carrying values and the associated allowance for expected credit loss (ECL) stage wise for loan portfolio:

**As at 31 March 2022**

(₹ in crore)

| Particulars | Secured | | | Unsecured | | |
|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| Gross Carrying Value | 44,601.52 | 581.39 | 139.61 | 1,598.09 | 22.30 | 6.75 |
| Allowance for ECL | 246.56 | 122.48 | 74.89 | 13.39 | 5.69 | 4.58 |
| ECL Coverage ratio | 0.55% | 21.07% | 53.64% | 0.84% | 25.52% | 67.85% |

**As at 31 March 2021**

(₹ in crore)

| Particulars | Secured | | | 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% |

*Collateral valuation*

The Company offers loans to customers across various lending verticals as articulated above. These loans includes both unsecured loans and loans secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

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**48. Risk management objectives and policies (Contd.)**

**(c) Credit Risk (Contd.)**

The main types of collateral across various products obtained are as follows: -

| Product Group | Nature of securities |
|---|---|
| Home loans | Equitable mortgage of residential properties. |
| Loan against property | Equitable mortgage of residential and commercial properties. |
| Rural mortgage loans | |
| Lease rental discounting | |
| Developer loans | |

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company exercises its right of repossession across all secured products. It also resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold through auction or released to delinquent customers in case they come forward to settle their dues. The Company does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

*Analysis of Concentration Risk*

The Company focuses on granulisation of loans portfolios by expanding its geographic reach to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

**Measurement uncertainty and sensitivity analysis of ECL estimates**

Allowance for impairment on financial instruments recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of expected credit losses ('ECL') involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

*Methodology*

The global as well as the Indian economy has passed through a difficult phase in FY2022. The macro numbers have been a reflection of the impact which multiple waves of COVID-19 had on the industry, prices, employment and economy as a whole. The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the Upside and Downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the Central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

The Company use multiple economic factors and test their correlations with past loss trends witnessed. These were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, unemployment rate, crude oil prices and policy interest rates. Based on past correlation trends, CPI (inflation) and unemployment rate were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

During the year, the macro variables have been tested for their resilience in the difficult operating conditions of lockdown, loss of business on account of continued COVID-19 scare and social distancing norms. The first half of the year saw the second Covid wave hitting the country. While the GDP numbers on a y-o-y basis might not be a correct indicator due to the Covid base impact of FY21, the Q-o-Q GDP growth registered a decline of 16.9% in Q1 FY22. The Unemployment rate which had touched a peak of 23% in Apr'20, again went up to double digit in 2nd Covid wave and touched a high of 12% in May'21 and remained elevated in Jun'21 as well. For these two months, the consumer price index (CPI or inflation) crossed the RBI comfort level of 6%. Later again in Jan'22, it crossed 6%. Even IIP, which due to base effect of FY21, remained positive, in double digits till Aug'21 moved to a mrginal growth of just 1% from Nov'21 to Feb'22. While FY21 could be considered as a period of immense stress, the current year too was a period of low recovery.

The central scenario taken by the Company takes into account the stress and the downside risk prevalent during most part of the year, by capturing the macro variables numbers of the most difficult period of COVID-19 pandemic i.e. the second wave.

Amongst the list of macro indicators, unemployment and inflation are the two variables which are very critical from the perspective of individual and corporates financial health. Unemployment has a direct relation with the income levels and thus the growth of the economy from the expenditure side. Inflation and inflationary expectations affect the disposable income of people. Both these macro-variables directly and indirectly impact the disposable income of the people, which eventually drives the economy.

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**48. Risk management objectives and policies (Contd.)**

**(c) Credit Risk (Contd.)**

For Unemployment, the Company has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators. The Unemployment rate, which after removing the extreme Covid impact of first quarter from FY21 and FY22, shows an increase from 7.2% to 7.44%. In the current scenario, while due to multiple factors including the ongoing Ukraine-Russia stand-off and the situation has become uncertain, forecasting these numbers could lead to biased outcomes. It is acknowledged that there is no reliably ascertainable direct impact of these crisis on the Indian economy and accordingly the estimates have been arrived at.

- While formulating the Central Scenario, the Company has considered that the unemployment number may see an increase in the immediate short run and may remain at an average of 7% over the next few years. The geo-political uncertainty has to be watched closely for evaluating its impact on the macro fundamental in the long run.

- For the downside scenario, the Company believes that the downside risks might have passed, however, there are uncertainties creeping in and that may take the current expected levels of 6.7% cross the double digit by the first half of next financial year, which would be the peak unemployment rate. Going forwards, however, the ownside scenario assumes it to fall from the peak and normalise to around 7% within next three years.

- For the upside scenario, the Company acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. While forecasting, a cautious stance is adopted that the unemployment levels after reaching the peak in June 2022 quarter, though may improve to a best case of 4% by the end of June 2023 but may come back to an historical (excluding COVID period) 4 year average of 7.1%. The unemployment numbers as such captured the impact of potential disruption that multiple waves of Covid may cause in short run.

CPI had started to improve significantly in Q4 FY21 ranging from 4.06% to 5.52%, soared significantly to nearly 6.3% for two succesive months of May and June 2021 owing to the advent of second wave of Covid-19. Post decline of second wave, CPI normalised to 4.5% to 5% corridor between September to November 2021. CPI again went up to upwards of 6% in Q4 FY22 and closed at a high of 6.95% in March 2022. Elevated level of inflation poses significant challenges from credit risk perspective.

-While the Central Scenario assumed by the Company considers the high inflation in Q4 FY22. Considering RBI projections, disruption on the supply side, and possible impact of future Covid-19 waves, the Company expects inflation to range between 5.1% to 6.35% during FY23, suggesting inflation to remain moderately elevated compared to pre-Covid long term average.

-For the downside scenario, the Company considers that the inflation risk still remains and, therefore, assumes the inflation to see a increase on account of demand-supply imbalances and touch a peak of around 8.88% in Q1 FY23, before easing off to the average of pre-COVID period in the eight year time horizon.

-For the upside scenario, we believe that there would be certain factors which might come into play viz, base effect, higher food grain production, better supply chain management and improving trade scenario etc, and, therefore, inflation may see easing to a base of around 3% before averaging back to the pre-COVID levels.

**Risk management amidst Covid-19**

The country faced the second wave of Covid in the April-June 2022 quarter. It led to higher levels of infections and fatality causing severe toll on life. Fortunately, the curtailment actions by the government were more localised and well calibrated at city and specific zone levels enabling continuity and minimal disruption to economic activity throughout the country. Though this caused a marginal uptick in instalment default rate and compression in debt management efficiencies for a period of three months, the revival was quick and strong. As a result, unlike the first wave, the impact on the portfolio and loan losses was not as severe for the Company. Adequate investment in debt management services in FY2021 has helped in curtailing the impact on the portfolio amidst the second wave as well.

In a calibrated manner throughout the year, the Company continued to relax the underwriting norms it had tightened during the first wave. It has brought back its underwriting norms to pre-Covid standards from the second half of the year. The gradual relaxation of underwriting and sharp vigilance on portfolio quality have ensured that risk performance of portfolio remains in line or better than the pre-Covid metrics. Further, this agile, calibrated and closely monitored approach to credit risk and timely investment in deepening of debt management services have enabled the Company to weather the pandemic well.

The third wave which started in mid-December 2021 had no significant impact on risk metrics both for new business and the overall portfolio.

The Company carried out multiple risk simulations to assess the potential impact of the second and third wave of the pandemic on portfolio risk and absorbed additional credit costs based on these simulations. The Company saw elevated level of loan losses of ₹ 181 crores in FY2022 owing to the disruption caused by the second and third waves. Given the risk of potential future waves of pandemic and other factors which could impact the Company's risk performance, the Company is carrying management overlay for macro economics factors and COVID-19 of ₹ 211 crore as on 31 March 2022 to account for any tail risk which may emerge from the pandemic and other uncertainities.

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48. Risk management objectives and policies (Contd.)

(c) Credit Risk (Contd.)

**ECL sensitivity to future economic conditions**

(₹ in crore)

| ECL coverage of financial instruments under forecast economic conditions | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Gross carrying amount of loans | 46,949.66 | 33,774.66 |
| Reported ECL | 467.59 | 355.76 |
| Reported ECL coverage | 1.00% | 1.05% |
| **Assumptions for stressed central scenario** | | |
| Base ECL without macro overlay (based on emperical evidences) | 256.59 | 187.56 |
| Add : Management overlay for Covid-19 | 177.00 | 118.20 |
| ECL before management overlay for macro economic factors | 433.59 | 305.76 |
| **ECL amounts for alternate scenario** | | |
| Central Scenario (80%) | 459.49 | 305.76 |
| Downside scenario (10%) | 606.49 | 903.06 |
| Upside scenario (10%) | 393.49 | 208.46 |
| **Reported ECL** | **467.59** | **355.76** |
| **Management overlay for Macro economics factors and COVID-19** | | |
| Management overlay representing COVID-19 stress | 177.00 | 118.20 |
| Management overlay for macro economic factors | 34.00 | 50.00 |
| **ECL coverage ratios by scenario** | | |
| Central scenario (80%) | 0.98% | 0.91% |
| Downside scenario (10%) | 1.29% | 2.67% |
| Upside scenario (10%) | 0.84% | 0.62% |

(d) **Operational risk**

Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. The Company manages operational risks through comprehensive internal control systems and procedures laid down around various key activities in the Company viz. loan acquisition, customer service, IT operations, finance function etc.. Internal Audit also conducts a detailed review of all the functions at least once a year, this helps to identify process gaps on timely basis. Further IT and Operations have a dedicated compliance and control units within the function who on continuous basis review internal processes. This enables the Management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis.

The Company has put in place a robust Disaster Recovery (DR) plan and Business Continuity Plan (BCP) to ensure continuity of operations including services to customers, if any eventuality is to happen such as natural disasters, technological outage etc. Robust periodic testing is carried, and results are analysed to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

49. **Employee stock option plan**

The Nomination and Remuneration Committee of the holding Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Details of grants are given as under:

**As on 31 March 2022**

| Grant date | Exercise price (₹) | Options granted | Options vested and exercisable | Options unvested | Options exercised | Options cancelled | Options outstanding |
|---|---|---|---|---|---|---|---|
| 16-May-19 | 3,002.75 | 1,37,550 | 38,592 | 57,516 | 26,152 | 15,290 | 96,108 |
| 19-May-20 | 1,938.60 | 2,55,000 | 36,044 | 1,67,900 | 24,305 | 26,751 | 2,03,944 |
| 27-Apr-21 | 4,736.55 | 1,15,446 | - | 1,07,352 | - | 8,094 | 1,07,352 |
| Total | | 5,07,996 | 74,636 | 3,32,768 | 50,457 | 50,135 | 4,07,404 |

**As on 31 March 2021**

| Grant date | Exercise price (₹) | Options granted | Options vested and exercisable | Options unvested | Options exercised | Options cancelled | Options outstanding |
|---|---|---|---|---|---|---|---|
| 16-May-19 | 3,002.75 | 1,37,550 | 23,929 | 98,127 | 10,430 | 5,064 | 1,22,056 |
| 19-May-20 | 1,938.60 | 2,55,000 | - | 2,45,450 | - | 9,550 | 2,45,450 |
| Total | | 3,92,550 | 23,929 | 3,43,577 | 10,430 | 14,614 | 3,67,506 |

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**49. Employee stock option plan (Contd.)**

Weighted average fair value of stock options granted during the year is as follows:

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Grant date | 27-Apr-21 | 19-May-20 |
| No. of options granted | 1,15,446 | 2,55,000 |
| Weighted average fair value (₹) | 2,108.92 | 787.24 |

Following table depicts range of exercise prices and weighted average remaining contractual life:

**As on 31 March 2022**

| Total for all grants | No. of options | Range of exercise prices (₹) | Weighted average exercise price (₹) | Weighted average remaining contractual life (years) |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 3,67,506 | 1938.60-3002.75 | 2,292.03 | 4.51 |
| Granted during the year | 1,15,446 | 4,736.55 | 4,736.55 | - |
| Cancelled during the year | 35,521 | 1938.60-4736.55 | 2,882.51 | - |
| Exercised during the year | 40,027 | 1938.60-3002.75 | 2,356.58 | - |
| Outstanding at the end of the year | 4,07,404 | 1938.60-4736.55 | 2,926.90 | 5.77 |
| Exercisable at the end of the year | 74,636 | 1938.60-3002.75 | 2,488.84 | 3.89 |

**As on 31 March 2021**

| Total for all grants | No. of options | Range of exercise prices | Weighted average exercise | Weighted average remaining |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 1,37,550 | 3,002.75 | 3,002.75 | 3.98 |
| Granted during the year | 2,55,000 | 1,938.60 | 1,938.60 | - |
| Cancelled during the year | 14,614 | 1938.60-3002.75 | 2,307.35 | - |
| Exercised during the year | 10,430 | 3,002.75 | 3,002.75 | - |
| Outstanding at the end of the year | 3,67,506 | 1938.60-3002.75 | 2,292.03 | 4.51 |
| Exercisable at the end of the year | 23,929 | 1938.60-3002.75 | 3,002.75 | 2.40 |

The weighted average market price of equity shares for options exercised during the year is ₹ 6,158.33 (Previous year ₹ 4,642.40).

**Method used for accounting for share based payment plan:**

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

| Grant date | Risk Free interest rate | Expected life | Expected volatility | Dividend yield | Price of the underlying share in the market at the time of the option grant (₹)* |
|---|---|---|---|---|---|
| 16-May-19 | 7.09% | 3.5 -6.5 years | 34.03% | 0.13% | 3,002.75 |
| 19-May-20 | 5.07% | 3.5 -6.5 years | 42.95% | 0.83% | 1,938.60 |
| 27-Apr-21 | 5.65% | 3.5 -6.5 years | 42.51% | 0.21% | 4,736.55 |

For the year ended 31 March 2022, the Company has accounted expense of ₹ 19.23 crore as employee benefit expenses (note no.32) on the aforesaid employee stock option plan (Previous year ₹ 13.36 crore).

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**50. Utilisation of Borrowed funds**

Details of transaction where the Company has received fund from entities (Funding Party) with the understanding that the Company shall directly or indirectly lend or invest in other entities.

(₹ in crore)

| Name of Funding Party | Date of fund received | Amount of fund received | Name of other intermediaries' or ultimate beneficiaries | Date of fund loaned | Amount of fund loaned |
|---|---|---|---|---|---|
| Karuna Ventures Pvt Ltd<br>**Address:** Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078<br>**PAN:** AADCK7179G<br>**CIN:** U74110KA2009PTC050575 | 07-Dec-21 | 65.00 | Tenshi Kaizen Private Limited<br>**Address**: Plot no. 46, Higher pharmatech pvt. Ltd., 1st phase, KIADB industrial area, Harohalli, Ramanagar, Karnataka, 562112<br>**PAN:** AABCH8821J | 09-Dec-21 | 61.50 |
| Premsagar Infra Realty Private Limited<br>**Address:** 191/A/2A/1/2, Tower E, tech Park One, Next to don bosco school, off airport road Yerwada pune 411006<br>**PAN**: AAACP5702B<br>**CIN:** U55701PN1991PTC134103 | 18-Nov-21 | 445.00 | A2Z Online Services Private Limited<br>**Address:** Third floor Tower E Tech Park One, Next to Don Bosco School, Yerwada, Pune-411006<br>**PAN:** AACCA5376J | 29-Nov-21 | 420.00 |

The Company does not have relationship in terms of Companies Act 2013 and Ind AS 24 with the funding parties and beneficiaries companies.

In respect of above transactions, relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

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**51. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended)**

**51.1 Principal Business Criteria**

Principal Business Criteria for the Company to be classified as "Housing Finance Company" as per the Paragraph 4.1.17 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, updated as on 28 December, 2021 is given below:

| Criteria | % as at 31 March 2022* | % as at 31 March 2021* |
|---|---|---|
| Percentage of total assets towards housing finance | 55.90% | 48.05% |
| Percentage of total assets towards housing finance for individuals | 50.93% | 44.13% |

*Minimum regulatory percentage to be complied as on March 31, 2022 is 50% and 40% respectively.

**51.2 Disclosures:**

**51.2.1 Capital**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| (i) CRAR (%) | **19.71%** | **21.33%** |
| (ii) CRAR Tier I capital (%) | 18.95% | 20.70% |
| (iii) CRAR Tier II capital (%) | 0.76% | 0.63% |
| (iv) Amount of subordinated debt raised as Tier- II Capital | - | - |
| (v) Amount raised by issue of Perpetual Debt instruments | - | - |

**51.2.2 Reserve Fund u/s 29C of NHB Act, 1987**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Balance at the beginning of the year:** | | |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 126.96 | 78.32 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 22.66 | - |
| c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 74.40 | 32.40 |
| **Total** | **224.02** | **110.72** |
| **Addition / Appropriation / Withdrawal during the year** | | |
| **Add:** | | |
| a) Amount transferred u/s 29C of the NHB Act, 1987 | 81.93 | 48.64 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | - | 22.66 |
| c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 60.00 | 42.00 |
| **Less:** | | |
| a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| b) Additional amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| c) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987 | - | - |
| **Balance at the end of the year** | | |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 208.89 | 126.96 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 22.66 | 22.66 |
| c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 | 134.40 | 74.40 |
| **Total** | **365.95** | **224.02** |

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**51.2.3 Investments**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Value of investments** | | |
| (i) Gross value of investments | | |
| (a) In India | 1,247.52 | 3,264.06 |
| (b) Outside India | | |
| (ii) Provisions for (depreciation) / appreciation* | | |
| (a) In India | 0.75 | 1.98 |
| (b) Outside India | - | - |
| (iii) Net value of investments | | |
| (a) In India | 1,248.27 | 3,266.04 |
| (b) Outside India | - | - |
| **Movement of provisions held towards (depreciation) / appreciation on investments** | | |
| (i) Opening balance | 1.98 | 7.57 |
| (ii) Add: Provisions made during the year (Net of appreciation) | - | - |
| (iii) Less: Write-off / Written-back of excess provisions during the year | 1.23 | 5.59 |
| **(iv) Closing balance** | 0.75 | 1.98 |

* Represents unrealised gain due to fair value change

**51.2.4 Derivatives**

The Company has not entered into any derivative / forward rate agrement / interest rate swap / exchange traded interest rate derivative during the current year and previous year.

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51.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2022

(₹ in crore)

| Particulars | 1 day to 7days | 8 to 14 days | 15 days to 30/31 days | Over one month upto 2 months | Over 2 month & upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Borrowings from bank | - | - | 74.79 | 126.96 | 1,106.47 | 908.55 | 2,733.49 | 12,892.38 | 5,626.72 | 1,023.81 | 24,493.17 |
| Deposits | - | - | - | - | - | - | 65.00 | 445.00 | - | - | 510.00 |
| Market borrowing | 766.16 | 499.30 | 9.98 | 818.72 | 725.54 | 1,997.46 | 2,606.11 | 7,415.77 | 329.75 | 1,320.36 | 16,489.15 |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | - |
| **Assets** | | | | | | | | | | | |
| Advances | 467.11 | 324.71 | 419.05 | 932.02 | 891.26 | 2,653.10 | 4,469.39 | 12,850.68 | 8,145.66 | 15,329.09 | 46,482.07 |
| Investments* | 530.78 | 450.68 | - | - | - | 517.50 | - | 0.13 | | | 1,499.09 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | - |

Maturity pattern of advances have been shown based on behavioural pattern.

*Investments includes fixed deposits of ₹ 250.82 crore shown under Note 5 - cash and cash equivalents & Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

51.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2021

(₹ in crore)

| Particulars | 1 day to 7days | 8 to 14 days | 15 days to 30/31 days | Over one month upto 2 months | Over 2 month & upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Borrowings from bank | - | - | 65.63 | 286.31 | 653.70 | 937.80 | 1,766.05 | 10,043.68 | 4,611.41 | 1,903.94 | 20,268.52 |
| Deposits | - | - | - | - | - | - | - | - | - | - | - |
| Market borrowing | 1,291.15 | - | 598.54 | 1,599.35 | 812.36 | 512.23 | 1,890.87 | 4,124.23 | - | 503.35 | 11,332.08 |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | - |
| **Assets** | | | | | | | | | | | |
| Advances | 397.04 | 173.01 | 404.21 | 763.37 | 738.07 | 2,092.12 | 3,716.74 | 10,465.55 | 6,081.89 | 8,586.91 | 33,418.90 |
| Investments* | 2,757.32 | 254.98 | - | 758.89 | - | - | - | 0.02 | - | - | 3,771.21 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | - |

Maturity pattern of advances have been shown based on behavioural pattern.

*Investments includes fixed deposits of ₹ 505.17 crore shown under Note 5 - cash and cash equivalents & Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

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**51.2.6 Exposure**

**51.2.6.1 Exposure to Real Estate Sector**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **a) Direct Exposure** | | |
| (i) Residential mortgages - | | |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | 33,470.90 | 24,495.15 |
| (ii) Commercial Real Estate - | | |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | 9,950.08 | 7,022.72 |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| a) Residential | - | - |
| b) Commercial Real Estate | - | - |
| **b) Indirect Exposure** | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | - | - |
| **Total Exposure to Real Estate Sector** | **43,420.98** | **31,517.87** |

**51.2.6.2 Exposure to Capital Market**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| (i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | - | - |
| (ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | - | - |
| (iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | - | - |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | - | - |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | - | - |
| (vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | - |
| (vii) bridge loans to companies against expected equity flows / issues; | - | - |
| (viii) all exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| **Total Exposure to Capital Market** | **-** | **-** |

**51.2.6.3 Details of financing of parent company products**

The Company does not have any financing of Parent Company products during the current and previous year.

**51.2.6.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC**

The Company has not exceeded the prudential exposure limits during the current and previous year.

**51.2.6.5 Unsecured Advances**

The Company has unsecured advances of ₹ 1603.48 crore (Previous year: ₹ 1299.76 crore). The Company has not granted any advances against intangible collateral.

**51.2.6.6 Exposure to group companies engaged in real estate business**

The Company does not have any exposure to group companies engaged in real estate business during the current and previous year.

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**51.3 Miscellaneous**

**51.3.1 Registration obtained from other financial sector regulators**

The Company has obtained registration from Financial Intelligence Units, India vide Registration No. FIHFC00119.

**51.3.2 Disclosure of penalties imposed by NHB/RBI and other regulators**

During the financial year 2021-22, there were no penalties imposed by NHB or any other regulators. (Previous year 2020-21 : ₹ 50,000/-)

**51.3.3 Related party Transactions**

**Refer Note no. 41 Disclosure of transactions with related parties as required by Ind AS 24**

**51.3.4 Group Structure**

**Diagrammatic representation of group structure given below:**

**Bajaj Holdings & Investment Limited (BHIL) (Entities in which KMP and their relatives have significant influence)**

- **Bajaj Finserv Limited (BHIL holds 39.16%) (Ultimate Holding Company)**
  - Bajaj Allianz General Insurance Company Limited (Ultimate Holding Company holds 74%)
  - Bajaj Allianz Life Insurance Company Limited (Ultimate Holding Company holds 74%)
  - Bajaj Finserv Direct Ltd (Ultimate Holding Company holds 80.13%)
  - Bajaj Finserv Health Ltd (Ultimate Holding Company holds 100%)
  - Bajaj Finserv Mutual Fund Trustee Ltd (Ultimate Holding Company holds 100%)
  - Bajaj Finserv Asset Management Ltd (Ultimate Holding Company holds 100%)
  - Bajaj Finserv Ventures Ltd (Ultimate Holding Company holds 100%)
  - **Bajaj Finance Limited (Parent Company holds 52.49%)**
    - **Bajaj Housing Finance Limited (Parent Company holds 100%)**
    - Bajaj Financial Securities Limited (Parent Company holds 100%)
- Bajaj Auto Limited (BHIL holds 33.43%) (Entities in which KMP and their relatives have significant influence)

*Above shareholding is as of 31 March 2022*

**51.3.5 Rating assigned by Credit Rating Agencies and migration of rating during the year**

(₹ in crore)

| Rating Agency | Instruments | Rating assigned | Migration in ratings during the year | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|---|---|
| India Ratings | Non-Convertible Debenture & Subordinated debt | IND AAA/Stable | NIL | 4,000.00 | 500.00 |
| | Long-Term Bank Rating | IND AAA/Stable | NIL | 30,000.00 | 15,600.00 |
| | Short-Term Bank Rating | IND A1+ | NIL | 1,000.00 | 1,400.00 |
| | Commercial Paper | IND A1+ | NIL | 6,000.00 | 5,000.00 |
| CRISIL | Non-Convertible Debenture | CRISIL AAA/Stable | NIL | 22,969.70 | 10,580.00 |
| | Subordinated debt | CRISIL AAA/Stable | NIL | 1,000.00 | 500.00 |
| | Long-Term / Short-Term Bank Rating | CRISIL AAA/Stable | NIL | 11,000.00 * | 9,000.00 |
| | Commercial Paper | CRISIL A1+ | NIL | 6,000.00 | 5,000.00 |

* Combined limit for long-term and short-term bank rating

**51.3.6 Remuneration of Directors**

The Company has paid sitting fees of ₹ 0.50 crore (previous year: ₹ 0.22) to the directors during the current year.

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**51.4 Additional Disclosures**

**51.4.1 Provisions and Contingencies**

**Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account** (₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| 1. Provisions for depreciation on Investment | - | - |
| 2. Provision made towards Income tax/deferred tax and tax adjustments of earlier years | 250.24 | 159.99 |
| 3. Provision towards NPA / impairment loss allowance on stage 3 assets | 34.27 | 36.19 |
| 4. Provision for Standard Assets / impairment loss allowance on stage 1&2 * | 77.56 | 198.95 |
| 5. Other Provision and Contingencies | - | - |
| *** Breakup of provision for Standard Assets / impairment loss allowance on stage 1&2** | | |
| Commercial Real Estate | 7.73 | 14.77 |
| Commercial Real Estate-Residential Housing | 7.12 | 4.31 |
| Others | 62.71 | 179.87 |
| **Total** | **77.56** | **198.95** |

**Break up of Loan & Advances and Provisions thereon** (₹ in crore)

| Particulars | Housing | | Non-Housing | |
|---|---|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2022 | As at 31 March 2021 |
| **Standard Assets** | | | | |
| a) Total Outstanding Amount | 27,150.25 | 18,219.90 | 19,653.05 | 15,435.63 |
| b) Provisions made | 205.07 | 164.36 | 183.05 | 146.20 |
| **Sub-Standard Assets** | | | | |
| a) Total Outstanding Amount | 57.20 | 52.49 | 57.80 | 64.07 |
| b) Provisions made | 32.44 | 19.93 | 32.22 | 23.79 |
| **Doubtful Assets – Category-I** | | | | |
| a) Total Outstanding Amount | 9.60 | 1.27 | 21.29 | 1.30 |
| b) Provisions made | 5.65 | 0.73 | 8.69 | 0.75 |
| **Doubtful Assets – Category-II** | | | | |
| a) Total Outstanding Amount | 0.34 | - | 0.13 | - |
| b) Provisions made | 0.34 | - | 0.13 | - |
| **Doubtful Assets – Category-III** | | | | |
| a) Total Outstanding Amount | - | - | - | - |
| b) Provisions made | - | - | - | - |
| **Loss Assets** | | | | |
| a) Total Outstanding Amount | - | - | - | - |
| b) Provisions made | - | - | - | - |
| **Total** | | | | |
| a) Total Outstanding Amount | 27,217.39 | 18,273.66 | 19,732.27 | 15,501.00 |
| b) Provisions made | 243.50 | 185.02 | 224.09 | 170.74 |

**51.4.2 Draw Down from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987**

The Company has not drawn any amount from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987 during the current year.

**51.4.3 Concentration of Public Deposits, Advances, Exposures and NPAs**

**51.4.3.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)**

The Company is non public deposit taking housing finance company and has not accepted any public deposits during the current year.

**51.4.3.2 Concentration of Loans & Advances** (₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total Loans & Advances to twenty largest borrowers | 3,980.29 | 2,381.91 |
| Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC | 8.48% | 7.05% |

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**51.4.3.3 Concentration of all Exposure (including off-balance sheet exposure)**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total Exposure to twenty largest borrowers / customers | 4,186.56 | 2,556.47 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers | 8.14% | 6.97% |

**51.4.3.4 Concentration of NPAs**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total Exposure to top ten NPA accounts | 16.02 | 13.25 |

**51.4.3.5 Sector-wise NPAs**

| Sector | Percentage of NPAs to Total Advances in that sector | |
|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 |
| **Housing Loans:** | | |
| Individuals | 0.27% | 0.31% |
| Builders/Project Loans | 0.04% | 0.08% |
| Corporates | 0.00% | 0.00% |
| Others | 0.00% | 0.00% |
| **Non-Housing Loans:** | | |
| Individuals | 0.55% | 0.56% |
| Builders/Project Loans | 0.19% | 0.00% |
| Corporates | 0.09% | 0.20% |
| Others | 0.00% | 0.00% |

**51.4.4 Movement of NPAs**

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **(I) Net NPAs to Net Advances (%)** | 0.14% | 0.22% |
| **(II) Movement of NPAs (Gross)** | | |
| a) Opening balance | 119.13 | 23.70 |
| b) Additions during the year | 153.26 | 115.82 |
| c) Reductions during the year | 126.03 | 20.39 |
| d) Closing balance | 146.36 | 119.13 |
| **(III) Movement of Net NPAs** | | |
| a) Opening balance | 73.93 | 14.69 |
| b) Additions during the year | 46.81 | 66.72 |
| c) Reductions during the year | 53.85 | 7.48 |
| d) Closing balance | 66.89 | 73.93 |
| **(IV) Movement of provisions for NPAs (excluding provisions on standard assets)** | | |
| a) Opening balance | 45.20 | 9.01 |
| b) Provisions made during the year | 106.45 | 49.10 |
| c) Write-off/write-back of excess provisions | 72.18 | 12.91 |
| d) Closing balance | 79.47 | 45.20 |

**51.4.5 Overseas Assets**

The Compnay has not held any overseas assets as on reporting date (P.Y.Nil).

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**51.4.6 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)**

The Company does not have any SPVs sponsored in current year and previous year which were required to be consolidated as per accounting Norms.

**51.4.7 Disclosure of Complaints**

**Customers Complaints***

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| a) No. of complaints pending at the beginning of the year | 0 | 27 |
| b) No. of complaints received during the year | 505 | 2126 |
| c) No. of complaints redressed during the year | 505 | 2153 |
| d) No. of complaints pending at the end of the year | 0 | 0 |

*includes complaints reported through NHB - GRIDS Portal is 111 (previous year 415)

**52. Disclosure of Frauds as per NHB (ND)/DRS/Policy Circular No.92/2018-19 dated 05 February, 2019**

There was no fraud reported to NHB/RBI during the financial year ended 31 March 2022 (Previous year: NIL)

**53.** The Company has not granted any loans against collateral of gold jewellery in current year and previous year.

**54. Disclosures in respect of Liquidity Risk Management Framework as referred in para 3.1.1 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

**54.1 Funding Concentration based on significant counterparty (both deposits and borrowings)**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| i) Number of Significant Counterparties* | 25 | 25 |
| ii) Amount(in ₹ crore) | 35,583.91 | 28,334.15 |
| iii) Percentage of funding concentration to total deposits# | NA | NA |
| iv) Percentage of funding concentration to total liabiities | 85.16% | 89.03% |

* Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

# Total public deposits

**54.2 Disclosures on Top 20 large deposits is not applicable being non deposit taking NBFCs**

**54.3 Top 10 borrowings** (₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| i) Total amount of top 10 borrowings | 26,333.26 | 18,689.10 |
| ii) Percentage of amount of top 10 borrowings to total borrowings | 63.47% | 59.14% |

Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

**54.4 Funding Concentration based on significant instrument/product*** (₹ in crore)

| Particulars | As at 31 March 2022 | Percentage of total liabilities | As at 31 March 2021 | Percentage of total liabilities |
|---|---|---|---|---|
| i) Non-convertible debentures | 12,491.92 | 29.90% | 8,470.67 | 26.62% |
| ii) Loans from bank | 24,493.17 | 58.62% | 20,268.52 | 63.69% |
| iii) Commercial paper | 3,997.23 | 9.57% | 2,861.41 | 8.99% |
| iv) Deposits | 510.00 | 1.22% | - | 0.00% |

* Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

Total liabilities are excluding Equity share capital and Other equity.

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**54.5 Stock ratio**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| (i) Commercial paper as a percentage of total public funds* | 9.63% | 9.05% |
| (ii) Commercial paper as a percentage of total liabilities | 9.57% | 8.99% |
| (iii) Commercial paper as a percentage of total assets | 8.24% | 7.56% |
| (iv) Non convertible debentures (original maturity of less than 1 year) as a percentage of total public funds* | NA | NA |
| (v) Non convertible debentures (original maturity of less than 1 year) as a percentage of total liabilities | NA | NA |
| (vi) Non convertible debentures (original maturity of less than 1 year) as a percentage of total assets | NA | NA |
| (vii) Other short term liabilities as a percentage of total public funds*# | 20.98% | 24.54% |
| (viii) Other short term liabilities as a percentage of total liabilities # | 20.83% | 24.36% |
| (ix) Other short term liabilities as a percentage of total assets # | 17.93% | 20.48% |

Total liabilities are excluding equity share capital and other equity.

* Public funds are considered as total of borrowings from NCD, CP, Bank Loans and ICDs.

# Other short term liabilities are residual maturities with in 12 months of Bank loan, NCDs and other liabilities(excl. CPs).

**54.6 Institutional set-up for liquidity risk management**

The Company manages its Liquidity Risk Management Framework through various means like liquidity buffers, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks and assignment of loans under the guidance of ALCO and Board. For qualitative disclosure on liquidity risk management, refer note no. 48.

**55. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.**

**Appendix I**

| | Q3 FY22 | | Q4 FY22 | |
|---|---|---|---|---|
| | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
| **High Quality Liquid Assets** | | | | |
| 1. **Total High Quality Liquid Assets (HQLA) | **571.15** | **571.15** | **896.65** | **896.65** |
| **Cash Outflows** | | | | |
| 2. Deposits (for deposit taking companies) | | | - | - |
| 3. Unsecured wholesale funding | 500.00 | 575.00 | 932.47 | 1,072.34 |
| 4. Secured wholesale funding | 409.86 | 471.33 | 674.20 | 775.33 |
| 5. Additional requirements, of which | - | - | - | - |
| (i) Outflows related to derivative exposures and other collateral requirements | - | - | - | - |
| (iii) Credit and liquidity facilities | - | - | - | - |
| 6. Other contractual funding obligations | 1,165.04 | 1,339.79 | 1,271.68 | 1,462.43 |
| 7. Other contingent funding obligations | - | - | - | - |
| **8. TOTAL CASH OUTFLOWS** | **2,074.89** | **2,386.13** | **2,878.35** | **3,310.10** |
| **Cash Inflows** | | | | |
| 9. Secured lending | - | - | - | - |
| 10. Inflows from fully performing exposures | 415.22 | 311.41 | 478.03 | 358.52 |
| 11. Other cash inflows | 5,711.26 | 4,283.44 | 4,421.18 | 3,315.89 |
| **12. TOTAL CASH INFLOWS** | **6,126.48** | **4,594.85** | **4,899.21** | **3,674.41** |
| | | Total Adjusted Value | | Total Adjusted Value |
| **13. TOTAL HQLA** | | **571.15** | | **896.65** |
| **14. TOTAL NET CASH OUTFLOWS** | | **596.53** | | **827.52** |
| **15. LIQUIDITY COVERAGE RATIO (%)** | | **95.75%** | | **108.35%** |
| **16. NHB Requirment w.e.f. Dec 21 (%)** | | **50.00%** | | **50.00%** |
| **17. NHB Requirment Amount** | | **298.27** | | **413.76** |

****Components of HQLA**

| High Quality Liquid Assets (HQLA) | | | Actual | Stressed |
|---|---|---|---|---|
| 1. Assets to be included as HQLA without any haircut | 571.15 | 571.15 | 896.65 | 896.65 |
| 2. Assets to be considered for HQLA with a minimum haircut of 15% | - | - | - | - |
| 3. Assets to be considered for HQLA with a minimum haircut of 50% | - | - | - | - |
| 4. Approved securities held as per the provisions of section 45 IB of RBI Act | - | - | - | - |
| **Total HQLA** | **571.15** | **571.15** | **896.65** | **896.65** |

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**55. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Contd.)**

The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity HFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next 30 calendar days. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

Company for purpose of computing outflows, has considered: (1) all the contractual debt repayments, (2) committed credit facilities contracted with customers, and (3) other expected or contracted cash outflows. Inflows comprise of: (1) expected receipt from all performing loans, (2) liquid investment which are unencumbered and have not been considered as part of HQLA and (3) CC/OD/Committed credit line from Banks and parent company.

For the purpose of HQLA the Company considers: (1) Unencumbered government securities, (2) Cash and Bank balances.
The LCR is computed by dividing the stock of HQLA by its total net stressed cash outflows over next 30 days. LCR guidelines have become effective from 1 December 2021, requiring HFCs to maintain minimum LCR of 50%, LCR is gradually required to be increased to 100% by 1 December 2025. HFCs are required to maintain LCR of 50% as on 31 March 2022.

**56. Disclosure pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 Dated 13 March 2020 - A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109**

**56.1 Policy for sales out of amortised cost business model portfolios**
Refer Note No. 4.4 (i) (b)

**56.2 A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'**

**As at 31 March 2022** (₹ In Crore)

| Asset classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowance (Provisions) as required under Ind AS 109 | Net carrying amount | Provision required as per IRACP norms* | Difference between Ind AS 109 provision and IRACP norms |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) = (3) – (4) | (6) | (7) = (4) – (6) |
| **(a) Performing Assets** | | | | | | |
| Standard | Stage 1 | 46,199.61 | 259.95 | 45,939.66 | 210.32 | 49.63 |
| | Stage 2 | 603.69 | 128.17 | 475.52 | 43.28 | 84.89 |
| **Subtotal (a)** | | **46,803.30** | **388.12** | **46,415.18** | **253.60** | **134.52** |
| **(b) Non-Performing Assets (NPA)** | | | | | | |
| (i) Substandard | Stage 3 | 114.99 | 64.66 | 50.33 | 18.48 | 46.18 |
| (ii) Doubtful up to: | | | | | | |
| 1 year | Stage 3 | 30.90 | 14.34 | 16.56 | 8.86 | 5.48 |
| 1 to 3 years | Stage 3 | 0.47 | 0.47 | - | 0.22 | 0.25 |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal (ii) | | 31.37 | 14.81 | 16.56 | 9.08 | 5.73 |
| (iii) Loss | Stage 3 | - | - | - | - | - |
| **Subtotal (b)** | | **146.36** | **79.47** | **66.89** | **27.56** | **51.91** |
| **(c) Other items** | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| | **Subtotal** | - | - | - | - | - |
| **Total (a+b+c)** | Stage 1 | 46,199.61 | 259.95 | 45,939.66 | 210.32 | 49.63 |
| | Stage 2 | 603.69 | 128.17 | 475.52 | 43.28 | 84.89 |
| | Stage 3 | 146.36 | 79.47 | 66.89 | 27.56 | 51.91 |
| | **Total** | **46,949.66** | **467.59** | **46,482.07** | **281.16** | **186.43** |

* Computed on the value as per the IRACP norms

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As at 31 March 2021 (₹ In Crore)

| Asset classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowance (Provisions) as required under Ind AS 109 | Net carrying amount | Provision required as per IRACP norms* | Difference between Ind AS 109 provision and IRACP norms |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) = (3) – (4) | (6) | (7) = (4) – (6) |
| **(a) Performing Assets** | | | | | | |
| Standard | Stage 1 | 32,996.17 | 178.68 | 32,817.49 | 142.95 | 35.73 |
| | Stage 2 | 659.36 | 131.88 | 527.48 | 50.25 | 81.63 |
| **Subtotal (a)** | | **33,655.53** | **310.56** | **33,344.97** | **193.20** | **117.36** |
| **(b) Non-Performing Assets (NPA)** | | | | | | |
| (i) Substandard | Stage 3 | 116.56 | 43.72 | 72.84 | 17.49 | 26.23 |
| (ii) Doubtful up to: | | | | | | |
| 1 year | Stage 3 | 2.57 | 1.48 | 1.09 | 0.71 | 0.77 |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal (ii) | | 2.57 | 1.48 | 1.09 | 0.71 | 0.77 |
| (iii) Loss | Stage 3 | - | - | - | - | - |
| **Subtotal (b)** | | **119.13** | **45.20** | **73.93** | **18.20** | **27.00** |
| **(c) Other items** | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| | **Subtotal** | - | - | - | - | - |
| **Total (a+b+c)** | Stage 1 | 32,996.17 | 178.68 | 32,817.49 | 142.95 | 35.73 |
| | Stage 2 | 659.36 | 131.88 | 527.48 | 50.25 | 81.63 |
| | Stage 3 | 119.13 | 45.20 | 73.93 | 18.20 | 27.00 |
| | **Total** | **33,774.66** | **355.76** | **33,418.90** | **211.40** | **144.36** |

* Computed on the value as per the IRACP norms

**57. Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020**
**For the half year ended 30 September 2021**

(₹ In Crore)

| Type of borrower | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 21 | Of (A), aggregate debt that slipped into NPA during the half-year | Of (A) amount written off during the half-year # | Of (A) amount paid by the borrowers during the half-year* | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2021 |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| Personal Loans | 501.90 | 41.59 | 10.20 | 31.54 | 428.77 |
| Corporate persons | - | - | - | - | - |
| Of which, MSMEs | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | **0.00** | **41.59** | **10.20** | **31.54** | **428.77** |

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For the half year ended 31 March 2022

(₹ In Crore)

| Type of borrower | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 21 (A)$ | Of (A), aggregate debt that slipped into NPA during the half-year | Of (A) amount written off during the half-year# | Of (A) amount paid by the borrowers during the half-year* | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2022 |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| Personal Loans | 573.78 | 27.16 | 0.92 | 26.81 | 519.81 |
| Corporate persons | - | - | - | - | - |
| Of which, MSMEs | 2.22 | - | - | (0.07) | 2.29 |
| Others | 1.47 | - | - | (0.08) | 1.55 |
| **Total** | **3.69** | **27.16** | **0.92** | **26.66** | **523.65** |

# represents debt that slipped into NPA and was subsequently written off during the half-year.

* represents receipts net of interest accruals and drawdown, if any and account roll back to standard during the half year.

$ Includes account restructured under OTR 2.0 upto 30 September 2021.

There were 415 borrower accounts having an aggregate exposure of ₹ 90.68 crore to the Company as at 31 March 2022, where resolution plans had been implemented under OTR1.0 and now modified under RBI's Resolution Framework 2.0 dated 5 May 2021.

**58. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021**

(₹ In Crore)

| Details of transfer through assignment in respect of loans not in default | Year ended 31 March 2022 | | Year ended 31 March 2021 |
|---|---|---|---|
| Entity | Banks | NBFC | Banks |
| Count of loan accounts assigned (in numbers) | 9468 | 2063 | 12,864 |
| Amount of loan account assigned | 1,367.41 | 1,503.68 | 1,881.63 |
| Retention of beneficial economic interest (MRR) | 5%/10% | 1% | 10% |
| Weighted average maturity (residual maturity in months) | 189.97 | 139.56 | 193.80 |
| Weighted average holding period (in months) | 20.57 | 18.45 | 21.41 |
| Coverage of tangible security | 1 | 1 | 1.00 |
| Rating-wise distribution of rated loans | N/A | N/A | N/A |

(₹ In Crore)

| Details of acquired through assignment in respect of loans not in default | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Entity | HFC | NBFC |
| Count of loan accounts assigned (in numbers) | 2,855 | 1,171 |
| Amount of loan account assigned | 738.78 | 300.13 |
| Retention of beneficial economic interest (MRR)* | 1% | 10% |
| Weighted average maturity (residual maturity in months) | 184.99 | 158.93 |
| Weighted average holding period (in months) | 54.76 | 41.1 |
| Coverage of tangible security | 100% | 100% |
| Rating-wise distribution of rated loans | N/A | N/A |

* Retained by the originator

(₹ In Crore)

| Details of stressed loans transferred during the yea | Year ended 31 March 2022 | | | Year ended 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | To ARC | To permitted transferees | To other transferees | To ARC | To permitted transferees | To other transferees |
| No. of accounts | 797 | - | - | - | - | - |
| Aggregate principal outstandingof loans transferred | 107.56 | - | - | - | - | - |
| Weighted average residual tenor of the loans transferred (in ye | 6.36 | - | - | - | - | - |
| Net book value of loans transferred (at the time of transfer) | 70.67 | - | - | - | - | - |
| Aggregate consideration | 53.19 | - | - | - | - | - |
| Additional consideration realized in respect of accounts transferred | - | - | - | - | - | - |

Includes 12 written off accounts (Previous year Nil) with aggregate outstanding of ₹ 2.70 crore (Previous year ₹ Nil) and consideration received thereon ₹ 1.07 (Previous year ₹ Nil).

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59. **Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated 24 September 2021**
The Company has not entered into any Securitisiation transactions during the current year and previous year.

60. Amounts less than ₹ 50,000 have been shown at actual against respective line items which are statutorily required to be disclosed.

As per our report of even date

**For G. D. Apte & Co.**
Chartered Accountants
Firm Registration No.: 100515W

**Umesh S. Abhyankar**
**Partner**
Membership No.: 113053

**For Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No.: 105049W

**Shailesh Shah**
**Partner**
Membership No.: 033632

**Pune: 25 April, 2022**

**On behalf of the Board of Directors**

**Sanjiv Bajaj**
**Chairman**

**Rajeev Jain**
**Managing Director**

**Atul Jain**
**Chief Executive Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

S R B C & CO LLP
Chartered Accountants

Ground Floor
Panoshal Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006, India
Tel: +91 20 6603 6000

## INDEPENDENT AUDITOR'S REPORT

To the Members of Bajaj Housing Finance Limited

### Report on the Audit of the Financial Statements

### 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.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **(a) Impairment of financial assets as at balance sheet date (expected credit losses)** *(as described in note 8 of the financial statements)* | |
| Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.<br><br>In the process, a significant degree of judgement has been applied by the management for:<br><br>• Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);<br>• Grouping of borrowers based on homogeneity by using appropriate statistical techniques;<br>• Estimation of behavioral life;<br>• Determining macro-economic factors impacting credit quality of receivables;<br>• Estimation of losses for loan products with no/ minimal historical defaults.<br><br>**Additional considerations on account of COVID-19**<br><br>Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has maintained a management overlay of Rs.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.<br><br>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. | • 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.<br><br>• Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 6, 2020 and tested the implementation of such policy on a sample basis.<br><br>• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.<br><br>• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.<br><br>• Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one time restructuring.<br><br>• 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.<br><br>• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).<br><br>• Assessed disclosures included in the financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation. |
| **(b) IT systems and controls** | |
| 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 | • 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 |

S R B C & CO LLP CHARTERED ACCOUNTANTS

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| identified IT systems and controls over financial reporting as a key audit matter for the Company.<br><br>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting. | interfaces, configuration and other identified application controls.<br><br>• We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized.<br><br>• We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization.<br><br>• In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. |

**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.
- 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;

   (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: 21213935AAAABO1943

Pune
April 26, 2021

**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.

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: 21213935AAAABO1943

Pune
April 26, 2021

**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.

**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: 21213935AAAABO1943

Pune
April 26, 2021

Bajaj Housing Finance Limited

Balance Sheet as at 31 March 2021

(₹ in crore)

| | Particulars | Note No. | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|---|
| | ASSETS | | | |
| (1) | **Financial assets** | | | |
| (a) | Cash and cash equivalents | 5 | 461.78 | 658.72 |
| (b) | Bank balances other than cash and cash equivalents | 6 | 255.00 | - |
| (c) | Trade receivables | 7 | 310.66 | 118.47 |
| (d) | Loans | 8 | 33,418.90 | 27,975.41 |
| (e) | Investments | 9 | 3,266.04 | 2,508.02 |
| (f) | Other financial assets | 10 | 33.99 | 8.37 |
| | **Total financial assets** | | **37,746.37** | **31,268.99** |
| (2) | **Non-financial assets** | | | |
| (a) | Current tax assets (net) | | 4.46 | 11.10 |
| (b) | Deferred tax assets (net) | 11 | 15.26 | - |
| (c) | Property, plant and equipment | 12 | 64.32 | 77.80 |
| (d) | Intangible assets | 12 | 14.57 | 7.98 |
| (e) | Other non-financial assets | 13 | 14.36 | 6.55 |
| | **Total non financial assets** | | **112.97** | **103.43** |
| | **Total assets** | | **37,859.34** | **31,372.42** |
| | **LIABILITIES AND EQUITY** | | | |
| | **LIABILITIES** | | | |
| (1) | **Financial liabilities** | | | |
| (a) | Payables | 14 | | |
| | (I) Trade payables | | | |
| | (i) Total outstanding dues to micro enterprises and small enterprises | | - | 0.24 |
| | (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 20.90 | 30.35 |
| | (II) Other payables | | | |
| | (i) Total outstanding dues to micro enterprises and small enterprises | | - | - |
| | (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 21.28 | 17.83 |
| (b) | Debt securities | 15 | 11,332.08 | 7,823.59 |
| (c) | Borrowings (other than debt securities) | 16 | 20,268.52 | 17,776.85 |
| (d) | Other financial liabilities | 17 | 144.63 | 73.59 |
| | **Total financial liabilities** | | **31,787.41** | **25,722.45** |
| (2) | **Non-financial liabilities** | | | |
| (a) | Current tax liabilities (net) | | 7.39 | 7.07 |
| (b) | Provisions | 18 | 2.29 | 2.28 |
| (c) | Deferred tax liabilities (net) | 11 | - | 11.43 |
| (d) | Other non-financial liabilities | 19 | 30.03 | 44.06 |
| | **Total non-financial liabilities** | | **39.71** | **64.84** |
| (3) | **EQUITY** | | | |
| (a) | Equity share capital | 20 | 4,883.33 | 4,883.33 |
| (b) | Other equity | 21 | 1,148.89 | 701.80 |
| | **Total equity** | | **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

**For S R B C & CO LLP**
Chartered Accountants
Firm Registration No.: 324982E/E300003

**per Vaibhav Kumar Gupta**
**Partner**
Membership No.: 213935

**Pune: 26 April, 2021**

**On behalf of the Board of Directors**

Sanjiv Bajaj
Chairman

Rajeev Jain
Managing Director

Atul Jain
Chief Executive Officer

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Bajaj Housing Finance Limited

Statement of Profit and Loss for the year ended 31 March 2021

(₹ in crore)

| | Particulars | Note No. | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|---|
| | **Revenue from Operations** | | | |
| | (i) Interest income | 22 | 2,877.43 | 2,303.08 |
| | (ii) Fees and commission income | 23 | 74.62 | 100.08 |
| | (iii) Net gain on fair value changes | 24 | 59.85 | 73.71 |
| | (iv) Sale of services | 25 | 142.15 | 169.15 |
| | (v) Others | 26 | 0.65 | - |
| **(I)** | **Total Revenue from operations** | | **3,154.70** | **2,646.02** |
| **(II)** | Other Income | 27 | 0.58 | 0.21 |
| **(III)** | **Total Income (I) + (II)** | | **3,155.28** | **2,646.23** |
| | **Expenses** | | | |
| | (i) Finance costs | 28 | 1,965.87 | 1,616.03 |
| | (ii) Fees and commission expense | 29 | 1.33 | 1.30 |
| | (iii) Impairment on financial instruments | 30 | 247.21 | 124.33 |
| | (iv) Employee benefits expenses | 31 | 245.76 | 248.51 |
| | (v) Depreciation and amortisation expenses | 12 | 21.77 | 23.14 |
| | (vi) Other expenses | 32 | 60.16 | 65.47 |
| **(IV)** | **Total Expenses** | | **2,542.10** | **2,078.78** |
| **(V)** | **Profit before tax (III) - (IV)** | | **613.18** | **567.45** |
| | **Tax expense** | | | |
| | (i) Current tax | | 187.00 | 126.10 |
| | (ii) Deferred tax charge / (credit) | | (27.01) | 20.02 |
| **(VI)** | **Total tax expense** | 11 | **159.99** | **146.12** |
| **(VII)** | **Profit after tax (V)- (VI)** | | **453.19** | **421.33** |
| | **Other Comprehensive Income** | | | |
| | (A) (i) Items that will not be reclassified to profit or loss: | | | |
| | Re-measurement gains/(losses) on defined benefit plans | | 1.27 | (1.99) |
| | (ii) Income tax effect relating to these items that will not be reclassified to profit or loss | | (0.32) | 0.39 |
| | **Subtotal (A)** | | **0.95** | **(1.60)** |
| | (B) (i) Items that will be reclassified to profit or loss in subsequent periods: | | - | - |
| | (ii) Income tax effect relating to these items that will be reclassified to profit or loss in subsequent periods | | - | - |
| | **Subtotal (B)** | | **-** | **-** |
| **(VIII)** | **Other comprehensive income for the year, net of tax (A + B)** | | **0.95** | **(1.60)** |
| **(IX)** | **Total comprehensive income for the year (VII+VIII)** | | **454.14** | **419.73** |
| **(X)** | 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

**For S R B C & CO LLP**
Chartered Accountants
Firm Registration No.: 324982E/E300003

**per Vaibhav Kumar Gupta**
**Partner**
Membership No.: 213935

**Pune: 26 April, 2021**

**On behalf of the Board of Directors**

**Sanjiv Bajaj**
**Chairman**

**Rajeev Jain**
**Managing Director**

**Atul Jain**
**Chief Executive Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

Bajaj Housing Finance Limited
Statement of Changes in Equity for the year ended 31 March 2021

a. Equity share capital

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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** |

b. Other equity

**For the year ended 31 March 2021** (₹ in crore)

| 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** (₹ in crore)

| 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
Firm Registration No.: 324982E/E300003

**per Vaibhav Kumar Gupta**
**Partner**
Membership No.: 213935

**Pune: 26 April, 2021**

**On behalf of the Board of Directors**

Sanjiv Bajaj
Chairman

Rajeev Jain
Managing Director

Atul Jain
Chief Executive Officer

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Bajaj Housing Finance Limited

Statement of cash flows for the year ended 31 March 2021

(₹ in crore)

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| A. | **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 (A)** | **(5,089.13)** | **(10,244.21)** |
| B. | **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 | - |
| | Interest received on investments measured at FVTPL, Amortised Cost and cash equivalent fixed deposits | 30.93 | 12.02 |
| | **Net cash used in investing activities (B)** | **(797.04)** | **(693.56)** |
| C. | **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 (C)** | **5,689.23** | **11,489.51** |
| | **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | **(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** |

Bajaj Housing Finance Limited
Statement of cash flows for the year ended 31 March 2021

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

**For S R B C & CO LLP**
Chartered Accountants
Firm Registration No.: 324982E/E300003

**per Vaibhav Kumar Gupta**
**Partner**
Membership No.: 213935

**Pune: 26 April, 2021**

**On behalf of the Board of Directors**

**Sanjiv Bajaj**
**Chairman**

**Rajeev Jain**
**Managing Director**

**Atul Jain**
**Chief Executive Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

## 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.

*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.

(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.

4.2 **Expenditures**

(i) **Finance Cost**

Borrowing costs on financial liabilities is recognised using the EIR method (Refer note no. 4.1.(i)).

4. Summary of significant accounting policies (Contd.)

(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 specfied.

*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

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.

4. Summary of significant accounting policies (Contd.)

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.

**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 applicable financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments as per the Board approved policy.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Life time ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

One time restructuring of loan accounts allowed by RBI vide circular resolution framework for COVID-19 related stress to the extent having no overdues have been considered to have a significant increase in credit risk and accordingly classified under stage 2.

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery. The Company may apply enforcement activities to certain qualifying financial assets written off.

The treatment of the different stages of financial assets and the methodology of determination of ECL is set out below.

a) Credit impaired (stage 3)
The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

a) Contractual payments of either principal or interest are past due for more than 90 days;
b) The loan is otherwise considered to be in default.

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.

4. Summary of significant accounting policies (Contd.)

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.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company recaliberates above components of its ECL model on a periodical basis by using the available incremental and recent information as well as assessing changes to its statistical techniques for a granular estimation of ECL.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 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.

4. Summary of significant accounting policies (Contd.)

4.5 Investment in subsidiaries

Investment in subsidiaries are recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investments.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/ amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

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.

**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:

| Nature of assets | Useful life as per Schedule II | Useful life adopted by the Company |
|---|---|---|
| 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. Summary of significant accounting policies (Contd.)

**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 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.

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. Summary of significant accounting policies (Contd.)

4.13 Leases

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

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.

**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 of 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.

(5) Cash and cash equivalents

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Cash on hand | - | - |
| Balances with banks: | | |
| In current accounts | 211.61 | 7.24 |
| Fixed deposits (with original maturity less than 3 months) | 250.17 | 651.48 |
| **Total** | **461.78** | **658.72** |

(6) Bank balances other than cash and cash equivalents

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balances with banks | | |
| In fixed deposits orignal maturity more than 3 months | 255.00 | - |
| **Total** | **255.00** | **-** |

(7) Trade receivables

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Considered good - Unsecured** | | |
| Service asset* | 180.05 | 114.83 |
| Fees, commission and others** | 130.61 | 3.64 |
| **Total** | **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.

(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 Loan** | | | | | | |
| **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** |
| **Total** | **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** | - | - | - | - | - | - |
| **Total** | **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.

(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) | - | (0.00) |
| Transfer to stage 2 | (413.53) | (1.33) | 416.16 | 2.23 | (2.63) | (0.90) | (0.00) | - |
| Transfer to stage 3 | (102.54) | (0.38) | (33.86) | (4.02) | 136.40 | 4.40 | - | - |
| | **(504.88)** | **(0.54)** | **371.71** | **(2.84)** | **133.17** | **3.38** | **(0.00)** | **(0.00)** |
| 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 |
| Transfer during the year | | | | | | | | |
| Transfer to stage 1 | 16.21 | 1.12 | (15.85) | (1.07) | (0.36) | (0.05) | 0.00 | - |
| Transfer to stage 2 | (278.51) | (0.46) | 278.51 | 0.46 | - | - | - | - |
| Transfer to stage 3 | (97.12) | (0.17) | (14.07) | (1.05) | 111.19 | 1.22 | - | - |
| | (359.42) | 0.49 | 248.59 | (1.66) | 110.83 | 1.17 | 0.00 | - |
| 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** |

**Details of impairment of financial instruments disclosed in the statement of profit and loss :**

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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:

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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).

(10) Other financial assets

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Security deposits* | 5.53 | 5.75 |
| Advances to related parties | 6.41 | 2.07 |
| Other Advances** | 22.05 | 0.55 |
| **Total** | **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 (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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

Deferred tax assets/ (liabilities) recorded in balance sheet (₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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)** |

(12) Property, plant and equipment and intangible assets

For the year ended 31 March 2021

(₹ in crore)

| 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 |
| **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

(₹ in crore)

| 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 |
| **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

(13) Other non-financial assets

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 |
| **Total** | **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

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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:

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 | - | - |

(15) Debt securities

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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).

(15) Debt securities (Contd.)

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2021 (₹ in crore)

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Issued at par and redeemable at par** | | | | | |
| 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

**Terms of repayment of non convertible debenture (NCDs) as at 31 March 2020** **(₹ in crore)**

| Original maturity of NCDs (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Issued at par and redeemable at par** | | | | | |
| 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** **(₹ in crore)**

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Issued at discount and redeemable at par** | | | | | |
| Upto 365 | 2,861.98 | - | - | - | 2,861.98 |
| Interest accrued 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 (₹ in crore)

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| Issued at discount and redeemable at par | | | | | |
| Upto 365 | 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

(16) Borrowings (other than debt securities)

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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.

(16) Borrowings (other than debt securities) (Contd.)

Terms of repayment of term loans 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 |
|---|---|---|---|---|---|---|---|---|---|
| | 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

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

(17) Other financial liabilities

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Security deposits* | 0.08 | 0.08 |
| Lease Liability*** | 31.96 | 38.70 |
| Others** | 112.59 | 34.81 |
| **Total** | **144.63** | **73.59** |

*Includes amounts pertaining to related parties ₹ 0.08 crores (previous year 0.08 crores)

**Includes amounts pertaining to related parties ₹ 0.26 (previous year 0.12 crores)

***Disclosures as required by Ind AS 116 - Leases are stated below :

a. Lease Liability Movement

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balance as on 1 April 2019 | 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 on 31 March 2020** | **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 :

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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:

(₹ in crore)

| Particulars | 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 |

(18) **Provisions**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Provision for employee benefits | | |
| Compensated absences | 0.88 | 1.16 |
| Other long term service benefits | 1.41 | 1.12 |
| **Total** | **2.29** | **2.28** |

(19) **Other non-financial liabilities**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Statutory Dues | 14.89 | 18.58 |
| Others | 15.14 | 25.48 |
| **Total** | **30.03** | **44.06** |

(20) Equity share capital

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 |
| **Total** | **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 Rs.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.

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 | As at 31 March 2021 | As at 31 March 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 | - | - |
| | - | - |
| 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.

ii. Statutory Reserve in terms of Section 29C of the National Housing Bank Act, 1987

Reserve Fund is created as per the Section 29C of the National Housing Bank Act, 1987, which requires every housing finance company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. However, the Company has transferred twenty five percent of it's net profit during the year to the reserve fund. This includes Special Reserve created to avail the deduction as per the provisions of Section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes.

iii. Retained earnings

Retained earnings represents the surplus in profit and loss account after appropriation.

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

(a) actuarial gains and losses; and

(b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

iv. Capital Contribution from Holding-ESOPs

Represents fair value of ESOPs issued by the Holding Company to the employees of the Company

v. Other comprehensive income

On loans

The Comapny recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss. The table gives details of movement of fair value changes:

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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

(₹ in crore)

| Particulars | Year ended 31 March 2021 | | | | 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 |
| **Total** | **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)

(23) Fees and commission income

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 |
| **Total** | **74.62** | **100.08** |

(24) Net gain on fair value changes

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 |
| **Total** | **59.85** | **73.71** |

(25) Sale of services

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Service charges | 38.41 | 39.34 |
| Service fees for management of assigned portfolio of loans | 103.74 | 129.81 |
| **Total** | **142.15** | **169.15** |

(26) Others

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Bad debt recoveries | 0.58 | - |
| Miscellaneous charges and receipts | 0.07 | - |
| **Total** | 0.65 | - |

(27) Other income

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Income from Rent | 0.19 | 0.17 |
| Interest on income tax refund | 0.37 | - |
| Miscellaneous income | 0.02 | 0.04 |
| **Total** | **0.58** | **0.21** |

(28) Finance costs

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 | - |
| **Total** | **1,965.87** | **1,616.03** |

(29) Fees and commission expense

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Commission and incentives | 0.04 | 0.50 |
| Loan portfolio management service charges | 1.29 | 0.80 |
| **Total** | **1.33** | **1.30** |

(30) Impairment on financial instruments

(₹ in crore)

| Particulars | Year ended 31 March 2021 | | | Year ended 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | 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 | - | - | - |
| **Total** | **41.19** | **206.02** | **247.21** | **35.80** | **88.53** | **124.33** |

(31) Employee benefits expenses

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 |
| **Total** | **245.76** | **248.51** |

(32) Other expenses

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 |
| **Total** | **60.16** | **65.47** |

* Payment to auditor (net of GST credit availed)

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 |
| **Total** | **0.10** | **0.09** |

** Corporate Social Responsibility expenditure

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 |
| **Total** | 3.91 | 0.56 |

(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 | Year ended 31 March 2021 | Year ended 31 March 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

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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** |
| **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** (₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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

(ii) Movement in plan assets (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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) (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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 (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Current service cost | 3.70 | 2.48 |
| Interest cost | (0.07) | 0.10 |
| **Total** | **3.63** | **2.58** |

(v) Remeasurement (gains)/losses in other comprehensive income (₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 | As at 31 March 2021 | As at 31 March 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% |

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

(ix) Projected plan cash flow

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Expected contribution to fund in the next year | 3.00 | 1.50 |

B) Long-term service benefit liability

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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% |

(38) Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of :

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Disputed claims against the company not acknowledged as debts | 1.85 | 0.79 |

(b) Capital and other commitments

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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

(₹ In Crore)

| Particulars | As at 1 April 2020 | Cash flows | Other | As at 31 March 2021 |
|---|---|---|---|---|
| Debt Securities | 7,823.59 | 3,217.18 | 291.31 | 11,332.08 |
| Borrowing other than Debt Securities | 17,776.85 | 2,486.83 | 4.84 | 20,268.52 |
| Lease Liability | 38.70 | (7.73) | 0.99 | 31.96 |
| **Total** | **25,639.14** | **5,696.28** | **297.14** | **31,632.56** |

For the year ended 31 March 2020

(₹ In Crore)

| Particulars | As at 1 April 2019 | Cash flows | Other | As at 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 |
| **Total** | **15,236.13** | **9,989.51** | **413.50** | **25,639.14** |

(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 | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|---|---|
| | | | Transaction Value | Outstanding amounts carried in Balance | 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 | - |

(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 | Year ended 31 March 2021 | | Year ended 31 March 2020 | |
|---|---|---|---|---|---|---|
| | | | Transaction Value | Outstanding amounts carried in Balance | Transaction Value | Outstanding amounts carried in Balance Sheet |
| 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) |
| 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 Narayan Roy (Non Executive Director) | Sitting Fees | 0.03 | - | - | - |
| 5 | 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 | 0.00 | | 0.01 | - |
| | | 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 Developm | Loan given | - | 13.00 | - | - |
| | | Interest Income | 1.71 | 0.02 | - | - |
| 6 | Ashwin Vijaykumar Jain | Loan given | 0.15 | 0.15 | - | - |
| | | Loan repayment received | 0.00 | | - | |
| | | Interest Income | 0.01 | 0.00 | - | - |
| **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 | - |

**(40) Disclosure of transactions with related parties as required by Ind AS 24 (contd.)** (₹ in crore)

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.

**(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** (₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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.

(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.

(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 Mar 2020 | 2,508.02 | - | - | 2,508.02 |
| Loans designated under FVOCI | 31 Mar 2020 | - | 21,659.54 | - | 21,659.54 |

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.

(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 | Liquidity risk arises from mismatches in the timing of cash flows.<br><br>Funding risk arises from:<br>• inability to raise incremental borrowings to fund business requirement or repayment obligations<br>• when long term assets cannot be funded at the expected term resulting in cashflow mismatches;<br>• Amidst volatile market conditions impacting sourcing of funds from banks and money markets | Board appointed Committee of Directors and ALCO | Liquidity and funding risk is:<br>• measured by<br>-identification of gaps in the structural and dynamic liquidity statements.<br>- assessment of incremental borrowings required for meeting the repayment obligation as well as the Company's business plan in line with prevailing market conditions.<br><br>• monitored by<br>- assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs.<br>- a constant calibration of sources of funds in line with emerging market conditions in banking and money markets<br>- 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.<br><br>• managed by the Company's treasury team under 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<br>failing to meet their repayment obligations to the Company | Board appointed RMC and Chief Risk Officer (CRO) | Credit risk is:<br>• measured as the amount at risk due to repayment default 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.<br>• 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.<br>• managed by a robust control framework by the risk and collection department. This is acheived 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) | Operational risk is:<br>• measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud.<br><br>• monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework.<br><br>• managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC. |

**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 | 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 |
| **Total** | **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 |
| Right of use Assets | - | - | - | - | - | - |
| 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** |
| **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 | 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.

**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 insturments 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 recaliberates 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 recaliberation of its ECL model.

Financial instruments other than Loans were subjected to simplified ECL approach under Ind AS 109 'Financial instruments'.

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 | Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers. | | 100% | 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. |
| Loan against property | | | | | |
| Rural mortgage loans | | | | | |
| Lease rental discounting | External ratings or internal evaluation with a management overlay for each customer or customer industry segment. | | | EAD is computed given the time to default based on historic trends across rating profile | |
| Developer loans | | | | | |
| 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 the 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.

The main types of collateral across various products obtained are as follows: -

| Product Group | Nature of securities |
|---|---|
| Home loans | Equitable mortgage of residential properties. |
| Loan against property | Equitable mortgage of residential and commercial properties. |
| Rural mortgage loans | |
| Lease rental discounting | |
| Developer loans | |

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics. 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 unemployement 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, resepctively, 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).

**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)

| ECL coverage of financial instruments under forecast economic conditions | As at 31 March 2021 | As at 31 March 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 emperical 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% |

**(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 | Year ended 31 March 2021 | Year ended 31 March 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).

(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.**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 March 31, 2022 onwards*

**48.2 Disclosures:**

**48.2.1 Capital**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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** |

48.2.3 Investments

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **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 agrement / 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 Securitisiation transactions during the current year and previous year.

**48.2.5.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| 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) |

**48.2.5.3 Details of Assignment transactions undertaken by HFCs**

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 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)**

(₹ in crore)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Number of accounts sold | - | 240 |
| Aggregate outstanding (net of provision) | - | 25.85 |
| Aggregate consideration received | - | 15.18 |

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 7days | 8 to 14 days | 15 days to 30/31 days | Over one month upto 2 months | Over 2 month & upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | | |
| Borrowings from bank | - | - | 65.63 | 286.31 | 653.70 | 937.80 | 1,766.05 | 10,043.68 | 4,611.41 | 1,903.94 | 20,268.52 |
| 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.

48.2.7 Exposure

48.2.7.1 Exposure to Real Estate Sector

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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** |

48.2.7.2 Exposure to Capital Market

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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.

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)**

- **Bajaj Finserv Limited (BHIL holds 39.16%) (Ultimate Holding Company)**
  - Bajaj Allianz General Insurance Company Limited (Ultimate Holding Company holds 74%)
  - Bajaj Allianz Life Insurance Company Limited (Ultimate Holding Company holds 74%)
  - **Bajaj Finance Limited (Parent Company holds 52.74%)**
    - **Bajaj Housing Finance Limited (Parent Company holds 100%)**
    - Bajaj Financial Securities Limited (Parent Company holds 100%)
- Bajaj Auto Limited (BHIL holds 33.43%) (Entities in which KMP and their relatives have significant influence)

*Above shareholding is as of 31 March 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 | As at 31 March 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

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 | As at 31 March 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 |
| **Total** | **198.95** | **80.50** |

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.

**48.4.3.2 Concentration of Loans & Advances**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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)**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Total Exposure to top ten NPA accounts | 13.25 | 7.44 |

48.4.3.5 Sector-wise NPAs

| Sector | 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% |

48.4.4 **Movement of NPAs**

(₹ in crore)

| Particulars | As at 31 March 2021 | As at 31 March 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 Compnay 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 | As at 31 March 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)

**(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 andborrowings)

| 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 liabiities | 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 (₹ in crore)

| Particulars | 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* (₹ in crore)

| 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.

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 businessmodel portfolios**

Refer Note No. 4.4 (i) (b)

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 March 31, 2021 | 1 | 1 |
| (ii) Total amount outstanding as at March 31, 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.

**(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 | 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 | - | - | - | | |
| **Total** | **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

**For S R B C & CO LLP**
Chartered Accountants
Firm Registration No.: 324982E/E300003

**per Vaibhav Kumar Gupta**
**Partner**
Membership No.: 213935

**Pune: 26 April, 2021**

**On behalf of the Board of Directors**

**Sanjiv Bajaj**
**Chairman**

**Rajeev Jain**
**Managing Director**

**Atul Jain**
**Chief Executive Officer**

**Gaurav Kalani**
**Chief Financial Officer**

**R Vijay**
**Company Secretary**

(56) Annexure as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, 17 February, 2021.

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 | - | - |

(₹ in crore)

| Particulars | 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 (please specify) | 508.72 |

(₹ 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 | | |
|---|---|---|---|
| | Secured | Unsecured | Total |
| 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** |

**7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**

(₹ in crore)

| Category | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
|---|---|---|
| 1 Related Parties | | |
| (a) Subsidiaries | - | - |
| (b) Companies in the same group | - | - |
| (c) Other related parties | - | - |
| 2 Other than related parties | 3,266.04 | 3,266.04 |
| | **3,266.04** | **3,266.04** |

**8 Other information**

(₹ in crore)

| Particulars | Amount |
|---|---|
| (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**

Sanjiv Bajaj
Chairman

Rajeev Jain
Managing Director

Atul Jain
Chief Executive Officer

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Pune: 26 April, 2021