BAJAJ FINSERV

36th ANNUAL REPORT 2022-2023

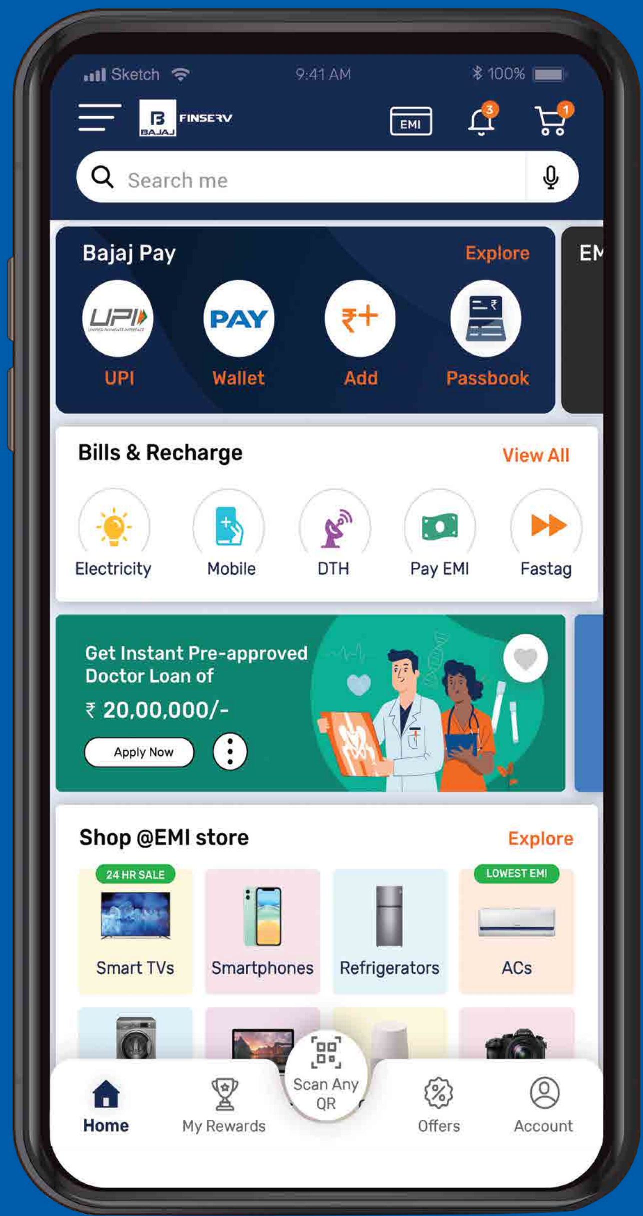
BAJAJ FINANCE LIMITED

CONTENTS

CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS



For more information visit our website:
https://www.bajajfinserv.in/corporate-bajaj-finance

ABOUT BAJAJ FINANCE

Bajaj Finance Ltd. is one of India's leading and most diversified financial services companies.

At the heart of our business lies innovation and financial inclusion. Over the last 16 years, Bajaj Finance has enabled India's growing mass affluent and middle-class population access to all kinds of financial services to realise their dreams. Since inception, the company has leveraged technology to launch 22 product lines and 46 product variants for retail, MSME and commercial consumers, with major product innovations such as EMI card and Flexi.

Customers	Locations	Distribution Points	Employees
69.1 million	3,733	154,650+	43,147

Product Groups

- Consumer Lending
- Personal Loans
- Public and Corporate Deposits
- Rural Lending
- Loan against securities
- SME Lending
- Commercial Lending
- Partnerships and Services

Structure

Bajaj Finserv Ltd.

52.49%
Bajaj Finance Ltd.

100%
Bajaj Housing Finance Ltd.
Mortgage Lending

100%
Bajaj Financial Securities Ltd.
Broking & Depository

41.5%*
Snapwork Technologies Pvt. Ltd.
(Associate)
Software Development and allied products

*On fully diluted basis

OUR BUSINESS CONSTRUCT

Ambition	To be a leading payments and financial services company in India. Dominate with 100 MM consumers, market share of 3% of payments GMV, 3-4% of total credit and 4-5% of retail credit in India.
Strategy	To be an omnipresent financial services company dominant across all consumer platforms - physical, app, web, social, rewards and virtual.
Approach	To acquire & cross-sell across payments, assets, deposits, insurance, investments and broking products to Consumer, MSME, Commercial and Rural consumers across all consumer platforms.
Philosophy	To build businesses with a 10 year view anchored on prudence and risk management to deliver 'through the cycle' 19–21% shareholder returns.
Market share	Every business of the company to be amongst top 5 in their respective product.
Profit share	To be amongst top 20 profit-making companies in India and amongst top 5 profit-making financial services companies in India.

FY2023 WAS AN EXCELLENT YEAR FOR BAJAJ FINANCE

Financial snapshot

₹ 247,379 crore
29% YOY
16-year CAGR 36%
Core AUM

₹ 11,508 crore
64% YOY
16-year CAGR 52%
Profit after Tax

24.97%
as of 31 March 2023
Capital adequacy ratio

29.6 million
20%
New loans booked

₹ 28,846 crore
32%
Net Interest Income

0.94%
Best ever
Gross NPA

Business highlights

New customers

11.6 million
Highest ever customer franchise addition

Tech-driven

35.5 million
Net users on digital app platform

EMI Card franchise

42 million cards in force (CIF)
EMI Card franchise

Credit Rating

AAA/Stable for long-term borrowing from CRISIL, India Ratings, CARE and ICRA,

A1+ for short-term borrowing from CRISIL, India Ratings and ICRA, and

AAA/Stable for fixed deposit program from CRISIL and ICRA.

CHAIRMAN'S LETTER

> Omnichannel strategy will make Bajaj Finance a truly customer-centric digital enterprise.

Sanjiv Bajaj
Chairman

Dear Shareholder,

For two consecutive years, your Company had to struggle almost on a day-to-day basis to overcome the human and business consequences of three waves of COVID-19, plus an economic slowdown that preceded COVID-19 but intensified during the pandemic. It was a very tough act and I remember writing in my last letter to you about 'resilience'. To quote:

"[the] resilience of your Company in dealing with various external shocks in recent years – be it the three successive COVID-19 waves, macroeconomic slowdown that pre-dated COVID or the fundamental changes in the industry that we belong to. Through these shocks, your Company demonstrated tremendous resilience and financial strength and took all necessary actions without hurting any aspect of its business model or its financial position."

This has paid off. We used these two tough years to completely re-alter the DNA of Bajaj Finance and put in place a fully digitised Omnichannel strategy which integrates your Company's entire range of products and services for its customers. It has already started delivering superior business velocity, eliminated unnecessary friction, reduced operational costs and enabled Bajaj Finance to truly become a single-point interface for its customers.

Simply put, the Omnichannel strategy enables customers to move between online and offline and vice-versa in a frictionless manner. It has been a huge structural shift for your Company, which is now reinventing the way it does everything. The Omnichannel strategy has six domains: (i) Geographic expansion, (ii) Bajaj Finserv app, (iii) Bajaj Finserv website, (iv) Payments, (v) Productivity apps, and (vi) Customer data platform (CDP). During this year, your Company has significantly advanced on all of these. Once fully implemented, Omnichannel will make Bajaj Finance a truly customer-centric digital enterprise. I would encourage you to read about this in the chapter on Management Discussion and Analysis.

Thanks to a relentless focus on this initiative coupled with your Company's single-minded concentration on operations and results across-the-board, I am happy to share Bajaj Finance's excellent results for FY2023.

Here are some key consolidated financial numbers:

- Customer franchise: increased by 20% to 69.1 million.
- Number of new loans booked: 29.6 million.
- Number of customers on Bajaj Finserv App: 35.5 million.
- Assets under management: grew by 25% to ₹ 247,379 crore.
- Core AUM (excluding short-term IPO financing receivable): increased by 29% to ₹ 247,379 crore.
- Total income: increased by 31% to ₹ 41,406 crore.
- Net interest income (NII): rose by 32% to ₹ 28,846 crore.
- Pre-impairment operating profit: increased by 31% to ₹ 18,716 crore.
- Impairment on financial instruments: reduced by 34% to ₹ 3,190 crore.
- Profit before tax (PBT): increased by 63% to ₹ 15,528 crore.
- Profit after tax (PAT): increased by 64% to ₹ 11,508 crore.
- Gross NPA at 0.94% and net NPA at 0.34%.
- Capital adequacy ratio as on 31 March 2023: 24.97%, which was well above the RBI norms. Tier-I adequacy was 23.20%.
- Return on average assets (ROA): 5.3%
- Return on average equity (ROE): 23.5%.

Every key business of your Company has done well. On a consolidated basis, assets under management (AUM) of the urban sales finance increased by 22% in the course of FY2023; that of SME lending grew by 35%; of urban B2C finance by 29%; of rural businesses by 25%; of commercial lending by 38%; and of mortgages by 26%.

I am also proud of the performance of Bajaj Housing Finance Limited (BHFL). In FY2023, BHFL's net interest income increased by 52% to ₹ 2,454 crore; pre-impairment operating profit grew by 60% to ₹ 1,824 crore; PBT rose by 77% to ₹ 1,700 crore; and PAT increased by 77% to ₹ 1,258 crore.

Though significantly smaller than Bajaj Finance or BHFL, your Company's other subsidiary, Bajaj Financial Securities Ltd. (BFinsec), generated a total income of ₹ 204 crore and PAT of ₹ 8 crore in FY2023.

I should also share with you that your Board of Directors has further recognised the key role played by your Company's management by elevating two key management personnel, Anup Saha and Rakesh Bhatt, as executive directors on the Board.

CHAIRMAN'S LETTER

Where do we go from here? I expect that the extensive digitisation accompanying your Company's Omnichannel strategy will allow management to not only attract more customers but also rapidly grow various mutually profitable cross-selling opportunities — for BFL's, BHFL's and BFinsec's offerings as well as for general, life and health insurance products. India has a huge and rapidly burgeoning middle class and, for all our growth, we have barely scratched the surface. There is much more growth to be captured. And many more consumer dreams to be realised. The opportunities are endless for the next five years, if not a decade.

We must therefore rapidly create a fully-fledged digital organisation; use the powers and speed of digitisation to grow each one of our businesses; and demonstrate to an increasing mass of consumers how a fully digitised financial services company can help them seamlessly secure innovative goods and services at affordable costs.

I'm sure that with your good wishes and blessings the management team of your Company will scale hitherto unknown heights. As it must.

Thank you for your support,

Yours sincerely,

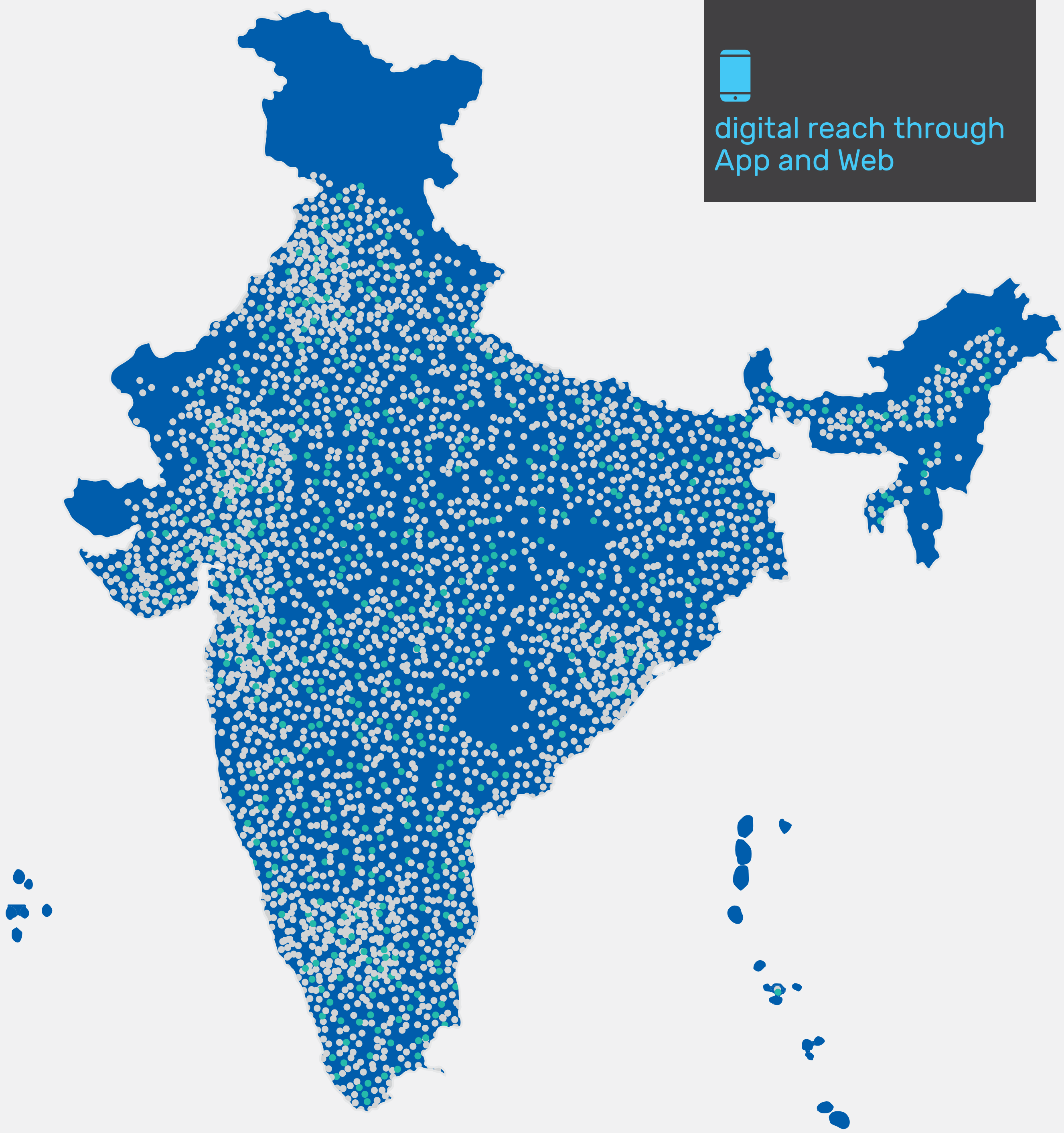
Sanjiv Bajaj
Chairman

OUR FOOTPRINT

3,733
locations

154,650+
distribution points

digital reach through App and Web



Note: Map not to scale. For illustrative purposes only

OUR LEADERSHIP

ATUL JAIN
Managing Director, Bajaj Housing Finance Limited

ANUP SAHA
Executive Director

SANDEEP JAIN
Chief Financial Officer

RAJEEV JAIN
Managing Director

MANISH JAIN
CEO, Bajaj Financial Securities Limited

RAKESH BHATT
Executive Director

SANJIV BAJAJ
Chairman

CORPORATE INFORMATION

Board of Directors

Sanjiv Bajaj
Chairman

D J Balaji Rao

Dr. Naushad Forbes

Anami N Roy

Pramit Jhaveri

Radhika Haribhakti

Dr. Arindam Bhattacharya
(from 1 April 2023)

Rajiv Bajaj

Rajeev Jain
Managing Director

Anup Saha
Executive Director
(from 1 April 2023)

Rakesh Bhatt
Executive Director
(from 1 April 2023)

Audit Committee

Anami N Roy
Chairman

Dr. Naushad Forbes

Pramit Jhaveri

Dr. Arindam Bhattacharya
(from 1 April 2023)

Sanjiv Bajaj
(up to 31 March 2023)

Stakeholders Relationship Committee

D J Balaji Rao
Chairman

Radhika Haribhakti

Sanjiv Bajaj

Nomination and Remuneration Committee

Radhika Haribhakti
Chairperson

Anami N Roy

Sanjiv Bajaj

Corporate Social Responsibility Committee

Dr. Naushad Forbes
Chairman

Sanjiv Bajaj

Rajeev Jain

Risk Management Committee

Directors

Pramit Jhaveri
Chairman

Anami N Roy

Sanjiv Bajaj

Rajeev Jain

Senior Executives

Sandeep Jain

Fakhari Sarjan

Deepak Bagati

IT Strategy Committee

Directors

Dr. Naushad Forbes
Chairman

Sanjiv Bajaj

Rajeev Jain

Rakesh Bhatt

Senior Executives

Rajendra Bisht

Anurag Chottani

Customer Service Committee

Pramit Jhaveri
Chairman

Dr. Naushad Forbes

Sanjiv Bajaj

Rajeev Jain

Chief Financial Officer

Sandeep Jain

Company Secretary

R Vijay

Joint Statutory Auditors

Deloitte Haskins & Sells

G.M. Kapadia & Co

Secretarial Auditor

Shyamprasad D Limaye

Bankers

Central Bank of India

State Bank of India

IDBI Bank

Canara Bank

Bank of India

HDFC Bank

Punjab National Bank

Share Transfer Agent

KFin Technologies Ltd.
Unit: Bajaj Finance Ltd.
Selenium Building, Tower-B,
Plot No 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi
Telangana-500 032
Toll free no.: 1800 309 4001
Email ID: einward.ris@kfintech.com

Debenture Trustee

Catalyst Trusteeship Ltd.
GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road, Pune–411 038
Tel No.: (020) 66807200
Email ID: dt@ctltrustee.com

Registered Office

Akurdi, Pune–411 035

Corporate Office

4th Floor, Bajaj Finserv Corporate
Office, Off Pune–Ahmednagar Road,
Viman Nagar, Pune–411 014

CIN: L65910MH1987PLC042961

MANAGEMENT DISCUSSION AND ANALYSIS

Bajaj Finance Ltd. ('BFL', 'Bajaj Finance', or 'the Company'), is a subsidiary of Bajaj Finserv Ltd. It is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI) and is classified as a NBFC-Investment and Credit Company (NBFC-ICC). BFL is engaged in the business of lending and acceptance of deposits. The Company has a diversified lending portfolio across retail, SMEs (small and medium sized enterprises), and commercial customers with significant presence in both urban and rural India. It accepts public and corporate deposits and offers a variety of financial services products to its customers.

Bajaj Finance was originally incorporated as Bajaj Auto Finance Ltd. on 25 March 1987 as a Non-Banking Financial Company primarily focused on providing two and three-wheeler finance. After more than a decade in the auto finance market, it launched an initial public offering of equity share and was listed on the Bombay Stock Exchange and National Stock Exchange of India. Subsequently, the Company ventured into consumer lending, SME lending, commercial lending, rural lending and deposits.

BFL has two wholly owned subsidiaries: (i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing') which is registered with the National Housing Bank as a Housing Finance Company (HFC); and (ii) Bajaj Financial Securities Ltd. ('BFinsec'), which is registered with the Securities and Exchange Board of India (SEBI) as a Stock Broker and Depository Participant.

During the year, the Company acquired 41.5% stake on a fully diluted basis in Snapwork Technologies Private Ltd., which is, therefore, classified as an associate company of BFL.

BFL and one of its subsidiaries viz. BHFL have been identified and categorised in the list of Upper layer NBFCs by the RBI among the list of 16 NBFCs (including housing finance companies) on 30 September 2022.

Now a 36-year old enterprise, Bajaj Finance has emerged as a leading player in the country's NBFC sector. On a consolidated basis, it has a franchise of 69.1 million customers; it's assets under management (AUM) stands at ₹ 247,379 crore; it earned a net interest income of ₹ 28,846 crore; profit after tax of ₹ 11,508 crore; and enjoys capital adequacy approximately 25%, which is well above the RBI norms.

Macroeconomic Overview

Financial year 2023 began on a mixed note. On the positive side, after wreaking havoc for almost two years, the impact of the COVID-19 pandemic on lives and livelihoods started receding. This was aided by a mass immunisation programme and the advent of a less virulent variant called omicron. However, the flip side was the impact of inflationary trends, supply chain disruptions emanating from China, and the start of the Russia-Ukraine conflict impacting commodity prices.

In FY2023, the Indian economy faced multiple challenges. The country's retail inflation indicator, consumer price inflation (CPI) inched above the RBI's tolerance range in January 2022. It remained above the target range for almost twelve months before retracting within the upper tolerance of 6% in November 2022. Rising international crude prices coupled with domestic weather conditions like excessive heat and unseasonal rains kept food prices high, fuelling retail inflation. The Government cut excise and customs duties and restricted exports to cool off inflation. The RBI, like other central banks, raised the monetary policy rates and reduced excess systemic liquidity. Major areas of concern for the economy were elevated commodity prices leading to a depreciation of the Indian rupee, higher retail inflation (both core and food inflation) leading to the RBI raising interest rates and rationalising systemic liquidity, and a rising current account deficit (CAD).

However, despite these critical challenges, India emerged as the fastest growing major economy in the world. The second advance estimate of national income released by the central statistics office (CSO) on 28 February 2023 expects real GDP growth in FY2023 to be 7.0%.

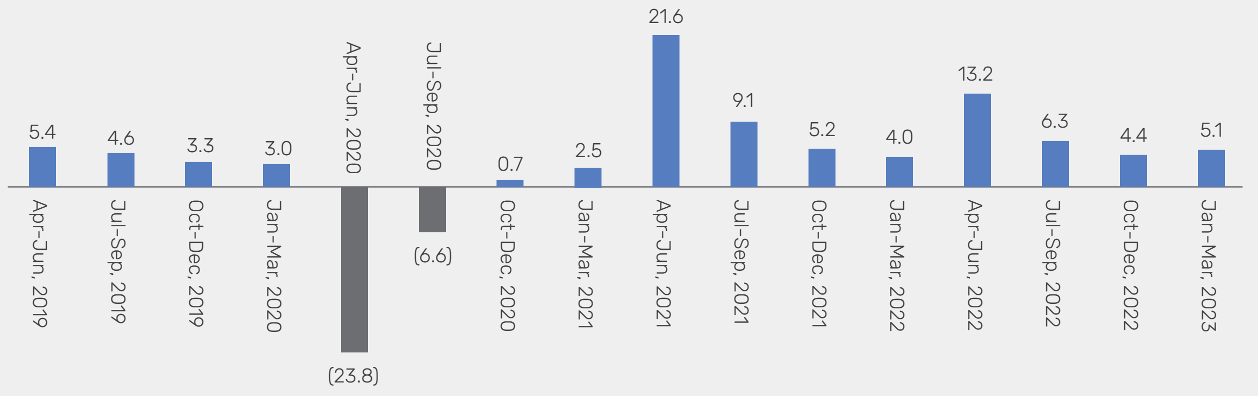
Table 1: Real GDP and GVA and growth, India

	FY2020 (2nd RE)	FY2021 (2nd RE)	FY2022 (1st RE)	FY2023 (2nd AE)
Real GDP (₹ in trillion)	145.2	136.9	149.3	159.7
Real GVA (₹ in trillion)	132.2	126.8	138.0	147.1
Real GDP growth	3.7%	(5.7%)	9.1%	7.0%
Real GVA growth	3.8%	(4.1%)	8.8%	6.6%

Source: Government of India, Central Statistics Office (CSO). AE denotes Advance estimate, and RE denotes revised estimate.

Chart A depicts India's real GDP growth over the same period by quarters for the last four financial years.

Chart A: India's real GDP growth rate (in %)



The quarterly trend of GDP growth in FY2023 pegs the year-on-year growth of 5.1% in Q4 FY2023, 4.4% in Q3 FY2023, 6.3% in Q2 FY2023 and 13.2% in Q1 FY2023. Private consumption showed some signs of slowdown. A weaker trend in government final consumption expenditure is understandable as the spend on welfare schemes has moderated in comparison to what was spend during the pandemic. Government led capital expenditure has continued to be an important driver of the economy with gross fixed capital formation (GFCF) expected to contribute to 34.0% of the GDP in FY2023 versus 32.7% of the GDP in FY2022.

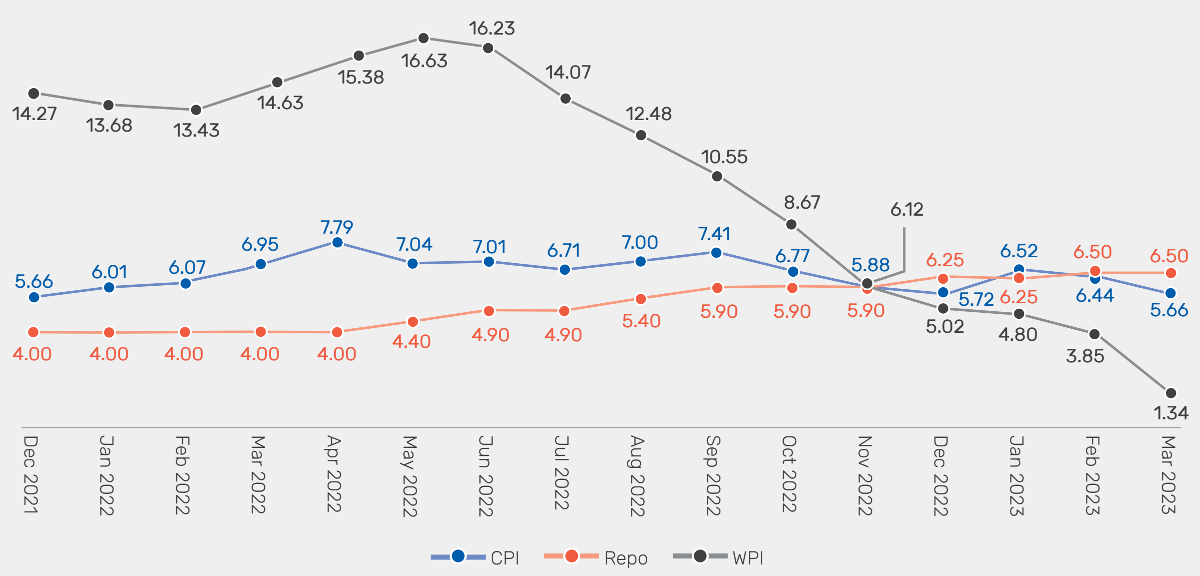
The current account deficit (CAD) widened in FY2023 on account of (i) rising commodity prices, (ii) appreciation of the US dollar and (iii) a slowdown in economic growth and world trade owing to aggressive and synchronised monetary policy tightening across the world. For the first three quarters of FY2023, the CAD stood at 2.7% of GDP.

Consumer price inflation (CPI) remained at elevated levels during the year. Though it dropped from 7.79% in April 2022 to 5.72% in December 2022, it again rose to 6.52% in January 2023 before dropping to 5.66% in March 2023. In May 2022, the RBI increased the policy repo rate by 40 basis points (bps); and thereafter continued to increase policy repo rates by 50 bps in June 2022, August 2022 and September 2022. This was followed by smaller increases of 35 bps in December 2022 and 25 bps in February 2023. The cumulative increase in FY2023 was 250 bps. This was preceded by the introduction of the Standing Deposit Facility (SDF) at a rate 40 bps higher than the fixed rate reverse repo. Thus, the effective rate hike during the year has been 290 bps.

At its Monetary Policy Committee (MPC) meeting held in April 2023, the RBI unanimously decided to keep the policy rates unchanged with an emphatic statement that the pause was only for this meeting and the MPC would not hesitate to take further action as may be required in future. The MPC also decided to remain focused on withdrawal of accommodation which was favoured by five out of six members.

Chart B below depicts the movement of consumer price index (CPI), wholesale price index (WPI) and the repo rate since Dec 2021 over the respective month.

Chart B: CPI, WPI and Repo rate (in %)



Non-food credit growth of the scheduled commercial banks was 15.9% as on 24 February 2023 over 25 February 2022 against 9.2% for the same period in the previous year. This credit growth was largely driven by services industry and personal loans which recorded a growth of 20.7% and 20.4% respectively as on 24 February 2023 versus 6.2% and 12.5% for the same period in the previous year.

Credit to industry registered a growth of 7.0% in February 2023 over the previous year against 6.7% in February 2022. Credit to large industry rose by 5% versus 0.9% a year ago; to medium industries it was 13.5% as against 53.8%; to micro and small industries it was a growth of 13.2% in February 2023 as against 24.0% a year ago. The previous year had seen substantial support to micro and small industries which had been impacted by the pandemic.

Fortnightly data released by the RBI on 05 April 2023 reflected non-food credit growth of the scheduled commercial banks remained strong at 15.4% as on 24 March 2023.

The Government of India announced a growth oriented and expansionary budget for the FY2024. It has tried to strike balance between fiscal consolidation and growth by continuing its focus on capital expenditure and creating fiscal space for that by curtailing revenue expenditure. It has set a target of reducing the central government's fiscal deficit to 5.9% of the GDP in FY2024 from 6.4% (revised estimate or RE) in FY2023, while using the infrastructure capex tool to support the economy. The Government has budgeted for ₹ 10 trillion towards capital expenditure for FY2024, an increase of 33% year-on-year.

On balance, we believe that the Indian economy has weathered the external shocks reasonably well. The proof of it is that the country has emerged as the fastest growing major economy in the world.

The calendar year 2023 began on a promising note with improved supply conditions, resilient economic activity, and some degree of stability in financial markets. In just a few weeks of March 2023 the sentiment changed as fresh headwinds emerged from the banking sector turmoil in some advanced economies. Bank failures in the USA and Switzerland with their contagion risks came to the forefront. However, the banking and non-banking financial services sector in India remained healthy and evolved in an orderly manner.

The general expectation is that India's GDP for FY2024 would record a growth in excess of 6%. Of course, much depends on a normal rainfall in the coming year. The risk of monsoon falling below normal levels (after four consecutive years of normal rainfall) remains a wildcard and could hit agricultural production and impact food prices.

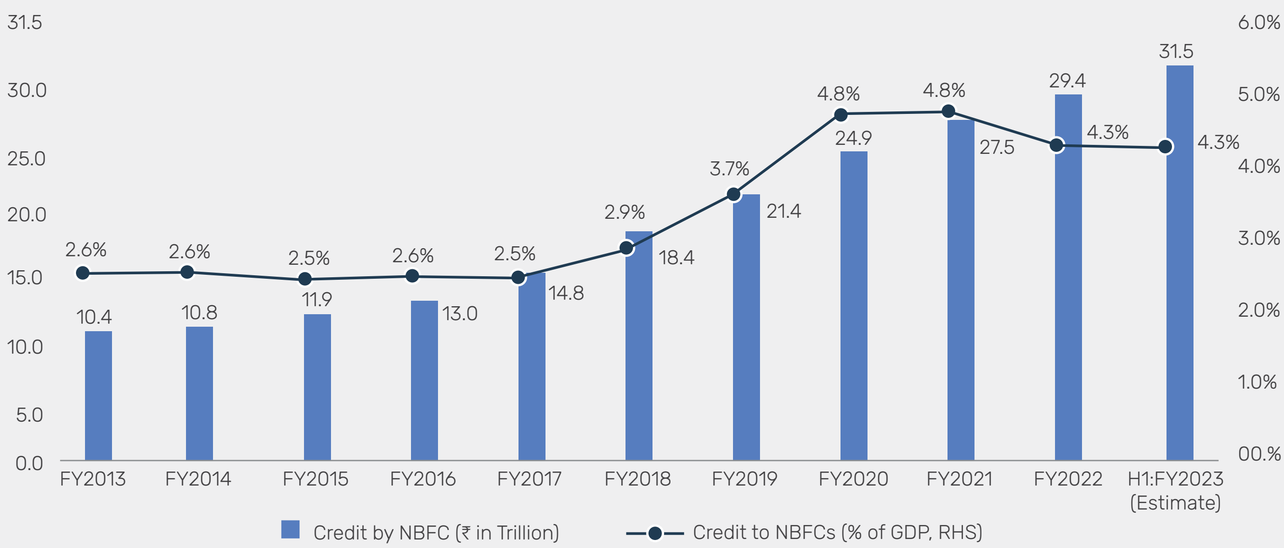
Industry Overview

NBFCs have become important constituents of India's financial sector and have been recording higher credit growth than scheduled commercial banks (SCBs) over the past few years. NBFCs continue to leverage their superior understanding of regional dynamics and customised products and services to expedite financial inclusion in India. Lower transaction costs, innovative products, quick decision making, customer orientation and prompt service standards have typically differentiated NBFCs from banks. Considering the reach and expanse of NBFCs, these are well-suited to bridge the financing gap in a large country like India. Systemically important NBFCs have demonstrated agility, innovation and frugality to provide formal financial services to millions of Indians.

The growing importance of NBFCs is reflected in the consistent rise of their credit as a proportion to GDP as well as in relation to credit extended by SCBs to the NBFC sector.

Chart C depicts the growth of NBFCs and credit to NBFCs (% of GDP) over the last decade.

Chart C: Credit by NBFCs (₹ in Trillion) and Credit to NBFCs by SCBs as a % of GDP



This is an enviable track record despite the business models of the NBFCs being severely tested by four large external events in the last few years, namely, (i) demonetisation, (ii) GST implementation, (iii) failure of few large NBFCs, and (iv) the pandemic. The fact that many NBFCs have managed to overcome these stresses without significant impact on financial position is a testimony to their resilience and agility.

In recent years as the impact of the second COVID-19 wave waned and the third wave turned out to be short-lived, the NBFC sector regained momentum, cushioned by proactive policy measures announced by the RBI and the Government. The economic survey has observed that credit extended by NBFCs is picking up momentum, with the aggregate outstanding amount at ₹ 31.5 trillion as on September 2022. NBFCs continued to deploy the largest quantum of credit to the industrial sector, followed by retail, services, and agriculture. Loans to the services sector (share in outstanding credit being 14.7%) and personal loans (share of 29.5%) registered a double digit growth.

Given the increasing importance of NBFCs, the RBI, in the last few years, has increased its regulatory oversight over the sector. Multiple guidelines such as (i) vigil over asset-liability management practices, (ii) maintaining liquidity ratios, (iii) increased reporting requirements, and (iv) scale-based regulation, have led to NBFCs adopting practices in line with banks. The regulatory vigil is based on four key cornerstones of: (i) responsible financial innovation, (ii) accountable conduct, (iii) responsible governance, and (iv) centrality of the customer.

The recently adopted changes to the finance bill withdrawing exemptions on long term capital gains to investors in debt mutual funds is estimated to have minimal impact on the NBFC sector given limited exposure of mutual funds in long term papers of NBFCs.

We reiterate what we underscored in the previous year. We believe that NBFCs with superior capital adequacy, better margins, frugal cost management, prudent risk management and those incorporating above four key cornerstones in their business models will continue to deliver sustainable growth in the foreseeable future.

The Company

BFL is among the largest and most diversified NBFCs in India offering payments and lending solution to customers. It has established a diversified business model which enables optimal balance of risk and profitability to deliver a sustainable business. The model is focused on acquisition of millions of customers and offering multiple loans and services on a cross-sell basis to meet their financial service needs. BFL's strategies and structure are closely aligned to commercial banks in India. The Company is focused on continuous innovation to transform customer experience and create sustainable and profitable growth opportunities. On 30 September 2022, the RBI, as part of scale-based regulation, identified and categorised BFL and BHFL as an upper layer NBFC among its list of 16 NBFCs (including housing finance companies).

BFL is present in 3,733 locations across the country, including 2,341 locations in rural/smaller towns and villages. Geographical expansion, large customer franchise and adoption of digital technology continue to be critical pillars of the Company's growth. It focuses on eight broad categories: (i) Consumer Lending (Sales finance), (ii) Personal Loans (iii) SME Lending, (iv) Commercial Lending, (v) Loan against Securities, (vi) Rural Lending, (vii) Deposits, and (viii) Partnerships and Services.

On a consolidated basis, BFL recorded core AUM (AUM excluding short-term IPO financing receivable) growth of 29% and growth in profit after tax of 64% in FY2023 as against core AUM and profit after tax growth of 26% and 59%, respectively, in FY2022. With its strong AUM and profit growth in FY2023, BFL has further increased its share in the financial services sector in India.

The Company delivered its highest ever return on average assets (ROA) of 5.3% in FY2023 and delivered return on average equity (ROE) of 23.5% on a consolidated basis.

BFL remains well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 24.97% as on 31 March 2023, making it among the best capitalised large NBFCs in India.

On the liability side, Bajaj Finance continues to maintain conservative liquidity buffers. The consolidated liquidity buffer was ₹ 11,852 crore as on 31 March 2023. While maintaining higher liquidity buffers, the Company's prudent ALM practices enabled it to contain increase in its cost of borrowings by 23 bps over FY2022, while the policy rates increased by 250 bps over FY2022. As on 31 March 2023, BFL's consolidated borrowings stood at ₹ 216,690 crore. BFL's consolidated average cost of fund for FY2023 was 7.04% and exit cost of fund as on 31 March 2023 was 7.49%.

As on 31 March 2023, BFL's consolidated gross NPA at 0.94% and net NPA at 0.34% are among the lowest in the industry. This validates the Company's deeply embedded risk culture and robust risk management practices which have ensured that despite the volatile economic environment amidst inflationary trends and rising interest rates, BFL's NPA as on 31 March 2023 stood at the best levels in its history. As on 31 March 2023, on a consolidated level, it holds a management and macro-economic overlay for unforeseen macroeconomic events amounting to ₹ 960 crore.

The consolidated performance highlights for FY2023 are given below.

Consolidated Performance Highlights, FY2023

- Customer franchise grew by 20% to 69.1 million
- Number of new loans booked was 29.6 million
- Number of customers on Bajaj Finserv App was 35.5 million
- Assets under management (AUM) increased by 25% to ₹ 247,379 crore
- Core AUM (net of short-term IPO financing receivable) increased by 29% to ₹ 247,379 crore
- Total income increased by 31% to ₹ 41,406 crore
- Net interest income (NII) increased by 32% to ₹ 28,846 crore
- Total operating expenses (Opex)grew by 34% to ₹ 10,130 crore
- Operating expenses (Opex) to NII stood at 35.1%
- Pre-impairment operating profit increased by 31% to ₹ 18,716 crore
- Impairment on financial instruments decreased by 34% to ₹ 3,190 crore
- Profit before tax (PBT) increased by 63% to ₹ 15,528 crore
- Profit after tax (PAT) increased by 64% to ₹ 11,508 crore
- Capital adequacy ratio as on 31 March 2023 was 24.97%, Tier-I adequacy was 23.20%, which is well above the RBI norms.

With its strong financial position, lowest ever gross NPA, growth momentum, well provisioned balance sheet, omnichannel business strategy and strong entry momentum into FY2024, the Company is confident about its growth prospects in the coming years.

Long Range Strategy (LRS)

BFL has highly disciplined approach to long range strategic planning, a rolling five-year LRS. The strategy is evolved after analysing macroeconomic factors, industry outlook, as well as technology and business megatrends. The strategic plan is then converted to an execution strategy with a rollout plan over a 15–24 month horizon.

BFL has clearly articulated its business construct across (i) ambition, (ii) strategy, (iii) approach, (iv) philosophy, (v) market share and (vi) profit share. These are defined below:

Ambition

To be a leading payments and financial services company in India with a customer franchise of 100 million, market share of 3% in payments ecosystem, and market share of 3-4% of total credit in India and 4-5% of retail credit in India.

Strategy

To become an omnipresent financial services company spanning all consumer platforms — physical, app, web, social, rewards and virtual.

Approach

To acquire customers and cross-sell payments, assets, deposits, insurance, investments and broking products to meet their financial needs on all consumer platforms.

Philosophy

To build businesses with a long-term view anchored on prudence and risk management to deliver 'through the cycle' 19%–21% shareholder returns.

Market share

To deliver sustainable growth and endeavour to be among the top five in respective product and sector.

Profit share

To focus on profitable growth and endeavour to be among the top 20 profit-making companies in India and top five in financial services companies in India.

The Company unveiled its latest long range strategy for the period FY2023 to FY2027 in January 2023. This envisages launch of new products and new product variants, product innovations, geographical expansion, and continued enhancement of its operational capabilities to deliver robust growth. Some of these initiatives and their probable execution timelines are enumerated here:

- Financing for purchase of new cars (Auto Loans) – Q2 FY2024
- Emerging corporate loans business – Q3 FY2024
- Micro Finance – Q4 FY2024
- B2B on QR and EDC – Q4 FY2024
- Flexi on QR - Q4 FY2024
- Rewards platform - Q4 FY2024
- Financing for purchase of tractor – Q1 FY2025
- Social platform - Q2 FY2025
- 100 additional locations in UP, Bihar and North-East India in FY2024 and 100 more locations in FY2025

The Company has also identified 15 relevant megatrends across the India Stack, Platform, Products and Technology which are being evaluated for implementation.

Omnichannel strategy

BFL is one of the largest and most diversified NBFCs in India, with 69.1 million customers. It offers a diverse suite of over 50 financial products and services focused on Consumer Lending (Sales finance), Personal Loans SME Lending, Commercial Lending, Loan against Securities, Rural Lending, Deposits, and Partnerships and Services. The Company has expanded its physical presence to more than 3,700 locations and over 1.5 lakh point of sales. It has also rapidly expanded its presence across the digital space through Bajaj Finserv App platform, the web platform and three proprietary marketplaces – the 'Insurance Marketplace', the 'Investment Marketplace' and the 'EMI Store'. BFL has an AUM of ₹ 247,379 crore as on 31 March 2023.

The Company's strategy is to be an 'omnipresent' financial services company dominant across all vectors of consumer presence covering physical, app, web, social and virtual. This led to the Omnichannel strategy, which was articulated in 2019 as part of BFL's long-range strategy to create a new phase of sustainable growth. Pandemic accelerated this process and galvanised the Company to make the Omnichannel strategy the new way of doing business. Simply put, it enables customers to move between online and offline and vice-versa in a frictionless manner.

The Omnichannel model starts with customers and ends with products/processes as against the traditional approach which starts from products/processes and ends with customers. It has been a huge structural shift for the Company, which is reinventing the way it does everything. Once fully implemented, it will make BFL a customer-centric digital enterprise.

BFL has made significant progress in optimising its processes to make them lot more digital ready. It has onboarded employees with relevant skills and trained existing employees to accelerate its Omnichannel strategy. BFL has made also significant structural changes to its technology stack to this effect.

The Omnichannel strategy has six domains viz. (i) Geographic expansion, (ii) Bajaj Finserv app, (iii) Bajaj Finserv website , (iv) Payments, (v) Productivity apps, and (vi) Customer data platform (CDP). During this year, the Company has significantly advanced on all these domains.

- **Geographic expansion.** BFL expanded its geographic presence by adding 229 locations primarily across UP, Bihar and North-East India in FY2023 taking its presence to 3,733 locations. The Company has a well-defined geographical expansion program and considers GDP contribution as an important parameter for selection of new locations.
- **Bajaj Finserv app**, a critical component of BFL's journey to become a digital organisation, went live in a phased manner. Phase 1 went live in FY2022. In FY2023, Phase 2 of the app went live. Over 35 million customers have now installed the app. The Company rigorously monitors over 1,850 KPIs (Key Performance Indicators) across the app. Phase 2 of the app enabled:
    - » Improved customer experience: Six Category Landing Page (CLP) and seven new Product Display Pages (PDP) have gone live. Eventually, there will be 16 CLP and 24 PDP sections covering all products and services of the Company.
    - » Payments: POS terminals, QR based Peer-to-Merchant transactions, wallet-UPI interoperability, pay to contacts functionality, two-factor authentication for wallet, migration of UPI to improved infrastructure, UDIR (Unified Dispute and Issue Resolution) for wallet and UPI, LIC and credit card bill payment and EMI card purchase went live.
    - » Fixed deposits: new journeys introduced for minors, proprietors, HUFs.
    - » Account aggregator capability: went live for the SME business.
    - » Introduction of calculators: for two-wheeler finance, credit card, doctor loan and business loans.
    - » Introduction of new end-to-end journey for various products: home loan, LAP (loan against property), LAS (loan against securities), business loan, professional loan, and used car loan.

Enhancement of service engagement features: for loan repayments, loan cancellations, fixed deposits, and calculators for shares and mutual funds increasing convenience for the customers. Phase 3 of the app will also go live by the end of the next year. The release will ensure business, service and platform optimisation and help improve customer experience, drive business and ensure compliance and customer security.

Phase 3 of the app will go live across 3 sprints. Planning for Sprint 1 is complete and release of 5 new business journeys, 64 enhancements across B2B, B2C, cards, LAS and home loan business, and more than 10 service optimisations for EMI cards, loan payment, including mobile number change journey would be released. The sprint will have more than 100 new developments and help improve customer experience, drive business, and ensure compliance and customer security.

Experience AOP planned in July 2023 will help organisation to review and improve experience across all BFL digital assets, further enabling the plan for Sprint 2 and 3 of phase 3.

The app now hosts more than 100 partners. In FY2023, it helped BFL acquire over 368,000 EMI card customers, disburse over ₹ 9,000 crore of personal loans, acquire over 209,000 credit cards, and enable over 4.9 million flexi-loan transactions. Currently the app features amongst top five financial services apps in Asia on the Google PlayStore.

- **Bajaj Finserv website** remains an extremely important driver of customer traffic, business volumes and service. In FY2023, BFL undertook a massive transformation of its web platform as part of its 'Web = App' strategy. It completely transformed the web experience by revamping the entire user interface and user experience of the web platform, which will ensure a consistent experience for customer across both the app and the web. Customers are now able to initiate journey on any one platform and complete the same on another without any disruptions. Further, BFL has also invested in expanding its search ecosystem thereby laying a strong foundation for accommodating one billion web traffic over the medium term. BFL's web platform played an important role with over 219 million customer visits and enabled loan disbursals of over ₹ 5,000 crore in FY2023.

- **Payments** is core to delivering the Omnichannel strategy. It is a tool for customers and merchants; and enables higher engagement and retention of customers on BFL's new digital platforms. The Company has built a full-service payments business across all formats of issuance and acquiring with robust payments stack encompassing wallets, UPI, Bharat Bill pay service and single payment check out gateway.

  As on 31 March 2023, (i) 16.66 million customers have a wallet account with the Company, and (ii) 12.98 million customers have a UPI handle. During FY2023, 15.92 million bill payment transactions were executed by the customers using BFL's bill pay service.

  BFL continues to enrich payments journey for customers as well as merchants and has been driving UPI payments. It has accelerated QR deployment at small and medium format merchants by mobilising its distribution channels. Bajaj Pay QR enables merchants to accept payments by way of UPI, PPI (Bajaj Pay Wallet) & Bajaj EMI (where eligible). The Company has deployed over 627,000 merchant QRs in FY2023. BFL has also created merchant solutions and capabilities that enable merchant onboarding and single view for payments, business, marketing campaigns and rewards. In FY2024, BFL plans to deploy Electronic Data Capture (EDC) terminals and personalised checkout experience.

- **Productivity apps** helps improve productivity, engagement, collaboration within the BFL ecosystem. The Company has four productivity apps across its ecosystem (i) Sales One app, (ii) Debt Management Service One app, (iii) Merchant One app, and (iv) Partner One App. These help BFL leverage underlying platforms and bring a unified experience for all constituents from sales to debt management.

  » **Sales One app** was further strengthened this year with additional features like sales calculator, merchant onboarding and interactive reports. The app currently monitors daily planner, daily check ins, interactive reports, dashboards, lead management, services, and engagement across all lines of business. The app has witnessed 100% adoption among sales teams and is also used as an engagement tool by businesses.

  » **DMS One app** enables the Company's debt management teams with host of capabilities and features like mobile receipting, agency allocation, meeting calendars, call management and recording, repossession module, settlement workflow and letters, performance reports and others. DMS One App also enables imparting debt management and customer service related trainings and dissemination of important communication with the DMS employees and agencies resources. The app has approximately 45,000 agents live and it processed 18 million receipts in FY2023. Apart from delivering high velocity and operating benefits, DMS One App significantly strengthens BFL's compliance and controllership.

  » **Merchant One app** enables merchants with capabilities such as self-onboarding, QR issuance and business dashboards. The app went live with onboarding journey, lifecycle management of merchants and multi-QR linking. Over 627,000 merchants were onboarded through the app.

» **Partner One app** will enable sales agents with capabilities such as lead management, case booking, transaction tracking, customer assist, partner growth, query resolutions, training, and knowledge centre. The app will go live in FY2024 with 14 modules and 31 journeys.

- **Customer data platform (CDP)**, a key to the omnichannel experience, was implemented in Q2 FY2022. It enables multi-channel orchestration, customer communication, call governance with an integrated multi-dialler, multi-lingual architecture. BFL now has eight regional call centres to deliver multi-lingual sales and service support to its customers.

Table 2: Some of the key outcomes of omnipresent strategy are given below.

Particulars		Unit	FY2023	FY2022
(i)	**Geography**			
	New locations added	#	229	516
	Locations as at 31 March	#	3,733	3,504
	Gold loan branches as at 31 March	#	181	132
(ii)	**App metrics**			
	Downloads	# in MM	51.9	22.7
	Net Installs as at 31 March	# in MM	35.5	19.1
	In-App programs as at 31 March	#	104	44
	Ranking in financial domain in Playstore	#	5	11
	Service requests initiated on app	% of total SR	22%	10%
(iii)	**App payments metrics**			
	UPI handles till 31 March	# in MM	13.0	2.1
	Bill pay transactions	# in MM	15.9	2.3
	QRs at merchant PoS as at 31 March	# in '000	627	0.29
	Rewards issued	# in MM	44.7	1.3
(iv)	**App business metrics**			
	EMI cards acquired on App	# in '000	368	-
	Personal loan disbursed on App	₹ in crore	9.4k	6.6k
	Credit card acquisition on App	# in '000	209	183
	Flexi loan transactions on App	# in MM	4.9	3.4
	DMS receipts on App	# in MM	3.3	0.5
(v)	**Marketplace metrics**			
	Bajaj Mall visits	# in MM	156.7	129.5
	Bajaj Mall loans	# in MM	2.4	1.2
	Insurance Bazaar - insurance policies	# in '000	294.3	-
	Investments Bazaar - mutual fund A/C	# in '000	73.9	-
(vi)	**Digital EMI card metrics**			
	EMI cards acquired digitally	# in MM	2.4	1.8
	EMI cards acquired digitally – CIF as at 31 March	# in MM	3.6	1.8
	B2B loans from digital EMI cards as at 31 March	# in MM	1.07	0.5

The Company plans to expand its footprint in some 300 to 350 locations to further deepen its presence across India to take geographical presence in 4,000 to 4,100 locations. On the app platform, the Company will focus on increasing the adoption for sales and service to increase online business and enhance self-service.

Business Update

In FY2023:

- BFL disbursed 29.6 million loans — its highest ever, representing a growth of 20% over FY2022.
- It is present in 3,733 locations across the country, including 2,341 locations in rural/smaller towns and villages.
- It operates through over 154,650 distribution points across India.
- The Company acquired a record 11.6 million new customers in FY2023 takings its existing customer franchise to 69.1 million as on 31 March 2023, a growth of 20% over 31 March 2022.

In FY2023, as part of its product strategy, the Company continued to expand its product offering for customers. Some of these new launches were:

(i) April 2022: BFL started issuing co-branded credit cards in association with DBS Bank India Ltd. (DBS Bank).

(ii) June 2022: Started financing two-wheelers across all manufacturers in addition to Bajaj Auto Ltd. two-wheelers.

(iii) January 2023: BFL restarted loan against property (LAP) for its MSME clients.

(iv) February 2023: BFL added Bajaj+ as a product variant to expand its customer reach in mobile financing business.

Consumer Lending: consumer electronics, furniture, digital products, e-commerce purchases and daily spends financing

The Company continues to be the largest lender for financing of discretionary spends across consumer electronics, furniture, and digital products in India. Sales finance business consists of financing for consumer electronics, two-wheelers, digital products, lifestyle purchases, lifecare spends, retail spends and ecommerce purchases. This business is conducted under two verticals, viz. urban sales and rural sales.

Table 3: The volumes under the two verticals are tabulated below

(In million)

Particulars	FY2023	FY2022	Growth
Urban sales finance	20.0	16.8	19%
Rural sales finance	6.1	5.0	22%
Total sales finance	**26.1**	**21.8**	**20%**

BFL's Existing Member Identification (EMI) card, with some 42.0 million cards-in-force, enables customers to avail instant finance after the first purchase across over 139,350 points of sale. In FY2023, EMI cards enabled BFL to finance over 1 million purchases across all sales finance categories: consumer electronics, digital products, lifestyle products, lifecare, e-commerce and other retail spends.

Bajaj Finance remained the largest financier of Bajaj Auto two and three-wheelers in FY2023. During the year, it financed over 713,400 two-wheelers of Bajaj Auto which grew by 12% over previous year; and over 128,100 three-wheelers of Bajaj Auto which increased by 78% over the previous year. This constituted 40% and 44% of Bajaj Auto's two and three-wheelers domestic sales respectively.

BFL commenced financing of all two-wheelers from June 2022, largely in two states covering approximately 350 locations and 2,300 dealers. Our best-in-class point of sales lending solutions offering instant, frictionless, and paperless experience helped us establish our presence in non-Bajaj Auto dealerships and finance over 57,500 two-wheelers in FY2023. BFL intended to expand this offering to 20 large cities and 227 small cities in India by end of FY2024. The Company will enrol about 2,500 additional dealers during FY2024.

BFL's Lifestyle Finance business deals with discretionary spends with high ticket size products and services. In FY2023, it financed over 637,000 accounts, which represents a YoY growth of 38% over FY2022. The business served over 6,000 stores through BFL sales app & QR code as part of the digital adoption.

The Company finances its existing EMI card customers for their purchases through e-commerce platforms. It financed over 2.82 million transactions in FY2023, representing a growth of 11% versus the previous year. BFL increased its online dealer presence by onboarding around 55 online partners during the year, taking the overall franchise to about 240 active partners.

The retail spends financing business offers easy instalment options to customers for small ticket purchases like fashion, eyewear, cycles, tyres, car accessories, vehicle servicing, power back-up and small appliances. The Company now focuses on higher ticket spends which are economically more viable. This business is now operational in 126 locations with a footprint of over 35,500 partner stores across India. BFL financed nearly 832,000 purchases in FY2023 compared to around 656,000 in FY2022, registering a growth of 27% over the previous year.

During FY2023, as part of implementation of LRS product megatrend, BFL launched 'Bajaj +', a novel variant in its mobile financing business to expand its reach to a larger customer segment. Initial outcomes of this variant are encouraging and should help BFL increase its customer acquisition momentum and further its market presence in mobile financing.

Personal Loans

Personal Loan Cross Sale (PLCS) business is a pre-approved loan origination programme for existing customers of BFL. It relies on risk analytics, campaign management and digital acquisition strategy. BFL has completely revamped its digital assets (app and web platforms) with a focus on 'Do it yourself' journey for its customers and increase touch free acquisition. BFL has also made investments in enhancing its data analytics capabilities and identifying new opportunities in franchise. In FY2023, BFL offered PLCS to over 1.15 million customers and the AUM for the business grew by 35% over FY2022 to ₹ 28,955 crore.

BFL offers salaried personal loans (SPL) to affluent salaried customers with average annual gross earnings of over ₹ 500,000. The SPL business AUM grew by 22% over FY2022 to ₹ 19,515 crore. In FY2023, BFL undertook a re-design of the loan origination, underwriting and loan booking system to improve efficiencies and customer experience.

SME Lending

SME lending offers unsecured and secured loans in the form of working capital loans and term facilities to SMEs, MSMEs and professionals. Secured loans are offered against various property types including residential, commercial property and used four-wheeler. The SME lending book grew by 36% from ₹ 24,793 crore in FY2022 to ₹ 33,628 crore in FY2023.

As part of LRS strategy, BFL has started using the Account Aggregator facility for its SME business. This facility enables consent-based access to customer's banking transactions which helps better underwriting decisions, and enables the Company to hone its product offerings and credit monitoring.

For Businesses

BFL offers unsecured SME Loans to businesses across over 1,800 locations in India. Its AUM in FY2023 grew by 33% to ₹ 18,939 crore.

For Professionals

BFL offers secured and unsecured loans to doctors, chartered accountants, and other professionals consisting mainly of working capital loans and term loan facilities over 1,800 locations in India. AUM of unsecured loans to professionals grew by 27% over FY2022 to ₹ 11,926 crore.

In FY2023, medical equipment financing business started gaining traction enabled by field distribution, OEM network and dealer network. Currently the business has 450+ empanelled dealers and 19 OEMs for sourcing. This business is ancillary to the professional loans business and its AUM grew by 124% at ₹ 307 crore in FY2023.

Secured loans to SME and MSME customers

BFL offers secured loans to SME and MSME customers against their residential property, commercial property and used four-wheeler. AUM of secured loans against residential or commercial property grew by 80% over FY2022 to ₹ 3,267 crore. AUM of used car finance grew by 136% over FY2022 to ₹ 2,763 crore enabled by expanded presence in 50 locations in FY2023 versus 28 locations a year earlier. In FY2023, BFL entered into a tie-up agreements with used car dealership platform for providing end-to-end digital financing experience for customers transacting on platform by providing used car finance loans.

Rural Lending

BFL offers all its lending and deposits products which include consumer sales finance, personal loans, gold loan, two-wheeler loan, etc. in small towns and villages through its rural lending business. In FY2023, the Company expanded its rural lending footprint adding 206 new locations and deepening its rural geographical presence. At the end of FY2023, it was present in 2,341 locations across 22 states and union territories in India.

During the year, BFL also expanded its rural lending product offering by launching two-wheeler finance business. Overall, the Rural Lending business closed FY2023 with AUM of ₹ 24,260 crore, registering a growth of 25% over the previous year.

Commercial Lending

Commercial lending consists of lending to auto component manufacturers, light engineering industry, financial institutions, specialty chemical, pharma, packaging and other mid-market companies.

BFL continues to have sharp focus on acquiring quality corporate clients, deepening relationships and ensuring value add by offering products in the form of working and growth capital loans. Improved capacity utilisation in manufacturing, pick up in non-food credit and the waning pandemic situation supported aggregate demand in FY2023. Commercial lending business closed FY2023 with AUM of ₹ 15,834 crore, recording a growth of 38%.

Loan Against Securities

Loan against securities business offers medium-term and short-term financing against shares, bonds, mutual funds, insurance policies and deposits to customers across retail, high net-worth individuals (HNIs) and promoter categories. It is operational in 22 locations through physical branches and offers financing solution through a digital medium as well.

BFL, along with its 100% subsidiary viz. BFinsec, offers a full product suite to its retail and HNI customers. It offers loan against securities; and BFinsec offers various investment services like demat services, broking, and margin trade financing. The business grew strongly in FY2023 and closed the financial year with AUM of ₹ 14,028 crore, recording a growth of 43%.

Deposits

BFL accepts deposits from retail and corporate clients. The deposits book as on 31 March 2023 stood at ₹ 44,666 crore, representing a growth of 45%. BFL's deposit book now contributes to 28% of its standalone borrowings and 21% of its consolidated borrowings as on 31 March 2023, as against 25% and 19%, respectively, as on 31 March 2022.

BFL continues to grow retail and corporate deposits as a part of its growth strategy and is simultaneously increasing its focus on digital origination of retail deposits. With launch of Bajaj Finserv app in FY2023, the focus is now on further scaling of deposits through digital platforms with five new customer journeys being gradually released in the app in February 2023. 45% of the deposits sourced during the year are paperless. Retail deposits now contribute to 63% of total deposits.

With the withdrawal of long term capital gains tax on mutual funds with effect from April 2023, fixed deposits would become an attractive alternative for investors. BFL's attractive schemes and seamless process should enable it to garner a decent share of incremental deposits.

Partnerships and Services

In partnership with various financial service providers, BFL offers variety of products to its customers which includes life insurance, health insurance, extended warranty, comprehensive asset care, co-branded credit card and financial fitness reports.

BFL is registered with Insurance Regulatory and Development Authority of India (IRDAI) as a corporate agent for distribution of life, health, and general insurance products across nine insurance partners. IRDAI has recently amended the Corporate Agency guidelines to enable corporate agents to work with more insurers and thereby offer greater product solutions and options to customers. BFL has developed a small ticket insurance product (called 'pocket insurance') working with various insurance companies to cater to specific insurance needs of customers.

It also distributes comprehensive asset care product to its sales finance customers providing features such as extended warrantee, theft cover, breakage cover, replacement cover etc. of their purchased products.

In partnership with the RBL Bank, BFL's co-branded credit card business continued to grow well in FY2023. These credit cards are now offered across 600+ locations in India. The number of cards-in-force stood at over 3.25 million as on 31 March 2023, registering a growth of 19% over the previous year.

In addition to RBL bank, the Company has received approval from the RBI to issue co-branded credit cards in association with DBS Bank India Ltd. The Company launched co-branded credit card with DBS Bank on 05 April 2022 and now offers these cards across over 80 locations in India. The number of cards-in-force stood at over 0.21 million as on 31 March 2023.

These partnerships and products have enabled the Company to provide value added services to its customers and grow its fee-based income.

Assets Under Management (AUM): A Snapshot

In FY2023, BFL crossed a milestone of ₹ 200,000 crore of consolidated AUM and closed FY2023 with AUM of ₹ 247,379 crore as compared to ₹ 197,452 crore as at the end of FY2022, a growth of 25%. Core AUM growth after excluding ₹ 5,365 crore of short-term IPO financing receivables — was 29% as on 31 March 2022.

Chart D depicts BFL's consolidated AUM over the last five years.

Chart D: Consolidated Asset Under Management (₹ in crore)

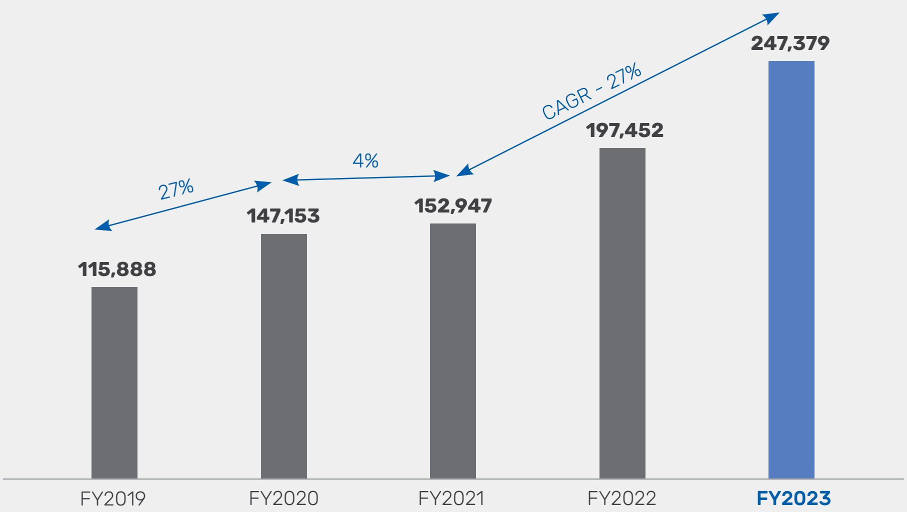


Table 4: Assets under Management

(₹ in crore)

	Standalone			Consolidated		
Particulars	**FY2023**	**FY2022**	**Change**	**FY2023**	**FY2022**	**Change**
Two and three-wheeler finance	12,979	10,194	27%	12,979	10,194	27%
Urban sales finance	17,627	14,977	18%	17,627	14,977	18%
Urban B2C	48,470	37,302	30%	50,108	38,772	29%
Rural sales finance	4,803	4,129	16%	4,803	4,129	16%
Rural B2C	19,457	15,301	27%	19,457	15,301	27%
SME lending	33,628	24,896	35%	33,765	24,979	35%
Loans against securities	14,028	9,816	43%	15,093	10,536	43%
IPO financing	-	5,365	-	-	5,365	-
Commercial lending	15,834	11,498	38%	15,834	11,498	38%
Mortgages	14,173	13,265	7%	77,713	61,701	26%
Total	**180,999**	**146,743**	**23%**	**247,379**	**197,452**	**25%**

Financial Performance

Table 5: Standalone and Consolidated Financial Performance

(₹ in crore)

Particulars	Standalone			Consolidated		
	FY2023	FY2022	Change	FY2023	FY2022	Change
Total income	35,687	27,879	28%	41,406	31,648	31%
Interest and finance charges	9,286	7,578	23%	12,560	9,754	29%
Net interest income (NII)	**26,401**	**20,301**	**30%**	**28,846**	**21,894**	**32%**
Employee benefit expenses	4,573	3,225	42%	5,059	3,592	41%
Depreciation and amortisation	444	355	25%	485	385	26%
Other expenses	4,436	3,513	26%	4,586	3,610	27%
Pre-impairment operating profit	**16,948**	**13,208**	**28%**	**18,716**	**14,307**	**31%**
Impairment on financial instruments	3,066	4,622	(34%)	3,190	4,803	(34%)
Share of profit from associates	-	-	-	2	-	-
Profit before tax (PBT)	**13,882**	**8,586**	**62%**	**15,528**	**9,504**	**63%**
Profit after tax (PAT)	**10,290**	**6,350**	**62%**	**11,508**	**7,028**	**64%**
Other comprehensive income/(expenses)	(27)	35	(178%)	(23)	34	(167%)
Total comprehensive income	**10,263**	**6,385**	**61%**	**11,485**	**7,063**	**63%**
Earnings per share (EPS) basic, in ₹	170.37	105.39	62%	190.53	116.64	63%
Earnings per share (EPS) diluted, in ₹	169.51	104.63	62%	189.57	115.79	64%
Book value per share, in ₹	852.61	699.34	22%	900.16	726.71	24%

Chart E depicts growth of BFL's consolidated PAT

Chart E: Consolidated PAT (₹ in crore)

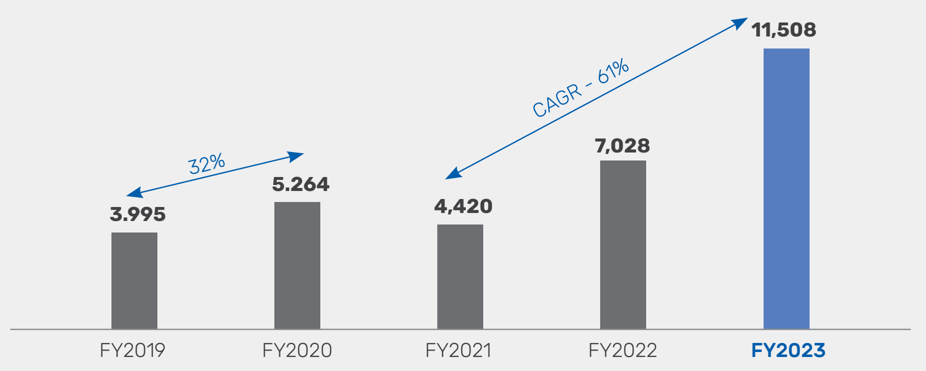
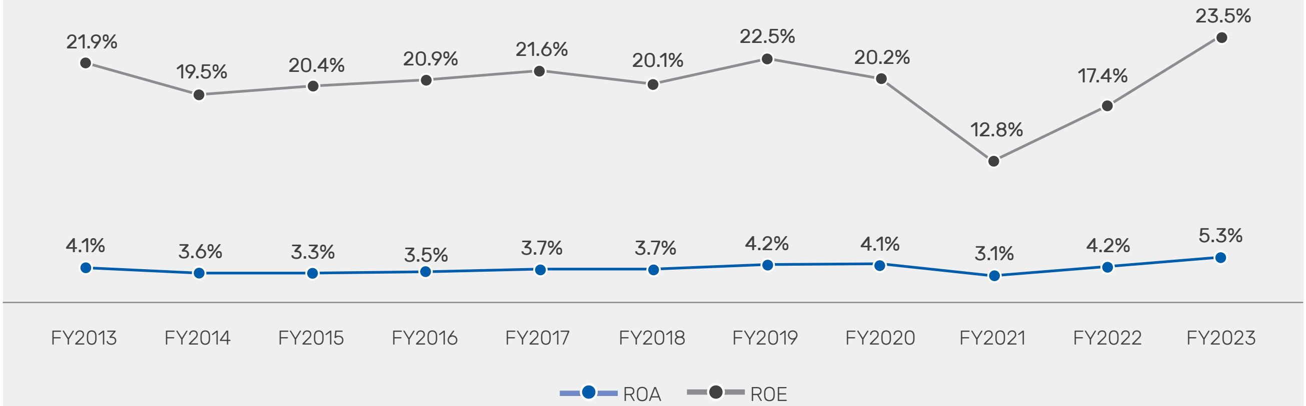


Chart F depicts consolidated return on average assets (ROA) and return on average equity (ROE) over the last 11 years.

Chart F: Consolidated ROA and ROE



Key Ratios

Table 6: Key Ratios on a Consolidated Basis

Ratios	FY2023	FY2022
Net interest income (NII) to average assets	13.30%	12.95%
Operating expenses to NII	35.12%	34.65%
Return on average assets (ROA)	5.31%	4.16%
Return on average equity (ROE)	23.46%	17.43%
Capital to risk-weighted assets ratio (CRAR)*	24.97%	27.22%
Of which, Tier-I*	23.20%	24.75%
Of which, Tier-II*	1.77%	2.47%
Gross NPA	0.94%	1.60%
Net NPA	0.34%	0.68%
Provisioning coverage ratio (PCR)	64%	58%
EPS - Basic (₹)	190.53	116.64
Diluted (₹)	189.57	115.79

*These ratios are on standalone basis.

Risk Management, Debt Management and Portfolio Quality

Risk Management

As a NBFC, BFL is exposed to credit, liquidity, operational, market and interest rate risk. It continues to invest in talent, processes, and emerging technologies to build advanced risk management capabilities. The Company's sustained efforts to strengthen its risk framework have resulted in stable risk metrics.

Bajaj Finance promotes a strong risk culture that is embedded across the organisation. At the highest level, the Board of Directors has established a Risk Management Committee (RMC), which assists the Board in maintaining oversight and review of the risk management principles and policies, strategies, risk appetite, processes, and controls. This is enabled by a robust governance system and review mechanisms which include quarterly risk management review. The RMC met four times in FY2023.

With the impact of the pandemic waning during FY2023, the risks revolving around inflationary trends, elevated interest rates and tighter systemic liquidity emerged as challenges which needed to be addressed. BFL's risk framework has ensured that, despite these risks, its net interest income, NPAs and liquidity management were not impacted.

Moreover, BFL has a robust asset-liability management framework and maintains enough liquidity buffer to meet its repayment obligation and emerging credit demand. By virtue of effective focus on capital and liquidity management, reduction in operating expenses, focus on debt management, servicing capability and strengthening of underwriting norms combined with a very sharp view on risk metrics, the Company ought to continue to show higher level of efficiencies in all parameters.

Credit risk

The Company has a strong governance framework which ensures that the Board of Directors and its committees approve risk strategies and delegate appropriate credit authorities. Its robust underwriting practices and continuous risk monitoring ensure that portfolios stay within acceptable risk levels. BFL has a board approved 'Sustainable Business Strategy Policy' which clearly lays down business and risk management principles of the Company.

BFL has deeply invested in its risk organisation structure that includes dedicated credit risk units for each business vertical; business specific units such as underwriting, risk containment and fraud control, payment risk; and horizontal risk analytics, business intelligence and operational risk management units. In addition, the Company continues to invest in debt management services capacity.

Through prevention and deterrence actions, the risk containment and fraud control unit is responsible for preventing frauds perpetrated by customers, sourcing channels and internal employees either alone or in connivance with others. It ensures that most fraud checks are performed well before any disbursal of loan through an inbuilt advanced fraud controls analytics in its loan origination system. The fraud check rules are periodically updated based on emerging learnings.

BFL has enabled all its employees and agencies to flag any suspicious activity or transaction on the core lending system which then go through extensive checks by the fraud control unit. This is further supported by a dedicated back-office unit and a 438 member field structure spread across 268 locations for faster response to frauds.

BFL's robust underwriting process and vigilance on portfolio quality have ensured that risk performance across all portfolios remain well within the defined thresholds. This agile, calibrated and closely monitored approach to credit risk and timely investment in deepening of debt management services have not only enabled the Company to weather the pandemic and inflationary trends but have further consolidated the strong foundation to deliver balance sheet growth in line with its medium-term guidance of 25%-27%.

The Company saw a reduction in loan losses to ₹ 3,190 crore in FY2023 versus ₹ 4,803 crore in FY2022. This is a testimony of BFL's robust risk practices, debt management capabilities and dynamic interventions. It holds a management and macroeconomic overlay of ₹ 960 crore as on 31 March 2023 to counter any unforeseen risks — something that BFL keeps a close watch on.

BFL's balance sheet composition continues to diversify with a higher composition of low-risk businesses like mortgages and other secured businesses. With the pandemic on the wane, the Company is renewing its focus on the two and three-wheeler finance business, which it had tightened during the pandemic, and further diversifying into non-Bajaj Auto's auto financing.

BFL takes guarantee cover for its portfolios across B2C, MSME and three-wheeler financing business under Credit Guarantee Fund Scheme for NBFCs (CGS-II) from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) governed by the SIDBI. As on 31 March 2023, the Company covered ₹ 3,711 crore of its loan assets under this scheme. This helped BFL to offset ₹ 171 crore worth of credit losses for FY2023 with further claims maturing over FY2024 and FY2025.

To sum up, BFL's balanced approach to portfolio management coupled with rigorous portfolio review has enabled it to identify early warning signals and take corrective actions. With use of sophisticated analytics, the Company has maintained a healthy new business portfolio quality and taken risk mitigating policy actions with agility and precision. On the back of improved stage 2 assets, consolidated gross NPA at 0.94% and net NPA at 0.34%, plus a strong macroeconomic and management overlay provision of ₹ 960 crore, BFL has entered FY2024 with healthy risk metrics.

Liquidity risk

BFL manages its liquidity risk in accordance with its Board approved Liquidity Risk Management Framework and ALM Policy which incorporates stipulations laid down by the RBI. The policy framework and the operational parameters are regularly reviewed by the Asset and Liability Management Committee (ALCO) setup in line with guidelines issued by the RBI, which ensures that there are no material imbalances or excessive concentrations on either side of the balance sheet. The Company follows a prudent approach for managing liquidity and ensures availability of adequate liquidity buffers to overcome mismatches in case of stressed market environment.

BFL regularly monitors the gap between maturing assets and liabilities across all time buckets. The Company's robust liquidity management framework ensured that it had enough liquidity throughout FY2023 to meet its debt service obligations and balance sheet growth. Indeed, there was no disruption amidst the tight liquidity environment prevailing during the year.

Further, BFL exceeds the regulatory requirement of liquidity coverage ratio (LCR) introduced by the RBI in FY2020. Currently, the LCR requirement is at 70% for a company such as BFL. In comparison to these norms, BFL's LCR as on 31 March 2023 was 113%.

The Company's liquidity management is elaborated in detail in the section on 'Credit Rating and Asset Liability Management (ALM)'.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. This is further elaborated in the section "Operational Risk Management"

Market risk

To effectively manage market risk on its investment portfolio, BFL follows a prudent investment policy which guide its investment decisions. The Company has invested its surplus funds mainly in government securities; liquid funds; and deposits with banks and highly rated financial institutions. The Company calibrates the duration of investment portfolio to balance the twin objectives of maintaining liquidity for business and minimum fair value change impact on its investment portfolio.

Interest rate risk

BFL is exposed to interest rate risk on its investment portfolio and interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles. The Company raises funds from diversified sources like deposits, money market borrowings, term loans and short-term borrowings from banks and financial institutions, foreign currency borrowings, among others. In view of the financial nature of assets and liabilities, changes in market interest rates may adversely affect its financial condition. Fluctuations in interest rates can occur due to both internal and external factors. Internal factors include composition of assets and liabilities, maturities profile, pricing of borrowings, and fixed and floating nature of assets and liabilities. External factors include macroeconomic developments, competitive pressures, regulatory developments, and global factors.

BFL monitors fair value change impact on its investment book using Value at Risk (VaR), PV01, modified duration and these parameters are defined in its Board approved investment policy. Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis to measure the impact of such interest rate movements on its balance sheet. This is computed monthly and sensitivity of the market value of equity assuming varying changes in interest rates are presented and monitored by ALCO.

BFL's prudent interest rate risk management ensured that amidst a rising interest rate environment the Company had no significant mark to market impact on its investment portfolio nor an impact on its net interest margin.

The Company's risk management framework is further detailed in note no. 47 of standalone financial statement and note no. 48 of consolidated financial statement.

Debt Management

Apart from its risk management practices, BFL actively focuses on a debt management strategy to ensure that its delinquent debt portfolio is kept at minimal levels. It accords debt management an important place in its portfolio management strategy; and has a dedicated structure where the focus is to follow a strict protocol for missed payments. The Company considers debt management as a service to customers to enable fair and ethical recovery of delinquent accounts and past-due payments.

BFL continues to invest in its debt management service structure, service organisation, processes, trainings of employees and agencies, strict adherence of compliance requirements and controllership by leveraging technology to follow a non-intrusive debt management mechanism. It follows a strong governance model for its debt management services practices and ensures strict adherence to the regulatory and internal policies, code of conduct and fair practice code. It offers a choice to customers to make overdue payment through digital channels, branch walk-in, at retailer points as well as door-step debt management services.

The debt management journey begins well before the customer's instalment falls due. As a matter of good customer service, BFL sends advance intimation to all its customers five to six days before the instalment falls due, to enable customers to maintain adequate funds in their bank account. This practice ensures that the credit history of a good customer is not impacted by any unintentional default.

The journey is expanded further to counselling of customers towards creating a good repayment behaviour by clearing subsequent EMIs directly from given bank account. BFL has invested in service call centres to counsel customers after the payment of overdue EMI.

BFL follows a graded communication approach with delinquent customers across their repayment lifecycle. These clearly indicate: (i) the importance of timely payment, (ii) avoidance of penal charges, (iii) available payment channels and (iv) payment confirmation. These communications are also made in vernacular language via multiple channels like SMS, email, tele-calling and in-person visits.

The Company has a dedicated structure aligned to business verticals for servicing customers: (i) with current month outstanding; (ii) in early delinquency; and (iii) in NPA and write-off stage. It uses multiple modes such as employees, call centres, digital channels, field agencies and legal channels for debt management.

In an endeavour to follow a non-intrusive debt management practice, BFL collects an electronic clearing mandate from its customers. In case of dishonour of bank instrument, BFL provides customers with over 28 different digital payment options such as NEFT, RTGS, Bharat Bill Payment Service (BBPS), Unified Payment Interface (UPI), CC Avenue, Wallets, Google pay, payment banks etc. These digital channels, along with branch walk-ins, account for approximately 45% of collections volume.

In November 2022, the Company got DRA training accreditation from Indian Institute of Banking and Finance (IIBF). The Company has invested in online DRA training infrastructure for agents. After completion of online training agents appear for DRA certification test conducted by IIBF. The success rate of agents to clear the exam is around 80%. The Company has plan to cover all it's DMS agents with DRA certification in coming 2 years.

Over years, BFL has taken various measure to strengthen its debt management process. Some of which are enumerated below:

- It has set up a centralised call monitoring infrastructure for its outsourced debt management services agency network to improve controllership. All agencies are required to make collection calls only through this infrastructure. All calls are now being recorded and monitored periodically to ensure compliance of debt management code of conduct.
- It has opened dedicated debt management service desks across 38 branches (includes top locations and sensitive markets as well) to address debt related queries of walk-in customers. The Company is committed to expand coverage of this model across more cities in future.
- It has set up a centralised helpdesk for assisting and processing debt management services related requests.
- It has formed a dedicated in-house team and a centralised calling unit to enable speedier resolution of debt management related complaints of aggrieved customers.
- It has implemented a Debt Recovery Agent (DRA) certification process for its agents.
- It has formed a dedicated team of service advisors in service centres to address and resolve queries of delinquent customers raised over phone through a customer care number of the Company.
- It has expanded the scope of interaction experience score to seek the customers' rating on the debt management services agent interaction.
- It has significantly strengthened its compliance framework to ensure strict adherence by the debt management service agencies of its code of conduct policy and fair practice code. This framework lays down a penal staircase for non-compliance. BFL investigates every customer complaint pertaining to debt management services and takes appropriate corrective and penal action.
- It developed 20 situational videos in eight vernacular languages which form part of the training module on its debt management services mobility app. These provide clear understanding to agents on the do's and don'ts while interacting with a customer.

Portfolio Quality

BFL has experience of lending and servicing to 69.1 million customers. Most businesses are focused on acquiring mass affluent customers — who represent bigger wallets, larger cross-sell opportunities, and more acceptable risks. The Company has not only diversified risk across millions of customers and product categories but has also diversified its risk and portfolio in 3,733 urban and rural locations in India.

BFL has continued to pursue a diversification and granularity strategy, which is represented in the product, customer, and geographical mix. Product diversity has further strengthened over the past years with build-up of used car financing, medical equipment finance etc. and the portfolio continues to shift the mix towards secured lending: for instance, mortgages now form 31% of our overall portfolio. Simultaneously, high risk products like two and three-wheeler finance now contribute less to the portfolio: now at 5%. The Company also continues to deepen its geographical presence and has added 229 locations to take our total presence to 3,733 locations. BFL's rural businesses now contribute 10% of the overall portfolio and are growing at a faster pace than metros and larger geographies. BFL continues to re-pivot its mix towards lower risk assets like mortgages. It also continues its strategy of 'acquire and cross-sell' to manage cost and portfolio risk, based on its experience of an existing customer demonstrating significantly lower credit risk than a new customer and ensures acceptable risk across portfolios over the cycle.

As part of its long-range strategy, BFL is further expanding its product offering by launching new car loans, micro finance and tractor financing and relaunching loan against property for MSME customers.

As mentioned earlier, BFL ended the year with significantly improved stage 2 assets of 1.23%, gross NPA of 0.94% and net NPA of 0.34% on a consolidated basis. These metrics not only surpass the pre-pandemic levels but are also among the best in BFL's history. The Company's macroeconomic and management overlay provision was ₹ 960 crore as on 31 March 2023 versus ₹ 1,060 crore as on 31 March 2022. The provision coverage on non-NPA assets, excluding the management overlay provision, stood at 84 bps and at 118 bps including the macro and management overlay provision. Consequently, BFL has entered FY2024 with among the best every portfolio quality.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. Operational risk is inherent in BFL's business activities, as well as in the related support functions. The goal is to keep it at an appropriate level relative to the characteristics of BFL's businesses, the markets in which it operates and the regulatory environment.

BFL 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 these 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.

The businesses, along with support units and operations, play a critical part in managing operational risk daily, in addition to implementing internal control related policies and procedures. Continuous monitoring of risk is carried out at multiple levels through key risk indicators ('KRI')/key performance indicators ('KPI') and control charts.

- To enhance the effectiveness of internal processes, system and controls and to ensure compliance with regulations and instructions, BFL has defined various KPIs that it monitors across various business and functions regularly.
- The ORM framework ensures complete process adherence at the time of customer onboarding. Dedicated compliance units have been formed across businesses to monitor adherence to policies and process. As part of its ORM framework, BFL concurrently reviews four areas: info-security, process lapse, misinformation, and mis-selling.
- BFL has established a 'Customer Complaints Root Cause Analysis' team under the customer experience officer to fix policy and process gaps that lead to customer complaints.
- It has also established cross-functional teams to identify and implement processes changes keeping customer expectations in mind.
- The operations unit has a dedicated process compliance team for concurrent audits to monitor adherence to laid down policies and processes.
- Controls on operations processes executed from branches and the Head Office are managed through defined processes to be adhered to by customer facing and operations staff.
- As a part of the control governance, the operations compliance team conducts periodic audits and actions are taken in accordance with the Company's policy.
- It has also established hind-sighting processes and control charts to monitor operations compliance and adherence.

The Company has opted for a bottom-up approach of risk identification, where internal compliance teams have been created in respective businesses and functions to drive ownership and culture of minimising operational risk by developing a strong control culture by making first line of defence, which owns the risk.

In BFL, internal compliance consists of following units which cover the length and breadth of the customer life cycle.

- **Sales Compliance unit:** Embedded in business units with focus on increasing controls in the sales units around onboarding of customers. It ensures complete process adherence at the time of customer onboarding and has formed compliance teams across businesses to monitor adherence to policies and process. As part of this, BFL concurrently reviews four areas: information security, process lapse, misinformation, and mis-selling.
- **DMS Compliance unit:** Embedded in debt management services ensuring strict adherence of code of conduct policy and fair practice code by the debt management services agencies. DMS compliance framework lays down a penal staircase for non-compliance. BFL investigates every customer complaint pertaining to debt management services and takes appropriate corrective, preventive, and penal action.
- **Process Compliance unit:** Embedded in operations to monitor processes focused on customer transaction, services, and debt management related services. In the FY2021, BFL had established a 'Customer Complaints Root Cause Analysis' team under the customer experience officer to fix policy and process gaps leading to customer complaints. This has led to continuous reduction in customer complaints in FY2023.
- **Technology Compliance unit:** Embedded in the information technology unit with focus on internal and external environment consisting of network, applications, quality, cloud services, data management, security and review of rules and regulations.
- **Risk unit:** Focus on product programme and related credit policy adherence in the loan book. The activity aims at making sure that loans which are disbursed adhere to the policies and procedures put in place by the organisation.

Technology

Technology is at the forefront of BFL's business transformation journey, and it has continuously leveraged existing and emerging technologies to launch new products, accelerate customer acquisition and improve customer experience along with simplifying the back-office processes.

Digital platforms are customer facing platforms across app and web. BFL currently has one consumer app platform (Bajaj Finserv App), one web platform (www.bajajfinserv.in) and three marketplaces hosted on www.bajajmall.in. It is committed to provide a frictionless customer experience across all these digital platforms. The Company has invested deeply in domain talent and technologies in last two years and onboarded 618 employees to build these platforms.

Enterprise data platforms remains an integral part of our business operations and BFL constantly works on enhancing its core data platforms and focuses on various data science initiatives.

With a scalable cloud-based Enterprise Data Warehouse (EDW) in place, BFL has now moved its entire raw data to a data lake environment. The data lake enables exploratory data analysis on the raw data as against curated data/variables in EDW and is being used to run large workloads. Currently 200 number of workloads are being run on Data Lake. BFL has significantly improved scalability of its data platforms in the year gone by and continues to invest in improving its data infrastructure. New addition to the existing data platform stack is data streaming infrastructure which enables real-time data ingestion, data processing and data propagation for various business use cases.

BFL continues to improve its capabilities in various data science spaces such as search facility across multiple digital properties, optical character recognition (OCR), natural language processing (NLP), and machine learning (ML) based models. These technologies enable frictionless customer experience at all customer touch points.

Customer data platform (CDP): BFL has onboarded most retail businesses on integrated marketing cloud and CDP for efficient digital marketing and sales campaigns management and increase governance and controllership. The CDP enables multi-channel orchestration, customer communication, call governance with an integrated multi-dialer and multi-lingual architecture.

Infrastructure and security layer: The Company continues to strengthen its security practices with structured roadmap to safeguard its ever-expanding customer information and partner ecosystem. BFL ensures that all customer data is secured with multi-layered security approach. It continues to invest in cyber defence solutions and technologies and to focus on automation of security orchestration for timely response to cyber incidents through its Security Operations Centre. It gets its processes audited through independent security audit firms and swiftly acts upon any findings. BFL is increasingly moving towards implementing zero trust framework, ensuring high availability (HA) infrastructure and regular HA drills for all mission critical platforms including customer facing digital properties.

DevOps: The Company continues to make improvements in its DevOps framework which delivers process efficiencies across the system by reducing delivery timelines. BFL monitors over 9,300 KPIs daily to check system performance and reduce latencies.

Technology talent bench: BFL continues to enhance its in-house technology resource strength and focuses on augmenting its partner resource capacity to support various technology-led business initiatives. It recently launched the Bajaj Young Technical Engineers (BYTE) programme to ensure development of the technical skill set to support its technology incentives. Please refer to 'Human Resource' section for more details on BYTE program.

Technology investments: One of the critical strategy for BFL is to invest in technology companies that work closely with it on building digital assets. In FY2023, BFL invested ₹ 92.74 crore to acquire a 41.5% stake in SnapWork Technologies Private Ltd. (STPL) to strengthen its technology roadmap. STPL is engaged in the business of developing, consulting, providing, exporting, importing, marketing, dealing in and implementation of software technology and allied products for its clients and conducting research and development for the same. STPL has significant experience working with banking, financial services and insurance clients in providing development and technical manpower services. Going forward, BFL plans to invest in relevant technology companies and co-create products to further strengthen its technology roadmap.

New Initiatives: Over the years, BFL has leveraged existing and emerging technologies to launch new products, accelerate customer acquisition and simplify back-office processes. In FY2023, it launched two 'gamified' experience based on Augmented Reality (AR) on its consumer app and plans to launch multiple such experiences in near future. These should help BFL to improve customer engagement and app retention.

Analytics

Data, technology and analytics are core enabling pillars of BFL's transformational journey. The Company has been continuously investing in this space and has reached a stage where business application of data solutions is now a business-as-usual practice across all stages of the customer life cycle.

BFL uses business intelligence and analytics across all spheres of its operations. In doing so, it widely democratises its analytical capabilities across the Company. It builds and deploys analytical models across new customer acquisition, cross-sell, propensity management, risk management, debt management, operations and customer service. All functions and business verticals are equipped with advanced data science technology and highly productive data science teams, enabling faster digital platform adoption as part of the Company's Omnipresence strategy.

BFL has been continuously investing and adopting various evolving technologies and analytical tools like Big Data, Cloud Computing and Open-Source software like Python. This has enabled access to sophisticated statistical techniques to solve complex business and risk problems. These have taken analytics and portfolio insights to a level where solutions are much more nuanced and specific.

The Company has also been developing and implementing multiple machine learning models. This along with capabilities like OCR, unstructured to structured data etc. are getting integrated with business processes. These technologies enable decision engines with real time processing capabilities which, in turn, enable unique customer propositions like 'get it now' and 'straight through processing' to constantly push towards a smoother and frictionless customer experience. In doing so, BFL is conscious of a customer's privacy and ensures customer consent is obtained for any cross-sell offerings. These capabilities have given the confidence to commit significant investments to further the use of these new domains. Here are some examples:

- BFL's entire data ecosystem and analytic workloads are now hosted on the Microsoft Azure platform. This allows computational flexibility to develop and deploy Big Data workloads. Over 1000 users are actively using the infrastructure. It also enables high frequency monitoring of KPIs and visual drill downs using Microsoft PowerBI.
- As part of the digital transformation journey of the Company, capabilities have been developed to enable agile development and deployment of credit risk models. This involves developing and testing prototypes of credit risk models and allowing the Company to identify and address any issues early on.

- In addition to traditional credit bureau data, BFL is now deeply integrated with the Account Aggregator (AA) ecosystem for leveraging consent-based information. Alternative data sources, such as AA are being used to build real time underwriting capabilities and provide frictionless customer experience.
- BFL continues to expand our suite of statistical models for risk management across all stages of the credit lifecycle — acquisition, account management and debt management. Capabilities like OCR enable structuring of unstructured data, providing new sets of variables for further refining risk models, and making these more granular to capture specific nuances to enable going deeper in geographies.
- BFL's capability on risk analytics and scorecards helps adherence to the Expected Credit Loss (ECL) based provisioning requirement. This has also led the Company to re-define and strengthen its governance and processes around model monitoring and build controls around continuous validation of risk scorecards.
- With the help of advanced analytics, BFL is able to offer more personalised loan products and services on its digital platforms.
- Analytics solutions on product recommendation at point-of-sale, response propensity for targeted cross-sell, call volume forecasting for efficient capacity planning and the like are embedded in Company's business processes. BFL remains committed to refine these solutions on an on-going basis to garner better efficiencies.
- The developments in data infrastructure have enabled the risk and process units to run real time controls across multiple decisioning and operational processes to further strengthen the credit and operations risk management framework.
- BFL continues to explore and test latest analytical tools and solutions and are currently working in areas like knowledge graphs.
- By democratising analytics, data science, and centres of excellence across multiple businesses and functions, we are constantly fostering a culture of data orientation and analysis to address everyday issues. This is being done by providing multiple data science training and implementation of practitioner programs. We also have an active campus hiring framework with focus on technology and data science through the BFL BYTE program.

Customer Service

The Company constantly strives to provide the best experience to its customers while ensuring that complaints are reduced on an ongoing basis. It is consistently capturing 'Voice of Customer (VOC)' to enhance its services by introducing a variety of self-service capabilities across channels. BFL continues to enhance and introduce varied communication and service channels to keep its customers regularly informed and to address their queries and requests. It capture transactional customer satisfaction (CSAT) score on the Bajaj Finserv app for multiple service journeys to gauge the outcome of its customer engagement efforts. BFL has received over 34,000 responses with a 74% CSAT score since December 2022. BFL aims to create seamless onboarding processes thereby ensuring faster disbursal with minimal documentation and clear and transparent customer communication.

Digital self-service

In continuation of its digital transformation journey that started in FY2021 with the launch of the new Bajaj Finserv App, BFL has gone live with 26 service modules covering more than 270 service journeys on the Bajaj Finserv app and My Account (Website). Through these self-service digital touchpoints, the Company has enabled customers to complete multiple journeys like card blocking, SOA downloads, e-Mandate, etc. on a real-time basis.

During FY2023, more than 58.0 million statement of accounts were successfully viewed/shared/downloaded, more than 2.2 lakh customers have updated their e-Mandate, and more than 2.7 lakh customers have requested for KYC update through the app and web. Additionally, BFL has been observing increased adoption of self-service modules across multiple channels including IVR and cash deposit machines at branches.

BFL has seen continuous growth in the usage of self-service modules across various other channels, Self-service through IVR stood at 79% as on 31 March 2023 and more than 6.7 lakh customers deposited cash through our CDMs (Cash Deposit Machines) at branches. Given higher digital penetration, branch walk-ins decreased from 3.18% in FY2021 to 1.83% in FY2022 and significantly reduced to 0.99% in FY2023 for urban branches & 0.88% in FY2021 to 0.55% in FY2022 and significantly reduced to 0.43% in FY2023 for rural branches. BFL has also provisioned a 'Dynamic Missed Call Service' for getting life-stage-based details of the latest relationships with BFL.

Assisted services
To assist customers who wish to reach out to service for assistance, BFL has provided customers with options of 'Dynamic Missed Call Service' and 'bi-directional SMS' that allows them to view details of their most recent relationships with BFL. Some of the services which are available through these channels are loan details, EMI Card details etc. BFL also ensures continuous engagement with its customers across multiple channels including branches, social media, and voice channel for raising queries and grievances.

Fair Practice Code (FPC)
FPC is at the core of dealing with customer; and the Company has been taking various initiatives to ensure strict compliance of these guidelines. BFL has established a dedicated FPC unit which works with all the businesses and functions across the organisation to ensure strict compliance. Over the years, focused efforts have been undertaken with respect to customer collaterals, transparency, fair dealing, and in ensuring ease of understanding by providing critical customer documents (like loan agreements, branch notices etc.) in the customers' preferred language. Additionally, customer communications across digital channels like IVR and mobile apps are also made available to customers in 13 vernacular languages.

RBI Ombudsman
BFL has a dedicated team which deals with the concerns or complaints raised by the customers. Additionally, it has implemented the grievance redressal mechanism, the RBI Ombudsman scheme, and the Internal Ombudsman (IO) scheme within the organisation to deal with unresolved or partly resolved concerns and complaints of its customers. More recently, the regulator introduced a 'Scheme for Internal Ombudsman' and extended it to NBFC on a selective basis. This scheme requires IO to be at the apex of the NBFC to independently review the resolution provided by the NBFC in the case of wholly or partially rejected complaints. BFL has two IOs to independently examine the resolution provided in such cases as well as all escalations received from the regulator.

BFL takes all necessary steps to ensure a timely resolution of customer complaints including escalations to the regulator with utmost vigilance and sensitivity. Customers can report their grievances and request to RBI- CEPC centres, or to the Ombudsman offices via email, written letter or enter directly on the RBI CMS Portal (Complaint Management System). BFL has a dedicated eight-member team that handles and resolves these escalations in a time-bound manner.

To ensure quick response and resolution to customer complaints and escalation received from regulators, BFL has also established localised presence at Chennai, Kolkata, Chandigarh, and Lucknow. All the 22 RBI ombudsman centres are internally mapped to the relevant member of the RBI escalation management unit.

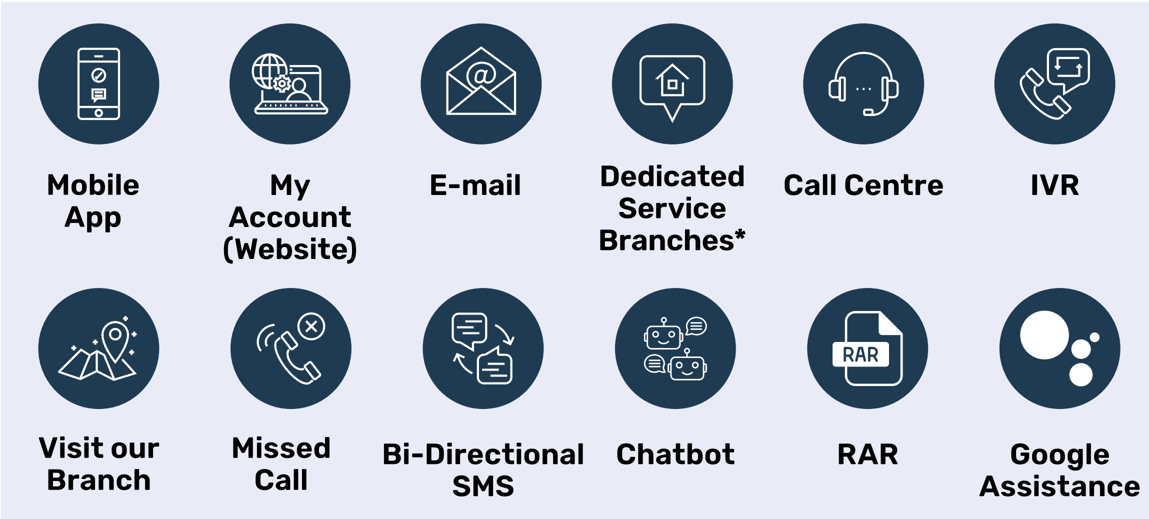
Complaint Root Cause Resolution (CRCR)
A dedicated team has been formed with the primary objective of reducing customer queries and complaints through a combination of data analysis, customer interactions and identification of root causes. CRCR team drives necessary changes at the Company level across process, policy, people, and technology to fix the identified root causes.

Customer Communication
The Company has a dedicated unit to manage communication content and governance across the customer life cycle with BFL. It operates continuously to review, improve, and drive customers communication through proactive and reactive engagements. Further, BFL has created 82 videos to promote self-service to customers who otherwise reach out through various touchpoints for their basic enquiries and servicing needs.

Online Educational Campaigns
In November 2022, BFL conducted an extensive awareness campaign to spread awareness around online safety, cyber security, financial education, RBI Ombudsman scheme and alternate grievance redressal mechanism. Additionally, it focuses on online education campaigns and has created almost 200 videos in hindi and five regional languages which are available on various social media properties such as YouTube, Instagram etc.

Customer Service Channels

BFL envisages to be an omnipresent financial services company and focuses on enabling its existing and new customer to engage, transact and get serviced across multiple online and offline channels. Below are the channels where customer can reach out to BFL for self-service, enquiring, raising concerns, queries and complaints related to their loans, products, services etc.



*(38 Dedicated Collections Service desk)

Credit Rating and Asset Liability Management (ALM)

BFL enjoys the highest credit rating of AAA/stable from CRISIL, ICRA, CARE and India Rating for its long-term debt programme and A1+ from CRISIL, ICRA and India Ratings for its short-term debt programme. The Company's deposits programme is also rated the highest with credit rating of CRISIL AAA/Stable and ICRA AAA/Stable. These ratings reaffirm the high reputation and trust that the Company has earned for its sound financial management and ability to meet financial obligations.

BFL had been initially assigned a long-term issuer credit rating of 'BBB–/stable' and a short-term issuer credit rating of 'A-3' by S&P Global Ratings for its external commercial borrowings (ECB) programme. On 30 March 2022 S&P assigned the long-term rating of BFL to 'BB+/Positive' and short-term rating to 'B'.

The Company's consolidated total borrowing was ₹ 216,690 crore as on 31 March 2023. Its Asset-Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. BFL's business model 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.

BFL funds its liquidity requirements through use of appropriate funding avenues involving various market instruments, bank borrowings and deposits. Further, the Company ensures a healthy asset-liability maturity profile and keeps abundant liquidity in addition to meeting various regulatory requirements viz. Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) as prescribed by the RBI. The liquidity management and resource mobilisation strategy achieved significant efficiency in the Company's sourcing of funds with an optimal mix of deposits and borrowings from banks and markets. It ensured that despite tight liquidity conditions throughout FY2023 enough liquidity was available to meet its debt service obligations and business growth requirements.

At a consolidated level, BFL maintained an average liquidity buffer of ₹ 11,371 crore in FY2023, representing 6% of its average outstanding borrowings in FY2023. It had a consolidated liquidity surplus of ₹ 11,852 crore as on 31 March 2023, representing 6% of outstanding borrowings.

The Company's prudent ALM stance of concentrating on longer duration borrowings enabled it to counter the policy rate hikes of 250 bps during FY2023. As compared to the policy rate increase, BFL's cost of funds grew just by 23 bps, BFL exceeds the regulatory requirement of liquidity coverage ratio (LCR) introduced by the RBI in FY2020. This requirement stipulates that all deposit taking NBFCs are required to maintain sufficient liquidity surpluses in the form of high-quality liquid assets (HQLAs) on an ongoing basis to withstand any potential liquidity disruption event. Such HQLAs are to be maintained as a percentage of net cash outflows in a stressed scenario. BFL maintains HQLAs primarily in the form of treasury bills and government securities.

At present, the LCR requirement is at 70% for BFL, which will move up to 85% from 01 December 2023 and 100% by 01 December 2024. For BHFL, the current LCR requirement is at 60% and will move to 70% from 01 December 2023.

As on 31 March 2023, BFL maintained a LCR of 113%. BHFL maintained a LCR of 150%. Both are well above the RBI's stipulated norms.

Table 7 gives the behavioural maturity pattern of BFL's asset and liabilities; and depicts its prudent approach towards ALM management. As can be seen, BFL has maintained significant cumulative positive ALM position across all buckets including the 1-7 days, 8-14 days and 15-31 days, while the extant RBI regulation permits a negative ALM mismatch of up to 10%, 10% and 20% respectively.

Table 7: Behaviouralised ALM snapshot as on 31 March 2023

(₹ in crore)

	Particulars	1 to 7 days (one month)	8 to 14 days (one month)	15 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
A.	**Inflows**											
	Cash and investments	6,647	9,367	1,682	6	40	228	308	3,279	1,253	9,230	32,041
	Advances	6,002	1,958	4,444	8,217	7,596	19,054	28,619	67,353	23,809	15,875	182,926
	Trade receivable and others	5,103	131	168	512	493	147	183	731	624	3,519	11,611
	Total inflows	**17,752**	**11,456**	**6,294**	**8,735**	**8,129**	**19,429**	**29,110**	**71,363**	**25,686**	**28,624**	**226,578**
B.	**Cumulative total inflows**	**17,752**	**29,208**	**35,502**	**44,237**	**52,366**	**71,795**	**100,905**	**172,268**	**197,954**	**226,578**	
C.	**Outflows**											
	Borrowing's repayment	10,201	2,135	1,857	6,779	8,448	11,427	29,800	57,138	21,651	18,422	167,858
	Other outflows	2,209	336	1,699	1,599	97	43	340	262	297	345	7,227
	Capital reserves and surplus										51,493	51,493
	Total outflows	**12,410**	**2,471**	**3,556**	**8,378**	**8,545**	**11,470**	**30,140**	**57,400**	**21,948**	**70,260**	**226,578**
D.	**Cumulative total outflows**	**12,410**	**14,881**	**18,437**	**26,815**	**35,360**	**46,830**	**76,970**	**134,370**	**156,318**	**226,578**	
E.	**Gap (A - C)**	**5,342**	**8,985**	**2,738**	**357**	**(416)**	**7,959**	**(1,030)**	**13,963**	**3,738**	**(41,636)**	
F.	**Cumulative gap (B - D)**	**5,342**	**14,327**	**17,065**	**17,422**	**17,006**	**24,965**	**23,935**	**37,898**	**41,636**	**-**	
G.	**Cumulative gap (%) (F/D)**	**43%**	**96%**	**93%**	**65%**	**48%**	**53%**	**31%**	**28%**	**27%**	**-**	
H.	**Permissible cum. gap (%)**	**(10%)**	**(10%)**	**(20%)**								

The assigned portfolio outstanding as on 31 March 2023 stood at ₹ 1,902 crore on a standalone basis and of ₹ 5,110 crore on a consolidated basis. BFL's judicious strategy of maintaining a longer duration for liabilities than assets, coupled with an optimal mix of borrowings between banks, money markets, external commercial borrowings and deposits have helped the Company to effectively manage its net interest margin throughout FY2023.

Human Resources

BFL is an equal opportunity employer. Our people are our key assets and pillars of strength. We have adopted people practices that enable us to attract, retain and nurture talent in an increasingly competitive market and to foster a work culture that is always committed to providing them with the best opportunities.

Learning and Development

BFL's learning and development framework is based on the philosophy of 'Perform to Transform'. It provides structured learning opportunities to all employees, from a new joiner to a tenured one, as per their role, level, and specific focus area. At early career stages, the focus is on making the employee role-ready through functional knowledge and skill-based training, moving to managerial capability building at mid-levels, and leadership at senior levels. Even the topmost levels of leadership undergo a leadership programme every year.

Recognising the importance of structured onboarding and training of new joiners, a new On-the-Job-Training (OJT) framework has been launched. This provides for planned conversations between a new employee and his or her manager for a period of one year to ensure hand holding, training and support. Such conversations and feedbacks are facilitated and recorded on Employee 360, a one-stop portal for all employee related information.

Career and growth
BFL empowers its people to learn, grow and take their career forward through a transparent Internal Job Postings (IJP) and Auto-Promotion policies. IJP allows them to apply for a role of their interest thus giving them the choice to acquire multi-disciplinary skills. It also leads to development of well-rounded talent for the Company. During the year 8,614 employees were promoted under our unique Auto Promotion Policy and 5,267 employees moved through IJP within the same/another business or functions within the group. BFL Group employees undergo quarterly, biannual, and annual performance assessments, which are conducted in a transparent manner and focused on structured development conversations.

Reward and Recognition
BFL's robust reward and recognition framework motivates our people to go from 'Good to Great'. We reward and recognise exemplary performance, unique contributions and change efforts. BFL's philosophy of 'Do More Earn More' rewards people for their performance and contribution which are anchored on metricised work deliverables. This empowers them and instils a sense of ownership at all levels.

A select group of employees (approximately 1%) join an exclusive club of achievers called the 'Excelsior League' every year. The league invites the selected employees and their families to join the recognition celebration at a company-level function.

Business Transformation
In line with the Company's business transformation strategy, BFL has made significant changes to its employee policies and practices. It has adopted a twin lens approach: first that caters to the needs of its large and distributed employee base; and the second which focuses on rapidly scaling our talent pool across critical domains such as technology, analytics, and data science. The transformation aims to build future focused, employee centric and technology enabled practices and processes. The core of this is to empower managers to chart out the career progression of their teams. The manager is enabled and empowered with data and technology platforms that help him take on this responsibility. The HR function takes the responsibility of enablement, governance and assisting the cultural shift.

To meet the demand for tech talent, BFL manage a young talent program called Bajaj Young Technical Engineers (BYTE). BYTE, a campus programme, aims to attract and build ground-up tech talent. In the current year, 356 new engineers joined BFL from eleven chosen campuses taking the overall count of engineers under BYTE program to 625. This programme has become a foundational frame for us with the objective to staff over 60% of the technical manpower requirements over the next few years.

Employee benefits and well-being
Well-being of employees has always been at the core of our philosophy. We have tied-up with various partners to assist employees in managing their physical and mental health using tele-consultation and counselling facilities. We have in place a comprehensive mediclaim policy for employees and their immediate family. This is further enhanced through an employee participatory financial assistance program called 'i-Care' for emergency situations, whether medical or otherwise. We encourage our employees to enrol in this programme and contribute a small amount from their monthly salaries, which is matched by us participating with an equal amount.

To serve our large, distributed, and diverse employee base, we have formulated policies and practices that cater to their varying needs. Some of these policies and practices are given below:

- A fortnightly salary policy that enables an employee to receive salary on a fortnightly basis instead of monthly.
- Money-on-call policy that allows an employee to request for their salary in advance in the event of a cash crunch in critical situations.
- A spouse consultant policy that encourages qualified spouses of BFL employees to work on special projects in the Company to enable them to fulfil their career aspirations while balancing the family demands.
- A spectrum policy provides benefits to women employees covering safety, cab facility, travel policy, flexible working hours, preferential transfer policy, maternity linked benefits, creche benefits etc. This ensures the safety and security of our women employees and encourages them to work and grow in the organisation. Our corporate office has 21% female employees.
- Dedicated 'Rural Training Centres' focuses on delivering differentiated skill enhancement training programs for employees in rural locations.

As a result of these employee practices, our employee attrition for FY2023 was amongst the lowest in last few years.

Awards and Recognitions

During the year, BFL received the following prestigious awards for its people practices:

- Recognised by Great Place to Work™ as India's Best Workplaces™ Building a Culture of Innovation by All (2023-2024).
- Recognised by Great Place Work™ as India's Best Workplaces™ in BFSI (2023-2024).

BFL remain an equal opportunity employer and follow non-discrimination in all practices. As on 31 March 2023, BFL, along with its subsidiaries, had 43,147 full-time employees. It added 7,722 employees in FY2023.

Internal Control Systems and their Adequacy

BFL has robust internal controls system in place, driven through various procedures and policies which are reviewed and tested periodically, across processes, units and functions. Our risk and credit teams have an eye on the market; have inbuilt processes to identify the existing and probable risks and to mitigate identified risks. Senior management also monitors the mitigating measures. The Company has various committees including Risk Management Committee and the Asset and Liability Committee, with participation from various functions, which are designed to review and oversee critical aspects of BFL's operations.

BFL has instituted the three lines of defence model, viz.

- First Line of Defence - Internal Operations Management and Management Controls.
- Second Line of Defence - Risk and Compliance function.
- Third Line of Defence - Internal Audit function.

To further strengthen the second line of defence, the Company has appointed a Chief Compliance Officer (CCO). Under CCO's supervision, the compliance function shall, among others, be responsible for identification and assessment of compliance risks, provide guidance on related matters and monitor and test compliances across the organisation.

BFL has dedicated control functions for testing the design and efficiency of ICOFR on regular basis and timely remediation of control deficiencies identified, if any. Further, we monitor Information and Technology General Controls (ITGC) on a periodic basis. The Company has formed specialised units within IT and operations function for carrying out regular checks to ensure that the processes set for these functions are complied with and gaps identified, if any, are set right on regular basis. The control functions implement, review and monitor the standards and lay down policies and procedures by which the functions manage risks including compliance with regulatory guidelines and applicable laws, adherence to operational controls and relevant standards of conduct.

The Company has implemented controls through systems and processes ensuring a robust control framework. The scope of risk based internal audit of the Company also includes system and process audits in respect of all critical processes. The Internal Audit department and compliance function review the business unit's adherence to internal processes and procedures as well as to regulatory and legal requirements providing timely feedback to management for corrective action, including minimising the design risk, if any.

BFL's Risk Management, Operational Risk Management, Information Technology and Cyber Security practices have been already elaborated in earlier sections of this chapter.

Further, in line with the RBI's notification dated 03 February 2021, BFL had implemented Risk-Based Internal Audit (RBIA) methodology from 01 April 2021. The RBIA is linked to the Company's overall risk management framework. BHFL, though not required to have RBIA, has voluntarily adopted the same.

The Audit Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines. In the opinion of Board and the Senior management, internal control systems are well placed and work in a satisfactory manner.

Fulfilment of the RBI's Norms and Standards

BFL fulfils and often exceeds the applicable norms and standards laid down by the RBI relating to the recognition and provisioning of Stage III (qualifying non-performing) assets, capital adequacy, statutory liquidity ratio, liquidity coverage ratio etc. Table 8 demonstrates BFL and BHFL's prudent practices detailing its performance ratios compared to the minimum requirements of the RBI.

In FY2023, the RBI has issued following important circulars: -

- Non-Banking Finance Companies – Upper Layer (NBFC-UL) - Pursuant to "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs", the RBI vide press release dated 30 September 2022 classified BFL as NBFC-UL. As per the requirement of the SBR applicable to NBFC-UL, BFL has created a Board approved policy for adoption of the enhanced regulatory framework applicable to NBFC-UL and implementation plan for adhering to the new set of regulations.
- Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs: BFL was required to put in place a Board approved compliance policy and establish a compliance function, including the appointment of a Chief Compliance Officer (CCO), latest by 01 April 2023 and 01 October 2023, respectively. Accordingly, BFL has put in place a Board approved policy and also appointed its CCO.
- Loans and Advances – Regulatory Restrictions – NBFCs: The circular required NBFCs to put in place a Board approved policy on loans and advances given to and contracts awarded to directors, their relatives and related entities and senior officers and their relatives. BFL has put in place Board approved policy for the same.
- Scale Based Regulation (SBR) for NBFCs: Capital requirements for Non-Banking Finance Companies – Upper Layer (NBFC-UL): NBFC-UL are required to maintain, on an on-going basis, Common Equity Tier-1 (CET1) ratio of at least 9 per cent. The CET-1 ratio of BFL is well above the required statutory limit.
- Large Exposures Framework for Non-Banking Financial Company - Upper Layer (NBFC-UL): Circular dated 19 April 2022 required upper layer NBFCs to define maximum exposure norms to a single counter party and group of interconnected counter parties. BFL has put in place Board approved policy and has complied with the same.
- Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer: Circular dated 06 June 2022 prescribed for different rate of provisioning for different categories of standard assets. For NBFCs which are required to comply with Indian Accounting Standards (Ind AS) for the preparation of their financial statements to include these rates in the computation of prudential floor. ECL provisions made by BFL for standard assets (stage-1 and stage-2) are higher than standard asset provisioning required by prudential norms at portfolio level.
- Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs: These guidelines required NBFCs to put in place a Board approved compensation policy which shall at the minimum include, (a) constitution of a Remuneration Committee, (b) principles for fixed/variable pay structures, and (c) malus/clawback provisions. BFL already has a Nomination and Remuneration Committee and it has put in place a Board approved policy in line with the requirements of this circular. As part of its board approved policy, BFL is committed for a tighter compliance than prescribed in this guideline.
- Internal Capital Adequacy Assessment Process (ICAAP): Scale based regulation issued on 22 October 2021 required NBFC-UL and NBFC-ML to make a thorough internal assessment of the need for capital, commensurate with the risks in their business on similar lines as ICAAP prescribed for commercial banks under Pillar 2. BFL has already put in place a Board approved ICAAP policy and placed a proforma ICAAP document for FY2022.
- Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs): NBFC – Middle and Upper Layers with 10 or more 'Fixed point service delivery units' are required to implement 'Core Financial Services Solution (CFSS)', akin to the Core Banking Solution (CBS) adopted by banks on or before 30 September 2025. BFL is already in compliance of the same.
- Disclosures in Financial Statements- Notes to Accounts of NBFCs: This circular requires NBFCs to make certain additional disclosures in their financial statements and is effective from annual financial statements for year ending 31 March 2023. BFL has included these disclosures in its financial statements for FY2023.

Table 8: **BFL and BHFL's regulatory ratios compared to the minimum requirements of the RBI**

	Bajaj Finance Ltd.		Bajaj Housing Finance Ltd.	
Particulars	As on 31 March 2023	RBI stipulation	As on 31 March 2023	RBI stipulation
Capital to Risk-weighted Assets Ratio (CRAR)	24.97%	15.00%	22.97%	15.00%
Of which Tier-I	23.20%	10.00%	22.19%	10.00%
Statutory Liquidity Ratio	20.20%	15.00%	NA	NA
Liquidity Coverage Ratio	113%	70%	150%	60%
Cumulative asset liability mismatch				
1-7 days	43%	(10%)	12%	(10%)
8-14 days	96%	(10%)	13%	(10%)
15-30 days	93%	(20%)	11%	(20%)

Bajaj Housing Finance Ltd. (BHFL)

Bajaj Housing Finance Ltd. (BHFL), a wholly owned subsidiary of BFL, is registered as a non-deposit taking housing finance company with the National Housing Bank (NHB) since September 2015 to carry the business of housing finance. BHFL started its lending operation from July 2017. Pursuant to the Scale Based Regulation (SBR) issued by the Reserve Bank of India (RBI) on 22 October 2021, the RBI released list of NBFC's in the Upper Layer under the SBR for NBFC's on 30 September 2022. Amongst the 16 NBFC's identified by the RBI, Bajaj Housing Finance Ltd. has been identified as one of them for categorisation as NBFC-UL under this framework.

BHFL offers following products to its customers: (i) home loans; (ii) loans against property; (iii) lease rental discounting; and (iv) developer financing. It also has a dedicated vertical offering home loans and loan against property to the rural sector and to MSME customers.

BHFL enjoys the highest credit rating of AAA/stable from CRISIL and India Rating for its long-term debt programme and A1+ from CRISIL and India Ratings for its short-term debt programme. These reaffirm the reputation and trust BHFL has earned for its sound financial management and ability to meet financial obligations.

BHFL is one of the large housing finance companies in India. It is focused on scaling up all its portfolios with dedicated focus on retail individual housing and granular exposures of corporate and developer portfolio. It strives to offer seamless processes and consistent experience to its customers. Accordingly, BHFL has implemented various industry first digital initiatives including OTP based e-sanction letter and e-agreement to provide quick and hassle-free loan onboarding experience to its customers. To continue its growth momentum, BHFL is investing in geographic expansion through its micro market strategy and deepening of its structures.

BHFL is focused on building a low-risk portfolio. Individual housing loans contribute to about 62% of the overall portfolio. Further, 95% of individual home loans pertains to even lesser-risk customers, viz. salaried customers and self-employed professionals. Going forward, BHFL intends to expand its housing loans business to self-employed and affordable housing segment with a calibrated risk strategy to cover full spectrum of housing loan market.

To increase its home loan penetration, BHFL continues to: (i) deepen its presence at existing developer projects', (ii) increase distribution reach, and (iii) leverage developer finance relationship for higher retail home loan contribution.

With its differentiated underwriting capabilities, the developer finance portfolio of BHFL has demonstrated an immaculate portfolio performance over the years. It will continue to (i) expand its geographical footprint, (ii) deepen relationships with existing developers, and (iii) onboard newer developers that meet its underwriting standards and allow building a granular portfolio.

In commercial real estate, BHFL now offers financing for commercial construction and lease rental discounting for build to suit warehousing and industrial properties. It continues to widen geographical presence to further strengthen its market share in this business while deepening its relationship structure to offer best-in-class service to these customers.

BHFL Business Update

After a gap of over two years, FY2023 was the first financial year without any significant COVID-19 disruption. However, the after-effects of the pandemic, rising inflation and the Russia-Ukraine conflict created global financial risks. Central banks across the world resorted to increase interest rates and reduce systemic liquidity. The RBI was no exception: it increased the repo rate six times in FY2023 from 4.0% to 6.5%, an increase of 250 bps. Mortgages is a floating rate portfolio and this increase in repo led to an upward repricing of mortgage loans, resulting in temporary higher spread for the housing finance sector.

The first half of FY2023 witnessed increased home sales and intense competition across financiers thereby driving lending rates to their lowest. However, multiple repo rate hikes in the second half led to significant increase in mortgage lending rates thereby impacting the business momentum.

BHFL continues to maintain its price competitiveness across its product offerings aided by its low cost of funds. In FY2023, BHFL received its first ever sanction from the National Housing Bank (NHB) under its refinance scheme at an attractive rate. This will enable diversification of liabilities pool for the Company and offer advantage to its cost of funds.

BHFL raised additional ₹ 2,500 crore of equity capital on 07 April 2022 through right issue to its parent company viz. BFL. With this round of capital raise, BHFL now has a capital base of more than ₹ 10,500 crore. BHFL's CRAR as on 31 March 2023 was comfortable at 22.97% against the regulatory requirement of 15%,

Home Loans

BHFL offers home loans to mass affluent salaried, professional and self-employed customers for ready to move in as well as under construction homes in 51 locations across India with an average loan value of ₹ 5.0 million. It follows a micro-market strategy using a mix of direct and indirect channels. It also offers external benchmark (Repo) linked home loans options to its customers. The home loans business AUM stood at ₹ 41,037 crore as on 31 March 2023, or a growth of 23% over FY2022.

Loan Against Property (LAP)

BHFL offers Loan Against Property (LAP) to SMEs, MSMEs, self-employed individuals and professionals against mortgage of their residential and commercial properties. It uses both direct and indirect channels for sourcing LAP business. This LAP business is present in 29 locations across India with an average loan value of ₹ 7.2 million. The AUM stood at ₹ 6,538 crore, a growth of 5% over FY2022.

Lease Rental Discounting (LRD)

BHFL focuses financing to high-net-worth individuals (HNIs) and developers for their lease rental discounting needs with loan amounts ranging from ₹ 10 crore to ₹ 550 crore. This involves financing against lease rental cashflows of commercial properties occupied by prominent lessees under a long-term lease contract. It also offers construction finance for commercial properties to existing LRD customers as well as warehousing LRD. These products are offered across 12 locations in India and BHFL plans to expand its presence to 6 more locations in FY2024. AUM from this business stood at ₹ 11,260 crore as on 31 March 2023, growth of 64% over FY2022.

Developer Loans

BHFL focuses on construction to small and mid-size developers with strong track record of timely project delivery and loan repayments with average loan value of ₹ 30 crore. It offers developer loans in 13 locations and plans to expand this to 7 more locations in FY2024. Developer relationships further enable BHFL to acquire low risk retail home loans. BHFL also offers inventory finance to developers against their unsold completed construction inventory. Repayments for these loans are secured through escrow arrangements. AUM under this business grew by 92% over FY2022 and stood at ₹ 6,026 crore as on 31 March 2023.

Rural Mortgage Loans

BHFL offers home loans and loans against property to salaried and self-employed customers across 85 small towns in India. Rural mortgages business operates at an average loan value of nearly ₹ 1.7 million. This business helps BHFL widen its geographic reach and reduce portfolio concentration. BHFL closed FY2023 with rural mortgages AUM of ₹ 2,592 crore.

Partnerships and Services

In partnership with various financial service providers, BHFL offers life insurance, general insurance, health insurance, online primary healthcare assistance services and other financial services products to its customers.

Table 9: BHFL's Assets Under Management

(₹ in crore)

Particulars	FY2023	FY2022	Change
Housing loans (including top ups)	41,037	33,238	23%
Loan against property	6,538	6,221	5%
Lease rental discounting	11,260	6,848	64%
Developer finance	6,026	3,136	92%
Rural mortgage loans	2,592	2,276	14%
Other loans	1,775	1,603	11%
Total	**69,228**	**53,322**	**30%**

Table 10: BHFL's Financial Performance

(₹ in crore)

Particulars	FY2023	FY2022	Change
Total income	5,665	3,767	50%
Interest and finance charges	3,211	2,155	49%
Net interest income	**2,454**	**1,612**	**52%**
Total operating expenses	630	471	34%
Pre-impairment operating profit	**1,824**	**1,141**	**60%**
Impairment on financial instruments	124	181	(31%)
Profit before tax (PBT)	**1,700**	**960**	**77%**
Profit after tax (PAT)	**1,258**	**710**	**77%**
Other comprehensive income/(expenses)	4	(1)	
Total comprehensive income	**1,262**	**709**	**78%**
Earnings per share (EPS) basic, in ₹	1.88	1.45	30%

Bajaj Financial Securities Ltd. ('BFinsec')

Bajaj Financial Securities Ltd. ('BFinsec'), a wholly owned subsidiary of BFL, is registered with the SEBI as a stockbroker and depository participant. BFinsec started its business operations from August 2019 with a strategy to ring fence loan against securities (LAS) customers of BFL by providing them a full suite of investment products and services. During FY2023, BFinsec expanded its presence from 7 to 26 locations. It offers demat, broking, margin trade financing and financing for offer for sale to retail and HNI clients. It offers spread financing to its customers through BFL. It also offers various financing solution through BFL to its customers. These include financing for new equity listing (IPO finance) and financing for employee stock option plan (ESOP finance).

With a view to provide better trading experience to its customers, BFinsec upgraded its website and mobile trading app with the following major capabilities:

- Online application for Sovereign Gold Bonds through BFinsec's trading platform.
- Market Smith, a third-party research tool to provide stock recommendations on our web and mobile application.
- Bonds India, a third-party platform for applying bonds online through BFinsec trading platform
- IPO application via BFinsec platform with key features of - Early access, subscription status and UPI validation.
- Enabled application of SME IPO's through BFinsec web and mobile application.
- 'Scanners' enable stock analysis and filter basic key parameter and matrices to find new trading ideas efficiently.

- Screener and result dashboard feature added under insights.
- Enhancement of online service capabilities to include add nominee in trading account, request for account closure, request for conversion of MTF position to cash delivery
- Enhancement to EKYC process for journey optimisation and EKYC facility for NRI customers
- Introduction of Demat Debit and Pledge Instructions (DDPI) replacing power-of-attorneys.
- Mobile and web is now available in Hindi, Marathi and Gujrati, apart from English.
- Facility to place Buy/Sell order along with stop loss and target order for both cash, and futures and option segment i.e. bracket and cover order.
- E-voting feature to facilitate members/shareholders to cast vote in electronic form for the companies.
- Android TAB and iPad compatible trading App.
- Integrated App analytics engine to understand customer behaviour on mobile platforms
- Watchlist has been revamped for quick addition of scripts, voice-based search, segment wise search result, display of holding quantity, enhanced watchlist interface with grid view for easy understanding.
- UI/UX Improvements for help text on order page, e-DIS/e-pledge access from holdings, funds addition on rejected order, holding and net positions dashboard, AMO order based on market timing and MTF pledge as well as separate dashboard for T1 & T2 stocks.
- WhatsApp Chat Bot for transaction and services.
- MTF product for non-POA customers.
- Tools and Calculator – Feature to view margin files and calculate brokerage and required margin.
- Feedback and Rating – Facility to get feedback and ratings about our Applications from the customers.
- Trading View – New charting tool to enhance the charting experience of our customers.
- XIRR Logic – Addition of XIRR values in P&L report for returns assessment.
- News Upgrade – Clickable news feed to get detailed news on the stocks and market.

BFinsec's SAMADHAN platform offers various service options to customers via self-help Q&As and ticket-based query resolution for various queries. Partner portal is focused on acquiring and servicing partners for driving customer acquisition. It's Independent Business Associate ('IBA') channel facilitates low-cost customer acquisition across all geographies and cross-sell third party products including that of BFL.

With a base of approximately 565,100 customers as on 31 March 2023, BFinsec offers the following:

HNI Demat and Broking: Demat and broking services to affluent HNI clients, who get an option of call-in-trade service through dedicated traders. It offers customised brokerage plans to such clients which can be availed based upon their trading needs. HNI clients with high trading volumes are provided an option of a trading terminal. As on 31 March 2023, BFinsec had over 22,500 HNI clients.

Retail Demat and Broking: Demat and broking services to retail clients through a set of customised discount broking plan to choose from based upon the trading needs. BFinsec offers trading facility over a web portal and a mobile app. Retail client can also avail value added services of call-in-trade from BFinsec. During the year BFinsec added over 216,850 customers. Apart from acquisition BFinsec is also focusing on customer activation. As on 31 March 2023, BFinsec had over 542,600 such customers.

Margin Trade Financing (MTF): MTF facility to both HNI and retail clients, who can purchase approved securities by paying required margin and the balance amount is funded by BFinsec. As on 31 March 2023, the MTF AUM stood at ₹ 1,064 crore.

BFinsec generated total income of ₹ 204 crore and profit after tax of ₹ 8 crore in FY2023.

Table 11: **BFinsec's Financial Performance**

(₹ in crore)

Particulars	FY2023	FY2022
Total income	204	124
Interest and finance charges	69	29
Net interest income	**136**	**95**
Total operating expenses	124	72
Impairment on financial instruments (₹ 0.22 crore, FY2022 ₹ 0.27 crore)		
Profit before tax (PBT)	**11**	**23**
Profit after tax (PAT)	**8**	**17**
Other comprehensive income/(expenses) (₹ 0.05 crore, FY2022 ₹ (0.12) crore)		
Total comprehensive income	**8**	**17**
Earnings per share (EPS) basic, in ₹	0.13	0.54

Concluding Comments

After carefully prevailing over the COVID-19 years (FY2021 and FY2022), Bajaj Finance has come back to its usual status of posting excellent operational and financial results in FY2023. Although there are some storm clouds on the horizon — relatively high CPI inflation, the chances of perhaps one or two other repo rate hikes by the RBI depending upon the actions taken by the US Federal Reserve, and the insecurities posed by the continuing Russia-Ukraine conflict — there are reasons to believe that BFL is well placed to continue posting good results in FY2024. Internally, the Company's Omnichannel strategy will be even more apparent throughout all relevant points of customer interface. We, therefore, expect to generate greater customer acquisition, higher customer loyalty, more profitable cross-selling and better margins for each of our businesses. Simply put, FY2024 should be at least as good as FY2023.

Table 12: Key Finance Indicators: Last 16 years

Financials snapshot	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	CAGR (16 Years)
AUM	2,478	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	1,47,153	1,52,947	1,97,454	2,47,379	36%
Income from operations	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	26,683	31,648	41,406	34%
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	9,414	9,754	12,560	33%
Net interest income	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	17,269	21,894	28,846	35%
Operating Expenses	193	220	320	460	670	850	1,151	1,428	1,898	2,564	3,270	4,197	5,662	5,308	7,587	10,130	30%
Loan losses & provisions	109	164	261	205	154	182	258	385	543	804	1,030	1,501	3,929	5,969	4,803	3,190	25%
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	5,992	9,504	15,528	52%
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	4,420	7,028	11,508	52%

Ratios	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Opex to NII	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%	30.7%	34.7%	35.1%
Return on assets	0.7%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%	3.1%	4.2%	5.3%
Return on equity	2.0%	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%	12.8%	17.4%	23.5%
Net NPA *	7.00%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%	0.75%	0.68%	0.34%
NPA provisioning coverage	30%	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%	58%	58%	64%
CRAR (standalone)	40.7%	38.4%	25.9%	20.0%	17.5%	21.9%	19.1%	18.0%	19.5%	20.3%	24.7%	20.7%	25.0%	28.3%	27.2%	25.0%
Leverage ratio	2.6	2.5	3.8	5.9	6.4	5.3	6.2	6.8	6.3	6.6	5.4	6.3	5.1	4.7	4.9	5.1

Note 1: As per the RBI regulations, NNPA percentages for upto 2015 are at 6 months overdue, 2016 is at 5 months overdue, 2017 is at 4 months overdue, 2018 to 2021 are at 3 months overdue and 2022 onwards is at 91 days passed due.

Note 2: All figures till including FY2017 are as per previous GAAP, whereas for FY2018 onwards are as per IndAS

Note 3: All figures from FY2018 onwards are on consolidated basis except as otherwise stated.

Cautionary Statement

Some statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied.

REPORT ON CORPORATE GOVERNANCE

Corporate governance is about promoting fairness, transparency, accountability, commitment to values, ethical business conduct and considering all stakeholders' interest while conducting business.

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations'), given below are the corporate governance policies and practices of Bajaj Finance Ltd. (the 'Company', 'Bajaj Finance' or 'BFL') for FY2023.

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the SEBI Listing Regulations and the Regulations of the Reserve Bank of India ('RBI') for Non-Banking Financial Companies (the 'RBI Regulations'), as applicable to the Company. As will be seen, the Company's corporate governance practices and disclosures go well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws.

Philosophy

For us, corporate governance is a reflection of principles rooted in our values and policies and also embedded in our day-to-day business practices. The commitment of Bajaj group to the highest standards of corporate governance predates the provisions of the SEBI Listing Regulations and clause 49 of erstwhile Listing Agreement. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrusts of the working of the Bajaj group. The Company maintains the same tradition and commitment.

Key elements of Bajaj Finance's Corporate Governance

- Compliance with applicable laws.
- Proactive adherence to the regulations.
- Benchmarking and adopting best practices among banks, peers and other leading organisations.
- Number of Board and Committee meetings are more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans and risks.
- Board comprises of Directors from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required.
- Panel of independent directors with outstanding track record and reputation.
- Effective 1 April 2023, Audit Committee comprising of independent Board members.
- Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management who are the process owners.
- Independent discussions by the Audit Committee members with Chief Internal Auditor without presence of Managing Director and Senior Management on a quarterly basis.
- Independent Discussions by the Risk Management Committee members with Chief Risk Officer without presence of Managing Director and Senior Management on a quarterly basis.
- Separate meeting of independent directors without presence of non-independent directors or Executive Management.
- Confidential Board evaluation process where each Board member evaluates the performance of every Director, Committees of the Board, the Chairman of the Board and the Board as a whole.
- Presentations by key Senior Management Team members of the Company and its subsidiaries to familiarise the Directors with key elements of each of the businesses.
- Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions.
- Representation of the Company via non-executive and independent directors on the Board of its material subsidiary which ensures an institutionalised structure of control over subsidiary.
- Half-yearly communication from the Chairman to all shareholders/debenture holders of the Company giving an update on the Company's performance.

- Adoption of key governance policies in line with the best practices, which are made available to stakeholders for viewing and downloading from the Company's website. These include:
  - Whistle Blower Policy/Vigil Mechanism;
  - Policy on materiality of related party transactions and dealing with related party transactions;
  - Dividend Distribution Policy;
  - Policy on Prevention of Sexual Harassment at Workplace;
  - Fair Practices Code in English and all vernacular languages;
  - Employee Charter on Human rights;
  - Equal Employment Opportunity and Non-Discrimination Policy;
  - Remuneration policy for Directors, Key Managerial Personnel and Senior Management;
  - Data Privacy Policy;
  - Responsible and Sustainable Business Conduct Policy;
- The weblinks of key policies are given as an annexure to this Report.

Board of Directors

The Board of Directors ('Board') and its Committees play significant role in upholding and furthering the principles of good governance which translates into ethical business practices, transparency and accountability in creating long term stakeholder value.

Keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of independent and non-independent directors to maintain the independence of the Board and to separate the Board functions of governance and Management.

The responsibilities of the Board, *inter alia*, include formulation of overall strategy for the Company, reviewing major plan of actions, setting performance objectives, laying down the Code of Conduct for all members of the Board and the Senior Management team, formulating policies, performance review, monitoring due compliance with applicable laws, reviewing and approving the financial results, enhancing corporate governance practices and ensuring the best interest of the shareholders, the community, environment and its various stakeholders.

Composition

In compliance with the SEBI Listing Regulations, the Company has an optimum combination of executive and non-executive directors with a woman independent director. The Company has a non-executive Chairman. According to provisions of the SEBI Listing Regulations, if the non-executive Chairman is related to promoter, at least one half of the Board of the Company should consist of Independent Directors.

As on 31 March 2023, the Board of the Company consisted of eight directors, of whom one was executive (Managing Director), five were non-executive independent (including one-woman independent director) and two were non-executive non-independent. The Board does not have any institutional nominee director.

The Company is in compliance with the SEBI Listing Regulations.

Number of meetings of the Board

The calendar for the Board and Committee meetings, in which the financial results would be considered in the ensuing year, as well as major items of the agenda are fixed in advance for the entire year. Besides the quarterly Board meetings, meetings are also scheduled in the month of March and September every year to facilitate the Board to devote additional time on long range planning and strategic matters. The Board and Committee meetings are scheduled for one full day to enable adequate time for deliberations.

During FY2023, the Board met six times, viz., 26 April 2022, 27 July 2022, 12 September 2022, 20 October 2022, 27 January 2023 and 16 March 2023. The gap between two consecutive meetings has been less than 120 days.

The summary of composition of Board, number of meetings held during FY2023, attendance record, total compensation for the year, and shareholding in the Company is provided below.

Sr. No.	Name of director, DIN and capacity/ category	Director since	No. of Board Meetings Entitled to attend/ Attended	% of meetings attended in last 3 years	Remuneration (₹ in crore) Salary and other compensation	Sitting Fee	Commission	No. of Shares held in the Company as on 31 March 2023
1.	Sanjiv Bajaj (DIN: 00014615) Chairman, Non-executive, Promoter Group	18 January 2005	6/6	100	-	0.23	0.58	530,792
2.	D J Balaji Rao (DIN: 00025254) Independent director	1 April 2014#	6/6	100	-	0.07	0.18	Nil
3.	Dr. Naushad Forbes (DIN: 00630825) Independent director	1 April 2019	6/6	100	-	0.15	0.38	Nil
4.	Anami N Roy (DIN: 01361110) Independent director	1 April 2019	6/6	100	-	0.18	0.45	Nil
5.	Pramit Jhaveri (DIN: 00186137) Independent director	1 August 2021	6/6	100$	-	0.17	0.43	Nil
6.	Radhika Haribhakti (DIN: 02409519) Independent director	1 May 2022	5/5	100*	-	0.08	0.20	Nil
7.	Rajiv Bajaj (DIN: 00018262) Non-executive, Promoter Group	2 May 1994	6/6	94.44	-	0.06	0.15	1,000
8.	Rajeev Jain (DIN: 01550158) Managing Director	1 April 2015	6/6	100	18.04	-	-	169,950

Notes:

All directors attended the AGM held on 27 July 2022.

Sanjiv Bajaj and Rajiv Bajaj are brothers and related to each other.

No other directors are related interse.

$ Pramit Jhaveri was appointed with effect from 1 August 2021. % of meetings attended is calculated based on the number of Board meetings attended post his appointment.

* Radhika Haribhakti was appointed with effect from 1 May 2022. % of meetings attended is calculated based on the number of Board meetings attended post her appointment.

Date of appointment pursuant to Companies Act, 2013 as an independent director is considered.

The Company has not issued any convertible instruments and none of the Directors hold any convertible instrument. Rajeev Jain, Managing Director is entitled to Employee Stock Options as per Employee Stock Option Scheme, 2009. The above remuneration is exclusive of fair value of options granted as per black scholes model in the year of vesting.

Changes in composition of Board during FY2023 and FY2022

Details of change in composition of the Board during the year under review and previous year i.e., from 1 April 2021 to 31 March 2023 is given below:

Sr. No.	Name of director	Capacity	Nature of change	Effective date
1.	Late Rahul Bajaj	Non-executive director	Resignation	30 April 2021*
2.	Dr. Omkar Goswami	Independent director	Resignation	9 July 2021
3.	Pramit Jhaveri	Independent director	Appointment	1 August 2021
4.	Dipak Poddar	Independent director	Retirement	31 March 2022*

Sr. No.	Name of director	Capacity	Nature of change	Effective date
5.	Dr. Gita Piramal	Independent director	Resignation	30 April 2022*
6.	Ranjan Sanghi	Independent director	Resignation	30 April 2022*
7.	Radhika Haribhakti	Independent director	Appointment	1 May 2022
8.	Madhur Bajaj	Non-executive director	Resignation	31 July 2022*

* Close of business hours

The Board at its meeting held on 16 March 2023, appointed Dr. Arindam Bhattacharya as an independent director for a period of 5 years effective 1 April 2023. Further, the Board at the said meeting, appointed two additional Executive Directors viz., Anup Saha and Rakesh Bhatt with effect from 1 April 2023 for a period of five years.

Resignation of independent director during FY2023

Ranjan Sanghi who was holding office for a second term till 31 March 2024, stepped down as director and independent director of the Company in view of his age and ill health with effect from close of business hours on 30 April 2022.

Dr. Gita Piramal has also tendered her resignation as director and independent director due to health reasons with effect from close of business hours on 30 April 2022.

Both these directors also confirmed that there are no material reasons for resignation other than those mentioned in their respective resignation letters. The letters which have been furnished to stock exchanges can be accessed at https://www.bajajfinserv.in/finance-stock-exchange-filings

Board diversity

In compliance with the provisions of the SEBI Listing Regulations, the Board through Nomination and Remuneration Committee ('NRC') has devised a policy on Board Diversity. The Board comprises adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The directors are persons of eminence in areas of financial services, technology, banking, business transformation and strategy, audit and risk management, finance, law, administration, research and investment banking, etc. and bring with them experience/skills which add value to the performance of the Board. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality.

Core skills/expertise/competencies

A brief profile of directors is available on the website of the Company at https://www.bajajfinserv.in/finance-board-of-directors

As stipulated under schedule V to the SEBI Listing Regulations, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors.

The chart/matrix of such core skills/expertise/competencies, along with the names of directors who possess such skills is given below:

Sr. No.	Core skills/expertise/competencies
1.	Management and Governance
2.	Financial Services
3.	Consumer behaviour, sales, marketing and customer experience
4.	Technology and Innovation
5.	Understanding of accounting and financial statements
6.	Risk, Assurance and Internal Controls
7.	Regulatory, Public policy and economics
8.	Human Resource
9.	Business Transformation and Strategy

Sr. No.	Name of director	Core skills/expertise/competencies
1.	Sanjiv Bajaj	Management and Governance, Financial Services, Technology and Innovation, Consumer Behaviour, Sales, Marketing and Customer Experience, Understanding of Accounting and Financial Statements, Risk, Assurance and Internal Controls, Regulatory, Public Policy and Economics, Human Resources and Business Transformation and Strategy.
2.	D J Balaji Rao	Management and Governance, Financial Services, Consumer Behaviour, Sales, Marketing and Customer Experience, Understanding of Accounting and Financial Statements, Risk, Assurance and Internal Controls and Business Transformation and Strategy.
3.	Dr. Naushad Forbes	Management and Governance, Consumer Behaviour, Sales, Marketing and Customer Experience, Technology and Innovation, Understanding of Accounting and Financial Statements, Risk, Assurance and Internal Controls, Regulatory, Public Policy and Economics, Human Resources and Business Transformation and Strategy.
4.	Anami N Roy	Management and Governance, Financial Services, Risk, Assurance and Internal Controls, Understanding of Accounting and Financial Statements, Regulatory, Public Policy and Economics and Human Resources.
5.	Pramit Jhaveri	Management and Governance, Financial Services, Consumer Behaviour, Sales, Marketing and Customer Experience, Technology and Innovation, Understanding of Accounting and Financial Statements, Risk, Assurance and Internal Controls, Regulatory, Public Policy and Economics, Human Resources and Business Transformation and Strategy.
6.	Radhika Haribhakti	Management and Governance, Financial Services, Understanding of Accounting and Financial Statements, Risk, Assurance and Internal Controls, Human Resources and Business Transformation and Strategy.
7.	Rajiv Bajaj	Management and Governance, Consumer Behaviour, Sales, Marketing and Customer Experience, Technology and Innovation, Understanding of Accounting and Financial Statements, Risk, Assurance and Internal Controls, Human Resources and Business Transformation and Strategy.
8.	Rajeev Jain	Management and Governance, Financial Services, Consumer Behaviour, Sales, Marketing and Customer Experience, Understanding of Accounting and Financial Statements, Risk, Assurance and Internal Controls, Regulatory, Public Policy and Economics and Business Transformation and Strategy.

Opinion of the Board

The Board confirms that, in its opinion, the independent directors fulfil the conditions specified under the SEBI Listing Regulations and the Act and are independent of the Management of the Company.

Non-executive directors' compensation

The Company believes that non-executive directors' ('NEDs') (including independent directors) compensation must reflect the time, effort, attendance and participation in Board and Committee meetings. The payment is proportionate to attendance and ensures directors' remuneration is commensurate with their time, effort, attendance and participation.

The members of the Company *vide* special resolution passed at the Annual General Meeting ('AGM') of the Company held on 27 July 2022 have, approved the payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of section 198 of the Act, to be paid and distributed among the directors of the Company or some or any of them (other than the Managing Director/Whole-time Directors) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors from time to time during the five years commencing from 1 April 2022.

During FY2023, NEDs of the Company were being paid commission at the rate of ₹ 250,000 per meeting of the Board and/or its Committees attended by them.

An independent benchmarking exercise was done on the compensation payable to NEDs vis-a-vis peers and other well governed companies. The Board, after taking into account the same and keeping in view the responsibilities that the NEDs are expected to bear in the interest of higher level of excellence in corporate governance on account of statutory and regulatory changes, enhanced the commission from ₹ 250,000 to ₹ 400,000 per meeting of the Board and/or Committee. The total commission payable to all directors, however, will be within the maximum permissible ceiling prescribed under Act.

The Commission is paid to the directors after the adoption of audited financial statements by the shareholders at the AGM.

The directors are also entitled to sitting fee at ₹ 100,000 per meeting for every meeting of the Board and/or Committee (except Corporate Social Responsibility Committee) attended by them.

The Company does not have a stock option programme for any of its directors other than the Managing Director/Executive Directors.

Information placed before the Board

The Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by key members of Senior Management on important matters from time to time. Directors have separate and independent access to the officers of the Company. In addition to items required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

In terms of quality and importance, the information supplied by Management to the Board is far ahead of the mandate under the Act and SEBI Listing Regulations. The independent directors of the Company met on 16 March 2023 and expressed their satisfaction on the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

Pursuant to the various regulatory requirements and considering business needs, the Board is apprised on various strategic, business, compliance and regulatory matters. During the FY2023 it, *inter alia*, covered the following:

- Business plans, forecast and strategic initiatives
- Changes in regulatory landscape including impact of the RBI Scale Based Regulations, and Company's preparedness
- Capital expenditure and updates
- Internal financial controls
- Succession planning and organisation structure
- Details of incidence of frauds, and corrective action taken thereon
- Supervisory concerns raised by regulators
- Performance of subsidiaries
- Status of compliance with Act, SEBI Regulations, RBI Regulations and shareholder related matters
- Review of various policies framed by Company from time to time covering, amongst others, Code of Conduct for Directors and Senior Management, Whistle-blower policy, Fair Practices Code, IT related policies, Risk Management policy, etc.
- Risk management system, Risk Management Policy and strategy followed
- Compliance with corporate governance standards
- Minutes of meetings of various Committees including Risk Management, Asset-Liability and IT Strategy Committee
- Compliance with fair practices code
- Functioning of customer grievance redressal mechanism
- Awareness on cyber security

Directors and Officers liability insurance ('D&O policy')

The Company has in place a D&O policy which is renewed every year. It covers directors (including independent directors) of the Company and its subsidiaries. The Board is of the opinion that quantum and risk presently covered is adequate.

Orderly succession to Board and Senior Management

One of the key functions of the Board of Directors is selecting, compensating, monitoring, and when necessary, replacing key managerial personnel and overseeing succession planning.

Pursuant to regulation 17(4) of the SEBI Listing Regulations, the framework of succession planning for appointment of director/Senior Management is placed before the Board for its review from time to time.

Directorships and memberships of Board Committees

Table 1: Number of directorship/committee positions of directors as on 31 March 2023 (including the Company)

Sr. No.	Name of director	No. of Directorships	Directorships: In equity listed companies	Directorships: In unlisted public companies	Directorships: In private limited companies	Committee positions in listed and unlisted public companies: As member (including as chairperson)	Committee positions in listed and unlisted public companies: As chairperson
1.	Sanjiv Bajaj	18	5	5	8	8	-
2.	D J Balaji Rao	4	4	-	-	4	2
3.	Dr. Naushad Forbes	14	5	1	8	7	2
4.	Anami N Roy	10	6	3	1	8	4
5.	Pramit Jhaveri	4	3	-	1	2	-
6.	Radhika Haribhakti	8	7	1	-	9	2
7.	Rajiv Bajaj	11	5	2	4	-	-
8.	Rajeev Jain	2	1	1	-	2	-

Note: For the purpose of considering the limit of committees in which a director can serve, all public limited companies, whether listed or not, have been included; whereas all other companies including private limited companies, foreign companies, high value debt listed entities and companies under section 8 of the Act/section 25 of the Companies Act, 1956 have been excluded. Only the Audit Committee and the Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions. Bajaj Housing Finance Ltd., being a public limited company as well as high value debt listed entity is considered under the category of public limited company.

None of the directors hold office as a director, including as an alternate director, in more than 20 companies at the same time. None of them has directorships in more than 10 public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary companies of a public company are included; while directorships in dormant companies and section 8 of the Act/section 25 of the Companies Act, 1956 are excluded. For the purpose of reckoning the directorships in listed companies, only equity listed companies have been considered.

As per declarations received, no director serves as an independent director in more than seven equity listed companies or in more than three equity listed companies if he/she is a whole-time director/managing director in any listed company. The independent directors also confirmed that they are not on the Board of more than three NBFCs [NBFC-Middle Layer ('NBFC-ML') or NBFC-Upper Layer ('NBFC-UL')] at the same time in line with RBI Scale Based Regulations.

Pursuant to RBI Scale Based Regulations, Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL except for directorship in a subsidiary. Rajeev Jain, Managing Director, holds office as a Non-Executive Vice Chairman of Bajaj Housing Finance Ltd., the wholly subsidiary of the Company. He does not hold office in any other NBFC.

None of the directors was a member in more than 10 committees, nor a chairperson in more than five committees across all public companies in which he/she was a director.

Notwithstanding the number of directorships, as highlighted herein, the outstanding attendance record and participation of the directors in Board/Committee meetings indicates their commitment and ability to devote adequate time to their responsibilities as Board/Committee members.

Directorship in listed companies (including debt listed companies)

Table 2: Name of listed entities where directors of the Company held directorships as on 31 March 2023 (including the Company)

Sr. No.	Name of director	Name of listed entity	Category
1.	Sanjiv Bajaj	Bajaj Auto Ltd.	Non-executive, non-independent
		Bajaj Finance Ltd.	Chairman, non-executive, non-independent
		Bajaj Finserv Ltd.	Chairman and Managing Director, executive
		Bajaj Holdings & Investment Ltd.	Managing Director and CEO, executive
		Bajaj Housing Finance Ltd.	Chairman, non-executive, non-independent
		Maharashtra Scooters Ltd.	Chairman, non-executive, non-independent
2.	D J Balaji Rao	Bajaj Auto Ltd.	Non-executive, independent
		Bajaj Finance Ltd.	
		Bajaj Finserv Ltd.	
		Bajaj Holdings & Investment Ltd.	
3.	Dr. Naushad Forbes	Bajaj Auto Ltd.	Non-executive, independent
		Bajaj Finance Ltd.	
		Bajaj Finserv Ltd.	
		Bajaj Holdings & Investment Ltd.	
		Zodiac Clothing Company Ltd.	
4.	Anami N Roy	Bajaj Auto Ltd.	Non-executive, independent
		Bajaj Finance Ltd.	
		Bajaj Finserv Ltd.	
		Bajaj Holdings & Investment Ltd.	
		Bajaj Housing Finance Ltd.	
		GlaxoSmithKline Pharmaceuticals Ltd.	
		Finolex Industries Ltd.	
5.	Pramit Jhaveri	Bajaj Finance Ltd.	Non-executive, independent
		Bajaj Finserv Ltd.	
		Larsen & Toubro Ltd.	
6.	Radhika Haribhakti	Bajaj Finance Ltd.	Non-executive, independent
		Bajaj Finserv Ltd.	
		EIH Associated Hotels Ltd.	
		ICRA Ltd.	
		Navin Fluorine International Ltd.	
		Rain Industries Ltd.	
		Torrent Power Ltd.	
7.	Rajiv Bajaj	Bajaj Auto Ltd.	Managing Director and CEO, executive
		Bajaj Electrical Ltd.	Non-executive, non-independent
		Bajaj Finance Ltd.	Non-executive, non-independent
		Bajaj Finserv Ltd.	Non-executive, non-independent
		Bajaj Holdings & Investment Ltd.	Non-executive, non-independent
8.	Rajeev Jain	Bajaj Finance Ltd.	Managing Director, executive
		Bajaj Housing Finance Ltd.	Vice Chairman, non-executive, non-independent

Certificate on qualification of Directors

The Company has received a certificate from Shyamprasad D. Limaye, practising company secretary, to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by SEBI/Ministry of Corporate Affairs ('MCA') or such other statutory authority. The certificate forms a part of this Annual Report.

Review of legal compliance reports

The Board periodically reviews compliance report with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

Code of Conduct

The SEBI Listing Regulations requires listed companies to lay down a Code of Conduct for its directors and senior management, incorporating duties of Directors prescribed in the Act.

The Company has a Board approved Code of Conduct for Board members and Senior Management of the Company. Based on the review, the Code of Conduct was revised in line with applicable regulations and approved by the Board at its meeting held on 16 March 2023. The updated Code has been placed on the Company's website and can be accessed at https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents.

All the Board members and Senior Management personnel have affirmed compliance with the Code for the year ended 31 March 2023. A declaration to this effect signed by the Managing Director forms a part of this Annual Report.

Maximum tenure of independent directors

In terms of the Act, independent directors shall hold office for a term of up to five consecutive years on the board of a company but shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the board's report. The tenure of the independent directors is in accordance with the provisions of the Act.

Formal letter of appointment to independent directors

The Company has issued a formal letter of appointment/re-appointment to independent directors in the manner provided in the Act. As per regulation 46(2) of the SEBI Listing Regulations, the terms and conditions of appointment/re-appointment of independent directors are placed on the Company's website and can be accessed at https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents.

Familiarisation programme

On an ongoing basis, the Company endeavours to keep the Board including independent directors abreast with matters relating to the industry in which Company operates, its business model, risk metrics, mitigation and management, governing regulations, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company and group, etc.

The independent directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

The familiarisation details for the FY2023 can be accessed at the link: https://cms-assets.bajajfinserv.in/is/content/bajajfinance/familiarisation-programme-for-independent-directors-v2pdf?scl=1&fmt=pdf.

Whistle Blower Policy/Vigil Mechanism

The Company has a Whistle Blower Policy encompassing Vigil Mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the SEBI Listing Regulations and meeting the requirements under applicable RBI regulations. This mechanism enables directors, employees and value chain partners to report confidentially to the Management, without fear of victimisation, any unacceptable and/or unethical behaviour, suspected or actual fraud, violation of the Company's Code of Conduct or ethics policy and instances of leak or suspected leak of unpublished price sensitive information which are detrimental to the organisation's interest. It provides safeguards against victimisation of directors/employees/value chain partners who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. It also allows them to share their inputs or raise their concerns anonymously at the dedicated link provided for it.

The policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website which can be accessed at https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents.

Employees of the Company are required to undergo mandatory online learning module on Code of Conduct including Whistle Blower Policy and affirm that they have understood and are aware of vital aspects of the policy.

During FY2023, no employee was denied access to the Audit Committee. During FY2023, 145 complaints were received by Company out which 17 are pending for resolution as on 31 March 2023.

Details of material subsidiaries

The Company has one material subsidiary viz., Bajaj Housing Finance Ltd. ('BHFL').

The details of the same are as under:

Sr. No.	Particulars	Information about BHFL
1.	Date of incorporation	13 June 2008
2.	Place of incorporation	Pune
3.	Registered office	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi Pune - 411 035
4.	Name of the Auditor	Khandelwal Jain & Co. and G.D. Apte & Co.
5.	Date of appointment	16 November 2021
6.	Period of appointment	3 years to hold office till the AGM scheduled in 2024 for audit of Financial Statements for FY 2022, 2023 and 2024 as per RBI Guidelines.
7.	Other details	• BHFL is a wholly owned subsidiary of the Company registered as a Housing Finance Company with National Housing Bank (Registration No. 09.0127.15). • It is also classified in the Upper Layer pursuant to RBI Scale Based Regulations. • It issues debentures on private placement basis from time to time. These are listed on the Wholesale Debt Market Segment of BSE Ltd. It is classified as a high value debt listed entity in terms of SEBI Listing Regulations.

As on 31 March 2023, the Board of BHFL comprised of five directors out of which two are independent directors viz., Anami N Roy and Dr. Arindam Bhattacharya. It is a professional Board comprising of highly qualified and eminent persons. The profile of the directors can be accessed at https://www.bajajhousingfinance.in/directors-board.

The Board of BHFL approved appointment of Jasmine Chaney as an independent woman director effective 1 April 2023 for a period of five years.

In addition to above, the Company has a wholly owned subsidiary viz., Bajaj Financial Securities Ltd ('BFinsec'). and an associate company viz., Snapwork Technologies Private Ltd.

Details of the subsidiaries and associates including their performance, businesses, are given in the Directors' Report.

The Policy on 'material subsidiaries', as approved by the Board, is available on the Company's website and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subSIdiary-v2pdf?scl=1&fmt=pdf.

Loans and advances

The Company and its subsidiaries have not provided any loans and advances in the nature of loans to firms/ companies in which the directors are interested.

Share Capital

As of 31 March 2023, the paid-up capital of the Company was ₹ 121.09 crore consisting of 605,429,233 equity shares of face value of ₹ 2 fully paid up. The Company has not issued any convertible securities and there are no outstanding convertible securities as on 31 March 2023.

Utilisation of funds raised through preferential allotment/qualified institutions placement

The Company has not raised funds by issue of equity shares either on preferential basis or through qualified institutions placement during FY2023. Therefore, there are no details to be disclosed as per regulation 32(7A) of SEBI Listing Regulations.

Related party transactions

All related party transactions entered during FY2023 were in the ordinary course of business, at arm's length and not material under the Act and SEBI Listing Regulations. Prior approval of the Audit Committee was obtained for all related party transactions entered during FY2023. Details of such transactions were placed before the Audit Committee for its noting and review on a quarterly basis.

A statement containing disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS 24) including transaction with promoter/promoter group holding 10% or more shareholding in the Company is set out separately in this Annual Report. Disclosures relating to related party transactions are filed with the stock exchanges on a half-yearly basis.

During FY2023, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The policy is given below as required pursuant to Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended. It is also hosted on the Company's website at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-of-materiality-and-dealing-with-related-party-transactionpdf?scl=1&fmt=pdf.

Policy on materiality of related party transactions and dealing with related party transactions

Quote

Background

Pursuant to regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board of Directors of Bajaj Finance Ltd. (the Company) at its meeting held on 14 October 2014 had approved a Policy on Materiality of and dealing with related party transactions. Pursuant to SEBI circular dated 9 May 2018, which notified certain amendments effective from 1 April 2019, the Policy was revised by the Board at its meeting held on 12 March 2019.

SEBI, vide circular dated 9 November 2021, has notified further amendments necessitating changes to be made in the policy, which will be effective from 1 April 2022, unless stated otherwise.

Policy:

In supersession of the existing Policy, the Policy on Materiality of and dealing with Related Party Transactions, which is to be read together with Regulation 23 of the said Regulations and relevant provisions of the Companies Act, 2013 is accordingly being revised as under:

1. The terms 'Related Party', 'Related Party Transactions', 'Relative', 'Material RPTs', 'Arms' length transaction', 'Omnibus Approval' and such other terms will carry the meaning as stated under the Companies Act, 2013 or SEBI Listing Regulations as amended from time to time.
2. Related Party Transactions (RPTs), including subsequent material modifications thereof of the Company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the Audit Committee of the Board from time to time, subject to such exceptions as are provided therein.

   For the above purpose, 'material modifications' as defined by the Audit Committee would refer to the following:

   Material modification will mean and include any modification to an existing RPT having variance of 20% of the existing limit or ₹ 1 crore whichever is higher, as sanctioned by the Audit Committee/Shareholders, as the case may be. Provided further that:

   - a related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
   - With effect from 1 April 2023, a related party transaction to which the subsidiary of a listed entity is a party, but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
3. Prior Consent of the Board and the Shareholders would be taken in respect of all RPTs, including material modifications thereof, except in the following cases:
   i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder or the SEBI Listing Regulations, as may be applicable;
   ii. Where the transactions are entered into by the Company in its ordinary course of business and are on arms' length basis;

iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the Company;

iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed ₹ 1,000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;

v. Transactions entered into between the Company and any of its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;

vi. Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4. Notwithstanding the above, approval of the Board and shareholders would be necessary, where the RPTs exceed the following threshold limits:

(₹ in crore)

Sr. No.	Description	Threshold limits
1.	Sale, purchase or supply of any goods or materials or securities	1,000
2.	Borrowing including by way of deposits	
3.	Selling or otherwise disposing off or buying of any property including by way of leave and license arrangement	
4.	Availing or rendering of any services including lending	

The Chairman of Board and of Audit Committee are jointly authorised to make changes to Policy as they deem fit and expedient, taking into account the law for the time being in force.

The above policy is subject to review from time to time and at least once in every three years.

Unquote

Audit Committee

Pursuant to the Act, SEBI Listing Regulations and RBI Regulations, the Company has an Audit Committee, meeting the composition prescribed with a minimum of two-third of its members (including Chairman) being independent directors. All members are non-executive directors, are financially literate and have accounting or related financial management expertise.

The Board reviews the working of the Committee from time to time to bring about greater effectiveness and to ensure compliance with the various requirements under the Act, SEBI Listing Regulations and RBI Regulations.

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and RBI Regulations. These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions with related parties, review statement of deviations, if any, review Management letters/letters of internal control weaknesses issued by the statutory auditors, review compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The detailed terms of reference of the Committee can be accessed at https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee

Meetings and attendance

During FY2023, the Committee met five times viz., on 26 April 2022, 27 July 2022, 20 October 2022, 27 January 2023 and 16 March 2023. The meetings were scheduled well in advance and not more than 120 days elapsed between any two consecutive meetings.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, internal auditor, representative of statutory auditors and other senior executives who were considered necessary for providing inputs to the Committee.

The Company Secretary acted as the secretary to the Audit Committee.

Anami N Roy, Chairman of the Committee, was present at the AGM of the Company held through Video Conferencing (VC) on 27 July 2022, to answer shareholders' queries.

Sanjiv Bajaj, stepped down as member of the Committee with effect from close of business hours on 31 March 2023.

Further, the Board of Directors inducted Dr. Arindam Bhattacharya as member of the Committee effective 1 April 2023.

Effective 1 April 2023, all members of the Committee comprise of only independent directors.

Table 3: Composition of the Audit Committee and attendance record of the members for FY2023

				No. of Meetings held during FY2023 (5)	
Sr. No.	**Name of director**	**Member of Committee since**	**Category**	**Entitled to attend**	**Attended**
1.	Anami N Roy	10 July 2021	Chairman, non-executive, independent	5	5
2.	Sanjiv Bajaj	21 May 2008	Non-executive, non-independent	5	5
3.	Dr. Naushad Forbes	19 May 2020	Non-executive, independent	5	5
4.	Pramit Jhaveri	1 August 2021	Non-executive, independent	5	5

During FY2023, the Board had accepted all recommendations of the Committee.

Nomination and Remuneration Committee

Pursuant to the Act, SEBI Listing Regulations and RBI Regulations, the Company has constituted a Nomination and Remuneration Committee ('NRC').

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and RBI Regulations. These broadly include formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and Senior Management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of Remuneration Policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of independent directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed by the Act, SEBI Listing Regulations and RBI Regulations. Detailed terms of reference of the Committee can be accessed at https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee.

The Committee acts as the Compensation Committee for administration of the Company's Employee Stock Option Scheme, 2009.

Meetings and attendance

During FY2023, the Committee met three times viz., on 26 April 2022, 12 September 2022 and 16 March 2023.

Anami N Roy, Chairman of the Committee, was present at the AGM of the Company held through VC on 27 July 2022, to answer shareholders' queries.

Consequent to his resignation, Ranjan Sanghi ceased to be a member of NRC with effect from close of business hours on 30 April 2022. Radhika Haribhakti was inducted as member of the Committee in his place from 1 May 2022.

Radhika Haribhakti has been appointed as the Chairperson of the Committee effective 13 September 2022.

Table 4: Composition of the NRC and attendance record of the members for FY2023

				No. of Meetings held during FY2023 (3)	
Sr. No.	**Name of director**	**Member of Committee since**	**Category**	**Entitled to attend**	**Attended**
1.	Radhika Haribhakti	1 May 2022	Chairperson, non-executive, independent	2	2
2.	Sanjiv Bajaj	14 October 2009	Non-executive, non-independent	3	3
3.	Ranjan Sanghi (up to 30 April 2022)	15 January 2002	Non-executive, independent	1	1
4.	Anami N Roy	17 March 2020	Non-executive, independent	3	3

During FY2023, the Board had accepted all recommendations of the Committee.

The Company has in place performance evaluation criteria for Board, Committees, Chairperson and Directors. The criteria for evaluation of independent directors, *inter alia*, includes attendance and participation, acting in good faith, openness to ideas, pro-active and positive approach with regard to Board and Senior Management particularly the arrangements for management of risk and the steps needed to meet challenges from the competition, independence and independent views and judgment, etc.

These criteria are hosted on the website of the Company and can be accessed at https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents.

Risk Management Committee

Pursuant to the RBI Regulations and SEBI Listing Regulations, the Company has constituted a Risk Management Committee ('RMC').

The terms and reference of RMC, *inter alia,* includes formulation of a detailed Risk Management Policy, reviewing and guiding the Management on reputational and market (investment) risk, ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, monitoring and overseeing implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems, appointment, removal and terms of remuneration of the Chief Risk Officer. The detailed terms of reference of the Committee can also be accessed at https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee.

The Company has a risk management framework duly approved by the Board. The details of Risks Management and various mitigants are covered in detail in Management and Discussion Analysis and in the Directors' Report.

Fakhari Sarjan is the Chief Risk Officer of the Company.

Meetings and attendance

During FY2023, the Committee met four times viz., on 26 April 2022, 27 July 2022, 20 October 2022 and 27 January 2023.

The Board of Directors inducted Pramit Jhaveri as member of the Committee effective 1 April 2022 in place of Dipak Poddar, who ceased to be director and independent director on completion of his second term on 31 March 2022.

During the year under review, Pramit Jhaveri has been appointed as the Chairman of the Committee.

Table 5: Composition of the RMC and attendance record of the members for FY2023

Sr. No.	Name of director/ member	Member of Committee since	Category	No. of Meetings held during FY2023 (4)		No. of shares held in the Company as on 31 March 2023
				Entitled to attend	Attended	
1.	Pramit Jhaveri	1 April 2022	Chairman, non-executive, independent	4	4	*
2.	Sanjiv Bajaj	20 October 2015	Non-executive, non-independent	4	4	*
3.	Anami N Roy	10 July 2021	Non-executive, independent	4	4	*
4.	Rajeev Jain#	21 May 2008	Managing Director, executive	4	4	*
5.	Fakhari Sarjan#	12 March 2019	Senior Executive, Chief Risk Officer	4	4	4,575
6.	Sandeep Jain#	3 February 2016	Senior Executive, Chief Financial Officer	4	4	66,375
7.	Deepak Bagati#	29 January 2020	Senior Executive, President, Debt Management Services	4	3	Nil

* Details provided in the table containing composition of directors.
#They are also entitled to stock options of the Company.

During FY2023, the Board had accepted all recommendations of the Committee.

Stakeholders' Relationship Committee

Pursuant to the Act and SEBI Listing Regulations, the Company has constituted a Stakeholders' Relationship Committee ('SRC'). This Committee specifically looks into the grievances of debenture holders and fixed deposit holders, in addition to the equity shareholders of the Company.

The terms of reference of the Committee, *inter alia,* includes review of measures taken for effective exercise of voting rights by shareholders and review of adherence to the service standards in respect of various services rendered by the Registrar and Share Transfer Agent ('RTA'). The terms of reference of the Committee can be accessed at https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee.

More details on this subject and on shareholders' related matters including unclaimed suspense account have been furnished in General Shareholder Information.

Meetings and attendance

During FY2023, the Committee met once on 27 January 2023 to review the status of investors' services rendered. The secretarial auditor as well as the Company Secretary were present at the said meeting.

The Committee was apprised of the major developments on matters relating to investors. In addition, the Committee also considered matters that can facilitate better investor services and relations.

Consequent to her resignation, Dr. Gita Piramal ceased to be Chairperson and member of SRC with effect from close of business hours on 30 April 2022. D J Balaji Rao was inducted as member and Chairman of the Committee from 1 May 2022.

Consequent to his resignation, Ranjan Sanghi ceased to be a member of SRC with effect from close of business hours on 30 April 2022. Radhika Haribhakti was inducted as a member of the Committee from 1 May 2022.

Table 6: Composition of the SRC and attendance record of the members for FY2023

				No. of Meetings held during FY2023 (1)	
Sr. No.	Name of director	Member of Committee since	Category	Entitled to attend	Attended
1.	D J Balaji Rao	1 May 2022	Chairman, non-executive, independent	1	1
2.	Sanjiv Bajaj	11 May 2010	Non-executive, non-independent	1	1
3.	Radhika Haribhakti	1 May 2022	Non-executive, independent	1	1

R Vijay, Company Secretary, acts as the Compliance Officer.

D J Balaji Rao, Chairman of the Committee, was present at the AGM of the Company held through VC on 27 July 2022, to answer shareholders' queries.

Table 7: Details of the investor complaints received during FY2023

No. of complaints outstanding at the beginning of the year	No. of complaints received	No. of complaints not solved to the satisfaction of the shareholders	No. of complaints solved	No. of complaints pending at the end of the year
1	24	-	25	-

Duplicate Share Certificate Issuance Committee

To meet the requirement of the Act and SEBI Listing Regulations, the Company has constituted a Duplicate Share Certificate Issuance Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

As a measure to enhance ease of dealing in securities market by the investors, SEBI through its circular dated 25 January 2022 has mandated listed entities to issue of securities in dematerialised form only while processing any service request including issue of duplicate share certificate.

Meeting and Attendance

During FY2023, the Committee met once on 16 March 2023.

Table 8: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of the members for FY2023

Sr. No.	Name of director	Category	No. of Meetings held during FY2023 (1) Entitled to attend	Attended
1.	Sanjiv Bajaj	Chairman, non-executive, non-independent	1	1
2.	Rajeev Jain	Managing Director, executive	1	1
3.	Dr. Naushad Forbes	Non-executive, independent	1	1

Information Technology (IT) Strategy Committee

Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC Sector, the Company has constituted an IT Strategy Committee.

Meeting and attendance

During FY2023, the Committee met twice on 25 July 2022 and 27 January 2023 as required under the above Master Direction.

Table 9: Composition of the IT Strategy Committee and attendance record of the members for FY2023

Sr. No.	Name of Member	Member of Committee since	Category	No. of Meetings held during FY2023 (2) Entitled to attend	Attended
1.	Dr. Naushad Forbes	17 March 2020	Chairman, non-executive, independent	2	2
2.	Sanjiv Bajaj	13 September 2017	Non-executive, non-independent	2	2
3.	Rajeev Jain	13 September 2017	Managing Director, executive	2	2
4.	Rakesh Bhatt	13 September 2017	Executive Director	2	2
5.	Anurag Chottani	13 September 2017	Senior Executive, Chief Technology Officer	2	2
6.	Rajendra Bisht	12 March 2019	Senior Executive, Vice President – Technology and Digital	2	2

The Board at its meeting held on 20 October 2022 amended the terms of reference to include evaluation of risks related to cyber security/information security and review of Business Continuity Plan (BCP)/ Disaster Recovery (DR) Plan. The detailed terms of reference of the Committee can also be accessed at https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee.

During FY2023, the Committee reviewed IT Infrastructure Projects, Information Security Projects, Governance Framework, Cyber Security, System Audit Reports, etc.

The Board had accepted all recommendations of the Committee during FY2023.

Customer Service Committee

To strengthen the customer engagement and monitoring process, the Board of Directors at its meeting held on 14 March 2022 have voluntarily constituted a Customer Service Committee, in line with the requirements applicable to Banks. It is headed by an independent director.

During FY2023, the Committee met twice on 12 September 2022 and 16 March 2023.

Table 10: Composition of the Customer Service Committee and attendance record of the members for FY2023

Sr. No.	Name of director	Member of Committee since	Category	No. of Meetings held during FY2023 (2) Entitled to attend	Attended
1.	Pramit Jhaveri	14 March 2022	Chairman, non-executive, independent	2	2
2.	Sanjiv Bajaj	14 March 2022	Non-executive, non-independent	2	2
3.	Rajeev Jain	14 March 2022	Managing Director, executive	2	2
4.	Dr. Naushad Forbes	14 March 2022	Non-executive, independent	2	2

The terms of reference of the Committee can be accessed at https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee.

During FY2023, the Committee reviewed, *inter alia,* customer service and grievance related matters and also had discussions with internal ombudsmen. Details of various initiatives on the customer service front are provided in the Directors' Report.

The Board had accepted all recommendations of the Committee during FY2023.

Review Committee for Wilful Defaulter's Identification ('Review Committee')

In line with RBI Guidelines, the Company is required to constitute a Committee for identifying a non-cooperative borrower as specified in the guidelines. To review the decision of this Committee, a Review Committee of the Board has been constituted. The order shall become final only after it is confirmed by the said Review Committee.

Table 11: Composition of the Review Committee

Sr. No.	Name of director	Member of Committee since	Category
1.	Sanjiv Bajaj	15 September 2015	Chairman, non-executive, non-independent
2.	Rajeev Jain	15 September 2015	Managing Director, executive
3.	Ranjan Sanghi (up to 30 April 2022)	15 September 2015	Non-executive, independent
4.	Radhika Haribhakti	27 July 2022	Non-executive, independent
5.	Anami N Roy	19 May 2020	Non-executive, independent

The terms of reference of the Committee can be accessed at https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee

During FY2023, there have been no instances of declaration of any borrower as non-cooperative.

Asset Liability Management Committee

Pursuant to the RBI Guidelines, the Company has in place an Asset Liability Management Committee. The Committee comprises of Managing Director/Executive Directors and other senior executives of the Company.

The Managing Director chairs the meetings of the Committee.

The role of the Committee is to oversee the implementation of the Asset Liability Management system and review its functionality periodically covering liquidity risk management, management of market risks, funding and capital planning, profit planning etc.

The Committee meets on a monthly basis. The Board is updated on the decisions of the Committee.

Investment Committee

Pursuant to the RBI Guidelines, the Company has in place an Investment Committee. The Committee comprises of senior executives of the Company. The Managing Director chairs the meetings of the Committee.

The role of the Committee is to review the investment strategy, asset allocation, investment decision and other operating guidelines, monitor the changing environment in the money market/capital market and accordingly, recommend changes to the investment strategy for execution and also review the audit reports on Treasury operations and provide directions for corrective actions, if any.

The said Committee meets on a monthly basis. The Board is updated on decisions of the Committee.

Remuneration of Directors

Pecuniary relationship/transaction with non-executive directors

During FY2023, there were no pecuniary relationship/transactions of any non-executive directors with the Company, other than receiving remuneration as directors.

Criteria of making payments to non-executive directors

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company.

The criteria of making payments to non-executive directors is placed on the Company's website and can be accessed at https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents

Details of Remuneration of directors

Additionally, the details of remuneration payable to all non-executive directors are provided in the Form MGT-7 ('annual return') which is hosted on the website of the Company and can be accessed at https://www.bajajfinserv.in/finance-investor-relation-annual-reports

Managing Director

During FY2023, the Company paid remuneration to Rajeev Jain, Managing Director (MD) of the Company as provided in the annual return and elsewhere in this report. The tenure of the MD is of five years up to 31 March 2025 with a notice period of six months or salary in lieu thereof. The performance pay/bonus of the MD is based on the performance of the Company and his contribution towards the same. During FY2023, 116,789 stock options were granted to the MD at a grant price of ₹ 7,005.5, being the closing market price on the NSE on the day preceding the day of grant. These grants will vest over a period of four years (25% every year) after a period of one year from the date of grant. The vested options will be exercisable over a period of five years from the date of vesting. The MD is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company. During FY2023, he has been awarded a one-time grant of 94,680 stock options (post giving effect to sub-division and bonus issue) of Bajaj Finserv Ltd., the holding company, at a grant price of ₹ 1,482.64. All such options will vest after completion of five years from the grant date.

During FY2023, none of the directors, other than the MD, were paid any performance-linked incentive.

Anup Saha and Rakesh Bhatt have been appointed as Executive Directors with effect from 1 April 2023. Hence, their remuneration for FY2023 have not been disclosed.

The Company currently has no stock option plans for any of its directors other than Managing Director/ Executive Directors.

Management

Management discussion and analysis

This is given as a separate section in the Annual Report.

Disclosure of material transactions

Pursuant to the SEBI Listing Regulations, senior management is required to make disclosures to the Board relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company at large. As per the disclosures submitted by the Senior Management, there were no such transactions during FY2023.

Compliances regarding Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, ('SEBI PIT Regulations') the Company has a Board approved Code of Conduct to regulate, monitor and report trading by Designated Persons ('Code of Conduct') and a code of practices and procedures for fair disclosure of unpublished price sensitive information ('Code of Fair Disclosure').

Wherever non-compliance by a Designated Person concerned was observed, penalty was levied, and the amount was remitted to the SEBI stipulated fund.

By frequent communications, the Company also makes aware the Designated Persons of their obligations under the SEBI PIT Regulations.

The Audit Committee and the Board at its meeting held on 16 March 2023 had reviewed the compliance in terms of regulation 9A(4) of SEBI PIT Regulations and confirmed that the systems for internal control with respect to Insider Trading Regulations are adequate and are operating effectively.

Means of communication

Quarterly and annual financial results are published in the Business Standard and Lokmat. An abridged version of the financial results is also published in all editions of the Mint, Hindu Business Line, Economic Times, Financial Express and Ananda Bazar Patrika.

The Company's website, viz., https://www.bajajfinserv.in/corporate-bajaj-finance under the section of 'investor relations', contains all important information including financial results, various policies framed/approved by the Board, presentations made to the media, analysts and institutional investors, schedule and transcripts of earnings call with investors, matters concerning the shareholders, etc. The Company also displays official press releases on the website.

All financial and other vital official news releases and documents under the SEBI Listing Regulations are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

Green Initiatives

Sections 20 and 136 of the Act, read with relevant Rules, permit companies to service delivery of documents electronically to the registered email ID of the members.

In compliance with the said provisions and as a continuing endeavour towards the 'Go Green' initiative, the Company proposes to send all correspondence/communications through email to those shareholders who have registered their email ID with their depository participant's/Company's RTA. The same is available on the website of the Company at https://www.bajajfinserv.in/shareholder-green-initiative.

During FY2023, the Company sent documents, such as notice convening the annual general meeting, audited financial statements, Directors' Report, Auditors' report, credit of dividend intimation letters, etc. in electronic form to the email addresses provided by the members and made available by them to the Company through the Depositories.

Information on general body meetings and details of special resolution(s) passed

A. Details of the AGMs held during last three years:

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM	Voting percentage of shareholders participated		
			Particulars	**% favour**	**% Against**
33rd AGM – Through VC Deemed Venue: Registered office	21 July 2020 at 12:15 P.M.	1. Re-appointment of Rajeev Jain as Managing Director of the Company for a period of five years with effect from 1 April 2020.	All shareholders	93.63	6.37
			Non-promoter category	79.48	20.52
		2. Issue of non-convertible debentures through private placement.	All shareholders	99.47	0.53
			Non-promoter category	98.30	1.70
34th AGM – Through VC Deemed Venue: Registered office	20 July 2021 at 3:30 P.M.	1. Issue of non-convertible debentures through private placement.	All shareholders	99.99	0.01
			Non-promoter category	99.98	0.02

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM	Particulars	% favour	% Against
35th AGM – Through VC Deemed Venue: Registered office	27 July 2022 at 3:30 P.M.	1. Appointment of Radhika Haribhakti as an independent director for a period of 5 consecutive years effective 1 May 2022.	All shareholders	94.08	5.92
			Non-promoter category	81.54	18.46
		2. Issue of non-convertible debentures through private placement.	All shareholders	99.31	0.69
			Non-promoter category	97.90	2.10
		3. Payment of commission to non-executive directors for a period of five years commencing from 1 April 2022.	All shareholders	98.41	1.59
			Non-promoter category	95.17	4.83

It can be seen from the above, all resolutions proposed by the Board have been passed with overwhelming majority by the shareholders. The percentage of votes in favour, when reckoned to the exclusion of promoters/ promoter group category has been quite significant.

The recording of last AGM is hosted on the website of Company at https://www.bajajfinserv.in/corporate-bajaj-finance and written transcript of the same can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/transcript-bfl-agm-27-july-2022-2pdf?scl=1&fmt=pdf.

B. Details of special resolution passed through Postal Ballot during last year

During the year, the Company did not pass any special resolution through postal ballot. The details of the previous postal ballots are available on the website at https://www.bajajfinserv.in/finance-investor-relations-general-meeting-and-postal-ballots

C. Special resolutions proposed to be conducted through postal ballot

As on the date of this report, below mentioned special resolution is proposed to be conducted through postal ballot:

- Appointment of Dr. Arindam Bhattacharya as an independent director of the Company for a period of five years with effect from 1 April 2023.

D. Procedure for postal ballot

- Pursuant to the provisions of the Act and SEBI Listing Regulations, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot.
- Postal ballot notices and forms are dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs.
- The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.
- Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting.
- In view of the relaxation granted by MCA, postal ballot notice will be sent only through email, to all those members who had registered their email IDs with the Company/Depositories. Arrangements will also be made for other members to register their email ID to receive the postal ballot notice and cast their vote online.

Details of capital market non-compliance, if any

During FY2023, fine of ₹ 50,000 was levied by BSE Ltd. for delayed intimation of payment of interest and principal in respect of 4 ISINs of privately placed Non-Convertible Debentures. The aforementioned intimations pertain to June 2021, November 2021 and September 2022. The Company has paid the requisite fine. There has been no delay or default in the payment of interest or principal to the debenture holders.

Apart from this, no other penalty or stricture has been imposed on the Company by any of the stock exchanges, SEBI, or any other statutory authority, in any matter related to capital markets, during the last three years.

Compliance Certificate

The Managing Director and Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required under the SEBI Listing Regulations.

Report on Corporate Governance

This section read together with the information given in the Directors' Report, the section on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance for FY2023. The Company has been regularly submitting the quarterly corporate governance compliance report to the stock exchanges as required under regulation 27(2) of the SEBI Listing Regulations.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The disclosure as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given below:

Number of complaints filed during FY2023	2
Number of complaints disposed of during FY2023	2
Number of complaints pending at the end of FY2023	-

Fees paid to statutory auditors

Deloitte Haskins & Sells and G. M. Kapadia & Co. were appointed as joint statutory auditors of the Company effective 17 November 2021. Further, G. M. Kapadia & Co. were appointed as statutory auditor of BFinsec, subsidiary of the Company effective 16 November 2021.

A. Fees paid to G. M. Kapadia & Co., on a consolidated basis, including all entities in their network firm/entity of which they are a part, is given below:

(in ₹)

Sr. No.	Particulars	Amount
1.	Audit Fees	3,100,000
2.	Fees for other services	2,243,590

B. Fees paid by the Company to Deloitte Haskins & Sells LLP, joint statutory auditor including all entities in their network firm/entity of which they are a part, is given below:

(in ₹)

Sr. No.	Particulars	Amount
1.	Audit Fees	5,500,000
2.	Fees for other services	4,026,579

Auditors' certificate on Corporate Governance

The Company has obtained a certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down under the SEBI Listing Regulations.

This certificate is annexed to the Directors' Report.

Compliance of mandatory and discretionary requirements

Mandatory

The Board of Directors periodically reviews the compliance of all applicable laws. The Company has complied with all the mandatory requirements of the SEBI Listing Regulations including but not limited to the provisions of regulations 17 to 27 and 46(2)(b) to (i) of the said Regulations.

Discretionary

The Company has also complied with the discretionary requirements as under:

1. **The Board**

   A Chairman's office has been made available for the Non-Executive Chairman. He is allowed reimbursement of expenses incurred in performance of his duties.

2. **Shareholder rights**

   A half-yearly declaration of financial performance including summary of significant events in the preceding six months is sent to each household of members.

3. **Modified opinion(s) in audit report**

   The Company confirms that its financial statements are with unmodified audit opinion.

4. **Separate posts of Chairperson and the Managing Director**

   The positions of Chairperson and Managing Director are held by two different persons who are not related to each other.

List of key policies of the Company

Sr. No.	Name of Policy	Website Link
1.	Whistle Blower Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v2pdf?scl=1&fmt=pdf
2.	Remuneration Policies	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-companies-act-2013pdf?scl=1&fmt=pdf https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-rbipdf?scl=1&fmt=pdf
3.	Policy of materiality and dealing with related party transactions	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-of-materiality-and-dealing-with-related-party-transactionpdf?scl=1&fmt=pdf
4.	Policy on appointment of statutory auditors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-appointment-of-statutory-auditorspdf?scl=1&fmt=pdf
5.	Policy for Determining Material Subsidiaries	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subSIdiary-v2pdf?scl=1&fmt=pdf
6.	Policy on Determination of materiality for disclosure of events or information	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-determination-of-materiality-for-disclosure-of-events-or-information-v2pdf?scl=1&fmt=pdf
7.	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directorspdf?scl=1&fmt=pdf
8.	Interest Rate Model	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/interest-rate-modelpdf?scl=1&fmt=pdf
9.	Guidelines on Corporate Governance	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/guidelines-on-corporate-governance-v2pdf?scl=1&fmt=pdf
10.	Dividend Distribution Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/dividend-distribution-policypdf?scl=1&fmt=pdf
11.	Criteria for payment of remuneration to Non-Executive Directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/criteria-for-payments-of-%20remuneration-to-non-executive-directorspdf?scl=1&fmt=pdf
12.	Corporate Social Responsibility	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf
13.	Fair Disclosure Code	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-practice-and-procedure-for-fair-disclosure-of-upsi-v2pdf?scl=1&fmt=pdf
14.	Code of Conduct for Directors and Members of Senior Management	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-conduct-for-directors-and-senior-managementpdf?scl=1&fmt=pdf
15.	Archival Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/archival-policy-v2pdf?scl=1&fmt=pdf
16.	Disciplinary action policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/disciplinary-action-policypdf?scl=1&fmt=pdf
17.	Employee Charter – Human Rights	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/employee-charter-human-rightspdf?scl=1&fmt=pdf
18.	Equal employment opportunity and Non-discrimination Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/equal-employment-opportunity-and-non-discrimination-policypdf?scl=1&fmt=pdf
19.	Prevention of sexual harassment at workplace	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/prevention-of-sexual-harassment-at-workplacepdf-1?scl=1&fmt=pdf
20.	Data Privacy Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/final-data-privacy-policypdf?scl=1&fmt=pdf
21.	Environmental Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/environmental-policypdf?scl=1&fmt=pdf
22.	Responsible and Sustainable Business Conduct Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/responsible-and-sustainable-business-conduct-policypdf-3?scl=1&fmt=pdf
23.	Deputation and Advisory Services Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfl-deputation-and-advisory-policy-2022pdf-1?scl=1&fmt=pdf

Declaration by the Chief Executive Officer/Managing Director

[Regulation 34(3) read with schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors
Bajaj Finance Ltd.

I, Rajeev Jain, Managing Director of Bajaj Finance Ltd. hereby declare that all the Board members and senior managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended 31 March 2023.

Rajeev Jain
Managing Director

Pune : 26 April 2023

GENERAL SHAREHOLDER INFORMATION

36th Annual General Meeting ('AGM')

Day and date	Wednesday, 26 July 2023
Time	3:30 p.m. IST
Mode of AGM	Through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM')
Deemed venue of the Meeting	Akurdi, Pune- 411035 (Registered Office)
Link to participate through VC	https://emeetings.kfintech.com/
Remote e-voting starts	Sunday, 23 July 2023 9:00 a.m. IST
Remote e-voting ends	Tuesday, 25 July 2023 5:00 p.m. IST
E-voting at AGM	Wednesday, 26 July 2023
Financial Year ('FY')	1 April 2022 to 31 March 2023

Tentative meeting schedule for Financial Reporting for FY2024

Type of Meeting	Particulars	Indicative Month
Audit Committee and Board	To review and approve the unaudited financial results for the quarter ending 30 June 2023, subject to limited review	July 2023
	To review and approve the unaudited financial results for the quarter and half-year ending 30 September 2023, subject to limited review	October 2023
	To review and approve the unaudited financial results for the quarter and nine months ending 31 December 2023, subject to limited review	January 2024
	To review and approve audited annual financial results for the year ending 31 March 2024, subject to audit	April 2024

In addition to the above, Board meetings are convened in March and September to discuss strategy, operating plans and other matters. Additional committee meetings are also convened as and when deemed necessary.

Registrar and Share Transfer Agent ('RTA')

In terms of regulation 7 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') KFin Technologies Ltd. ('KFin') continues to be the Registrar and Share Transfer Agent to manage all relevant corporate registry services for both equity shares and debentures.

Review of service standards adhered by KFin with respect to share related activities

The Company ('Bajaj Finance', 'Bajaj Finance Ltd.', 'BFL') has agreed service timelines and standards for various shareholder related service with KFin. On an on-going basis, the secretarial team engages with officials of KFin at various levels for review of these standards and other share related activities. Periodic meetings and discussions are held to understand the concerns of shareholders, deviations, if any, in the agreed timelines for processing service request, best practices and other measures to strengthen shareholders related services. In addition, the activities at KFin are also reviewed by the internal audit team.

Dividend and date of payment

The Board of Directors ('Board') have recommended a dividend of ₹ 30 per equity share (1500%) of the face value of ₹ 2 for FY2023, subject to approval of the members at the ensuing AGM.

Dividend on equity shares, if declared, at the AGM, will be credited/dispatched on or about Friday, 28 July 2023 or Saturday, 29 July 2023 to all eligible shareholders holding shares as of the end of the day on Friday, 30 June 2023 (record date).

Payment of dividend

The SEBI Listing Regulations read with SEBI circular dated 20 April 2018, require companies to use any electronic mode of payment approved by the Reserve Bank of India ('RBI') for making payment to members. Accordingly, the dividend, if declared will be paid through electronic mode, where the bank account details of the members are available. Where dividend payments are made through electronic mode, intimation regarding such remittance will be sent separately to the members.

In cases where the dividend cannot be paid through electronic mode, it will be paid by account payee/ non-negotiable instruments/warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on such payment instruments.

For enabling payment of dividend through electronic mode, members holding shares in physical mode are requested to send Form ISR-1 along with requisite documents to KFin. The form can be downloaded from the website of the Company at https://www.bajajfinserv.in/investor-request-forms and KFin at https://ris.kfintech.com/clientservices/isc/#isc_download_hrd. In case of members holding shares in demat mode, they are requested to update details with their respective depository participant.

Tax Deducted at Source ('TDS') on dividend

Pursuant to the changes introduced by the Finance Act, 2020, with effect from 1 April 2020, Dividend Distribution Tax will not be payable by the Company. The dividend, if declared will be taxable in the hands of the members. The TDS rate would vary depending on the residential status of the members and the documents submitted by them and accepted by the Company. For more details, members are requested to refer to the Notice of AGM.

Tax Deducted at Source ('TDS') on interest of listed Non-Convertible Debentures

Pursuant to the changes introduced by the Finance Act, 2023, with effect from 1 April 2023, the exemption provided for TDS under section 193 of the Income Tax Act, 1961 ('IT Act') in respect of interest on Non-Convertible Debentures ('NCDs') held in dematerialised form and listed on recognised stock exchange has been withdrawn. Accordingly, the Company would be required to deduct TDS in accordance with the provisions of the IT Act on interest payment to the NCD holders who are entitled to receive the interest on NCD held by them on the record date.

Unclaimed dividend

As per section 124(5) of Companies Act, 2013 (the 'Act') and section 205A of the erstwhile Companies Act, 1956, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund ('Fund') set up by Central Government. Accordingly, unpaid/unclaimed dividends for FY1996 to FY2015 have already been transferred by the Company to the said Fund from FY2003 onwards.

The unpaid/unclaimed interim and final dividend for FY2016 shall be transferred to the Fund in May and September 2023, respectively. Members are requested to verify their records and send their claim, if any, for the said year, before such amount become due for transfer. Communication are being sent to members, who have not yet claimed dividend requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

The following are the details of unclaimed dividends which are due to be transferred to the Fund in coming years including current year.

Year	Dividend Type	Date of declaration	Last date for claiming dividend	Date of transfer to Fund (on or before)
2015-2016	Interim	9 March 2016	15 April 2023	15 May 2023
2015-2016	Final	26 July 2016	25 August 2023	24 September 2023
2016-2017	Final	19 July 2017	18 August 2024	17 September 2024
2017-2018	Final	19 July 2018	18 August 2025	17 September 2025
2018-2019	Final	25 July 2019	24 August 2026	23 September 2026
2019-2020	Interim (Confirmed as Final)	21 February 2020	22 March 2027	21 April 2027
2020-2021	Final	20 July 2021	19 August 2028	18 September 2028
2021-2022	Final	27 July 2022	26 August 2029	25 September 2029

The Company has also hosted the details of unclaimed dividend, unclaimed deposits and unclaimed interest on deposits on its website at https://www.bajajfinserv.in/finance-investor-relations-unclaimed-dividends and also on website specified by the Ministry of Corporate Affairs ('MCA') at https://www.iepf.gov.in/IEPFWebProject/services.html;jsessionid=3FE5C8F4DF3C7002359FA14EF4A19752.

Initiatives for reduction of unclaimed dividend

The Company with a view to reduce the quantum of unclaimed dividend has undertaken several steps as was done in the last few years. These primarily included proactively reaching out to shareholders, sending periodic communications, advising the shareholders who approach the Company/KFin for other service request to claim their dividend and remitting unpaid dividend, if any for KYC compliant folios. The amount is remitted based on the verification of the documents and bonafides of the claim.

As a result, significant amount of unclaimed dividend was remitted to the shareholders. The Company will endeavor to undertake additional initiatives in this regard.

Transfer of shares to IEPF

Pursuant to section 124(6) of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the 'IEPF Rules'), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to Demat Account of the Investor Education and Protection Fund ('IEPF') Authority by the Company within a period of thirty days of expiry of said seven years.

Various steps are being taken on an ongoing basis to reach out to shareholders, through emails, and other means, whose shares are due to be transferred to IEPF on account of not claiming dividend for a consecutive period of seven years. In addition, the Company also publishes a notice in newspapers intimating the members about the said transfer. These details will also be made available on the Company's website at https://www.bajajfinserv.in/finance-investor-relations-unclaimed-dividends.

During FY2023, the Company transferred 6,282 equity shares (previous year – 8,790 equity shares) of the face value of ₹ 2 in respect of 12 shareholders (previous year – 10 shareholders) to Demat Account of the IEPF Authority held with National Security Depositories Limited ('NSDL').

Shareholder can claim such shares and unclaimed dividends transferred to the Fund by following the procedure prescribed under the IEPF Rules. As advised by MCA through their circular dated 19 July 2018, the Company has provided an access link to the refund webpage of IEPF Authority on its website at https://www.bajajfinserv.in/finance-investor-relations-unclaimed-dividends to facilitate easy refund procedure for its investors/ claimants. Members are requested to get in touch with the nodal officer for further details on the subject at investor.service@bajajfinserv.in.

Share transfer system

All transmission, transposition, issue of duplicate share certificate(s), etc., as well as requests for dematerialisation/ rematerialisation are processed at KFin. The work related to dematerialisation/ rematerialisation is handled by KFin through connectivity with NSDL and Central Depository Services (India) Limited ('CDSL').

Dematerialisation/Rematerialisation of shares and Liquidity

During FY2023, 113,250 shares were dematerialised (previous year – 105,540 shares). No shares were rematerialised during FY2023 (previous year – 50 shares). Shares held in physical and electronic mode as on 31 March 2023 are given in Table 1.

The equity shares of the Company are listed on BSE Ltd. ('BSE') and National Stock Exchange of India Ltd. ('NSE') and are frequently traded. The equity shares of the Company were not suspended from trading during the year on account of corporate actions or otherwise.

Table 1: Shares held in physical and electronic mode as on 31 March 2023

	Position as on 31 March 2023		
Particulars	**No. of holders**	**No. of shares**	**% to total shareholding**
Demat:			
NSDL	333,660	581,907,479	96.11
CDSL	610,296	22,957,804	3.80
Sub Total	943,956	604,865,283	99.91
Physical	411	563,950	0.09
Total	**944,367**	**605,429,233**	**100**

Listing on stock exchanges and Stock code

Name	Stock code for Equity shares	Address
BSE	500034	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
NSE	BAJFINANCE-EQ	Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

The International Securities Identification Number ('ISIN') for Depositories (NSDL and CDSL) in respect of equity shares is INE296A01024.

The NCDs and commercial papers are listed on the wholesale debt segment of BSE.

Annual listing fees, as prescribed, have been paid to the said stock exchanges up to 31 March 2024.

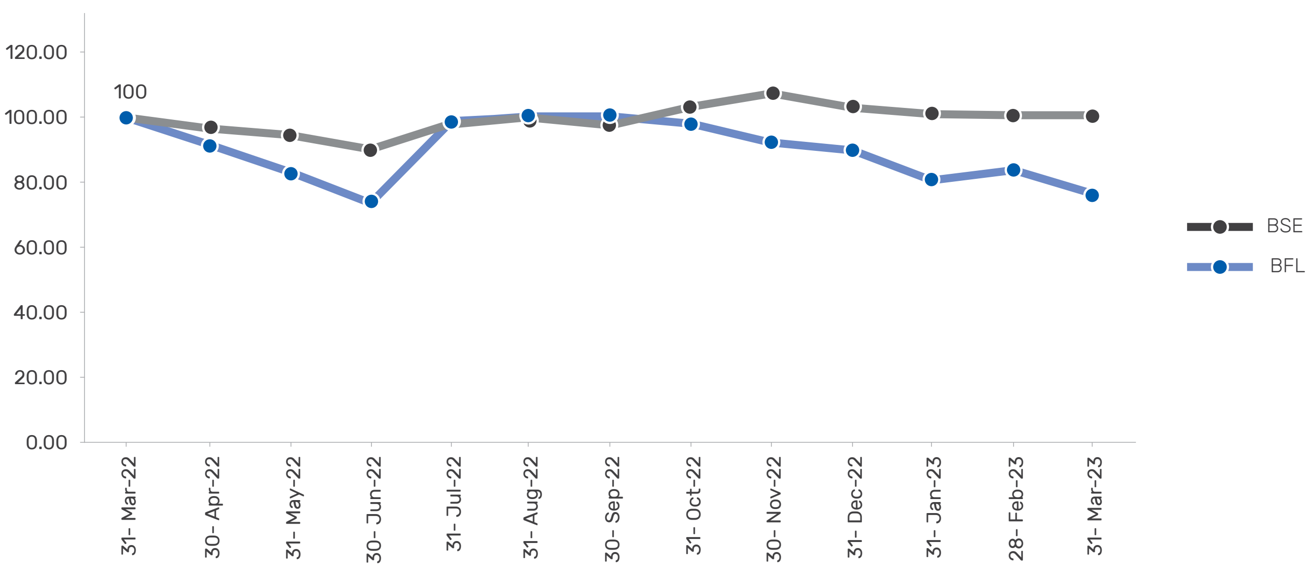
Market price data

Table 2: Monthly highs and lows of equity shares of Bajaj Finance Ltd. during FY2023 (₹ vis-à-vis BSE Sensex and Nifty50)

Month	BSE		NSE		Closing BSE Sensex	Closing Nifty50
	High	Low	High	Low		
April 2022	7,590.00	6,580.00	7,590.90	6,580.00	57,060.87	17,102.55
May 2022	6,665.00	5,491.00	6,667.80	5,488.00	55,566.41	16,584.55
June 2022	6,165.00	5,235.60	6,168.00	5,220.00	53,018.94	15,780.25
July 2022	7,263.85	5,340.05	7,260.00	5,335.05	57,570.25	17,158.25
August 2022	7,635.00	6,825.00	7,638.00	6,861.35	59,537.07	17,759.30
September 2022	7,777.00	7,028.00	7,778.00	7,026.80	57,426.92	17,094.35
October 2022	7,595.00	6,932.00	7,599.00	6,931.00	60,746.59	18,012.20
November 2022	7,278.45	6,609.05	7,250.65	6,610.35	63,099.65	18,758.35
December 2022	6,770.00	6,300.00	6,770.00	6,300.00	60,840.74	18,105.30
January 2023	6,658.50	5,680.10	6,660.00	5,680.00	59,549.90	17,662.15
February 2023	6,527.00	5,645.00	6,527.60	5,645.00	58,962.12	17,303.95
March 2023	6,207.25	5,487.25	6,209.60	5,485.70	58,991.52	17,359.75

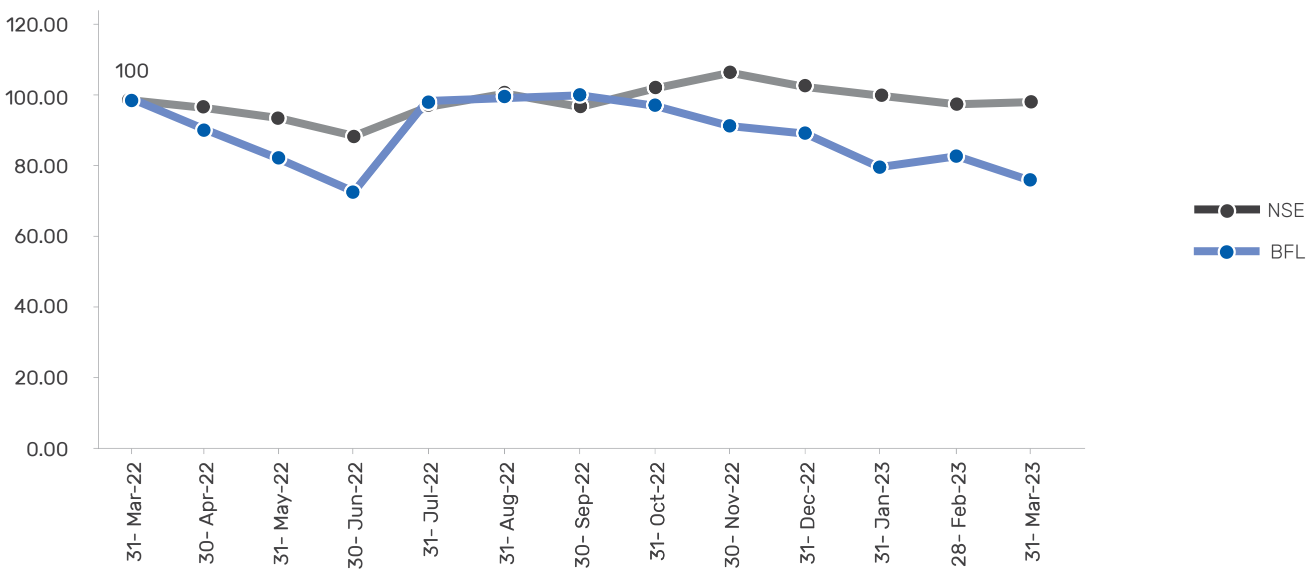
Chart: Performance in comparison to BSE Sensex and Nifty50

Bajaj Finance Ltd. stock performance v. BSE Sensex, indexed to 100 on 31 March 2022



The above graph is based on closing price of equity share on BSE

Bajaj Finance Ltd. stock performance v. Nifty50, indexed to 100 on 31 March 2022

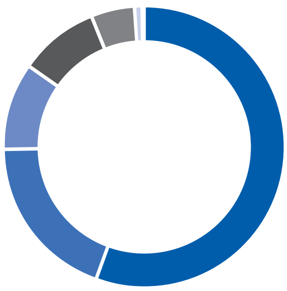


The above graph is based on closing price of equity share on NSE

Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2023, while Table 4 gives the data according to size class.

Table 3: Distribution of shareholding across categories



Category	% to capital
Promoter and Promoter Group	55.91
Foreign Institutional Investor/Foreign Portfolio Investor	19.17
Residents and Non-residents individuals	10.18
Mutual Funds	9.26
Corporates	4.93
Others	0.55
Total	**100**

During the year under review, no new equity shares were issued by the Company.

Table 4: Distribution of shareholding according to size class as on 31 March 2023

Category	No. of Members	% to total Members	No. of shares held	% to total capital
1 - 1,000	936,526	99.17	29,160,538	4.82
1,001 - 5,000	5,503	0.58	11,223,652	1.85
5,001 - 10,000	806	0.09	5,784,596	0.96
10,001 - 100,000	1,182	0.13	36,989,173	6.11
100,001 - 500,000	275	0.03	62,379,325	10.30
500,001 - 1,000,000	34	0.00	22,869,035	3.78
1,000,001 and above	41	0.00	437,022,914	72.18
Total	**944,367**	**100**	**605,429,233**	**100**

Credit rating

During FY2023, the Company retained its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset liability management. It reaffirms the high reputation and trust the Company has earned for its sound financial management and its ability to meet all its financial obligations. The credit rating as at 31 March 2023 is given below:

Rating Agency	Type of Instrument	Programme Size (₹ in crore)	Credit Rating
Domestic Ratings			
CRISIL Rating Ltd.	Long term borrowing (NCD) programme	62,313	CRISIL AAA/Stable
	Lower tier II bond/subordinate debt programme	2,536	CRISIL AAA/Stable
	Long term bank loan rating programme	21,000	CRISIL AAA/Stable
	Short term bank loan rating facilities		CRISIL A1+
	Short term debt programme	20,000	CRISIL A1+
	Fixed deposit programme	-	CRISIL AAA/Stable
ICRA Ltd.	Long term borrowing (NCD) programme	103	ICRA AAA/Stable
	Lower tier II bond/subordinate debt programme	842	ICRA AAA/Stable
	Short term debt programme	20,000	ICRA A1+
	Fixed deposit programme	-	ICRA AAA Stable
India Ratings and Research Private Ltd.	Long term borrowing (NCD) programme	25,767	IND AAA/Stable
	Subordinate debt programme	2,000	IND AAA/Stable
	Long term bank loan programme	45,000	IND AAA/Stable
	Short term bank loan facilities		IND A1+
CARE Ratings Ltd.	Long term borrowing (NCD) programme	272	CARE AAA/Stable
	Subordinate debt programme	3,455	CARE AAA/Stable
International Ratings			
S&P Global Ratings	Long term rating	-	BB+
	Short term rating	-	B

Shareholders' and Investors' Grievances

The Board of Directors of the Company have constituted a Stakeholders' Relationship Committee to specifically look into and resolve grievances of security holders, viz., shareholders, debenture holders and deposit holders. The Composition of the Committee and details on investor complaints received during the year are given in Corporate Governance Report.

Updation of PAN, KYC and Nomination: SEBI *vide* its circular dated 3 November 2021 (superseded by circular dated 16 March 2023) has, *inter alia,* mandated that any service request shall be entertained only upon registration of PAN, KYC details, and nomination. The forms prescribed for these purposes are given below:

Forms	Purpose
ISR-1	Request for registering PAN, KYC details or changes/updation thereof
SH-13	Nomination Form
ISR-3	Declaration for opting out of Nomination
SH-14	Change in Nomination

Members can access the above forms from the website of the Company at https://www.bajajfinserv.in/investor-request-forms.

SEBI has extended the timelines for updating the KYC details from 31 March 2023 to 30 September 2023. The folios wherein any one of the cited document/details are not updated on or after 1 October 2023 shall be frozen by the RTA. Such members will be permitted to lodge grievance or avail service request from the RTA, only after furnishing the KYC details. Further, the payment of dividend in respect of such frozen folios will be made only through electronic mode with effect from 1 April 2024.

The frozen folios will then be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002 after 31 December 2025.

In view of the above, the Company has sent communication to members holding shares in physical form requesting them to update the said details and also sent reminder letters to all those members who have not updated the KYC details.

Simplification of procedure of Transmission of securities: SEBI has notified SEBI (Listing Obligation and Disclosure Requirements) (Fourth Amendment) Regulations, 2022 on 25 April 2022, specifying the documents required in case of transmission of securities.

Further, in order to make the transmission process more efficient and investor-friendly, SEBI *vide* its circular dated 18 May 2022, has enhanced the monetary limits for simplified documentation for transmission of securities, allowed 'Legal Heirship Certificate or equivalent certificate' as one of the acceptable documents for transmission and provided clarification regarding acceptability of 'Will' as one of the valid documents for transmission of securities. The said circular also specified the formats of various documents which are required to be furnished for the processing of transmission of securities.

The circular also lays down operational guidelines for processing investor's service request for the purpose of transmission of securities. The procedure provided in this circular is duly followed by our RTA while processing transmission service request.

Simplification of procedure for issuance of duplicate share certificates: SEBI *vide* its circular dated 25 May 2022 has standardised the documents to be submitted for processing of service request for issue of duplicate share certificate and also laid down operational guidelines for the same.

Further, the said circular also mandates listed company to take special contingency policy from a insurance company towards the risk arising out of the requirements relating to issuance of duplicate securities in order to safeguard and protect the interest of the listed company. The Company and RTA is in compliance with said circular.

Investor grievances redressal mechanism: SEBI *vide* its Master Circular dated 7 November 2022, has mandated the investor to first take up the grievances with the company concerned for redressal and the same will be treated as "Direct Complaint". A timeline of 30 days has been provided to the company for resolution. Failing which, the complaint shall be registered on SCORES. Thereafter, SEBI shall take it up with the concerned company for resolution.

The circular also provides for handling complaints by the stock exchanges as well as the standard operating procedure for actions to be taken against listed companies for failure to redress investor grievances. The Company takes adequate steps for expeditious redressal of investor complaints.

Investor charter: In compliance with SEBI circular dated 26 November 2021, KFin has hosted the Investor Charter *inter alia*, containing the services provided to Investors, Rights of Investors, various activities of RTAs with timelines, Do's and Don'ts for Investors, etc. on its website and has also displayed the same at prominent places in offices, etc.

Further, KFin, also hosts the data on complaints as per the prescribed format on its website. KFin has confirmed compliances with aforesaid circular, to the extent applicable.

Issue of shares only in dematerialised form: In line with requirements of SEBI circular dated 25 January 2022, the RTA has issued 'Letter of Confirmation' in lieu of physical share certificates to shareholders while processing various service requests during the year such as issue of duplicate share certificates, claim from unclaimed suspense account, transmission, transposition etc.

Demat Suspense Account for unclaimed shares

In terms of the provisions of the SEBI Listing Regulations, the Company has a demat account titled 'Bajaj Finance Ltd. – Unclaimed Suspense Account' with HDFC Bank Ltd., Pune, to which unclaimed shares were transferred.

Status of Unclaimed Suspense Account as on 31 March 2023 is given below:

Sr. No.	Particulars	No. of holders	No. of shares
1.	At the beginning of the year	47	50,180
2.	Transferred to IEPF	-	-
3.	Claims received during the year	8	8,600
4.	Claims approved during the year*	6	6,000
5.	At the end of the year (5=1-2-4)	41	44,180

* One claim pertaining to 1,600 shares has been approved and credited in the month of April 2023. Remaining claim will be processed subject to receipt of documents.

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in regulation 39(4) of the SEBI Listing Regulations.

The shares lying in the aforesaid account will be transferred to the concerned members on lodging of the claim and after proper verification. Till such time, the voting rights on these shares will remain frozen.

Certifications obtained from Practicing Company Secretary

The Company has obtained following certifications by the Practicing Company Secretary for share related matters, as per details given below:

Regulation	Frequency	Certification requirement
Regulation 40 (9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Annual	Compliance of lodgement of transmission, sub-division, consolidation, renewal, exchange, or endorsement of calls/ allotment monies by the Company.
Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018	Quarterly	Reconciliation of the total issued capital, listed capital and capital held by Depositories in dematerialised form, the details of changes in share capital during the quarter and the in-principle approval obtained by the issuer from all the stock exchanges where it is listed in respect of such further issued capital.

Live webcast of AGM

Pursuant to regulation 44(6) of the SEBI Listing Regulations, top 100 listed entities shall, with effect from 1 April 2019, provide one-way live webcast of the proceedings of their AGM. Accordingly, the Company has entered into an arrangement with KFin to facilitate live webcast of the proceedings of the ensuing AGM scheduled on 26 July 2023.

Members who are entitled to participate at the AGM can view the proceedings by logging on the website of KFin at https://emeetings.kfintech.com/ using secure login credentials provided for e-voting.

Pursuant to MCA Circulars, the Company will also provide two-way video conferencing facility to the members for participating at the 36th AGM. The modalities for participation in the AGM are spelt out in the Notice convening 36th AGM.

Outstanding convertible instruments/ADRs/GDRs/Warrants

The Company does not have any outstanding convertible instruments/ADRs/GDRs/Warrants as on date.

Commodity price/foreign exchange risk and hedging activities

The Company borrows in Foreign Currency for its External Commercial Borrowing ('ECB') Programme. These borrowings are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of its ECB exposure (principal and coupon).

The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved Interest Rate Risk and Currency Risk Hedging Policy.

For its ECB, the Company evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs; and manages its currency risks by entering into derivatives contracts as hedge positions in line with the Board approved policy.

Being a financial services company, the Company is not directly exposed to commodity price risk.

Plant location

Bajaj Finance Ltd. being a non-banking financial company does not have any manufacturing plant.

Address for correspondence

Sr. No.	Particulars	Address	Purpose	Contact details
1.	Company	Bajaj Finance Ltd., Corporate Office Extn. Secretarial Department 3rd Floor, Panchshil Tech Park, Viman Nagar, Pune – 411 014	General correspondence	Tel No.: (020) 7157 6072/6337 Fax No. (020) 7157 6364 Email ID: investor.service@bajajfinserv.in Website: www.bajajfinserv.in/corporate-bajaj-finance
2.	Registrar and Share Transfer Agent	KFin Technologies Ltd. Unit: Bajaj Finance Ltd. Selenium Building, Tower-B, Plot No 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 032	Equity and debt related matters TDS related queries or documents for shareholders	Toll free no.: 1800 309 4001 Email ID: einward.ris@kfintech.com KFin Corporate Website: https://www.kfintech.com KFin RTA Website: https://ris.kfintech.com WhatsApp number: (91) 910 009 4099
3.	Debenture Trustee	Catalyst Trusteeship Ltd. GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038	Debenture related matters	Tel No.: (022) 4922 0555 Email ID: ComplianceCTL-Mumbai@ctltrustee.com Website: https://catalysttrustee.com/

Investor Support Centre

Members may utilise the facility extended by KFin for raising queries pertaining to dividend, KYC updation, interest/redemption, etc. by visiting https://ris.kfintech.com/clientservices/isc/.

Weblinks of few important circulars referred in this report are given below:

Sr. No.	Date of circular	Particulars
1.	26 November 2021	SEBI | Publishing Investor Charter and Disclosure of complaints by Registrar and Share Transfer Agent on their websites
2.	25 January 2022	SEBI | Issuance of Securities in dematerialised form in case of Investor Service Requests
3.	18 May 2022	SEBI | Simplification of procedure and standardization of formats of documents for transmission of securities pursuant to amendments to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
4.	25 May 2022	SEBI | Simplification of procedure and standardisation of formats of documents for issuance of duplicate securities certificates
5.	7 November 2022	SEBI | Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System (SCORES) platform
6.	16 March 2023	SEBI | Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination

DIRECTORS' REPORT

Dear Shareholders,

Your directors present the thirty-sixth Annual Report along with the audited standalone and consolidated financial statements for 2022-23 (or FY2023).

Company overview

Bajaj Finance Ltd., is a public limited company incorporated on 25 March 1987 under the Companies Act, 1956 and has its registered office at Akurdi, Pune 411 035, Maharashtra, India. The Company changed its name from Bajaj Auto Finance Ltd. to Bajaj Finance Ltd. in the year 2010. It is registered as a Deposit taking Non-Banking Finance Company *vide* the Reserve Bank of India ('RBI') registration number A-13.00243 dated 5 March 1998. The Company launched its initial public offering of equity share and was listed on the BSE Ltd. in the year 1994. Subsequently, listed on National Stock Exchange of India in the year 2003. It is also a registered intermediary within the meaning of Insurance Regulatory and Development Authority of India ('IRDAI') as a corporate agent. The Company stood at 12th rank based on market capitalisation as on 31 March 2023. It has been classified in the Upper Layer pursuant to RBI Scale Based Regulations.

Financial Results

The highlights of the standalone financial results are given below:

(₹ in crore)

Particulars	FY2023	FY2022	% change over FY2022
Total income	35,687	27,879	28
Interest and finance charge	9,286	7,578	23
Net interest income	**26,401**	**20,301**	**30**
Total operating expenses	9,453	7,093	33
Pre-impairment operating profit	**16,948**	**13,208**	**28**
Impairment on financial instruments	3,066	4,622	(34)
Profit before tax	**13,882**	**8,586**	**62**
Profit after tax	**10,290**	**6,350**	**62**
Retained earnings as at the beginning of the year	**17,961**	**13,487**	**33**
Profit after tax	10,290	6,350	62
Other comprehensive income on defined benefit plan	(25)	(3)	733
Retained earnings before appropriations	**28,226**	**19,834**	**42**
Appropriations			
Transfer to reserve fund u/s 45-IC (1) of the RBI Act, 1934	(2,060)	(1,271)	62
Dividend paid	(1,211)	(603)	101
Adjustment of dividend to ESOP Trust	4	1	300
Retained earnings as at the end of the year	**24,959**	**17,961**	**39**

Due to rounding off, numbers presented in above table may not add up precisely to the totals provided.

Transfer to Reserve Fund

Under section 45-IC (1) of Reserve Bank of India ('RBI') Act, 1934, non-banking financial companies ('NBFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Accordingly, Bajaj Finance Ltd. (the 'Company', 'Bajaj Finance' or 'BFL') has transferred a sum of ₹ 2,060 crore to its reserve fund.

Pursuant to provisions of Companies Act, 2013 (the 'Act') read with relevant rules thereunder, the Company, being a NBFC, is exempt from creating debenture redemption reserve in respect of privately placed debentures including the requirement to invest up to 15% of the amount of debentures maturing during the next financial year. However, the Company maintains sufficient liquidity buffer to fulfill its obligations arising out of debentures. In case of secured debentures, an asset cover of at least 100% is maintained at all times.

Dividend Distribution Policy

Pursuant to the provisions of regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations'), the Company had formulated a dividend distribution policy, which sets out the parameters and circumstances to be considered by the Board of Directors ('Board') in determining the distribution of dividend to its shareholders and/or retaining profit earned. The policy is annexed to this Report and is also available on the website of the Company at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/dividend-distribution-policypdf?scl=1&fmt=pdf

Dividend

RBI *vide* its circular dated 24 June 2021 has laid down a framework for declaration of dividend by NBFCs. Accordingly, the Board of Directors, after taking into account various aspects and in compliance with the said circular, recommend for consideration of the members at the ensuing Annual General Meeting ('AGM'), payment of final dividend of ₹ 30 per equity shares (1500%) of face value of ₹ 2. The total dividend for FY2023 is ₹ 1,816 crore.

The dividend recommended is in accordance with the principles and criteria set out in the Company's dividend distribution policy. Total dividend proposed for the year does not exceed the ceilings specified in said circular/ RBI Master Directions.

The dividend, if declared, at the ensuing AGM will be taxable in the hands of the members of the Company pursuant to Income Tax Act, 1961. For further details on taxability, please refer Notice of AGM.

Scale Based Regulations

Reserve Bank of India issued a circular on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs" on 22 October 2021 ('SBR Framework'). As per the framework, based on size, activity, and risk perceived, NBFCs are categorised into four layers, NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML), NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL). RBI has categorised Bajaj Finance Limited as an NBFC - Upper Layer (NBFC-UL) *vide* its press release dated 30 September 2022. The Company has put in place necessary Board approved policies like Large Exposures Policy, Internal Capital Adequacy Assessment Policy, Compensation Policy for Key Managerial Personnel and Senior Management, Compliance Policy, Board approved limits for Sensitive Sectors Exposure under the SBR Framework, etc.

Working Results of the Company

On a consolidated basis, BFL recorded core AUM (AUM excluding extreme short tenor IPO loans) growth of 29% and growth in profit after tax of 64% in FY2023 as against core AUM and profit after tax growth of 26% and 59%, respectively, in FY2022. With its strong AUM and profit growth in FY2023, BFL has further increased its share in the financial services sector in India. Return on average assets (ROAA) and return on average equity (ROAE) for FY2023 was 5.3% and 23.5% respectively on a consolidated basis.

The Company's business model continues to generate healthy pre-impairment operating profits enabling it to withstand higher credit losses in times of stress such as these. It remains well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 24.97% as on 31 March 2023 — making it among the best capitalised large NBFCs in India.

As a result of its deeply embedded risk culture and robust risk management practices, the Company's portfolio quality as of 31 March 2023 continues to remain strong. BFL's consolidated Gross NPA at 0.94% and Net NPA at 0.34% are among the lowest in the industry.

Using its robust risk management and portfolio monitoring framework, BFL took enhanced credit costs based on emerging trends across its different portfolios. It holds a management overlay provision on account of volatile macroeconomic factors of ₹ 960 crore on consolidated basis as on 31 March 2023.

The consolidated performance highlights for FY2023 are given below:

- Number of new loans booked: 29.6 million
- Core AUM grew by 29% to ₹ 247,379 crore
- Total income increased by 31% to ₹ 41,406 crore
- Net interest income (NII) rose by 32% to ₹ 28,846 crore
- Total operating cost to NII stood at 35.1%

- Impairment on financial instruments was ₹ 3,190 crore
- Profit before tax (PBT) increased by 63% to ₹ 15,528 crore
- Profit after tax (PAT) increased by 64% to ₹ 11,508 crore
- Capital adequacy ratio as of 31 March 2023 was 24.97%, which is well above the RBI norms. Tier I adequacy ratio was 23.20%

With the experience of managing significant financial and operational disruption emanating after the pandemic, the transformational journey that BFL has embarked upon and the exit momentum of FY2023, the Company remains confident of a sound growth trajectory in FY2024 and thereafter and, hence, remain a leading NBFC in India.

Resilience and agility are deeply embedded in BFL's culture. These cultural anchors have enabled BFL to make swift and calibrated changes to its risk and debt management practices to regain its business momentum while maintaining strong vigil on its portfolio quality and adapting to changing customer preferences of post pandemic world.

For more details on the performance of the Company, business segments and risk management framework and initiatives, please refer to the section on Management Discussion and Analysis.

Operations

BFL is one of the largest and most diversified NBFCs in India. It has worked with approximately 69.1 million customers since it started its transformational journey in FY2008 from a mono-line captive lender to a diversified financial service business. During this period, the Company expanded its presence to 3,733 locations with a distribution network of over 154,650 points of sale and also created a strong presence in the digital space.

BFL was among the early movers to transit to digital processes in the financial services industry. It had already moved from 'Physical' to 'Phygital' in a seamless manner and has embarked to move to the last phase, namely 'Digital', in the last four years.

The Company believes that each customer is a critical asset in its growth journey and their satisfaction is BFL's primary responsibility — which it thrives to achieve through an omnichannel strategy. Business transformation requires significant changes in operating processes and core technology stack of the Company. It focuses on building an 'omnichannel' model to deliver significant business velocity, reduction in operating costs and significant improvement in customer experience. This model with an integrated offering of products and services, will enable BFL to become a 'moment of truth' enterprise for its customers.

Further details regarding the operations, state of affairs and initiatives of the Company are given in the Management Discussion and Analysis.

Subsidiaries, Associates and Joint Ventures

A. Subsidiaries:

The Company has two wholly owned subsidiaries, viz.,

(i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing'), which is registered with National Housing Bank as a Housing Finance Company ('HFC'); and

(ii) Bajaj Financial Securities Ltd. ('BFinsec'), which is registered with the Securities and Exchange Board of India ('SEBI') as a stockbroker, depository participant and research analyst.

During FY2023, no new subsidiary was incorporated/acquired. The Company has not entered into a joint venture with any other company.

The financial statements of the subsidiary companies are also available in a downloadable format under the 'Investor Relations' section on the Company's website at https://www.bajajfinserv.in/finance-investor-relation-annual-reports.

The Company's policy for determination of material subsidiary, as adopted by the Board of Directors, in conformity with regulation 16 of the SEBI Listing Regulations, can be accessed on the Company's website at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subsidiary-v1pdf?scl=1&fmt=pdf.

In terms of the said policy and provisions of regulation 16 of the SEBI Listing Regulations, BHFL is a material subsidiary of the Company.

Performance highlights of the subsidiaries are given below:

BHFL

- AUM as at 31 March 2023 was ₹ 69,228 crore as compared to ₹ 53,322 crore as at 31 March 2022, representing a growth of 30%
- Total income increased by 50% to ₹ 5,665 crore
- NII rose by 52% to ₹ 2,454 crore
- Total operating cost to NII stood at 25.7%
- Impairment on financial instruments was ₹ 124 crore. BHFL holds a management overlay provision of ₹ 237 crore as of 31 March 2023 on account of volatile macro economic factors
- Gross NPA and Net NPA were at 0.22% and 0.08%, respectively, amongst the lowest across all HFCs
- PBT increased by 77% to ₹ 1,700 crore
- PAT grew by 77% to ₹ 1,258 crore
- As on 31 March 2023, capital adequacy ratio was 22.97%, which is well above the prescribed norms of 15%

During FY2023, the Company infused aggregate amount of ~₹ 2,500 crore to reduce leverage and fund accelerated growth of BHFL.

The total investment as on 31 March 2023 in BHFL is approximately ₹ 7,528 crore.

BFinsec

- The customer franchise as of 31 March 2023 was over 565,100
- Total Income for FY2023 was ₹ 204 crore
- PAT was ₹ 8 crore

During the year under review, no investments were made in BFinsec. The total investment as on 31 March 2023 is approximately ₹ 670 crore.

For more detailed discussion on the performance of the subsidiaries and their various segments, refer to the Management Discussion and Analysis.

B. Associates

Snapwork Technologies Private Ltd. ('Snapwork')

During FY2023, the Company acquired 41.5% stake on a fully diluted basis in Snapwork for an aggregate amount of ~₹ 93 crore, with a view to strengthen Company's technology roadmap. Pursuant to provisions of the Act, post-acquisition, Snapwork became an associate of the Company.

Snapwork is engaged in the business of developing, consulting, providing, exporting, importing, marketing, dealing in and implementation of software technology and allied products for its clients and conducting research and development for the same.

Details of investment made in Snapwork also forms part of the financial statements.

Post-acquisition of shares by the Company, Snapwork made a profit of ₹ 4.03 crore, of which Company's share of profit was ₹ 1.67 crore.

A separate statement containing the salient features of the subsidiaries and associate in the prescribed form AOC-1 is attached to the consolidated financial statements.

Other strategic investments

Bajaj Finserv Direct Ltd. ('BFS-Direct') is primarily engaged in business of distribution of financial products through its digital marketplace. BFS-Direct is registered with Insurance Regulatory and Development Authority of India as a composite Corporate Agent for distribution of insurance (life and general) products in India.

During FY2023, no fresh investments were made by BFL into BFS-Direct. The Company continues to hold 19.87% of its capital and the remaining 80.13% is held by Bajaj Finserv Ltd., the holding company. Details of investment made in BFS-Direct also forms part of the financial statements.

Customer Engagement

The Company is committed to fairness, in both form and spirit, in its conduct with customers. One of the key aims of the Company is to communicate transparently its terms, rights and liabilities to enable them to make prudent financial decision.

In line with the above, the Company strives to create a culture of 'Customer Obsession' and endeavors to provide a frictionless experience across the lifecycle, from pre-disbursal to closure of loan, deposit accepting activities and other value-added services. The Company measures its Net Promoter Score to rate its customer loyalty. This helps the Company to gauge the outcome of its customer engagement efforts.

To strengthen the customer engagement and monitoring process, the Board of Directors have voluntarily constituted a Customer Service Committee ('CSB'), in line with the requirements applicable to Banks. It is headed by an independent director. The Committee consists of following Board members:

1. Pramit Jhaveri – Chairman, non-executive, independent
2. Dr. Naushad Forbes – Member, non-executive, independent
3. Sanjiv Bajaj – Member, non-executive, non-independent
4. Rajeev Jain – Member, executive, non-independent

During the year under review, the Board enhanced the scope of the Committee to cover the following:

- To review the performance of the Company (with respect to Customer Services) against baseline parameters defined by the Management. The matters which do not meet the baseline parameters will be reported to Risk Management Committee.
- Regulatory observations pertaining to Customer Service and remediation plan.

The updated terms of reference can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/csc-terms-of-referencepdf?scl=1&fmt=pdf

During FY2023, the Committee met twice.

In addition, the Company has in place a Standing Committee of Management for Customer Service. The Committee meets on a quarterly basis. The terms of reference of the Committee, *inter alia*, covers the following:

- To review and evaluate the feedback received from customer service teams;
- To review and guide on the actionable shared by the service team and recommend the process/policy changes required, if any;
- To review the customer complaints received and redressed during the period as well as advisory/awards issued by the regulatory;
- This Committee shall also perform duties relating to Customer Grievance including:
  (a) Conducting root cause analysis for complaints;
  (b) Formulate a structured process and oversee the measures taken for grievance redressal of customers.

The CSB is updated on the discussions, actions and other recommendation of this Standing Committee. The suggestion, feedback and guidance from CSB is taken note of by the Standing Committee for necessary actions.

Various interventions, to uphold BFL's commitment towards the customers, under the guidance of these Committees are undertaken. To list a few:

- Enablement of various customer service channels for customers to engage, transact and be serviced online as well as offline channels of their choice and convenience through Mobile App, Website, IVR, branch, email and Social media.
- Dedicated Customer Service branches have been set up across major cities.
- Significant investments and progress in enabling digital channels for engaging with customers.
- Standardisation of communication content being sent to the customer, at various life cycle events as per the laid governance. This includes all types of communications like notifications, SMS, email etc.

- Setting up of a dedicated team to oversee the fees and charges being communicated to the customers at the time of sourcing, across all products.

Other initiatives of the Company towards customer engagement are detailed in the Management Discussion and Analysis.

The Company has *suo moto* adopted the Internal Ombudsman (IO) framework since December 2020 prior to it being mandated for NBFCs in May 2022. Presently, the Company has appointed two IOs.

Risk Management

The Board of Directors have adopted a risk management policy for the Company which provides for identification of key events/risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

This framework, *inter alia*, provides the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organisation. It covers principles of risk management, risk governance with roles and responsibilities, business control measures, principle risks and business continuity plan. The Management identifies and controls risks through a defined framework in terms of the aforesaid policy.

The Board is of the opinion that there are no elements of risk that may threaten the existence of the Company.

The current composition of Risk Management Committee ('RMC') is as follows:

1. Pramit Jhaveri – Chairman, non-executive, independent
2. Anami N Roy – Member, non-executive, independent
3. Sanjiv Bajaj – Member, non-executive, non-independent
4. Rajeev Jain – Member, Managing Director, executive
5. Deepak Bagati – Member, President – debt management services
6. Fakhari Sarjan – Member, Chief Risk Officer
7. Sandeep Jain – Member, Chief Financial Officer

Further details on RMC are furnished in the Corporate Governance Report.

More detailed discussion on the Company's risk management and portfolio quality is covered in the Management Discussion and Analysis.

Business Continuity and Cyber Security

The Company continues to enhance cyber security and information security aspects while transforming to a customer-centric digital enterprise. It has capability to offer remote access for identified IT vendors/partners to enable full resources for user support, data center support, application maintenance and testing. All key IT systems are compliant to ISO 27001 Information Security Management System and ISO 22301 Business Continuity Standard. The Company also has a dedicated cyber security and information security team to ensure technical expertise and regulatory as well as internal compliance for Information Technology. In addition, an outsourcing compliance unit and third-party security governance framework is also set up. As part of Omnipresence Strategy, the 3-in-1 app is live now with recent version 9.0.5 (954) and the Company will continue its journey towards a digital organisation.

The Company operates all its critical internet-facing properties behind a well-known cloud-based web application firewall to safeguard against web application attacks as well as distributed denial of service attacks. Further, regular vulnerability assessment and penetration testing, review of segregation of duties, other audit and compliance testing(s) have ensured that the Company's information assets are safe and secure.

As a part of the brand protection efforts and to safeguard customer's interest, the Company constantly monitors and, where needed, removes inappropriate/misleading social media pages. An awareness programme is conducted for all employees using the digital channel regarding cyber security. The Company continues cyber security awareness for customers across digital and social media platforms to educate customers and the public at large on financial fraud risks and how to stay protected. Employees of the Company are required to undergo a mandatory online learning module on information security and affirm that they have understood these and are aware of the protocols to be followed. Cyber security awareness session was conducted for Board members as well. Regular information security related mailers are sent to all employees for awareness and training purpose.

The Company will continue its focus on security monitoring and incident response through its security operations centre.

A detailed discussion on information systems, cyber security and information technology is covered under Management Discussion and Analysis.

Directors and Key Managerial Personnel ('KMP')

A. Change in Directors and KMP during the financial year

(i) Appointments:

Independent Directors

Radhika Haribhakti (DIN: 02409519):

On recommendation of Nomination and Remuneration Committee ('NRC'), the Board has appointed Radhika Haribhakti as an independent director of the Company for a period of five consecutive years effective from 1 May 2022. The same has been approved by the members *vide* their special resolution dated 27 July 2022.

The Board is of the opinion that Radhika Haribhakti is a person of integrity, expertise, and competent experience and proficiency to serve the Company as an independent director that can strengthen the overall composition of the Board.

Radhika Haribhakti is exempted from requirements of clearing the online proficiency test pursuant to rule 6(4) of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended. However, she has on a voluntary basis appeared and cleared the proficiency test.

She is a member of Stakeholders Relationship Committee and Chairperson of Nomination and Remuneration Committee. In addition, she is also a member of Review Committee for identification of wilful defaulter constituted pursuant to RBI Regulations.

Dr. Arindam Bhattacharya (DIN: 01570746):

On recommendation of Nomination and Remuneration Committee ('NRC'), the Board, at its meeting held on 16 March 2023, appointed Dr. Arindam Bhattacharya as an independent director of the Company for a period of five consecutive years effective from 1 April 2023.

The Board is of the opinion that Dr. Arindam Bhattacharya is a person of integrity, expertise, and competent experience and proficiency to serve the Company as an independent director that can strengthen the overall composition of the Board.

Dr. Arindam Bhattacharya has successfully passed the online proficiency self-assessment test as required under the provisions of rule 6(4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

He is a member of Audit Committee.

Executive Directors:

Considering the growth and complexity of the business of the Company and in line with the succession framework, the Board, at its meeting held on 16 March 2023, based on the recommendation of NRC, approved appointments of Rakesh Bhatt (DIN: 02531541) and Anup Saha (DIN: 07640220) as Executive Directors of the Company for a period of 5 years effective 1 April 2023.

Both Rakesh Bhatt and Anup Saha are KMPs within the meaning of section 2(51) of the Act. Rakesh Bhatt is a member of IT Strategy Committee.

In terms of regulation 17(1C) of SEBI Listing Regulations, the Company is seeking approval of shareholders within the time limit prescribed therein by way of postal ballot with reference to the aforesaid appointments.

(ii) Resignation:

On account of health reasons, Madhur Bajaj (DIN: 00014593) resigned as non-executive director of the Company with effect from close of business hours on 31 July 2022. The Board places on record its sincere appreciation for the valuable contribution made by him during his long tenure as director on the Board of the Company.

Further, as mentioned in Directors' Report presented for last year, the independent directors, Ranjan Sanghi (DIN: 00275842) and Dr. Gita Piramal (DIN: 01080602) stepped down as directors with effect from close of business hours on 30 April 2022.

B. **Directors liable to retire by rotation**

Rajiv Bajaj (DIN:00018262) retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment.

Brief details of Rajiv Bajaj, who is seeking re-appointment, are given in the Notice of 36th AGM.

C. **KMPs**

Save and except as stated above, there are no other changes in the KMPs during FY2023.

Declaration by independent directors

All the independent directors have submitted a declaration of independence, stating that they meet the criteria of independence provided under section 149(6) of the Act read with regulation 16 of the SEBI Listing Regulations, as amended. They also confirmed compliance with the provisions of rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

The Board took on record the declaration and confirmation submitted by the independent directors regarding them meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same in terms of the requirements of regulation 25 of the SEBI Listing Regulations.

Remuneration Policies

A. **Policy on Directors' Appointment and Remuneration**

Pursuant to section 178(3) of the Companies Act, 2013 and regulation 19(4) read with Part D of schedule II of the SEBI Listing Regulations, the Board has framed a Remuneration Policy. This policy, *inter alia,* lays down:

(a) The criteria for determining qualifications, positive attributes and independence of directors; and

(b) Broad guidelines of compensation philosophy and structure for non-executive directors, key managerial personnel and other employees.

In view of detailed RBI Guidelines for NBFCs concerning compensation of Key Managerial Personnel (KMP) and Senior Management (SMT), the Company has adopted a specific policy to this effect. Accordingly, this remuneration policy has to be read along with the specific policy adopted pursuant to RBI Guidelines as regards compensation of KMP and SMT, which is detailed below.

B. **Policy for Compensation of KMP and SMT pursuant to RBI Guidelines**

RBI has *vide* its circular dated 29 April 2022 issued Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs pursuant to Scale Based Regulatory Framework. Accordingly, the Board of Directors at their meeting held on 16 March 2023 based on the recommendation of NRC, adopted a policy exclusively governing compensation payable to KMP and SMT. This policy lays down detailed framework, *inter alia*, encompassing the following:

- Principles of compensation;
- Compensation components;
- Principles of variable pay;
- Deferral of variable pay;
- Compensation for control and assurance function personnel; and
- Provisions for malus and clawback and circumstances under which application of malus and clawback is to be considered.

The aforesaid policies can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policypdf?scl=1&fmt=pdf and https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-rbipdf?scl=1&fmt=pdf

As per the requirements of the RBI Master Directions and SEBI Listing Regulations, details of all pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company are disclosed in the Corporate Governance Report.

Compliance with Code of Conduct

All Board members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for FY2023.

A declaration to this effect signed by the Managing Director is included in this Annual Report.

Annual Return

A copy of the Annual Return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website and can be accessed at https://www.bajajfinserv.in/finance-investor-relation-annual-reports

Number of Meetings of the Board

Six (6) meetings of the Board were held during FY2023. Details of the meetings and attendance thereat forms part of the Corporate Governance Report.

Directors' Responsibility Statement

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value pursuant to the provisions of the Act and guidelines issued by SEBI/RBI. Accounting policies have been consistently applied except where revision to an existing Accounting Standard requires a change in the accounting policy.

In accordance with the provisions of section 134(3)(c) of the Act and based on the information provided by the Management, the Directors state that:

i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for FY2023;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Audit Committee

Sanjiv Bajaj, non-executive, non-independent director stepped down as member with effect from close of business hours on 31 March 2023 and Dr. Arindam Bhattacharya was inducted as a member effective from 1 April 2023.

The present composition of the Committee as approved by the Board at its meeting held on 16 March 2023 is as follows: Anami N Roy (DIN: 01361110), Chairman, Dr. Naushad Forbes (DIN: 00630825), Pramit Jhaveri (DIN: 00186137) and Dr. Arindam Bhattacharya.

The composition of Audit Committee is over and above the minimum requirement prescribed under the Act, SEBI Listing Regulations, and the RBI Regulations for NBFCs (the 'NBFC Regulations') of having a minimum of two-thirds of independent directors, including the Chairman. All members of the Committee are non-executive independent directors possessing financial literacy, and expertise in accounting or financial management related matters.

During FY2023, all recommendations of the Audit Committee were accepted by the Board.

The brief terms of reference and attendance record of members are given in the Corporate Governance Report.

Particulars of Loans, Guarantees and Investments

The Company, being an NBFC registered with the RBI and engaged in the business of giving loans in ordinary course of its business, is exempt from complying with the provisions of section 186 of the Act with respect to loans, guarantees and investments. Accordingly, the Company is exempted from complying with the requirements to disclose in the financial statement the full particulars of the loans given, investment made or guarantee given or security provided.

In addition to investment in subsidiaries, associates and group companies which is covered above, details of other major strategic investments are under:

1. **One MobiKwik Systems Ltd. ('MobiKwik'):**

   The Company continues to stay invested in MobiKwik. Total investment in MobiKwik as on 31 March 2023 is approximately ₹ 296.89 crore.

   The total equity shares held by the Company in MobiKwik is 7,979,440 equity shares representing 13.95% of its capital on a fully diluted basis.

2. **RBL Bank Ltd.**

   The Company continues to stay invested in RBL Bank Ltd.

The Company has additionally disclosed information regarding investments in the financial statements.

Employee Stock Options ('ESOP')

The Company offers stock options to select employees of the Company and its subsidiaries to foster a spirit of ownership and an entrepreneurial mindset. Because of their nature, stock options help to build a holistic, long-term view of the business and a sustainability focus in the Senior Management team. Stock options are granted to tenured employees in managerial and leadership positions upon achieving defined thresholds of performance and leadership behaviour. This has contributed to the active involvement of the leadership and senior team who are motivated to ensure long-term success of the Company. Grant of stock options also allows the Company to maintain the right balance between fixed pay, short-term incentives and long-term incentives to effectively align with the risk considerations and build the focus on consistent long-term results.

As per the Employee Stock Option Scheme of the Company, total option that could be granted is 35,071,160. During the year under review, the scheme has not been amended and it is in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

A statement giving complete details, as at 31 March 2023, under regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, is available on the website of the Company and can be accessed at https://www.bajajfinserv.in/finance-investor-relation-annual-reports

Grant wise details of options vested, exercised and cancelled are provided in the notes to the standalone financial statements. The Company has not issued any sweat equity shares or equity shares with differential voting rights during FY2023.

Share Capital

During FY2023, no new equity shares were issued.

As on 31 March 2023, the paid-up share capital of the Company stood at ₹ 121.09 crore consisting of 605,429,233 equity shares of face value of ₹ 2 fully paid-up.

Related Party Transactions

All contracts/arrangement/transactions entered by the Company during FY2023 with related parties were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, details of transaction entered into is also reviewed by the Audit Committee on a quarterly basis.

All related party transactions entered during FY2023 were in the ordinary course of business, at arm's length and not material under the Act and SEBI Listing Regulations. None of the transactions required members' prior approval under the Act or SEBI Listing Regulations.

Details of transactions with related parties during FY2023 are provided in the notes to the financial statements. There were no transaction requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC–2 does not form a part of this Report.

The policy on materiality of related party transactions and on dealing with related party transactions is available on the website of the Company at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-of-materiality-and-dealing-with-related-party-transactionpdf?scl=1&fmt=pdf and also forms a part of the Corporate Governance Report.

Succession Planning

The Company has in place a succession planning framework to address anticipated, as well as unscheduled changes in leadership. The plan is revisited, re-evaluated and updated every year. The key attribute of the plan involves:

- Organisational level Long Range Strategy wherein talent required to fulfil the Company's strategy and annual operating plan is discussed and planned.
- Performance appraisal system which helps identifying people demonstrating leadership behaviours in line with our cultural anchors.
- Talent Management framework is a bi-annual exercise under which a Talent Card is made for every Senior Management team member.
- Job Rotation Policy with the intent of providing movement and enhancements to senior leaders in the organisation.

Material Changes and Commitments

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year and the date of this Report.

Conservation of Energy

The operations of the Company are not energy intensive. The Company implements various energy conservation measures across all its functions and value chain, which are highlighted in the Business Responsibility and Sustainability Report.

Technology Absorption

The details pertaining to technology absorption have been explained in the Management Discussion and Analysis.

Considering the nature of services and businesses, no specific amount of expenditure is earmarked for Research and Development. However, the Company on an ongoing basis strives for various improvements in the products, platforms, and processes.

Foreign Exchange Earnings and Outgo

During FY2023, the Company did not have any foreign exchange earnings and the foreign exchange outgo in terms of actual outflow amounted to ₹ 4,245.17 crore.

Corporate Social Responsibility ('CSR')

The CSR Committee comprises of three directors viz., Dr. Naushad Forbes, Chairman, Sanjiv Bajaj and Rajeev Jain, members.

The CSR obligation of the Company for FY2023 is ₹ 138.33 crore. As on 31 March 2023, total amount spent on CSR activities by Company is ₹ 117.46 crore.

As per section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014, as amended, the Company is required to transfer any unspent amount, pursuant to any ongoing project undertaken by the Company in pursuance of its Corporate Social Responsibility Policy, within a period of thirty days from the end of the financial year to a special account opened by the Company in that behalf for that financial year in any scheduled bank called Unspent Corporate Social Responsibility Account.

Due to delay in commencement of project as compared to approved timelines, some part of the mandatory spend for few ongoing projects remained unspent as on 31 March 2023, thereby requiring it to be transferred to an Unspent Corporate Social Responsibility Account. Accordingly, the Company has opened necessary bank account to transfer unspent amount of ₹ 20.87 crore.

Detailed information on CSR Policy, its salient features, details pertaining to spent and unspent amount forms part of Annual Report on CSR activities.

The CSR policy has been hosted on the website of the Company and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf.

Further, the Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the Board for FY2023.

Formal Annual Evaluation of the performance of the Board, Committees and directors

Pursuant to section 178 of the Act, the NRC and the Board has decided that the evaluation shall be carried out by the Board only and the NRC will only review its implementation and compliance.

Further, as per Schedule IV of the Act and provisions of the SEBI Listing Regulations, the performance evaluation of independent directors shall be done by the entire Board excluding the directors being evaluated, on the basis of performance and fulfilment of criteria of independence and their independence from Management. On the basis of the report of the performance evaluation, it shall be determined whether to extend or continue the term of appointment of independent director.

Accordingly, the Board has carried out an annual performance evaluation of its own performance, that of its Committees, Chairperson and individual directors.

The manner in which formal annual evaluation of performance was carried out by the Board for the year 2022-23 is given below:

- The NRC at its meeting held on 19 May 2020, reviewed the criteria for performance evaluation. The criteria is available on the website of the Company at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directorspdf?scl=1&fmt=pdf
- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking feedback of the directors with regards to the performance of the Board, its Committees, the Chairperson and individual directors.
- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, its Committees, Chairperson and individual directors for the year 2022-23 and a consolidated report thereof were arrived at.
- The report of performance evaluation so arrived at was then discussed and noted by the Board at its meeting held on 16 March 2023.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 16 March 2023.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 16 March 2023, determined that the appointment of all independent directors may continue.
- Details on the evaluation of Board, non-independent directors and Chairperson of the Company as carried out by the independent directors at their separate meeting held on 16 March 2023 have been furnished in a separate paragraph elsewhere in this Report.
- During FY2023, the process followed by the Company was reviewed by the NRC, which opined these to be in compliant with applicable provisions and found it to be satisfactory.

Other than Chairman of the Board and NRC, no other director has access to the individual ratings given by directors.

The criteria was reviewed by the NRC and Board and advised enhancement to the feedback mechanism by introducing few qualitative aspects to the criteria.

Significant and Material Orders passed by the Regulators or Courts

During FY2023, there were no significant or material orders passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

Internal Financial Controls

Internal Financial Controls laid down by the Company is a systematic set of controls and procedures to ensure orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Internal financial controls not only require the system to be designed effectively but also to be tested for operating effectiveness periodically.

The Board is of the opinion that internal financial controls with reference to the financial statements were tested and reported adequate and operating effectively. The internal financial controls are commensurate with the size, scale and complexity of operations.

Internal Control Systems and their adequacy has been discussed in more detail in Management Discussion and Analysis.

Deposits

The Company accepts deposits from retail and corporate clients. As on 31 March 2023, it had a standalone deposit book of ₹ 44,489.79 crore, delivering an annual growth of 46.88% in FY2023. Deposits contributed to 27.52% of BFL's standalone borrowings versus 24.62% as at the end of FY2022.

The consolidated deposits book as on 31 March 2023 stood at ₹ 44,665.56 crore, delivering an annual growth of 45.02% in FY2023. Deposit contributed to 20.61% of its consolidated borrowings as on FY2023 versus 18.64% as at the end of FY2022.

Break-up of deposits raised on a consolidated basis:

(₹ in crore)

Sr. No.	Type	Amount raised	Outstanding as on 31 March 2023
1.	Public deposit	15,793.02	28,303.10
2.	Corporate deposit	13,684.07	11,518.30
3.	Other deposit	3,271.55	4,668.39

Pursuant to provisions of the RBI Act, 1934, the Company has created a charge on statutory liquid assets amounting to ₹ 5,192.05 crore in favour of the trustee for Public Fixed Deposit ('FD') holders.

During FY2023, there was no default in repayment of deposits or payment of interest thereon.

With a view to reduce unclaimed deposits, the Company adopted the following process:

- Wherever payment of deposit amount and interest thereon is rejected by bank of the deposit holder, Customer Service Team calls the depositor to inform about rejection reason and advise them the process for change of linked bank account;
- In addition, SMS/Email/Physical letter are also sent to depositors to inform them of rejection reason(s) and advise them to initiate appropriate action for change of bank details;
- Account payee cheque in the name of the customer for unclaimed amount is dispatched at customer's communication address (excluding deceased cases, where settlement is to be done as per nomination/survivorship clause);
- In case of death of depositors, claim settlement process is advised to joint depositors/nominee/legal heir, as the case may be;
- Wherever the residential status of the depositors has changed from Resident to Non-Resident, they are advised to submit updated FATCA/CRS declaration and to get their bank details updated.

As on 31 March 2023, there were 58 deposits amounting to ₹ 73.29 lakh which had matured and remained unclaimed and interest on matured deposits amounting to ₹ 7.23 lakh and interest on active deposits amounting to ₹ 3.90 lakh had also remained unclaimed.

Borrowings

The total borrowing limit approved by the shareholders stands at ₹ 225,000 crore.

The total borrowing as on 31 March 2023 is ₹ 161,684.63 crore. The break-up of the same is as under:

(₹ in crore)

Particulars	Deposits	Bank Loans (TL/CC/ OD/WCDL)	Non-Convertible Debentures	Subordinate Liability	Short-term Borrowings	External Commercial Borrowing
Amount	44,489.79	38,287.89	55,446.82	3,630.29	18,368.39	1,461.45
% to total borrowing	27.52	23.68	34.29	2.25	11.36	0.90

Credit Rating

The brief details of the ratings received from credit rating agencies by the Company for all its outstanding instruments is given in General Shareholder Information.

Whistle Blower Policy/Vigil Mechanism

The Company has a Whistle Blower Policy encompassing vigil mechanism pursuant to the requirements of section 177(9) of the Act and regulation 22 of the SEBI Listing Regulations. The whistle blower framework has been introduced with an aim to provide employees, directors and value chain partners with a safe and confidential channel to share their inputs about such aspects which are adversely impacting their work environment. The policy/vigil mechanism enables directors, employees and value chain partners to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and leak or suspected leak of unpublished price sensitive information.

The concerns may be reported anonymously either through email or through a 'Confidential Feedback Mechanism', which is reviewed by a Committee comprising of Senior Management representatives. Pursuant to the Whistle Blower Policy, the summary of incidents investigated, actioned upon, founded and unfounded are reviewed by the Audit Committee on a quarterly basis. Further, the Committee from time to time reviews the functioning of the whistle blower mechanism and measures taken by the Management to encourage employees to avail of the mechanism to report unethical practices.

The Whistle Blower Policy is uploaded on the website of the Company and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v2pdf?scl=1&fmt=pdf

More details are given in Corporate Governance Report.

Independent Directors' Meeting

Pursuant to the Act and SEBI Listing Regulations, the independent directors must hold at least one meeting in a financial year without attendance of non-independent director and members of the Management. Accordingly, independent directors of the Company met on 16 March 2023 and:

- noted the report of performance evaluation from the Chairman of the Board for the year 2022-23;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairman of the Board, taking into account the views of executive and non-executive directors; and
- assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The independent directors present elected Anami N Roy as Chairman for the meeting. All independent directors were present at the meeting.

In addition, the independent directors have a separate meeting with the Senior Management team (SMT), during which the SMT is encouraged to express its views and concerns pertaining to the business. Suggestions from the directors are noted by the Management.

RBI Guidelines

The Company continues to fulfil all the norms and standards laid down by RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital to risk-weighted assets ratio of the Company was 24.97% as on 31 March 2023. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an asset liability committee, which meets monthly to review its ALM risks and opportunities. Further, BFL exceeds the regulatory requirement of liquidity coverage ratio (LCR) introduced by the RBI in FY2020. As against the LCR requirement of 70%, BFL's LCR as on 31 March 2023 was 113%.

The Company continues to be in compliance with the Master Direction for Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Corporate Governance

In terms of the SEBI Listing Regulations, a separate section titled Report on Corporate Governance has been included in this Annual Report, along with the Management Discussion and Analysis and report on General Shareholder Information.

The Managing Director and the Chief Financial Officer have certified to the Board in relation to the financial statements and other matters as specified in the SEBI Listing Regulations.

A certificate from auditors of the Company regarding compliance of conditions of corporate governance is annexed to this Report.

Business Responsibility and Sustainability Report ('BRSR')

Pursuant to amendment in SEBI Listing Regulations, top 1,000 listed entities based on market capitalisation are required to submit a BRSR with effect from FY2023.

Accordingly, the Company has adopted a Policy for Responsible and Sustainable Business Conduct. The BRSR in the format prescribed by SEBI is annexed to the annual report.

The Board has in place an executive level cross functional ESG Committee headed by an Executive Director. The Committee chalks out plans and other initiatives keeping in view the leading practices and the requirements. It also monitors the implementation of the ESG related initiatives and reporting thereof. A detailed ESG report describing various initiatives, actions and process of the Company towards the ESG endeavor can be accessed at https://www.bajajfinserv.in/finance-investor-relation-annual-reports

Secretarial Standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of Directors (SS-1) and General Meetings (SS-2) read with the MCA circulars.

Internal Audit

The internal audit function provides an assurance to the Audit Committee/Board of Directors and the Senior Management on the quality and effectiveness of the BFL's internal controls, risk management and governance related systems and processes. In line with the RBI's guidelines on Risk Based Internal Audit, the Company has implemented a Risk Based Internal Audit Policy.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee.

The Audit Committee on a quarterly basis reviews the internal audit reports based on the approved plan, which includes significant audit observations, corrective and preventive actions. The Committee also reviews adequacy and effectiveness of internal controls based on such reports.

The Committee also has independent meetings with the internal auditors without the presence of Management.

Auditors and Auditors' Report

Statutory Auditors

In line with the RBI requirements, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on 16 September 2021, appointed Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 302009E) ('Deloitte') and G. M. Kapadia & Co., Chartered Accountants, (Firm Registration No.104767W) ('G. M. Kapadia') as Joint Statutory Auditors for a period of 3 years to conduct audit of the financial statements of the Company for the financial years 2022, 2023 and 2024. The said appointment was also approved by the shareholders.

The audit report given by Deloitte and G.M. Kapadia, Joint Statutory Auditors for FY2023 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

In terms of the RBI Master Directions – Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016, the Joint Statutory Auditors have also submitted an additional report dated 27 July 2022, for FY2022 which has been filed with RBI. There were no comments or adverse remarks in the said report as well.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Shyamprasad D. Limaye, Practicing Company Secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

A report from the secretarial auditor in the prescribed Form MR-3 is annexed to this Report.

As per regulation 24A(1) of SEBI Listing Regulations, a listed company is required to annex a secretarial audit report of its material unlisted subsidiary to its Annual Report. The secretarial audit report of BHFL, a material subsidiary (a high value debt listed company) for FY2023 is annexed herewith.

In addition, secretarial audit report pursuant to section 204 of the Act for BFinsec, a non-material subsidiary is also annexed herewith.

Pursuant to regulation 24A(2) of SEBI Listing Regulations, a report on secretarial compliance for FY2023 has been issued by Shyamprasad D. Limaye and the same will be submitted with the stock exchanges within the given timeframe. The report will be made available on the website of the Company.

There are no observations, reservations or qualifications or adverse remark in any of the aforesaid reports.

The auditors, i.e., statutory auditors and secretarial auditor have not reported any matter under section 143(12) of the Act, and therefore, no details are required to be disclosed under section 134(3)(ca) of the Act.

Other Statutory Disclosures

- The financial statements of the Company and its subsidiaries are placed on the Company's website at https://www.bajajfinserv.in/finance-investor-relation-annual-reports
- Details required under the provisions of section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, *inter alia,* the ratio of remuneration of director to median remuneration of employees, percentage increase in the median remuneration, are annexed to this Report.
- Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.
- The Company being an NBFC, the provisions relating to Chapter V of the Act, i.e., acceptance of deposit, are not applicable. Disclosures as per NBFC regulations have been made in this Annual Report.
- The provision of section 148 of the Act relating to maintenance of cost records and cost audit are not applicable to the Company.
- The Company has a policy on prevention of sexual harassment at the workplace. The Board, at its meeting held on 26 April 2023, reviewed the policy and approved amendments to make it gender neutral. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The number of complaints received, disposed of and pending during FY2023 is given in the Corporate Governance Report.
- There is no change in the nature of business of the Company during FY2023.
- The securities of the Company were not suspended from trading during the year on account of corporate actions or otherwise.
- The Company has not defaulted in repayment of loans from banks and financial institutions. There were no delays or defaults in payment of interest/principle of any of its debt securities.
- During FY2023, the Company has issued non-convertible debenture to the tune of ₹ 19,199.50 crore and redeemed non-convertible debentures and subordinate liability to the tune of ₹ 15,135.80 crore and ₹ 207.10 crore respectively.

- Disclosure under section 197(14) of Companies Act, 2013:

Rajeev Jain, Managing Director (DIN: 01550158)

Post the relinquishment of his position as MD of Bajaj Housing Finance Ltd. a wholly owned subsidiary, he has been elected as Non-Executive Vice Chairman effective from 1 May 2022. In his capacity as a non-executive director, he draws sitting fees and profit linked commission from BHFL at par with other non-executive directors in terms of its remuneration policy. The total remuneration (sitting fees and commission) drawn for FY2023 is ₹ 25.50 lakh. Apart from above, he does not draw any commission from any other subsidiary company.

During FY2023, he has been awarded a one time grant of 94,680 ESOPs of Bajaj Finserv Ltd., holding company ('BFS') at grant price of ₹ 1,482.64. All options will vest entirely post completion of 5 years from grant date.

Anup Saha, Executive Director (DIN: 07640220)

Anup Saha does not draw any commission or remuneration from any of the subsidiary company.

During FY2023, he has been awarded a one time grant of 31,560 ESOPs of BFS at grant price of ₹ 1,482.64. The options will vest entirely post completion of 5 years from grant date.

Rakesh Bhatt, Executive Director (DIN: 02531541)

Rakesh Bhatt does not draw any commission or remuneration from any of the subsidiary company.

During FY2023, he has been awarded a one time grant of 31,560 ESOPs of BFS at grant price of ₹ 1,482.64. The options will vest entirely post completion of 5 years from grant date.

He has also been granted stock option of BFS as per the details given below during his association with BFS-Direct:

Grant Date	Vesting Schedule	Option Granted	Exercise Price (in ₹)
16 May 2019	Options will vest 25% each year post 1 year from date of grant	156,250	745.47
21 May 2020		257,250	470.21
28 April 2021		131,000	1,009.14

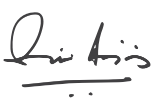
- As on 31 March 2023, there is no amount remaining unclaimed in respect of non-convertible debentures.
- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 against the Company.
- During FY2023, there was no instance of one-time settlement with Banks or Financial Institutions. Therefore, as per rule 8(5)(xii) of Companies (Accounts) Rules, 2014, reasons of difference in the valuation at the time of one-time settlement and valuation done while taking loan from the Banks or Financial Institutions are not reported.
- Disclosures pursuant to RBI Master Directions, unless provided in the Directors' Report, form part of the notes to the standalone financial statements and Report on Corporate Governance.

Acknowledgement

The Board of Directors places its gratitude and appreciation for the support and cooperation from its members, the RBI and other regulators, banks, financial institutions, trustees for debenture holders and fixed deposit holders.

The Board of Directors also places on record its sincere appreciation for the commitment and hard work put in by the Management and the employees of the Company, its subsidiaries and associates and thanks them for yet an excellent year of performance.

On behalf of the Board of Directors,



Sanjiv Bajaj
Chairman
DIN: 0014615

Pune: 26 April 2023

Dividend Distribution Policy

Pursuant to regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy for the Company is as under:

- The financial strategy of the Company, which encompasses the dividend policy, is primarily aimed at enhancement of long-term shareholder value and sustainable growth, in a way that the shareholders can participate equitably in the Company's growth, while maintaining a strong financial foundation for the Company.
- The dividend distribution will be subject to internal and external factors, such as, general economic and market conditions, funding requirements for expansion, diversification, growth, new projects, brand/business acquisitions, long-term strategic plans, joint- venture plans, fresh investments in subsidiaries/associates, absorbing unfavourable market conditions, meeting unforeseen contingencies and other circumstances, which in the opinion of the Board, require retention of profits.
- The Board shall endeavour that the Dividend amount in every financial year will be stable and steady. Subject to profits and other financial parameters as per applicable legal provisions, the Board will endeavor to maintain a dividend payout (including dividend distribution tax, if any) in the range of 15% to 25% of profit after tax on standalone basis, subject to the applicable regulations and to the extent possible.
- Final dividend will be recommended by the Board for approval of the shareholders in a general meeting, while interim dividend, if any, may be declared by the Board. The company currently has only one class of shares, i.e. equity shares.

This Policy is subject to review from time to time.

Pune: 15 March 2021 Chairman

Remuneration details under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended for the financial year ended 31 March 2023

Name of Director/Key Managerial Personnel	Ratio of remuneration of director to median remuneration of employees	% change in remuneration in FY2023
A. Whole-Time Director		
Rajeev Jain – Managing Director@	272.62	22.00
B. Non-Executive Directors		
Sanjiv Bajaj – Chairman	8.69	(4.96)
Madhur Bajaj*	0.76	Not Comparable
Rajiv Bajaj	2.27	25.00
Ranjan Sanghi#	0.76	Not Comparable
D J Balaji Rao	2.64	20.69
Dr. Naushad Forbes	5.67	10.29
Anami N Roy	6.80	(8.16)
Pramit Jhaveri**	6.42	Not Comparable
Radhika Haribhakti$	3.02	Not Comparable
C. Key Managerial Personnel		
Rajeev Jain, Managing Director@		22.00
Sandeep Jain, Chief Financial Officer@		17.71
R. Vijay, Company Secretary@		19.50
D. % Increase in Median Remuneration of employees other than Managing Director		15.60
E. Number of permanent employees on the rolls of the Company as on 31 March 2023:		39,781

@% increase over FY2022 is derived excluding perquisite value of stock options exercised, if any.

* Not comparable since he has resigned as director of the Company w.e.f. close of business hours on 31 July 2022.

Not comparable since he has resigned as director of the Company w.e.f. close of business hours on 30 April 2022.

** Not comparable since he is appointed as an independent director w.e.f. 1 August 2021.

$ Not comparable since she is appointed as an independent director w.e.f. 1 May 2022.

Notes:

- Remuneration payable to non-executive directors is based on the number of meetings of the Board and/or Committees attended by them during the year. The amount of commission payable to non-executive directors is fixed at ₹ 250,000/- per meeting.
- Remuneration to Directors does not include sitting fees paid to them for attending Board and/or Committee meetings.
- The variation reflected in column '% change in remuneration in FY2023' is on account of number of Board/Committee meetings, attendance of directors thereat and change in Committee positions.
- Details of remuneration for Dr. Gita Piramal is not shown above since she did not attend any meeting during the year under review.

Notes on Disclosures under Rule 5

1. Average percentage increase in salary of employees other than Managing Director is 11.23%.
2. Percentage increase in remuneration of managerial personnel has been determined based on independent benchmarking, performance of the Company and trends of remuneration in the industry.
3. The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial audit report (Form No. MR-3)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31 March 2023

To,

The Members of,

Bajaj Finance Ltd.

(CIN: L65910MH1987PLC042961)
Akurdi, Pune – 411035

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Bajaj Finance Ltd.** (hereinafter called as "the Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

(1) The Companies Act, 2013 (the Act) and the rules made thereunder;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:–

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

(6) Rules, regulations and guidelines issued by the Reserve Bank of India as are applicable to Deposit taking Non-Banking Financial Companies with classification as a 'Loan Company' (subsequently reclassification as 'NBFC - Investment and Credit Company (NBFC-ICC)' vide RBI circular dated 22 February 2019); which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:–

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Directions, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including one woman independent director.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, Rules, Regulations and Guidelines.

I further report that, during the period the Company has,

1. allotted 179,345 Non-Convertible Debentures amounting to ₹ 17,934.5 crore and 63,250 partly paid unsecured NCDs amounting to ₹ 1,265 crore on Private Placement basis from time to time and complied with the rules and regulations under various Acts.

2. issued Commercial Papers amounting to ₹ 36,505 crore from time to time and complied with the applicable rules and regulations under various Acts.

3. applied fresh for compounding on 13 October 2020, for contraventions under section 297(1) of Companies Act, 1956 made on 01 April 2009 and 04 November 2011. Vide its order dated 24 May 2022, Regional Director (MCA, Mumbai) imposed a compounding fee of ₹ 287,500 and ₹ 51,000 in the respective cases, on the Company. The Company has paid the requisite fees.

4. received notice vide email dated 22 February 2023 from BSE for payment of fine for ₹ 50,000 (excluding GST) for delayed intimation of payment of interest/principal to stock exchanges in relation to Non-Convertible Debentures (4 ISINs). The Company has paid the requisite fine.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000195110

Place: Pune
Date: 26 April 2023

To,
The Members of,
Bajaj Finance Ltd.
Akurdi, Pune – 411035

My Secretarial Audit Report for Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Pune
Date: 26 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572

Secretarial audit report of Subsidiary Company (Form No. MR-3)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31 March 2023

To,
The Members of,
Bajaj Financial Securities Ltd.
U67120PN2010PLC136026
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune – 411035.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Bajaj Financial Securities Ltd.** (hereinafter called as "the Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

(1) The Companies Act, 2013 (the Act) and the rules made thereunder;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:–

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) Securities and Exchange Board of India (Stock Brokers) Regulations, 1992;

   (h) Securities and Exchange Board of India (Research Analysts) Regulations, 2014;

   (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

(k) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is an unlisted public company and wholly-owned subsidiary of a listed company.

I have also examined compliance with the applicable clauses of the following:-

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Listing Agreement entered into by the Company with BSE Limited (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors and non-executive directors including one woman independent director. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the period, the Company has:

i. Issued Commercial Papers amounting to ₹ 3,250 crore from time to time and complied with the rules and regulations under various Acts.

I further report that during the audit period there was no other event/action having major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000173770

Place: Pune
Date: 24 April 2023

To,
The Members of,
Bajaj Financial Securities Ltd.
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune – 411035.

My Secretarial Audit Report for Financial Year ended on 31 March 2023, of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Pune
Date: 24 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572

Secretarial audit report of Subsidiary Company (Form No. MR-3)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31 March 2023

To,
The Members of,
Bajaj Housing Finance Ltd.
(CIN: U65910PN2008PLC132228)
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune-411035.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Bajaj Housing Finance Ltd.** (hereinafter called as "the Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

(1) The Companies Act, 2013 (the Act) and the rules made thereunder;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:–

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

  (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(6) Rules, regulations, directions and guidelines issued by the National Housing Bank as are applicable to the Company;

I have also examined compliance with the applicable clauses of the following:-

i. Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

ii. Listing Agreement entered into by the Company with BSE Limited Ltd. (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above, wherever applicable.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including one woman independent director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the period, the Company has:

i. Allotted 95,860 Secured non-convertible debentures amounting to have issued Secured NCD of ₹ 9,586.00 crore (Face Value) on private placement basis from time to time and complied with the rules and regulations under various Acts. The Company has raised ₹ 252.00 crore towards unsecured non-convertible debentures.

ii. Issued Commercial Papers amounting to ₹ 3,675.00 crore from time to time and complied with the rules and regulations under various Acts.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000173671

Place: Pune
Date: 24 April 2023

To,
The Members of,
Bajaj Housing Finance Ltd.
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune - 411 035.

My Secretarial Audit Report for the Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Pune
Date: 24 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572

Independent Auditor's Certificate on Corporate Governance

To
The Members of,
Bajaj Finance Ltd.

1. This certificate is issued in accordance with the terms of our engagement letter dated 30 September 2022.

2. We, Deloitte Haskins & Sells, Chartered Accountants, one of the Joint Statutory Auditors of Bajaj Finance Limited (the "Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March 2023.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 23039826BGXRZD3305)

Date: 26 April 2023
Place: Pune

Certificate by practising company secretary

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations (as amended)]

In the matter of **Bajaj Finance Ltd.** (CIN: **L65910MH1987PLC042961**) having its registered Office at Akurdi, Pune - 411035.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company.

I certify that the following persons are Directors of the Company (during 1 April 2022 to 31 March 2023) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	DIN	Designation
1.	Sanjivnayan Rahulkumar Bajaj	00014615	Chairman
2.	Rajeev Jain	01550158	Managing Director
3.	Rajivnayan Rahulkumar Bajaj	00018262	Non-Executive Director
4.	Balaji Rao Jagannathrao Doveton	00025254	Independent Director
5.	Naushad Darius Forbes	00630825	Independent Director
6.	Anami Narayan Prema Roy	01361110	Independent Director
7.	Pramit Shashikant Jhaveri	00186137	Independent Director
8.	Radhika Vijay Haribhakti	02409519	Independent Director

1. Shri Dipak Kumar Poddar who was appointed as the independent director, ceased to be a director of the Company w.e.f. 1 April 2022, upon completion of his second term as independent director.
2. Dr. Gita Piramal resigned on 1 May 2022 and ceased to be a director of the Company w.e.f. 1 May 2022.
3. Shri Ranjan Surajprakash Sanghi resigned on 1 May 2022 and ceased to be a director of the Company w.e.f. 1 May 2022.
4. Shri Madhur Ramkrishnaji Bajaj resigned as non-executive director of the Company on 1 August 2022.
5. Dr. Arindam Bhattacharya is appointed as an independent director of the Company w.e.f. 1 April 2023 by the Board of Directors at its meeting held on 16 March 2023.
6. Shri Anup Kumar Saha and Shri Rakesh Induprasad Bhatt are appointed as executive directors of the Company w.e.f. 1 April 2023 by the Board of Directors at its meeting held on 16 March 2023.

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000195165

Place: Pune
Date: 26 April 2023

Annual Report on CSR activities for the financial year ended 31 March 2023

1. Brief outline of Company's CSR Policy

Introduction

The vision and philosophy of late Shri Jamnalal Bajaj, the founder of Bajaj Group, guide the Corporate Social Responsibility (CSR) activities of the Group. He embodied the concept of trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

Bajaj Group believes that true and full measure of growth, success and progress lies beyond balance sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people.

Through its social investments, Bajaj Group addresses the needs of India's next generation, mainly, in the areas of skilling, health and education. Additionally, the Group supports creation of healthcare and other infrastructure and relief efforts in response to natural calamities and pandemics. For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment and the reason behind the smiles that light up a million faces.

It is this goodwill that has made us work towards 'Activating Lives'.

Guiding principles:

The Company believes that social investments should:

- **Benefit Generations:** The Company believes in 'investment in resource creation' for use over generations. The Company tries to identify sustainable projects which will benefit the society over long periods.
- **Educate for Self-Reliance and Growth:** To usher in a growth-oriented society and thereby a very strong and prosperous nation, by educating each and every Indian.
- **Promote Health:** The Company believes good health is a pre-requisite for both education and productivity.
- **Encourage for Self Help:** To guide and do hand holding for self-help, individually and collectively to create excellence for self and for the team.
- **Be Focused:** The Company believes that activities should be focused around locations where it has a presence and hence can effectively guide, monitor and implement specific projects.
- **Target those who need it most:** Care for the sections of the society, which are socially at the lowest rung irrespective of their religion or caste or language or colour.

Brief Contents of CSR Policy

Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021. Accordingly, the CSR Policy was approved and adopted by the Board of Directors in its meeting held on 26 April 2021. The Policy, *inter alia,* covers the following:

- Philosophy, Approach and Direction
- Guiding Principles for selection, implementation and monitoring of activities
- Guiding Principles for formulation of an Annual Action Plan

2. Composition of CSR Committee:

Sr. No.	Name of director	Designation /Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Naushad Forbes	Chairman, independent director	3	3
2.	Sanjiv Bajaj	Member, non-executive director	3	3
3.	Rajeev Jain	Member, Managing Director	3	3

3. Web-link where the following are disclosed on the website of the Company

Composition of CSR Committee:	https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee
CSR Policy:	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf
CSR projects approved by the Board:	https://www.bajajfinserv.in/shareholders-information-listing-on-stock-exchange

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Impact assessment has been carried out for two projects. The executive summaries are annexed to this report. The full report is hosted on Company's website and can be accessed at https://www.bajajfinserv.in/finance-investor-relation-annual-reports.

5. (a) Average net profit of the Company as per sub-section (5) of section 135: ₹ 6,916.35 crore

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 138.33 crore

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set-off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 138.33 crore

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 114.34 crore

(b) Amount spent in Administrative Overheads: ₹ 3.08 crore

(c) Amount spent on Impact Assessment, if applicable: ₹ 0.04 crore

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 117.46 crore

(e) CSR amount spent or unspent for the financial year: ₹ 20.87 crore

(in ₹ crore)

Total Amount Spent for the financial year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
117.46	20.87	28 April 2023	NA	NA	NA

(f) Excess amount for set-off, if any:

(in ₹)

Sr. No.	Particular	Amount
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	1,38,32,70,713.33
ii.	Total amount spent for the Financial Year	1,17,46,06,708.35
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	-
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

(in ₹)

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount Spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer		
1.	FY2019-20	-	-	-	-	-	-	-
2.	FY2020-21	-	-	-	-	-	-	-
3.	FY2021-22	608,783,330	144,065,145	464,718,185	-	-	144,065,145	-

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No

9. **Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135:** Due to delay in commencement of project as compared to approved timelines, some part of the mandatory spend with respect to ongoing project remained unspent as on 31 March 2023.

Sd/-
Rajeev Jain
Managing Director
DIN: 01550158

Sd/-
Dr. Naushad Forbes
Chairman of CSR Committee
DIN: 00630825

ANNEXURE TO ANNUAL REPORT ON CSR ACTIVITIES

Impact Assessment Executive Summary

Akhand Jyoti Eye Hospital: Make Ballia Blind Free

01 Project Details

Project Number:	10256
Project Title:	Make Ballia Blind Free
Project Duration:	June 2019 to March 2021
Donor:	Bajaj Finance Ltd.
Implementing Agency:	Yugrishi Shriram Sharma Acharya Charitable Trust
Approved Budget:	₹ 50,000,000/-

This assessment was conducted from 1 December 2022 to 17 March 2023 by the Impact Measurement & Advisory team at Sattva Consulting Pvt. Ltd.

Project Advisor	Bobbymon George, Partner and BU Head
Engagement lead	Ambika Jugran, Associate Principal
Project Lead and Onsite Survey Coordination	Abhishek Bhardwaj, Senior Consultant
Project Team	Simran Varma, Associate Consultant Sarah Joseph, Analyst

02 List of Abbreviations

AQoL	Assessment of Quality of Life
IMA	Impact Measurement and Advisory
NHSRC	National Health Systems Resource Centre
OECD- DAC	Organisation for Economic Co-operation Development - Development Assistance Committee
SDG	Sustainable Development Goals

03 Context and Background

The Akhand Jyoti Eye Hospital is a unit of the Yugrishi Shriram Sharma Acharya Charitable Trust. With over 70,000 surgeries conducted annually, it is the largest eye hospital in Eastern India. Their vision of service is to help eliminate curable blindness by providing low-income geographies affordable, accessible, sustainable, quality curative and preventive eye care services and empower women to achieve this. Akhand Jyoti Eye Hospital focuses on restoring the vision of cataract patients with surgery. These surgeries restore not only the vision of the person but also the person's dignity, hope and livelihood.

Bajaj Finance Ltd. has been associated with Akhand Jyoti Eye Hospital since 2019. The subsidiary centre of Akhand Jyoti in Ballia, a 40-bed unit, implements the "Make Ballia Blind Free" Program. This program is specifically targeted towards the Ballia District of Uttar Pradesh, where access to services is limited for the poor and needy.

Sattva conducted an impact assessment study of Akhand Jyoti Hospital's "Make Ballia Blind Free" program. The research objectives of the study are mentioned below:

- To assess the change in the quality of life for the people that underwent the surgery
- To capture any change in primary stakeholders' productivity, dependency and household income post the surgery
- To assess the rigour of implementation on the ground to bring the intended result on time and risk mitigation strategies
- To understand the capacity of the Hospital to cater to the demand during program delivery
- To explore the long-term sustainability of the intervention

04 Framework and Methodology

The Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) evaluation framework was deployed and contextualised to respond to the above research objectives. The program was assessed across five pillars of the DAC criteria- Relevance, Coherence, Effectiveness, Impact and Sustainability and all the research objectives were studied to understand the above-mentioned elements. To comprehensively understand the program and its impact, these research objectives were mapped to multiple stakeholders, such as primary stakeholders, caregivers, program staff, doctors, medical staff and community mobilisers.

Respondents were scored on the Quality of Life scale based on the AQoL-7D (Vision) questionnaire after Cataract Surgery to measure the overall impact of cataract surgery on the lives of people.

05 Sampling

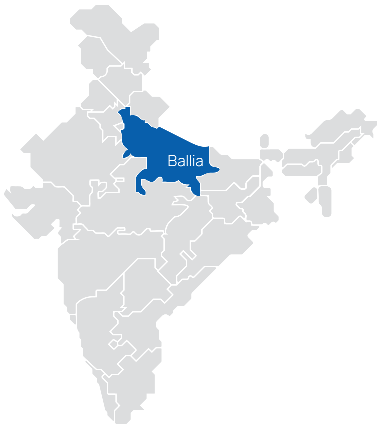
Stakeholder	Sample Size Proposed	Sample Size Achieved	Data source
Patients who received Cataract Surgery	375	385	Survey
	10	7	In-depth Interviews
Care Givers	10	2	In-depth Interviews
Program Manager/Coordinator	1	3	In-depth Interviews
Hospital Staff	3	5	In-depth Interviews
Community Mobilisers	6	3	In-depth Interviews

Note: Patients with cataract who received surgery during the period -June 2019 to March 2021

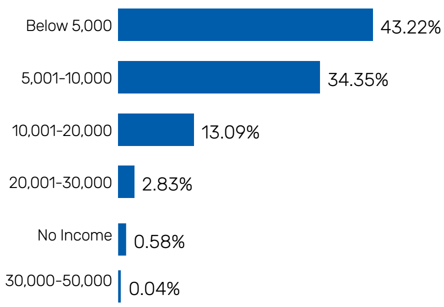
06 Socio-Demographic Profile

The surveyed cataract patients were predominantly from households with income less than ₹ 10,000 per month and in the age group of 60-79 years, highlighting targeted reach to the most vulnerable.

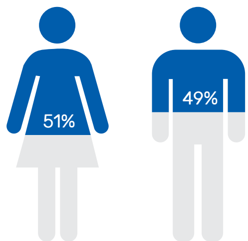
Location - Ballia, Uttar Pradesh



Current Household Income (n=385)



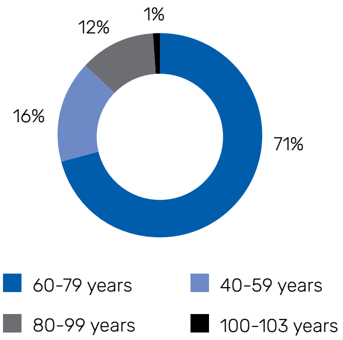
Gender (n=385)



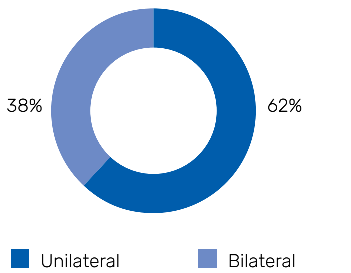
70%

of the respondents have no formal education.

Age (n=385)



Type of cataract (n=385)



Occupation of respondents (n=385)

28% Pensioners

23% Farmers

30% Housewives

07 Insights from the Study

The Program ensures adequate awareness is provided before the camps are set up. Sharing the procedure and benefits of the surgery during diagnosis at the camps builds trust among the patients.

- The mobilisation of primary stakeholders for screening camps is spearheaded by the **pracharaks** (community mobilisers). The respondents were reached using the following means:

61% Town announcements

47% Door to door visits

38% Friends and family

19% Pamphlet distribution

0.26% News papers

- Awareness campaigns resulted in **99.9%** of the respondents agreeing to the surgery after diagnosis. **71%** agreed because the surgery was free, while **60%** agreed because it was beneficial to them, and **55%** agreed because they trusted the hospital name.

Incentives such as free transportation, hospital accommodation and meals, along with a shorter wait time for the surgery, have encouraged people to seek complete treatment post-diagnosis.

- To ensure primary stakeholders are encouraged to seek and complete their treatment, Akhand Jyoti provided incentives such as transportation services, free overnight stay before the operation and meals.

97% reported they were provided overnight stay at the hospital

99% reported that they received regular meals at the hospital

89% of the respondents used the bus/car services provided by Akhand Jyoti to travel to and from the hospital.

- Respondents reported an average waiting time of **one week** after diagnosis for surgeries, with **99%** being satisfied with the promptness of the surgery scheduling after diagnosis.

The provision of post-operative care and counselling to the primary stakeholders reduced potential complications post- surgery, with 73% of the patients resuming their usual routine within 1-2 months of being treated.

97% of the respondents who underwent surgery reported receiving post-operative counselling. **95%** of them were 'very satisfied' to 'satisfied' with the quality and comprehensiveness of the counselling.

73% of respondents reported facing no complications after the surgery and **100%** were able to recover and return to a regular routine within 1-2 months.

- However, **103** (27%) respondents complained of watery eyes (65%), pain (30%) and red eyes (22%). Following recovery, 68 respondents reported having a clear vision, 14 with blurry vision, 16 with slightly blurry vision and 2 with no change.
- Additionally, **6** (2%) respondents between the age of 53 and 89 reported an issue of secondary cataracts. All four that have undergone the second surgery have reported clear vision. The remaining are yet to receive surgery.
- Akhand Jyoti provides free treatment in case of any complications. Additionally, respondents receive post-operative counselling, along with a strict medical regimen. Two compulsory check-ups are scheduled after 15 and 25 days of the surgery.
- Sattva team's observation: The consulting fee of ₹ 300-500 needed to be made at the hospital deterred some beneficiaries from seeking care once the surgery was over and if any complication/recurrence took place after the followup consultations.

Aftercare followed by respondents following surgery

85% ensured good hygiene practices

99% used eye drops regularly

96% used dark glasses

87% took the prescribed medication

The surgeries recorded a high success rate, with 90% of patients who reported 'no vision' achieving 'clear vision'. This also improved their quality of life, providing them with dignity and independence

- The surgeries performed were highly successful. **90%** of the patients who had reported having **"no vision"**, and **86%** of those reporting **"blurry vision"** before the surgery reported they had **"clear vision"** after the surgery.
- VisQoL measures the effect of visual impairment on the risk of injury, coping, friendships, organising assistance, fulfilling roles and everyday activities. Higher scores indicate a more significant impact and better quality of life.
- Respondents scored an average of **'73'** on the **AQoL-7D (Vision)** questionnaire on quality of life after Cataract Surgery. This suggests a good quality of life.
- The correction of vision impairment led to increased quality of life and helped the aged population to lead a life of dignity and independence.

The ability to perform daily tasks independently has significantly reduced the burden on caregivers in the family. This has an extended impact on primary caregivers who have now returned to their jobs or school

Since having surgery, **58%** of respondents reported they 'never' to 'seldom' needed assistance to carry out daily tasks that they once needed assistance with

66%
resumed bathing themselves

37%
resumed grooming themselves

61%
resumed dressing themselves

67%
resumed using the toilet themselves

63%
resumed traveling

48%
resumed being able to climb stairs

20%
resumed feeding themselves

15%
resumed handling their transactions

- In our survey, **43%** of respondents stated they had to rely on family members before surgery. **80%** of the caregivers were **women**, the majority being the respondents' daughter-in-law.
- Due to caregiving duties, adult family members quit their jobs or took frequent leaves from work. Children who took up caregiving duties were not regular to school or reported not performing well at school. After the surgery, **100%** of the caregivers who had left work or were irregular at school returned to their regular job (n=27)/education (n=8).
- **65%** of respondents reported that their caregivers contributed to household income post-surgery.

42% of the respondents were able to return to their work either in farming or in the unorganised sector, which has helped them increase their household income

Activities respondents have returned to since surgery (n=163)

53%
Farming

14%
Wage worker

13%
Household chores

7%
Shopkeeping

6%
Animal rearing

- Majority of the respondents continued farming, which they had earlier found physically tedious.
- **37%** of the respondents who have returned to work claimed that their household income has increased. They earn an average of **₹ 3,692** per month.
- **58%** of respondents (**43%** of total respondents are between ages 72-90 years) did not return to work primarily due to old age or co-morbidities that prevent them from working.

08 Recommendations- Program Level

Cataract awareness campaigns could be introduced during summer, addressing the misconceptions and distributing the caseload	Akhand Jyoti team may design and implement awareness campaigns from April to July to address widespread misconceptions associated with cataract surgery. Starting awareness campaigns villages, in schools and colleges in the district. The content of the awareness campaign may be developed as per the "Eye Care Training Manual for Community Health Officers" published by NHSRC. (Chapter 5. Overview and Management of Cataracts) Organising an event to commemorate Cataract Awareness Month in July by showcasing success stories through community events in selected villages. As volunteers and changemakers, students could play a vital role in planning and implementing activities.
Introducing mobile health clinic to bridge the gap between the underserved communities and free cataract surgeries	Door step services with a team of trained paramedics or optometrists may be provided in the district to support with diagnosis in remote villages with small number of target people or those facing difficulty to reach Screening Camps. Community mobilisers could support with identifying such areas.
A structured vetting process for free surgeries could strengthen the availability of services for those who are most vulnerable and in need	A step by step vetting criteria may be introduced to determine the ability to pay and the urgency of surgery: 1. BPL cards or other proofs of income to determine financial need which is presently being followed. 2. As an alternative, in the absence of the above counsellor may verify household income through a standardised checklist of assets on a home visit. 3. Counsellors may provide options for patients with means to pay for surgery. 4. Surgery is scheduled on the basis of the need and urgency of the operation.
Introduction of additional services in the Akhand Jyoti Eye Hospital in Ballia	• Akhand Jyoti has decided to expand its services in Ballia to that of a Tertiary care centre by 2024. There is high demand for Glaucoma and Retina surgeries that are currently being referred to the base hospital in Mastichak. Akhand Jyoti provides transport to the base hospital on a case-by-case basis. Services catering to the following conditions may be added to meet the population's needs which is being considered as part of the future expansion too. a. Glaucoma b. Non-cancerous conjunctival growths (pterygia) c. Conditions affecting the retina - macular degeneration • As the program is functioning to make Ballia blindness free, the program team may keep track of cases for the cases referred to Mastichak. This may ensure they take up treatment (in the interim while services are not available in Ballia).

09 Conclusion

In the impact assessment study, Sattva evaluated Akhand Jyoti Hospital's "Make Ballia Blind Free" program implemented in Ballia, Uttar Pradesh. Regarding the program's objectives, it performs well in all areas, especially in providing cataract patients with affordable quality eye treatment. Additionally, we have found that caregivers and patients have gone on to lead better lives due to the surgery. Areas of development identified were in terms of further strengthening the mobilisation of patients for surgeries during summer months and increasing access to services to the most vulnerable and in need. Overall, the programme was graded as "exceeding expectation" and performing well.

ANNEXURE TO ANNUAL REPORT ON CSR ACTIVITIES

Impact Assessment Executive Summary

Light of Life Trust: Anando Plus

01 Project Details

Project Number:	10172
Project Title:	Project Anando Plus
Project Duration:	March 2018 to March 2021
Donor:	Bajaj Finance Ltd.
Implementing Agency:	Light of Life Trust
Approved Budget:	₹ 15,000,000/-

This assessment was conducted from 1 December 2022 to 17 March 2023 by the Impact Measurement and Advisory team at Sattva Consulting Pvt. Ltd.

Project Advisor	Bobbymon George, Partner and Head, IMA
Engagement lead	Ambika Jugran, Associate Principal, IMA
Project Lead	Abhishek Bhardwaj, Senior Consultant, IMA
Project Team	Simran Varma, Associate Consultant IMA & Sarah Joseph, Analyst IMA
On site Survey Led by	Abhishek Bhardwaj - Jalna, Washim Simran Varma - Karjat, Alibag

02 List of Abbreviations

APC	Assistant Program Coordinator
IMA	Impact Measurement and Advisory
LOLT	Light of Life Trust
NPS	Net Promoter Score
NSDC	National Skill Development Corporation
OECD- DAC	Organisation for Economic Co-operation Development - Development Assistance Committee
SDG	Sustainable Development Goals

03 Context and Background

Light of Life Trust (LOLT) is a non-profit organisation established in 2005 with the objective that thousands of underprivileged children from rural communities in India complete their secondary education. This thought formed the Anando Program, which supports children aged 11 to 18 years to complete their secondary education. The Anando Plus Program was initiated in 2007 to enable children enrolled in the Anando program to pursue higher education or vocational training for employment in the organised sector or to become entrepreneurs. Under the Anando Plus program, students are supported and guided to make career choices as per their interests, aptitude, and capacities. Individually, students are advised and motivated to follow a path leading to their progress and development. Awareness-building sessions like career guidance, exposure visits, etc., are conducted to increase students' level of awareness regarding current career opportunities available. Bajaj Finance Ltd. has been associated with Light of Life Trust (LOLT) since 2018 and implemented the program in the Raigad, Jalna, Washim and Nandurbar districts of Maharashtra.

Sattva conducted an impact assessment study of LOLT's Anando Plus Program. The research objectives of the study are mentioned below:

- To assess if the program has increased awareness towards higher education, vocational training, and job opportunities.
- To assess if the program has led to the development of job-oriented foundational skills in Computer and English communication through various training programs and empowerment workshops.
- To assess the program's impact on enrolment in chosen higher education or vocational courses, educational achievement, and exploring job opportunities.
- To assess whether the program has helped in career decision-making, leading to certainty towards chosen career path and has led to individual earning capacity through job readiness.

04 Framework and Methodology

The Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) evaluation framework was deployed and contextualised to respond to the above research objectives. The program was assessed across five pillars of the DAC criteria- Relevance, Coherence, Effectiveness, Impact and Sustainability and all the research objectives were studied to understand the aforementioned elements. These research objectives were further mapped to multiple stakeholders, such as aspirants, the LOLT program team, trainers, and employers, to gather a holistic understanding of the program and its impact.

05 Sampling

Stakeholder	Sample Size Proposed	Sample Size Achieved	Data source
Anando Plus students	350	375	Survey
Anando Plus Alumni	8	7	Focus Group Discussions
Parents	3	6	Focus Group Discussions
Asst. Project Coordinators	5	5	In-depth Interviews
Program Manager	1	1	In-depth Interviews
Trainers	4	4	In-depth Interviews
Educational Institution	1	1	In-depth Interviews

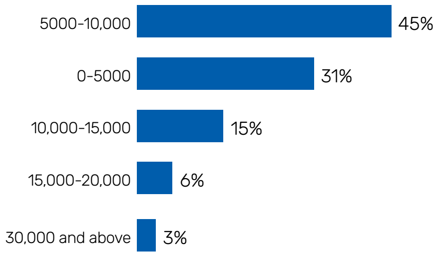
Note- One Focus Group Discussion (FGD) consists of 5-6 beneficiaries

06 Socio-Demographic Profile

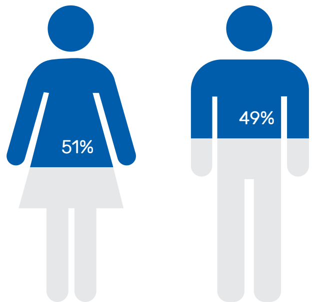
The surveyed students had equal representation of males and females in the age group of 15 to 19 years, with a significant population belonging to marginalised communities (the focus of LOLT)

Location - Maharashtra*

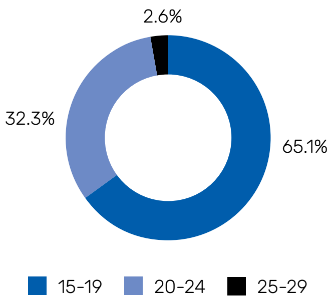
Current Monthly Household Income in ₹ (n=68)**



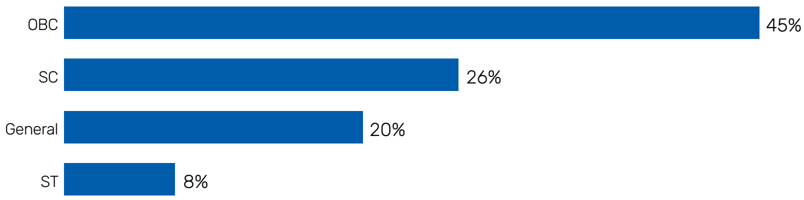
Gender (n=375)



Age (n=375)



Social Category (n=375)

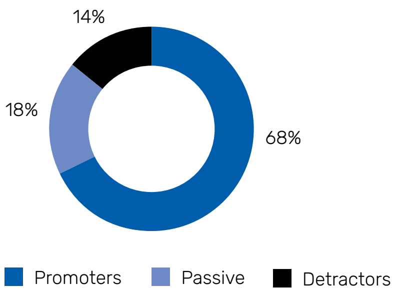


*The assessment sampled stakeholders from 3 districts in Maharashtra - Jalna, Washim and Raigad in Maharashtra

**The remaining students (n=307) did not know monthly household incomes

07 Insights from the Study

A Net Promoter Score of 53.6% indicates that a majority of the students have been referring the Program to others in their community as they have found it relevant and aligned with their aspirations



64%

of the students reported that their main motivation to join the program was to improve the economic condition of their household.

36%

of the students mentioned career counselling as a reason to join the program.

- Students found volunteering at events and speaking to the program alums effective primarily for discussing their aspirations and career paths. Hence, students reported that the Task Force was the most effective intervention for articulating their career goals.

The Anando Plus Program ensured 97.7% students were retained in school and 54% enrolled in Higher education/vocational course; performing better than National/ State Higher Education Enrolment Rate

30%
Higher Education Gross Enrolment Rate in Maharashtra

21%
Higher Education Gross Enrolment Rate in India

37%
Higher Education Enrolment Rate of the surveyed students (n=375)

- **74%** of the respondents are currently pursuing education, of which **20%** are currently in school, and **54%** are pursuing either higher education or vocational courses.
- Out of **54%,** the majority (30%) of the beneficiaries pursuing education or vocational courses are women.
- **8%** are unemployed due to personal limitations, aggravated by the pandemic.
- **2.3%** dropped out of school due to personal and financial reasons.

Students pursuing higher/vocational education

32.2%
Undergraduate Degrees

8.8%
Post Graduation Degree

6.2%
Diploma

6.8%
ITI Course

Net Promoter score : %age of Promotors - %age of Detractors
Task Force is a local group of volunteer Anando Plus students and alums

The Program follows a structured mobilisation and selection process which ensures that the marginalised students benefit from the course and trainings being offered

99% of the respondents were on-boarded to Anando Plus program after completing the Anando program.

56% of the respondents stated that counselling and home visits were conducted to onboard them to the Anando Plus program.

8% of the respondents stated that they did not receive either counselling or home- visit after completing Anando Program.

Though the training content for English and Computers is beginner level, it addresses students' immediate needs as most have limited to no exposure to computers.

Only **45%** and **25%** of the respondents enrolled in the English Communications and Computer Skills courses respectively.

80% of the students received certificates for both courses within one month of completion.

54% of respondents stated that they don't feel confident speaking in English.

5/5 Assistant Program Coordinator's (APC) across locations stated that they are an active stakeholder in terms of planning interventions for students. The central program team takes their feedback with respect to the planned activities, students' progress and any additional support they may require.

The Program conducts periodic assessments and follows a longitudinal approach to map the change in learning levels of the students. There is also a standardised structure to gather feedback from them

81% of the students reported that periodic assessments were conducted to understand their progress.

82% of the students reported receiving timely feedback on their performance.

71% of the students stated that their teacher is concerned about their progress.

Regular counselling sessions coupled with additional need-based support has resulted in continued education and provided career options, particularly to 51% students who are first generation graduates

Sattva assessed the rigor of these counselling sessions using Whiston's model for career counselling framework and rated the activities against 5 critical components:

5 critical components	Activities Alignment
Individual interpretation and feedback	Individual-centric counselling & feedback
World of Work	Exposure visits, followed by conversations with people in different fields.
Written Exercise	Not standardised
Attention to Building Support	Focus on involvement of parents and community
Model Opportunities	Not standardised

51% of the students are the first in their family to finish grade 12th, 30% of whom were women.

91% of the respondents stated that they attended career counselling sessions provided by the course.

65% of the students stated they were certain about their career paths due to the counselling provided.

47% of the students stated that as a result of the counselling, they are aware of the available local career opportunities.

BAJAJ FINSERV

Higher education or vocational courses pursued by students are partially aligned with the market demand in the region and help fill a skill gap in highly employable jobs

The enrolment data shows that the career counselling provided by the program team encourages students to pursue courses that are aligned with the market demand.

- The NSDC (2013) data reports that skilled human resources in sectors such as Healthcare Services, BFSI, and Agri processing industries are in high demand with a salary range of **₹ 12,000 - 25,000**.
- All three districts have a high demand for skilled resources in sectors such as healthcare, hotel management, and banking and financial service insurance (BFSI).

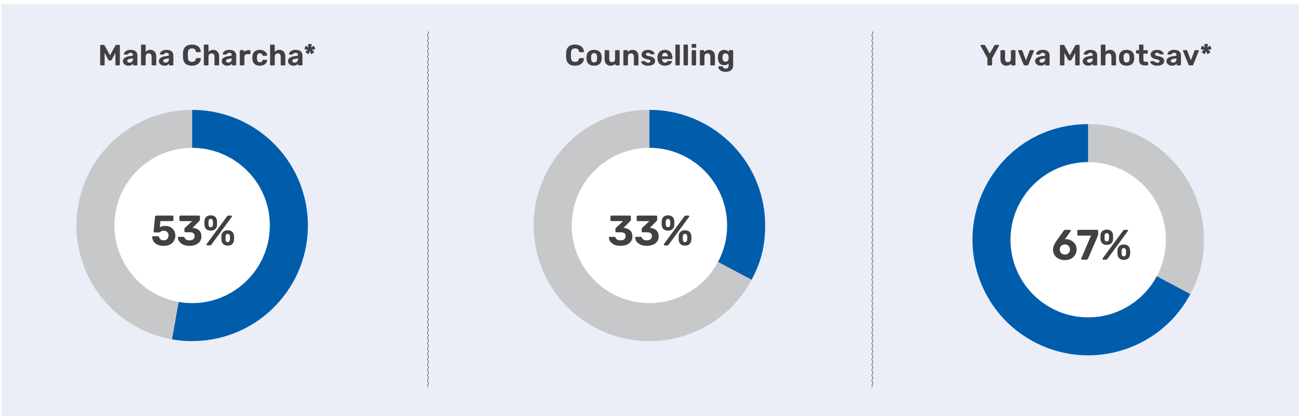
Course	Enrolment (n=57)
Nursing and Pharmacy Courses	15
Accounting and Cost Management	6
Computer Course (Beginners to Advance level)	15
Hotel Management	5
English Speaking	10

• National Skill Development Corporation (2013). *District wise skill gap study for the State of Maharashtra.*

The program actively engaged with parents by providing them with information and regular updates which led to 63% of the students reporting that their parents are proud of career paths chosen by them

The APC, through home visits and other interventions, empowers and encourages parents to participate more in education-related discussions. The program is guided by the understanding that parents' involvement influences students to formulate achievable career aspirations and be ambitious.

Parents' involvement in different Anando Plus programs:



- Respondents stated that their performance (69%), behaviour (60%), and emotional- well-being (28%) were discussed with the parents.
- 5/5 APCs have observed significant improvement in parents' attitudes towards their children.

The program offers additional support such as scholarship to continue higher education. The need-based placement support to select students needs to be more structured and integrated in the program

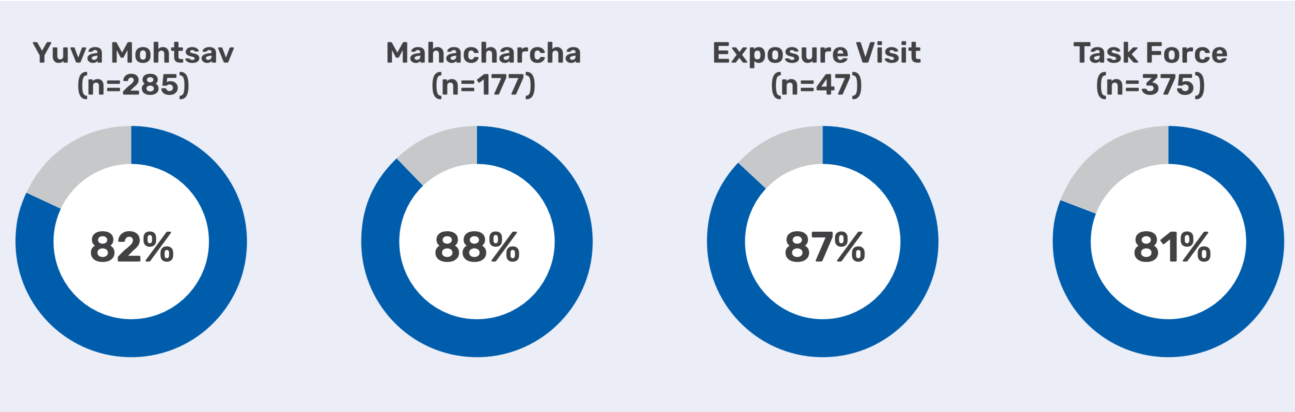
- The Anando Plus team provided **17%** of the students with scholarships based on their financial status to continue their education. A central-team committee is created to select students for the scholarships.
- These scholarships are either loan sponsorship (students return the money upon completing the course) or leverage local donors to fund student education.
- The program team also supported students in leveraging government schemes.

- **9%** of the respondents reported receiving need-based placement support.
- There is no structured process followed to provide placements, as it is not a core program offering.
- **63%** of employed respondents have retained jobs for more than six months with an average salary of **₹ 9,886 (for males) and ₹ 5,625 (for females)**.

*Mahacharcha (Debate Competition) and Yuvamahotsav (Youth cultural event) are extracurricular events organised periodically as part of the Anando Plus program

Beyond the course content, extracurricular activities recorded a high uptake, with 80% of the students finding them useful and 81% being confident in pitching new ideas in their college/workplace

Over **80%** of the respondents who participated in the following activities stated they were useful for personality development.



81% stated that they feel confident in pitching new ideas in their school/workplace/college.

62% stated that the activities helped them overcome their fear of public speaking.

42% stated that the activities helped them learn skills like planning and organising events.

76% of the students participated in Yuva Mahotsav

50% of the students participated in Empowerment Workshop

47% of the students participated in Mahacharcha

35% of the students participated in Task Force

12% of the students participated in Exposure Visits

During COVID-19, 23% of students reported no access to digital devices so they could not attend online events. The Anando Plus Program took multiple steps to support students during the pandemic

- Small groups of beneficiaries were created in each village to ensure minimal but consistent peer engagement.
- Telephonic calls were made to the parents to re-align them with the core objectives of the program and its significance.
- Whatsapp groups were created to ensure clear and smooth communication between the program team, students, and their parents.
- Home visits and the distribution of textbooks, uniforms, and other pertinent materials were conducted.
- Implementation of popular events like Yuva Mahotsav took place virtually.

08 Recommendations-Program Level

Strengthen the existing career counselling approach by involving alumni students as mentors for experience sharing	The number of mandatory counselling may be increased from two (after grades 10 and 12) to four throughout the two years of intervention. Structured written exercises may be inculcated in the counselling sessions. Writing exercise support students in articulating their career aspirations and goals with greater clarity. Mentors may be assigned to the students in the second year of intervention to create efficient model opportunities and success stories from the alums.
Create an online alumni network or association for the active exchange of information, opportunities, best practices	An online alumni network or association may be created for all graduates to exchange information regarding job availability and share best practices and potential challenges in the workspace. Mentors may be assigned to students in their second year of intervention. The program could leverage program alumni, and make them mentors for 12th students. Mentor-mentee combinations may be based on career aspirations or an aspired sector, role, and field.
Introduce Computer training as an integral intervention for Anando Plus students with a focus on basic technical skills such as MS Suite	Computer training may be introduced as an integral part of the program that focuses largely on employable skills such as MS Excel and MS Word will help the students find placement in nearby cities. Fixed durations may be introduced as per the curriculum- ranging between 3 to 6 months. Existing technical trainers may be leveraged as they possess adequate qualifications and years of experience to spearhead the program.
Provisioning and enabling students to find jobs through guidance and creating support systems	A structured placement-preparation workshop may be designed and implemented for grade 12 for students who want to opt for employment opportunities directly after school/undergraduate. (CV-Writing, Interview preparation) Students could be enabled to pursue employment through local-job fairs, curated by the organisation. Placement officer for Anando Plus program could work independently towards finding employment opportunities for students.
Streamline a process for providing scholarships and access to available government schemes for higher education	Students and parents could be educated regarding the different government schemes available to them by the State government will be helpful in awareness. A database may be created of available schemes and scholarships and making it easily accessible to the students.

09 Recommendations-Ecosystem Level

LOLT could consider partnering or adopting models that can strengthen the vocational training being offered to students.	• **Lend A Hand India** offers a course called "Karigar – School of Applied Learning" based in Pune (Maharashtra) for multi- skill vocational education. Skills ranging from food processing, electrical appliance repairs, food preservation, baking, gardening and landscaping, auto maintenance, information technology, media and entertainment, fabrication, carpentry, and plumbing are imparted. LOLT could explore a partnership with LAHI on the course curriculum, which could aid the students or even train the trainers to impact the students' skills. • **Yuva Parivartan** offers a flexible and innovative model across 24 locations in Maharashtra that have been appreciated by the Planning Commission and have proved effective in the urban, rural, and tribal belts. Since Yuva Parivartan focuses on marginalised students, a partnership on the content or training opportunities may help LOLT students explore additional skill-building courses. • **NIIT Foundation** runs a Digital Bus in rural areas intending to provide Digital Literacy at the village doorstep. LOLT could partner with NIIT Foundation as their curriculum is in line with the job requirements, and the certificate provided can also build students' credibility as they apply for jobs. **Sattva can further share a list of more organisations working in the Maharashtra region that LOLT could partner with for vocational training.**

10 Conclusion

In the impact assessment study, Sattva evaluated the Anando Plus program of Light of Life Trust (LOLT) regarding its objectives defined in the MoU between Bajaj Finance Ltd. and LOLT. Sattva found that the Anando Plus program is performing well in terms of retention of students in the studied program geographies during the program so that they complete the Grade 12, guiding them to a desired career path, empowering them to navigate their chosen career paths and achieving their goals. Areas of development identified were in terms of further strengthening the skilling initiatives for English Communications skills, Computer skills and need-based placement. Overall the program was graded as "exceeding expectation" and performing well.

OUR SOCIAL IMPACT INITIATIVES: A BETTER TOMORROW STARTS TODAY

Children and youth hold the key to a resilient society. And yet, in a world impacted by climate change, pandemic and social issues, this section of our society is the most impacted.

At Bajaj Finance, we strive to build an equitable and inclusive world for children and youth from vulnerable and marginalized backgrounds. This is in line with the Bajaj Group's principles for social investments – that of addressing the most pressing needs of society.

We are committed to providing skilling, healthcare, protection, education, employment opportunities and comprehensive support to people with disabilities (PWD), to help strengthen their financial standing and secure their future.

Our Priorities

Skilling

Enabling financial self-sufficiency for future changemakers of society

We are committed to bridging the skilling gap in our country and helping youth and women from disadvantaged backgrounds to adapt to a fast-changing world of work. Our interventions aim to equip them with relevant skills and enable their transition from learning to employment. This opens opportunities to employment, entrepreneurship and development.

Children

Helping them achieve their full potential

We have been making concerted efforts to provide a safe, healthy and inclusive environment for children from underprivileged backgrounds. Our interventions in the areas of protection, education, healthcare and PWD, enable them to confront barriers, participate in a world that was hitherto inaccessible to them, and lead fulfilling lives.

Fostering youth employability at a CPBFI event

Enabling Children with disabilities to thrive

Skilling for Youth

- **Certificate Programme in Banking, Finance and Insurance (CPBFI)**
  Our flagship corporate social responsibility programme, which is conceptualised and implemented by our internal teams, aims to upskill first-generation graduates from smaller towns and rural areas, enabling them to build a career in the financial services industry. Majority of students are first-generation graduates and about half of them belong to socially weaker sections of society. The programme has helped thousands of students gain employment and improve their financial lives.

30,000
fresh graduates benefited by CPBFI programme across India; presence in 140 towns in 30 states

- **Sustainable Livelihoods**
  Our livelihood enhancement programmes focus on creating opportunities for youth in rural locations and the hinterland, especially those from underpriviledged and marginalised backgrounds. Interventions are in the areas of goat and sheep rearing, crop enhancement, livestock management, and enterprise creation.

- **Employment / Self-employment**
  Several of our projects, in collaboration with non-profits, provide skill training in tailoring, data entry, general duty assistant roles, food processing, retail, and being finance agents.

11,250
first-time job seekers had access to employment

Shefali Bajaj, Chairperson of CSR Steering Committee, presents a certificate of appreciation to a student for academic excellence, as part of the Sweetlings initiative for diabetic children by Hirabhai Cowasji Jehangir Medical Research Institute, supported by Bajaj Finance

Fostering an inclusive environment for children

- **Protection**
  We work closely with non-profits to provide protection to children from socially weaker sections of society, who do not have adequate support from their families or are victims of trafficking, abuse, child labour, are in conflict with law or are juvenile delinquents etc.

- **Education**
  A significant part of our initiatives for betterment of children align with government programmes and schemes, with a specific focus on enhancing education, skills, access to improved infrastructure and building staff capacity.

- **Health**
  We undertake initiatives in partnership with non-profits to provide comprehensive care for children battling diseases and disorders such as cancer, diabetes, cleft reconstruction, cardiac disorders, epilepsy etc. These interventions include early screening, medical support, diagnostics, nutrition and counselling, ensuring holistic support.

- **Prevention of infant mortality**
  These programmes are implemented to enhance the health of adolescents, mothers and children by creating awareness. Interventions included improved access to healthcare services, comprehensive antenatal and post-natal care,child health services as well as effective management of malnourishment.

- **Inclusive environment for children with intellectual and developmental disability**
  We work to enable children with disabilities integrate into mainstream life. Our interventions primarily focus on intellectual, developmental, physical and locomotor disabilities. It includes early identification, medical and educational rehabilitation, social inclusion and skilling-livelihood opportunities.

296,548
children benefited from education-related initiatives

365,300
Beneficiaries of interventions for reducing infant mortality

169,630
children supported through health interventions

Note: These are cumulative numbers for Bajaj Finance Ltd. and its subsidiary companies, Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	**Corporate Identity Number (CIN) of the Listed Entity**	L65910MH1987PLC042961	
2.	**Name of the Listed Entity**	Bajaj Finance Ltd. (Referred to as 'the Company' / 'BFL')	
3.	**Year of incorporation**	1987	
4.	**Registered office address**	Akurdi, Pune-411035	
5.	**Corporate address**	4th Floor, Bajaj Finserv Corporate office, off Pune-Ahmednagar Road, Viman Nagar, Pune- 411014	
6.	**E-mail**	investor.service@bajajfinserv.in	
7.	**Telephone**	020-71576072	
8.	**Website**	https://www.bajajfinserv.in/corporate-bajaj-finance	
9.	**Financial year for which reporting is being done**	2022-23	
10.	**Name of the Stock Exchange(s) where shares are listed**	Bombay Stock Exchange (BSE Ltd.) and National Stock Exchange (NSE Ltd.)	
11.	**Paid-up Capital**	₹ 120.89 crore	
12.	**Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report**	Name and designation of the person	R Vijay, Company Secretary
		Contact details	020-71576072
		Email ID	vijay.r@bajajfinserv.in
13.	**Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).**	Consolidated basis - Collectively referred to as 'BFL Group' which includes Bajaj Finance Ltd. and its two wholly owned subsidiaries i.e., Bajaj Housing Finance Ltd., and Bajaj Financial Securities Ltd.	

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial and Insurance Services	Other Financial activities	99.51 %

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No	Product/Service	NIC Code	% of total Turnover contributed
1.	Non-Banking Finance Company engaged in lending and allied activities	65923	86.15%
2.	Housing Finance (other credit granting)– Home loan, loan against property and construction funding	64920	13.36%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not applicable*	3,733#	3,733
International		NIL	NIL

*BFL group is not engaged in manufacturing activities and accordingly it does not have any plants.

#Includes all the branches and corporate offices as on 31 March 2023.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	28 States and 6 Union Territories (UTs)
International (No. of Countries)	NIL

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil. BFL group doesn't have export business operations.

c. A brief on types of customers:

BFL Group's customer franchise as on 31 March 2023 stood at 69.1 million. It has a strong geographic presence spread across 3,733 locations and over 154,650 distribution points. BFL Group acquired 11.6 million new customers in FY2023.

Borrowers: BFL Group focuses primarily on acquiring mass affluent customers. BFL offers secured and unsecured loans to salaried, self-employed, professionals, MSME and corporate clients. BFL, through its 100% subsidiary i.e., Bajaj Housing Finance Ltd. (BHFL) - a non-deposit taking housing finance company registered with National Housing Bank (NHB), focuses on mortgage loans to customers.

Depositors: BFL accepts deposits from retail and corporate clients. The major contribution of deposits are sourced from retail customers.

Broking customers: BFL through its 100% subsidiary i.e., Bajaj Financial Securities Ltd. ('BFinsec'), registered with the SEBI as a stockbroker and depository participant, offers broking, margin trade financing and financing for offer for sale to retail and HNI clients.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
			Employees			
1.	Permanent (D)	43,147	41,048	95%	2,099	5%
2.	Other than Permanent (E)*	10	3	30%	7	70%
3.	Total employees (D + E)	43,157	41,051	95%	2,106	5%

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
			Workers			
1.	Permanent (F)			NA		
2.	Other than Permanent (G)					
3.	Total employees (F + G)					

*Other than Permanent employees include employees hired under 'Spouse Working as Consultant' policy and retired employees hired as consultants.

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male No. (B)	Male % (B / A)	Female No. (C)	Female % (C / A)
		Differently Abled Employees				
1.	Permanent (D)	9	7	78%	2	22%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total employees (D + E)	9	7	78%	2	22%

S. No	Particulars	Total (A)	Male No. (B)	Male % (B / A)	Female No. (C)	Female % (C / A)
		Differently Abled Workers				
1.	Permanent (F)	NA				
2.	Other than Permanent (G)					
3.	Total employees (F + G)					

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females No. (B)	% (B / A)
Board of Directors	8	1	13%
Key Management Personnel*	3	0	0%

Note: The above information pertains only for BFL as on 31 March 2023.

* Key Managerial Personnel are as defined under section 203(1) of the Companies Act, 2013.

20. Turnover rate for permanent employees and workers

Particulars	FY2023 Male	FY2023 Female	FY2023 Total	FY2022 Male	FY2022 Female	FY2022 Total	FY2021 Male	FY2021 Female	FY2021 Total
Permanent Employees	19%	21%	19%	27%	30%	28%	20%	18%	20%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

Note: The turnover rate has been calculated as per the definition in Standard BRSR format issued under SEBI guidelines.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No	Name of the holding / subsidiary / associate companies/ joint ventures (A)	Indicate whether holding/subsidiary/ associate/ joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Bajaj Finserv Ltd.	Holding Company	52.49%	Please refer the note below
2.	Bajaj Housing Finance Ltd.	Subsidiary	100%	
3.	Bajaj Financial Securities Ltd.	Subsidiary	100%	
4.	SnapWork Technologies Private Ltd.	Associate	41.50%	

Note: Keeping in mind that the nature and conduct of the businesses across BFL Group companies are distinct, to the extent relevant, the Company through its Responsible and Sustainable Business Conduct Policy (bajajfinserv.in) (i) engages with and enjoins upon its subsidiary companies to participate in the responsible and sustainable business conduct and (ii) requires its material subsidiaries to embody a similar policy. Accordingly, the business responsibility initiatives of the subsidiaries and associates could be distinct than that of BFL's basis their nature of business.

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes

(ii) Consolidated Turnover for FY2023 (₹ in crore) - 41,405.69

(iii) Consolidated Net worth for FY2023 (₹ in crore) - 54,371.98

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide web-link for grievance redress policy)	FY2023			FY2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes	24	0		15	1	The complaint has been suitably resolved
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Employees and workers	Yes	Please refer Q.6 under "Essential Indicators" of "P5-Business should respect and promote human rights" for the complaints related to employees.					
Customers	Yes	Please refer Q.3 under "Essential Indicators" of "P9 – Businesses should engage with and provide value to their consumers in a responsible manner" for the complaints related to customers.					
Value Chain Partners	Yes	-	-	-	-	-	-
Government and Regulators	Yes	-	-	-	-	-	-
Communities	Yes	-	-	-	-	-	-

BAJAJ FINSERV

BFL Group, in line with its policies, practices and processes, engages with its stakeholders, and strives to resolve differences raised by them in a just, fair, equitable and consistent manner and if warranted takes corrective measures.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Customer Experience	Risk	Given that BFL Group provides financial products and services to millions of customers, any undesirable customer experience could result in loss of customers or even reputational loss.	Listening to customers and driving continuous transformation to provide them a frictionless experience is what BFL Group has always strived for. Ethics, transparency, and accountability are deeply ingrained and practiced in daily operations, including in dealing with customers. For a better customer experience, BFL Group appropriately addresses their grievances. Customer experience is enhanced by offering products and services which meet the needs of customers, as well as adaptation of innovative technology solutions to provide a seamless and an "on the go" customer journey through its digital platforms. Some of the illustrative initiatives in this regard are: 1. A dedicated customer complaint reduction unit has been instituted to identify the root cause of customer complaints and taking corrective actions to modify the processes, to avoid such grievances. 2. A separate team has been setup to monitor customer queries and grievances on various social media channels and provide quick resolution. 3. BFL Group runs various awareness campaigns for the public at large making them aware about fraudsters, scam schemes, etc.	Negative: Loss of reputation can result in loss of customer thereby adversely impacting businesses of BFL Group.

S. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Financial Inclusion	Opportunity	The reach of financial products and services is still shallow in India, especially in the mass segment and semi-urban / rural parts of India.	BFL Group's customer reach is achieved through its distribution network, BFL adapts innovative technology solutions to provide a seamless customer journey through its digital platforms and customised product offerings. BFL has opened financial inclusion branches in unbanked rural centres. It has opened 50 such financial inclusion branches each in FY2022 and FY2023.	Positive: BFL has created deep distribution in medium and small towns, and villages across the country thereby taking financial solutions closer to society. Apart from serving the cause of financial inclusion such distribution creates an opportunity for BFL.
3.	Climate Change vulnerability – Carbon Emission/ Product footprint/ Financing environmental impact.	Risk and Opportunity	Risks: The end use of finance extended to the borrowers, especially through its commercial lending vertical, may have adverse impact on the environment, society, and governance. Reputational risk could arise in case BFL is not able to meet the stakeholder expectations on climate related disclosures and initiatives. Opportunities: Increased awareness about climate change has accelerated the adoption of environment friendly products such as renewable power, electric vehicles etc, thereby creating an opportunity to finance and insure such class of assets.	In its lending business, BFL, through its environmental policy, has identified certain sectoral exclusions. BFL's ESG reporting is now beyond the minimum statutory reporting and is being enhanced year on year.	Negative: Conforming with environment related standards could result in increased expenses / loss of business which would have otherwise been underwritten. Positive: BFL's experience in lending for varied class of assets and depth of its balance sheets could allow it to harness opportunities provided by financing customers who opt to adapt these climate-friendly class of assets.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions			P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes											
1.	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes. (Please refer note below)								
	b.	Has the policy been approved by the Board? (Yes/No)	Yes, BFL Group has a policy covering all the principles named 'Responsible and Sustainable Business Conduct Policy. The said Policy is approved by the Board. Further, the Policy is reviewed by the Management periodically and the changes are put to the Board for their approval as applicable.								
	c.	Web Link of the Policies, if available	https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents								
2.	Whether the entity has translated the policy into procedures. (Yes / No)		Yes. The Company has translated the policies and imbibed the same into procedures and practices in the activities of the Company, as applicable.								
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)		The Company strives to influence its value chain partners to participate in responsible and sustainable business conduct depending upon their means and resources. For this purpose, the Board of BFL has approved various policies such as Code of Conduct for Direct Selling Agents (DSA)/Debt Recovery Agents (DRA), Fair Practice Code, Whistle Blower Policy, etc. These policies enable participation of value chain partners in fair and ethical conduct of their business.								
4.	Name of the national and international codes/ certifications/labels/ standards adopted by your entity and mapped to each principle.		All policies have been developed taking into consideration the industry practices & various regulatory requirements and through appropriate consultation with relevant stakeholders. Moreover, BFL is compliant with the ISO 27001:2013 Information security management system and ISO 22301:2012 Business continuity management system.								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.		1. Inclusion of key ESG matrices in the outsourcing compliance assessment of high-risk category vendors. 2. Environment restoration through tree plantation. 3. Implementation of Environment, Health, and Safety (EHS) manual across BFL group. 4. To develop dedicated ESG training module and cascade it across BFL group. 5. Opening of 100 Microfinance branches in Q4 of FY2024.								
6.	Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.		The Company continuously tracks the performance of various ESG initiatives undertaken. These initiatives are also monitored and reviewed at least twice a year by the ESG Committee for the status and progress. Further, as committed in FY2022: 1. BFL Group has planted 53,670 trees in FY2023. 2. Purchased 18 Electric Vehicles (EV) for inter-office travel. 3. Installed and commissioned 562.8 KW of solar power plant across 4 locations. 4. Undertook initiative to reduce usage of single use plastics at BFL covering plastic cups, stirrers etc. 5. Opened 50 financial inclusion branches during the year.								

Note: Detailed list of policies are provided in annexure 1.

Governance, leadership, and oversight

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure) - Please refer to **"Message from the Chairman and the Managing Director"** of the ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports	
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	**Name:** Rajeev Jain **Designation:** Managing Director **DIN:** 01550158
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Company has a Board approved ESG Committee consisting of Senior Management personnel of the Company to monitor various aspects of social, environmental, governance and economic responsibilities of the Company. The said Committee is chaired by an Executive Director of the Company. The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis. During the year, a separate meeting of the Board of Directors was convened specifically to discuss and update on the sustainable and responsive business conduct initiatives across the BFL Group. In addition, the Risk Management Committee also assesses internal/ external risks pertaining to sustainability as identified.

10. Details of Review of National Guidelines on Responsible Business Conduct (NGRBCs) by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	As a practice, all the policies of the Company are reviewed periodically or on a need basis by department heads, business heads, Senior Management personnel/ respective committees and placed before the Board of Directors as and when required. During this assessment, the efficacy of these policies is also reviewed and necessary changes to policies and procedures are implemented.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company is in compliance with the extant regulations, as applicable.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	The Company ensures that all the policies are reviewed internally either by the department heads/ domain experts/ relevant committee members, as applicable.								

Note: Policies other than those placed on the Company's website (https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents) are internal documents and are not accessible to public.

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	As the answer to question (1) above is 'Yes', this section is not applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

<table>
<tr><th>Segment</th><th>Total number of training and awareness programmes held</th><th>Topics /principles covered under the training and its impact</th><th>% of persons in respective category covered by awareness programmes</th></tr>
<tr><td>Board of Directors</td><td colspan="2" rowspan="2">On an ongoing basis, the Company carries out familiarisation programs for its directors, as required under the SEBI Listing Regulations and keeps the Directors and KMPs abreast on matters relating to the industry, business models, risk metrices, mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company, etc. A declaration from the Directors and Senior Management's affirmation to the Code of Conduct for Directors and Senior Management communicated to all stakeholders by the Managing Director, through the Annual Report.
In addition to the above, the Board of Director's at its meeting held on 16 March 2023 conducted an exhaustive review of the BFL group's ESG initiatives encompassing the following:
1. Focus areas of ESG.
2. Improvements on the ESG assurance and reporting.
3. ESG Peer ratings.
4. ESG initiatives undertaken by the group in FY2023.
5. Key initiatives identified for next financial year.
6. Various Policies aligned with NGRBC principles and BRSR implemented at BFL Group.</td><td rowspan="2">100%</td></tr>
<tr><td>Key Managerial Personnel</td></tr>
<tr><td>Employees other than BoD and KMPs</td><td colspan="2">BFL Group invests significant time and resources in the training and development of its employees, to help them stay ahead on the latest trends and technology. Further, for certain relevant topics periodical awareness programs are carried out through emails, posters / banners (physical and digital) and other modes of internal communication.
Such training / awareness programs are on array of topics, such as Code of conduct, Ethics, Cyber security, Data Privacy, ESG Awareness, Fraud Prevention, Functional Trainings, Health and safety, Prevention of sexual harassment, Skill Upgradation, etc.
During the year, more than 4.90 lakh hours of logged in trainings were completed by employees on above mentioned topics.</td><td>100%</td></tr>
<tr><td>Workers</td><td colspan="2">NA</td><td>NA</td></tr>
</table>

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

(**Note:** the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			Nil		
Compounding fee					

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment		Nil		
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. BFL Group has zero tolerance towards unethical business practices and prohibits bribery and corruption in any form in all its business dealings through necessary policies, codes, and charters. The Code of Ethics and Personal Conduct (CoEPC) consistently adopted across BFL Group reiterates our commitment on anti-bribery and covers all full-time or part-time employees of BFL Group, subject to applicable laws / regulations. All employees of BFL Group companies must adhere to the commitment of integrity and other responsible business conduct principles laid down in CoEPC. The anti-bribery guidelines covers aspects related to bribes, acceptance of favours, and gifts from Vendors/business partners, interacting with government and regulators, amongst others.

Further, Employee Charter - Human Rights Statement adopted by BFL Group also lays down the principle and commitment on anti-corruption and bribery.

The principles of anti-corruption and bribery are also captured in the Code of Conduct for Directors and Senior Management.

Some of these policies, codes and charters are available on Company's website:

Policies and Codes| Bajaj Finance Ltd. (bajajfinserv.in)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2023	FY2022
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

Note: Based on the information available with the Company.

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

6. Details of complaints with regard to conflict of interest:

	FY2023		FY2022	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

BFL Group was not subjected to any corruption and conflicts of interest related charge or action by regulators, law enforcement agencies or judicial institutions.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/Principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Please refer the note below		

Note:

- BFL Group strives to influence its value chain partners to participate in the responsible and sustainable business conduct depending upon their means and resources. BFL Group carries out awareness and training programmes for its value chain partners (especially agents and other intermediaries), depending on the business needs, stakeholder feedback and regulatory requirements covering various topics.
- BFL Group has a Board approved Code of Conduct policy for its value-chain partners. Acceptance of Code of Conduct and acknowledgement of the same is mandatory for all the vendors, agents, and agencies.
- Basis new RBI guidelines issued on 12 August 2022; it is mandatory for all collection agents to be DRA certified. BFL has initiated the process of DRA training accreditation and has received the same in November 2022. In furtherance to the same, Total 36 CAIIB and Soft Skill trainer have been onboarded and over 7,000 Debt Recovery Agents (DRA) were trained as per the IIBF guidelines in FY2023. More than 35,000 agents have viewed COC / FPC / Customer Communication guidelines related videos on "One App Code of Conduct" as a part of situational training every week.
- BFL Group has incorporated ESG linked commitments into vendor contracts.
- BFL conducted an awareness series for the stakeholders through social media channel to create awareness on ESG matters and encouraged them to uphold the same, as applicable.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, BFL Group has zero tolerance towards unethical business practices and ensures adherence to relevant principles including in relation to conflict of interest. BFL Group has put in place adequate measures and procedures to ensure that no conflict of interest arises involving members of the Board.

- Every Director on the Board is required to make disclosure of his / her interest or concern in other entities (under Section 184 of the Companies Act, 2013) and also the parties to which such Director is related to (under Section 2(76) of the Companies Act, 2013 and other laws applicable). Such disclosure is required to be made as and when a Director attends the first Board Meeting after his/her appointment on the Board and thereafter at every first Board Meeting held in a financial year as well as within 30 days from any change in the disclosure previously given by such Director.
- Director, if interested or concerned in any transaction(s) or arrangement(s) to be entered into by the Company, does not participate in the discussion and approval of the transaction.

- BFL and BHFL has a separate Code of Conduct ('CoC') for Directors and Senior Management which provides that 'Directors and Senior Management shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement'. The said CoC requires them to not to engage in any business relationship or activity, which conflicts with their duties towards the Company. A declaration from the Directors and Senior Management's affirming to the said CoC is communicated to all stakeholders by the Managing Director (MD), through the Annual Report.
- The Company has also put in place necessary mechanism and has formulated a Policy on Dealing with Related Party Transactions, keeping in view the requirements under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. This Policy provides a framework to ensure proper identification, approval, and subsequent modification of Related Party Transactions.
- In addition to the above, BFL Group's CoEPC covers potential areas where conflict of interest may be encountered. It also provides specific guidelines on avoiding and dealing with possible conflicts of interest and the requirement to disclose potential conflicts of interest by employees.

Link: Policies and Codes| Bajaj Finance Ltd. (bajajfinserv.in)

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY2023	FY2022	Details of improvements in environmental and social impacts
R&D	-	-	Please refer the below note
Capex	20.02%	17.64%	

Note: BFL Group is engaged in financial services businesses. The portion of its revenue and capital expenditure that directly contributes to improve the environment and make a social impact largely revolves around its expenses on Information technology whereby the entire business cycle and customer interaction is facilitated technologically resulting in reducing paperwork and costs that otherwise would have been incurred in physical interactions. Moreover, during the year, BFL has invested in EVs and rooftop solar plants to reduce its environmental footprint.

2. **a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

BFL Group companies provide financial products and services, and thus neither has a sizeable consumption of any raw material nor produces any tangible goods.

BFL Group's activities are limited to providing financial solutions to serve the needs of the people. BFL Group nurtures a culture of conservation of resources and encourages innovations that aid in reducing the dependence on natural resources. BFL Group ensures that energy efficiency standards are considered during the purchase of electronic equipment such as lighting devices, AC's etc. The major suppliers of hardware are green standard compliant and data centres are certified under Environmental Management System. Additionally, BFL Group has incorporated ESG related clauses in the vendor contracts as applicable.

b. If yes, what percentage of inputs were sourced sustainably?

Refer a. above

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Given the BFL group operations, there is no hazardous waste generated. However, BFL Group disposes e-waste through registered vendor and receives the certificate of disposal from them. During the year, e-waste of 6.2 Metric Tonnes has been disposed of in a scientific and eco-friendly manner.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Given the nature of our business, the above is not applicable to us.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format:

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
Given the business operations of BFL group, there are no products or services offered by the entity that qualify for Life Cycle Perspective / Assessments (LCA).					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
None other than those identified in Q.24 of "Section A – General Disclosures" above.		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY2023	FY2022
Given the business operations of BFL group, the same is not applicable.		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY2023			FY2022		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
E-waste			6.2			7.5
Plastics (including packaging)	Given the business operations of BFL group, the same is not applicable					
Hazardous Waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Given the business operations of BFL group, the same is not applicable.	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	Health insurance Number (B)	Health insurance % (B / A)	Accident insurance Number (C)	Accident insurance % (C / A)	Maternity benefits Number (D)	Maternity benefits % (D / A)	Paternity Benefits Number (E)	Paternity Benefits % (E / A)	Day Care facilities # Number (F)	Day Care facilities # % (F / A)
		% of employees covered by									
Permanent Employees											
Male	**41,048**	41,048	100%	41,048	100%	NA	NA	41,048	100%	41,048	100%
Female	**2,099**	2,099	100%	2,099	100%	2,099	100%	NA	NA	2,099	100%
Total	**43,147**	**43,147**	**100%**	**43,147**	**100%**	**2,099**	**5%**	**41,048**	**95%**	**43,147**	**100%**
Other than Permanent Employees											
Male	**0**	0	0	0	0	0	0	0	0	0	0
Female	**0**	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Wherever applicable under regulations, Day care facilities are provided.

b. Details of measures for the well-being of workers:

Category	Total (A)	Health insurance Number (B)	Health insurance % (B / A)	Accident insurance Number (C)	Accident insurance % (C / A)	Maternity benefits Number (D)	Maternity benefits % (D / A)	Paternity Benefits Number (E)	Paternity Benefits % (E / A)	Day Care facilities # Number (F)	Day Care facilities # % (F / A)
		% of workers covered by									
Permanent Workers											
Male	**NA**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	**NA**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Other than Permanent Workers											
Male	**NA**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	**NA**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY2023 No. of employees covered as a % of total employees	FY2023 No. of workers covered as a % of total employees	FY2023 Deducted and deposited with the authority (Y/N/N.A.)	FY2022 No. of employees covered as a % of total employees	FY2022 No. of workers covered as a % of total employees	FY2022 Deducted and deposited with the authority (Y/N/N.A.)
PF	100	NA	Yes	100	NA	Yes
Gratuity	100	NA	Yes	100	NA	Yes
ESI	100	NA	Yes	100	NA	Yes
NPS	100	NA	Yes	100	NA	Yes
Superannuation	100	NA	Yes	100	NA	Yes

Note: The above represents benefits provided to all the employees who are eligible/have opted for the said retirement benefits.

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

As a principle, BFL group through its Equal Employment Opportunity and Non-discrimination policy and Employee Charter - Human Rights Statement prohibits any kind of discrimination against any person with

P1
P2
P3
P4
P5
P6
P7
P8
P9

disability in any matter related to employment as per the Right of Person with Disabilities Act. Various corporate offices of BFL Group, have ramps for easy movement of differently abled people.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, BFL Group has adopted Equal employment opportunity and non-discrimination policy in accordance with the provisions of the Rights of Persons with Disabilities Act, 2016 and provides a framework and commitment towards the empowerment of persons with disabilities.

BFL Group through its Employee Charter - Human Rights Statement prohibits discrimination against any person with disability in any matter related to employment.

As enshrined in the 'Responsible and Sustainable Business Conduct Policy', BFL Group provides fair remuneration and equal opportunities at the time of recruitment as well as during employment irrespective of age, sex, colour, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids) or any other status of individuals. These policies promote an environment where everyone in the Company gets an equal opportunity to excel and grow in accordance with the individual's ability and suitability to perform in his/her area of work.

The above policies are available on our website https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	99.93%	79.77%	NA	NA
Female	100.00%	77.27%	NA	NA
Total	**99.93%**	**79.68%**	**NA**	**NA**

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes. BFL Group strives to create a culture which is fair, open, and transparent and where employees can openly present their views. BFL Group transparently communicates its policies and practices such as plans, compensation, performance metrics, performance pay grids and calculation, career enhancements, compliance, and other processes with all employees in a non-discriminating manner. BFL Group has a Board approved Disciplinary Action Policy (DAP) and Board delegated Disciplinary Action Committee (DAC) to address the grievances of its employees. It enables employees to work without fear of prejudice, gender discrimination and harassment. BFL Group has zero tolerance towards any non-compliance of these principles. BFL Group has 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Blower', 'Prevention of Sexual Harassment' and 'Mind Your Behaviour' framework serving as grievance mechanisms for its employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation. Further, BFL has a dedicated helpline number for employees to report their concerns.
Other than Permanent Employees	Though the policy is not extended to the other than permanent employees, we will continously endevour to address the grievances and concerns raised by them.
Permanent Workers and Other than Permanent Workers	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY2023 Total employees/ workers in respective category (A)	FY2023 No. of employees/ workers in respective category, who are part of association(s) or Union (B)	FY2023 % (B/A)	FY2022 Total employees/ workers in respective category (C)	FY2022 No. of employees/ workers in respective category, who are part of association(s) or Union (D)	FY2022 % (D/C)
	Total Permanent Employees					
Male	Though not prohibited, BFL Group employees are currently not part of any employee associations.					
Female						
	Total Permanent Workers					
Male	NA					
Female						

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

8. Details of training given to employees and workers:

Category	FY2023 Total (A)*	FY2023 On Skill Upgradation No. (B)	FY2023 On Skill Upgradation % (B / A)	FY2023 On Health and Safety No. (B)	FY2023 On Health and Safety % (B / A)	FY2022 Total (D)	FY2022 On Skill Upgradation No. (E)	FY2022 On Skill Upgradation % (E / D)	FY2022 On Health and Safety No. (F)	FY2022 On Health and Safety % (F / D)
	Employees									
Male	37,515	29,694	79%	33,157	88%	33,982	24,361	72%	Please refer Note 2 below	
Female	1,771	1,462	83%	1,581	89%	1,443	873	60%		
Total	**39,286**	**31,156**	**79%**	**34,738**	**88%**	**35,425**	**25,234**	**71%**		

*Average employees during the year.

Note 1: This dataset includes training provided to employees who left the firm during FY2023.

Note 2: BFL Group trains its employees on safety protocols – it conducts periodic trainings on fire safety and evacuation drills for employees. During the year, 1,634 fire audits and 784 drills were conducted.

Periodical awareness programs are carried out through emails, posters / banners (physical and digital) and other modes of internal communication. BFL also initiated exhaustive employee engagement campaigns like "#StayHealthy, #StaySafe" to imbibe and encourage employees to adopt healthy and safety measures- eating healthy, staying hydrated, using stairs, maintaining right posture, etc. Various campaigns and collaterals were released to spread awareness among the employees on the pandemic precautions and safety compliances.

Workers

	FY2023	FY2022
Male	NA	
Female		
Total		

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

9. Details of performance and career development reviews of employees and worker:

Category	FY2023 Total (A)	FY2023 No.(B)	FY2023 % (B/A)	FY2022 Total (C)	FY2022 No.(D)	FY2022 % (D/C)
	Employees					
Male	Please refer the note below					
Female						
Total						
	Workers					
Male	NA					
Female						
Total						

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

P1
P2
P3
P4
P5
P6
P7
P8
P9

Note: BFL Group conducts business performance review of all the eligible employees on monthly, quarterly and annually basis as per its internal policy. A comprehensive performance and career development review of all eligible employees is conducted on a mid-year and annual basis. BFL Group has a well-defined Performance Management System, Auto Promotion and Internal Job Posting policies for taking care of performance, growth, and development needs of employees.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

BFL Group is committed to provide a safe and healthy workplace by minimizing the risk of accidents, injury and exposure to health risks and it complies with applicable laws and regulations with respect to safety at workplace.

BFL Group has framed a comprehensive policy with respect to health and safety management system. BFL Group trains its employees on safety protocols by conducting periodic trainings on fire safety and evacuation drills for employees. Corporate offices and all branch offices are assessed in regards with the electrical systems safety, fire safety, building stability and working conditions.

BFL Group ensures that all corporate and branch premises are audited on safety aspects and have proper ventilation, hygiene and sanitation, emergency exits, first aid box, etc.

Physical and mental wellbeing of the employees is at the core of BFL Group human resource practices. BFL Group sends periodic internal communication and alerts to employees and conducts various awareness sessions on health and safety related aspects such as always wear a helmet, eat healthy, drink enough water, stay on the move, choose to use the stairs, etc.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

BFL conducts safety audits on a periodic or on a need basis wherein parameters related to fire safety, housekeeping, electrical safety, and emergency preparedness are assessed.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. While BFL Group does not employ workers for its business operations. BFL Group has a dedicated Central Emergency Service Desk (CESD) helpline portal for its employees which is available 24x7. They can use this portal to register any work-related incidents or hazard and risks.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. BFL Group has insured its employees under group term insurance, health insurance and accidental insurance policies. Please refer to section on 'Human Capital Management' section of ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2023	FY2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	NA	NA
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	NA	NA
No. of fatalities	Employees	Nil	Nil
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Refer 10(a) above

13. Number of Complaints on the following made by employees and workers:

	FY2023			FY2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil		0	Nil	
Health & Safety	3	Nil	Includes POSH related cases	3	Nil	Includes POSH related cases

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices*	100%
Working Conditions	BFL Group strives to keep the workplace environment safe, hygienic, and humane, upholding the dignity of the employees. Offices across the group are internally assessed periodically through internal audits for various aspects of health and safety measures and related working conditions.

*Safety audits were conducted for all BFL branches.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

No significant corrective actions pertaining to above mentioned parameters was necessitated by BFL Group during the year under review.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

Yes, BFL group extend various financial support and compensatory package in the event of death of an employee regardless of whether death occurred during work or otherwise. Some of these include one-time lumpsum payment from iCare fund, full month's pay with recovery waivers, Group Term Life insurance assured amounts, employment opportunity to immediate family member of the deceased employee (if required), etc.

Additional details with respect to the same are provided in 'Human Capital Management' section of ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

BFL Group strives to influence its value chain partners to participate in the responsible and sustainable business conduct depending upon their means and resources. BFL Group takes multiple measures to ensure that statutory dues have been deducted and deposited by its high risk value chain partners which include contractual commitments, review / audit of value chain partners, seeking confirmations of compliance, etc, which depend on the nature of product / services rendered.

P1
P2
P3
P4
P5
P6
P7
P8
P9

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been / are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2023	FY2022	FY2023	FY2022
Employees	Nil	Nil	Nil	Nil
Workers	NA	NA	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes. BFL Group have retirement policy which aims to define terms of retirement for employees and the subsequent engagement opportunities with the Company. BFL Group invests significant time and resources in the training and development of its employees, help them stay ahead of latest trends and technology. With such trainings, most employees are skilled and tend to be employable upon retirement / termination.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	BFL Group expects and influences all its value chain partners to follow extant regulations, including health and safety practices and working. Further, BFL has an outsourcing compliance framework that is used for the evaluation and assessment of vendors basis the scoring model.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

BFL has a detailed vendor audit check list as part of its outsourcing compliance framework that is designed to undertake risk assessment of the vendor. Basis the assessment vendors are classified as satisfactory, Improvement opportunity and needs improvement.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Individuals or a group of individuals, agencies ,institutions who are interested or impacted by the activities of the company's businesses and vice-versa now or in the future are identified as key stakeholder by the BFL Group. The key stakeholders thus identified are customers, investors, lenders, depositors, government, shareholders, regulators, value chain partners, employees, and the society.

BFL Group understands the impact of its policies, decisions, products and services, and associated operations on the stakeholders. In line with its policies, practices, and processes, BFL Group engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and where warranted takes corrective measures.

BFL Group also engages with relevant stakeholders for enhancing the sustainable and responsible business practices.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholder and Investor	No	Multiple channels - physical and digital such as quarterly investor presentations and calls, press releases, disclosure on stock exchanges, participation in investor conferences, etc.	Quarterly and need based	To inform about the performance, major developments and other relevant updates regarding BFL Group.
Customer	No	Multiple channels – physical and digital.	Periodic and need based	Servicing across the lifecycle of the customer, redressal to queries / grievances that the customer may have, Voice of Customer (VOC) and surveys, product/ service offerings and periodic communication to provide update on various lifecycle events over digital channel.
Government and Regulators	No	Multiple channels – physical and digital.	Need based	To provide recommendations or feedback on draft policies and make representations on various subjects before regulators and associations for advancement and improvement of financial services industry in India.
Employees	No	Multiple channels – physical and digital such as ESAT survey, Human Resources Contact Centre (HRCC), HR pulse assessments, confluence, and performance appraisals.	Frequent and need based	To create a thriving, safe and inclusive workplace for its employees and provide merit-based opportunities for professional development and growth.
Value chain Partner	No	Multiple channels – physical and digital including in-person meetings, emails, performance discussions, trainings, policies and processes and periodical meets/ conferences, etc	Frequent and need based	To enhance the access and understanding of relevant and financial products and services of the Company.
Society	Yes	Multiple channels – physical and digital.	Frequent and need based	To promote social welfare activities for inclusive growth, fair and equitable development, and well-being of society through our business functioning.

P1
P2
P3
P4
P5
P6
P7
P8
P9

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   BFL Group to the extent considered necessary and permitted by regulations, ensures transparent communication and access to relevant information about its decisions that impact relevant stakeholders, keeping in mind the need to protect confidential competitive plans and information.

   Engagement with stakeholders is a continuous process, as part of BFL Group's business activities. Such engagement is generally driven by the responsible business functions, with senior executives also participating based on the need of the engagement. The Board of Directors (BoD) are updated on various developments arising out of such engagement and they provide their guidance / inputs on such matters.

   As a matter of full transparency, BFL communicates key strategies of its Long-Range Strategy which is a 5-year rolling plan with various stakeholders through investor presentations, Annual Report, townhalls with dealers, distributors and employees, and Annual General Meeting presentation.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes. Continuous engagement with stakeholders helps in aligning expectations, thereby enabling the BFL Group to better serve its stakeholders.

   The Company personnel interact with various stakeholders to understand the evolvement and relevance of ESG topics, their impact, and expectations from the Company. Based on such interactions, BFL has, over last few years, enhanced it's reporting on business responsibility and also started certain new initiatives. BFL Group believes that it is still learning the evolving aspects of ESG and lays significant importance to such interactions.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**

   BFS Group companies through their CSR policies have taken up various initiatives and activities for the benefit of different segments of the society, with focus on the marginalised, poor, needy, deprived, under-privileged and differently abled persons.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicator

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY2023			FY2022		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Permanent and other than permanent employees	Please refer the note below					
Permanent and other than permanent workers	NA					

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

Note: Any Employee who works in any BFL Group must adhere to the commitment of BFL Group to integrity and ensure following the principles laid down in CoEPC which amongst other things includes principles of mutual respect, privacy, equal opportunities and non- discrimination, health, safety and environment, prevention of sexual harrassment.

Our commitment to employees' rights is enshrined in the Employee Charter - Human Rights Statement of BFL Group– which sets out what employees can reasonably expect from the company (Employee Rights) and the responsibilities and qualities that are expected from them while performing their duties (Employee Responsibilities). It also lays down the principles of equal opportunity and non-discrimination, anti-corruption and bribery, prohibition of forced and child labour, transparency, safe healthful and harassment-free workplace, amongst others.

BFL runs ESG awareness programs for its employees to create awareness on ESG initiatives (including human rights) for its employees through use of social media as well as internal communication channels-Intranets, HR bulletins, Video Snippets, etc.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY2023					FY2022				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Miniwmum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	41,048	22	0.05%	41,026	99.95%	33,982	354	1%	33,628	99%
Female	2,099	2	0.10%	2,097	99.90%	1,443	34	2%	1,409	98%
Other than Permanent										
Male	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Workers										
Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

3. Details of remuneration/salary/wages, in the following format

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ in crore)	Number	Median remuneration/ salary/ wages of respective category (₹ in crore)
BoD – Whole-time Director*	1	18.04	0	0.00
BoD - non-executive Directors*	6	0.40	1	0.20
Key Managerial Personnel*	2	3.72	0	0.00
Employees other than BoD*	43,355	0.07	2,143	0.09
Workers	NA	NA	NA	NA

Note: This data pertains to BFL

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

* The above remuneration is exclusive of fair value of options granted as per black Scholes model in the year of vesting

P1
P2
P3
P4
P5
P6
P7
P8
P9

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. BFL Group has a Disciplinary Action Committee (DAC) that addresses all the human rights related issues raised by employees. Additionally, BFL Group has a well-defined Grievance redressal mechanism for its employees which are governed through CoEPC, Employee Charter – Human Rights statement, Whistle Blower and Vigil mechanism policies.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

While BFL Group aims to not have a situation that leads to any grievance; should such a situation arise, BFL Group has a well-defined Grievance redressal mechanism for its employees which are governed through CoEPC, Employee Charter, Disciplinary Action Committee, Whistle Blower and Vigil Mechanism Policies. A formal grievance mechanism is available to all employees, to report or raise their concerns confidentially and anonymously, without fear of any retaliation. Additionally, we have dedicated channels such as Human Resource Contact Centre (HRCC), HR Pulse connects and Central Emergency Service Desk (CESD) wherein all the grievances, emergencies and incidents can be reported.

BFL Group regards respect for human rights as one of its fundamental and core values and strives to support, protect, and promote human rights to ensure that fair and ethical business and employment practices are followed.

BFL Group believes that every workplace shall be free from violence, harassment, intimidation and/or any other unsafe or disruptive conditions, either due to external or internal threats. Accordingly, BFL Group has aimed to provide reasonable safeguards for the benefit of employees at the workplace, while having due regard for their privacy and dignity. BFL Group also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological, or verbal abuse. As a matter of policy, BFL Group does not hire any employee or engage with any agent or vendor against their free will.

Across the BFL Group, Designated Ethics Officer at each of the companies deals with the issues of the respective Company. BFL Group employees must promptly report any violation of this Code to their Manager and to the Ethics Officer.

6. Number of Complaints on the following made by employees and workers:

	FY2023			FY2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	3	0		3	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/ Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

A formal grievance mechanism is available to all employees to report or raise their concerns confidentially and anonymously, without fear of retaliation, along with mechanism to consult on ethical issues through the explicit means provided by CoEPC, Employee Charter, Disciplinary Action Committee, Whistle Blower and Vigil Mechanism Policies. BFL Group prohibits retaliation against any employee who reports in good faith any suspected or potential violation of the Code of Ethics and Personal Conduct of the Company which includes aspects of discrimination and harassment.

It is the duty of every employee to report instances of possible CoEPC violations that they are aware of. At BFL Group, sharing a possible concern about the code honestly and in good faith, even if it turns out to be unfounded – is never an excuse for any kind of retaliation. The Ethics Officers will ensure CoEPC investigations are conducted in a fair and confidential manner and that there will not be any adverse impact on employees who highlight possible CoEPC violations in good faith.

BFL also prohibits retaliation for using any of BFL's complaint reporting procedures, if made in good faith, or for filing, testifying, assisting, or participating in any investigation conducted by a government enforcement agency.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. The Company appreciates the inherent, universal, indivisible, inalienable and interdependent nature of human rights. Accordingly, the company has included ESG specific clauses which covers the general human rights parameters in the vendor contracts.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	BFL Group expects and strives to influence its employees to adhere and respect human rights values and principles. BFL through its Own My Branch (OMB) program interacts with employees at branches to assesses any work and human rights related issues.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Based on its ongoing reviews of human resource practices BFL Group did not find any significant risk/ concerns in the above areas during the year under review and accordingly no corrective actions were warranted.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

There have been no significant human rights grievances / complaints warranting modification / introduction of business processes.

2. Details of the scope and coverage of any Human rights due diligence conducted.

BFL Group has a robust mechanism to track human rights related queries and grievances raised by the employees. All complaints raised are tracked and considered for timely resolution. In addition, BFL Group expects and strives to influence its stakeholders to adhere to the same values, principles and business ethics upheld by BFL Group in all their dealings.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

BFL Group offers its customers ready access to its offices. Various corporate offices of BFL Group, have ramps for easy movement of differently abled people.

BFL group has over the years made a conscious effort to digitize its customer service framework. The group has made a considerable headway in minimising in-person customer interactions. It has mapped the entire lifecycle of the customer interactions and made available all possible customer requests, such as, soft copy of agreements, repayment schedules, yearly interest certificates, statements of accounts, loan closure and no dues certificates, release of hypothecation and mortgages, Deposit receipts, etc in a digital mode. These service requests being fulfilled digitally obviate the need for customer visits to BFL offices.

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	BFL Group expects and strives to influence its value chain partners to adhere to the same values, principles and business ethics upheld by BFL Group in all their dealings. No specific assessment in respect of value chain partners has been carried out, other than certain elements overed in annual review of processes and controls of select sample of value chain partners by BFL Group.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

No corrective actions pertaining to Question 4 was necessitated by BFL Group during the year under review.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicator

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Unit of Measurement	FY2023	FY2022*
Total electricity consumption (A)	Gigajoules	112,232.47	85,022.00
Total fuel consumption (B)	Gigajoules	28,347.00	21,045.21
Energy consumption through other sources (C)	Gigajoules	1,017.16	145.00
Total energy consumption (A+B+C)	Gigajoules	141,596.63	106,212.21
Energy intensity per crore of consolidated total revenue from operations (Total energy consumption consolidated total revenue from operations)	Per crore of Consolidated Total Revenue from Operations	3.42	3.36
Energy intensity (optional)- (Total energy consumption/consolidated total loan portfolio)	Per crore of Consolidated Total Loan Portfolio	0.58	0.55

* Number in gigajoules recomputed taking into consideration appropriate conversion factor.

Note: The conversion factors used for converting the unit of measurement to gigajoules have been sourced from www.eia.gov

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, an independent limited assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2023.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not applicable

P1
P2
P3
P4
P5
P6
P7
P8
P9

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY2023	FY2022
Water withdrawal by source (in kilolitres)	Please refer to the note below	
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater/desalinated Water		
(v) Others		
Total volume of water withdrawal (in kiloliters) (i+ii+iii+iv+v)		
Total volume of water consumption (in kiloliters)		
Water intensity per rupee of turnover (Water consumed/turnover)		
Water intensity (optional)-the relevant metric may be selected by the entity		

Note: BFL Groups' usage of water is limited to employees and visitors' consumption only. Given that most offices/ branches of BFL Group are present in shared premises, total freshwater consumption is not accounted. Efforts have been made to ensure that water is consumed judiciously in the office/ branch premises.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Zero liquid discharge is not applicable to BFL group given the nature of its business.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY2023	FY2022
NOx	Please refer to the note below		
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others-Please specify			

Note: As a financial services company, air emissions from our operations are not significant. However, we do monitor our GHG emissions which have been appropriately disclosed in this Report.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

P1
P2
P3
P4
P5
P6
P7
P8
P9

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Please refer to GHG Assurance report.

Parameter	Unit	FY2023	FY2022
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	11,648.51	8,342.40
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	24,629.48	18,616.12
Total Scope 1 and Scope 2 emissions	Metric tonnes of CO2 equivalent	36,277.98	26,958.52
Total Scope 1 and Scope 2 emissions per crore of consolidated total revenue from operations	Per crore of Consolidated Total Revenue from Operations	0.88	0.85
Total Scope 1 and Scope 2 emissions per crore of consolidated Total Loan Portfolio	Per crore of Consolidated Total Loan Portfolio	0.15	0.14

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, an independent limited assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2023.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes. BFL has undertaken various projects on environmental sustainability such as:

- Reducing paper consumption: It has been an endeavour of BFL over last many years to keep reducing paper consumption across all its business operations.
- Rooftop Solar Power Generation: BFL is endeavouring to reduce its GHG emissions pertaining to its office activities through installation of rooftop solar power generation capacity. Rooftop solar power plants with an installed capacity of 562.8 KW have been commissioned during the year.
- BFL has replaced the employee inter office travel shuttles with Electric vehicles. In FY2023, BFL has introduced 18 new Electric Vehicles (EV) in the fleet.
- BFL is making a significant transformation in its business operations through its 'Omnichannel Strategy' which enables customer with various Do-it-anywhere and Do-it-yourself options for servicing and buying needs thereby reducing the need for travel – resulting in saving in GHG emissions. BFL, thus far, has seen nearly 35% reduction in its customer walk in to branches for servicing needs.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY2023 (in metric tonnes)	FY 2022 (in metric tonnes)
Plastic waste **(A)**		
E-waste **(B)**	6.2	7.5
Bio-medical waste**(C)**		
Construction and demolition waste **(D)**		
Battery waste (E)		
Radioactive waste**(F)**		
Other Hazardous waste. Please specify, if any **(G)**		
Other Non-hazardous waste generated **(H)**. Please specify if any (Break-up by composition i.e by materials relevant to the sector)		
Total (A+B+C+D+E+F+G+H)	**6.2**	**7.5**

Parameter	FY2023 (in metric tonnes)	FY 2022 (in metric tonnes)
For each category of waste generated, total waste recovered through recycling-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled		
(ii) Re-used		
(iii) other recovery operations		
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations	6.2	7.5
Total	**6.2**	**7.5**

Note: Given the nature of business, the information with respect to the relevant category of waste has been provided above

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

E-waste recycling is carried out by certified e-waste vendors across all offices of the BFL Group and green certificates have been received in this regard. No external assessments have been done.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Given the nature of the business, there is no usage of hazardous and toxic chemicals by BFL Group companies. BFL Group has systems in place to manage e-waste and engages with certified e-waste handlers for disposal of e-waste.

6.2 Metric Tonne of e-waste generated has been disposed through authorised recyclers in FY2023. BFL Group has received green, disposable and re-cycling certificates from the respective e-waste handlers.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
Nil			

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable					

P1
P2
P3
P4
P5
P6
P7
P8
P9

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
BFL Group is in compliance with applicable environmental norms applicable to the nature of its business.				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	Unit of Measurement	FY2023	FY2022*
From renewable sources			
Total electricity consumption (A)	Gigajoules	1,017.16	145.00
From non-renewable sources			
Total electricity consumption (B)	Gigajoules	112,232.47	85,022.00
Total fuel consumption (C)	Gigajoules	28,347.00	21,045.21
Total energy consumed from non-renewable sources (A+B+C)	Gigajoules	141,596.63	106,212.21

Note: Rooftop Solar power plants with an installed capacity of 562.8 KW have been commissioned during the year

*Number in gigajoules recomputed taking into consideration appropriate conversion factor.

Note: The conversion factors used for converting the unit of measurement to gigajoules have been sourced from www.eia.gov

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, an independent limited assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2023.

2. Provide the following details related to water discharged:

Parameter	FY2023	FY2022
Water discharge by destination and level of treatment (in kiloliters)	Given the nature of business, the same is not relevant	
(i) To Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third- parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres): For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY2023	FY2022
Water withdrawal by source (in kilolitres)		
(i) Surface water	Given the nature of business, the same is not relevant	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water	Given the nature of business, the same is not relevant	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY2023	FY2022
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	13,140.86	5,798.95
Total Scope 3 emissions per crore of consolidated total revenue from operations	Per crore of Consolidated Total Revenue from Operations	0.32	0.18
Total Scope 3 emissions per crore of consolidated Total Loan Portfolio	Per crore of Consolidated Total Loan Portfolio	0.05	0.03

For details, please refer to GHG Assurance report.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, independent limited assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2023.

P1
P2
P3
P4
P5
P6
P7
P8
P9

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
		Please refer the note below	

Note: BFL Group constantly strives for Environment protection and welfare. Accordingly, in FY2023, we had implemented certain Environmentally responsible practices and initiatives that contribute to achieve a positive impact on the Environment, for more details please refer to response provided at Q.3, Q.7 and Q.9 of the "Essential Indicators" as above. We also have a robust Environmental Policy that endeavors to integrate sound environmental practices and governance systems in it's day to day operations to minimize environmental impact. Additionally, we have voluntarily undertaken our GHG accounting since last two years to stay updated on our carbon footprint.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes. The Company has business continuity strategy and framework (BCP) which is also compliant with applicable regulatory requirements and includes disaster management protocols. BCP envisages likely disruptive events, their probability and their impact on business operations which is assessed through business impact analysis. It aims to eliminate or minimise any potential disruption to critical business operations. It also includes Disaster Recovery (DR) procedures to quickly recover from an emergency. Annual BCP and DR drills are conducted to ensure that they are effective under the present business processes, infrastructure, personnel, etc

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

BFL Group's operations as a financial services company does not present any significant adverse impact to the environment.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Nil

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

BFL through its parent company i.e BFS is member of 2 trade and industry chambers/ associations. It proactively contributes to the discussions and resolutions within the scope of these forums.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No	Name of the trade and industry chambers/ associations	Company Name	Reach of trade and industry chambers/ associations (State/ National)
1.	Confederations of Indian Industry	BFS	National
2.	World Economic Forum	BFS	International

2. **Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of Authority	Brief of case	Corrective action taken
Please refer note below		

Note: BFL group had no adverse orders from any regulatory authorities relating to anticompetitive activities. Hence, No corrective action was necessitated by the Group during the year under review.

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
Please refer the note below					

Note: BFL keenly participates in putting forward its views on the setting of new industry standards or regulatory developments pertaining to the NBFC sector. While making recommendations, BFL attempts to balance the interest of various stakeholders.

It maintains regular engagement with the Government agencies and regulators and stands committed to providing timely and accurate information, suggestions and recommendations, feedback on draft policies, etc. as and when required. This also enables BFL to understand their areas of focus and concerns.

BFL engages in public and regulatory policy development process by providing suggestions to draft notifications, and interactions with various bodies / regulators on matters significant to the industry and society at large. BFL also makes recommendations to various regulators in the larger interest of the industry. All interactions with the Government and regulators are done by authorised officials of the respective company.

BFS (Parent Company) is a member of World Economic Forum and Confederation of Indian Industries (CII), through which it actively engages in policy advocacy. These engagements are overseen by Sanjiv Bajaj, Chairman & Managing Director of BFS, also, the President of CII with effect from May 2022.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Please refer the note below					

Note: During the year 2 projects were assessed by external Impact Assessment Agencies as mandated by the CSR regulations. The agencies have submitted their detailed reports which are uploaded on Company website*. All Projects that underwent Impact Assessments met all project objectives as per the assessment reports

*Link: https://www.bajajfinserv.in/corporate-bajaj-finance

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not applicable						

P1
P2
P3
P4
P5
P6
P7
P8
P9

3. Describe the mechanisms to receive and redress grievances of the community.

The BFS Group Companies have various mechanisms to receive and redress grievances of various stakeholders. Details of such mechanisms and policies is detailed in CSR policy disclosed on the website.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY2023	FY2022
Directly sourced from MSMEs/ small producers	10.36%	3.29%
Sourced directly from within the district and neighbouring districts	As a financial services organisation, BFL Group does not require any substantial input material to conduct financial service business.	

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies;

S No.	State	Aspirational District	Amount spent (In INR)
None			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

(b) From which marginalised /vulnerable groups do you procure?

(c) What percentage of total procurement (by value) does it constitute?

Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sr. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Name of authority	Brief of the Case	Corrective action taken
No corrective actions pertaining to above mentioned parameters was necessitated by BFL Group during the year under review.		

6. Details of beneficiaries of CSR Projects:

Theme	Category	Beneficiaries (in thousands)
Child	Education	297
	Health	170
	Physical and Intellectual disabilities	31
	Prevention of Mortality	365
	Protection	75
Youth	Livelihood Initiatives	64
	Skilling for employment/Self-employment	26
	Youth - PWD – Skilling (Beneficiaries – 430)	0
Others	Mental health and Sanitation	65

	Mental Health	4
Physical Wellbeing Projects	Support to Epilepsy centre-optical reader for tissue analysis	
	Support for Phototherapy unit and cooling system for vitiligo treatment.	
	Leica Surgical Microscope for Neurosurgery	1
Construction Projects	Muktangan Mitra Renovation (Phase 1)	
	Padma Bhushan Rahul Bajaj Cyber Knife Centre (Proposed by Ruby Hall)	
	Support for the construction of Asawali Unit	
Total beneficiaries		1,098

- The beneficiaries are for active projects and not as per the financial year.
- 100% of beneficiaries are from vulnerable and marginalised groups as all the CSR initiatives and activities taken up at the various work centres and locations of the company benefit different segments of the society, with focus on the marginalised, poor, needy, deprived, under-privileged and differently abled persons.

For more details on the CSR initiatives undertaken during the year, refer Empowering Society section of the ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports.

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Timely and appropriate customer grievance redressal is imperative. In fact, we aim to reduce the grievances learning from our experiences, through root cause analysis. BFL Group's dealings with its customers are professional, fair, and transparent. BFL Group has a robust customer services governance framework and same are enumerated under "Customer Obsession" section of ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Transparency and fairness in dealings with customers is followed across BFL Group. None of the products withhold any relevant information needed by the customers to make informed decisions.
Safe and responsible usage	
Recycling and/or safe disposals	

3. Number of consumer complaints in respect of the following:

	FY2023			FY2022		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber security	0	0		0	0	
Restrictive Trade practices	0	0		0	0	
Unfair Trade practices	0	0		0	0	
Others	7,872	7	Pending complaints has been resolved by 7 April 2023	8,059	0	

Some of the initiatives in this regard are:

- BFL Group through its charters and policies etc, communicate customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable. These policies and communications emphasise our commitment to fair practices by maintaining transparency in products and services offered.
- Dedicated customer complaint reduction units are in place, to review the grievance redressal mechanism under oversight of the Boards of respective material subsidiaries.
- Customer grievances are also reviewed with focus on identification of root cause, corrective action plans and customer service initiatives.

4. Details of instances of product recalls on account of safety issues.

	Number	Reasons for recall
Voluntary recalls	Not applicable	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. BFL has adopted an information security framework to establish, implement, monitor, and constantly improve its information security posture. We focus on privacy of customer information and data security. The Company has 'Data Privacy Policy' in place and same is available on the website of the Company. BFL Group is compliant with ISO 27001:2013 Information security management system. BFL Group is compliant with the applicable regulatory framework and guidelines. For more details, please refer to section on "Information security, cyber security and fraud controls" section of the ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports.

6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

No penalties or regulatory action has been levied or taken on the above-mentioned parameters.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

BFL Group envisages to be an omnipresent financial company which will enable its existing and new customer to engage, transact and be serviced online to offline and vice versa. Information relating to various financial services provided by the BFL Group is available on the website, https://www.bajajfinserv.in/corporate-bajaj-finserv.

Further, please refer to "Customer Obsession" section of ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

As a responsible corporate, it is imperative to not just do business with customers, but also educate them and make them more aware of what could be good or bad for them, frauds, addressing their questions on financial products, etc.

BFL Group has mechanisms to inform customers on usage of products and services offered. Continuous and contextual communication across the customer lifecycle through - press releases, yearly customer engagements, company website and blogs, social media campaigns, use of video content, feature based audio-visual content for ease of understanding, etc. have helped us educate and create awareness amongst our customers and society at large.

Further, please refer to 'Customer Obsession" section of ESG report at https://www.bajajfinserv.in/finance-investor-relation-annual-reports.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Technology enabled seamless customer experience has been the hallmark of our businesses. Each business is unique and so is its approach towards enhancing customer experience. But the core objectives that tie them together and stay the same are simplification of processes, ease of use and quick and appropriate response. In the current technology age, information security, cyber security, and fraud controls have become extremely critical. The need for robust control over these areas find a dominant place in our information technology framework. These controls obviate disruptions and security threats endangering loss of customer data and disruption in business operations.

In line with the RBI regulation, the Company shall give ninety days advance notice in newspaper before re-allocation or closure of branch office.

During the year, there were no major disruptions of critical services of the Group.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Transparency and fairness in dealings with customers is followed across BFL Group. None of the products withhold any relevant information needed by the customers to make informed decisions.

The BFL Group through its charters, policies, etc. communicate the customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable which emphasise our commitment to fair practices by maintaining transparency in products and services offered.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. BFL has adopted Net Promoter Score (NPS) as a mechanism to gauge customer experience including collections processes. NPS is a comprehensive global methodology to measure customer loyalty. This survey is conducted through an independent third party and its outcome is given due importance in the Company's planning process.

6. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact None

b. Percentage of data breaches involving personally identifiable information of customers None.

The BFL Group has not witnessed any instances of data breaches during the year.

BAJAJ FINSERV

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finance Limited ('the Company' or 'Bajaj Finance', Corporate Identification Number: L65910MH1987PLC042961) to undertake an independent assurance of Bajaj Finance's Business Responsibility and Sustainability Reporting ('BRSR') disclosures (the 'Report') which shall form part of the Company's Business Responsibility and Sustainability Report FY2023 in its digital/online format. The disclosures in this Report have been prepared based on the requirements of SEBI Circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, prescribing format of the BRSR and the guidance notes and the nine principles of the National Guidelines on Responsible Business Conduct, 2019 ('NGRBC') of the Ministry of Corporate Affairs, Government of India. The intended user of this assurance statement is the Management of Bajaj Finance ('the Management') and its stakeholders. Our assurance engagement was planned and carried out during February 2023 – June 2023 covering the Company's non-financial/sustainability performance during 1 April 2022 to 31 March 2023. We performed a limited level of assurance based on our assurance methodology, VeriSustain™[1].

Responsibilities of the Management of Bajaj Finance and of the Assurance Provider

The Management has the sole responsibility for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analyzing and reporting the information presented in the Report. Bajaj Finance is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on sustainability performance. In performing this assurance work, DNV's responsibility is to the Management of Bajaj Finance; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of Bajaj Finance.

We do not provide any services to Bajaj Finance which in our opinion constitutes a conflict of interest with this assurance work. Our assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and are free from material misstatements.

Scope, Boundary and Limitations

The reporting scope and boundary encompasses economic, environmental, social and governance performance of Bajaj Finance in India covering the financial and insurance services-related operations of Bajaj Finance Limited and its subsidiaries – (i) Bajaj Housing Finance Limited (BHFL) and (ii) Bajaj Financial Securities Limited (BFinsec) as brought out in Section A: General Disclosures of the BRSR.

The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) activities, and other financial data are based on financial statements prepared by Bajaj Finance and audited by its statutory auditors which is subject to a separate audit process. We were not involved in the review of financial information within the Report.

Basis of our Opinion

As part of the assurance process, a multi-disciplinary team of sustainability specialists performed assurance work for selected sample sites of Bajaj Finance. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to Bajaj Finance's business and its key stakeholders. We carried out the following activities:

- Reviewed the approach to stakeholder engagement and materiality determination process and its outcomes as brought out in the Report.

[1]The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from www.dnv.com

- Conducted interviews with selected representatives responsible for management of sustainability issues and implementation of the NGRBC Principles and carried out reviews of selected evidence to support topics and claims disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver Bajaj Finance's overall sustainability objectives.
- Carried out Onsite verification of sustainability performance data and sample evidence related to the sampled offices of Bajaj Finance Limited and its subsidiaries – BHFL and BFSL to review the processes and systems for aggregating site-level sustainability information, as well as overall aggregation and consolidation of data from sites by the sustainability team at the Corporate Office at Pune in Maharashtra.
- Reviewed the process of reporting on BRSR requirements including Section A: General Disclosures, Section B: Management and Process Disclosures, and Section C: Principle-wise Performance Disclosures.
- Carried out an assessment of the processes for gathering and consolidating performance data related to the NGRBC Principles and, for a sample, checked the processes of data consolidation to assess the Reliability and Accuracy of performance disclosures reported based on BRSR requirements.
- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness as per VeriSustain for a limited level of verification.
- An independent assessment of the reports non-financial information against the requirements of BRSR and the guidance notes.

Opinion and Observations

Based on the verification undertaken, nothing has come to our attention to suggest that the Report together with referenced information does not adhere to the requirements of BRSR including the General Disclosures, Management and Process Disclosures, and Principle-wise Performance Disclosures.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

The Report brings out the broad range of with the rationale for issues which the Company has identified as being material to its business which are mapped as risks and opportunities, along with the rationale for considering the issue as being material. Key ESG risks, stakeholder opinions and concerns, and peer issues were taken into account while arriving at overall topics which were further prioritized to arrive at the significant material issues.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out the formal and informal channels in place to engage with its various identified stakeholders, including descriptions of the methods, frequencies and basis of engagement with each stakeholder group, as well as opinions and concerns arising out of the engagement processes during the reporting period. Inputs from the stakeholder engagement are used towards identifying key ESG topics and refining the Company's policies and strategies.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report brings out the approaches adopted by the Company to adapt and/or mitigate impacts related to its identified material issues, as well as responses to key stakeholder concerns. The disclosures bring out the descriptions of structures, policies and processes implemented by Bajaj Finance towards adopting and reviewing the NGRBC Principles, as well as performance data, and processes for governance.

Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the processes that Bajaj Finance has established towards capturing and reporting its sustainability performance related to each Principle of NGRBC. The majority of the data and information verified through our remote assessments with the Company's management teams and data owners at the operations sampled by us as part of our assurance engagement were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed for correctness.

Nothing has come to our attention to believe that the Report does not meet the principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported?

The Report brings out the Company's performance during FY2023 related to economic, environmental, social and governance-related aspects of the BRSR and covering the operations of Bajaj Finance and its subsidiaries, covering the performance related to the nine NGRBC Principles. Bajaj Finance may further strengthen its processes towards capturing and reporting information and data related to Essential and certain Leadership Indicators of Principle-wise Performance Disclosures in future reporting periods.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out Bajaj Finance's sustainability performance during the reporting period in a neutral tone in terms of content along with descriptions of key risks and opportunities during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct[2] during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Assurance Statement, the GHG Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. We did not provide any services to Bajaj Finance in the scope of assurance during FY2023 that could compromise the independence or impartiality of our work.

For DNV Business Assurance India Private Limited

Bhargav Lankalapalli	Karthik Ramaswamy
Lead Verifier	Technical Reviewer
DNV Business Assurance India Private Limited, India.	DNV Business Assurance India Private Limited, India.

6th June 2023, Mumbai, India.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

[2]The DNV Code of Conduct is available on request from www.dnv.com (https://www.dnv.com/about/in-brief/corporate-governance.html)

INDEPENDENT GREENHOUSE GAS VERIFICATION STATEMENT

Introduction

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finance Limited ('the Company' or 'Bajaj Finance Limited', Corporate Identification Number: L65910MH1987PLC042961) to carry out an independent verification of Bajaj Finance Limited's Scope 1, Scope 2 and Scope 3 Greenhouse Gas Emissions (the 'GHG Emissions') data in spreadsheets and for itself and its two (2) subsidiaries for the period 1st April 2022 – 31st March 2023. This verification has been carried out as part of the overall work of assurance of Bajaj Finance Limited's Business Responsibility and Sustainability Reporting for FY 2022-23 and other disclosures as applicable.

The Company has prepared its GHG emissions based on the requirements set out in Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised edition) published by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) to calculate its GHG emissions and reported in the Business Responsibility and Sustainability Reporting as mandated under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The verification provides a limited level of customized engagement as per DNV's VeriSustain™[1] protocol, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* for Defining Report Content and Quality. This verification applies a ±5% uncertainty threshold towards errors and omissions.

Bajaj Finance Limited is responsible for the collection, analysis, aggregation, preparation (conversion factors, assumptions, methodology, calculations) and presentation of GHG Emissions as part of its sustainability disclosures. Our responsibility of performing this work is to the management of Company and in accordance with terms of reference agreed with the Company. The verification engagement is based on the assumption that the data provided to us is complete, sufficient, true and free from material misstatements. DNV disclaims any liability or co-responsibility for any decision a person or entity would make based on this verification statement. The verification was carried out from March 2023 to May 2023 by a team of qualified sustainability and GHG assessors.

Scope, Boundary and Limitations of Verification

The scope of work agreed upon with Company includes verification of its GHG emissions as below:

- Scope 1 emissions arising from stationary and mobile combustion of fossil fuels – Diesel and Petrol. Fugitive emissions from the leakage of refrigerants.
- Scope 2 emissions arising from consumption of purchased electricity from the grid.
- Scope 3 emissions arising from, business travel (air, train and road), shared diesel generators, freight goods, procurement of paper and hotel stay.

The operational boundary selected for reporting and the consolidation approach is based on operational control criterion adopted by Bajaj Finance Limited and includes itself and the following two subsidiaries in India:

- Bajaj Finance Limited
- Bajaj Housing Finance Limited
- Bajaj Financial Securities Limited

We did not come across any limitations to the agreed scope of work except the use of default values to calculate GHG emissions.

[1]The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from www.dnv.com

Verification Methodology

The verification was conducted by DNV in accordance with the requirements as set out in VeriSustain for a limited level of verification while adopting a risk-based approach and selection of samples. We carried out the following activities:

- Desk review of the Company's emissions data for FY 2022-23 provided in spreadsheets.
- Review of activity data and related evidence maintained in corresponding dashboard systems.
- Interaction with key managers and data owners to review data consolidation systems of the Company and sampled operational sites including reviews of emission factors and assumptions used for calculations.
- Remote verification of activity data and sample evidence related to the sampled offices of Bajaj Finance Limited and subsidiaries (Consumer finance & Auto finance, Bajaj Housing Finance Limited, Bajaj Financial Securities Limited).
- Review of the consolidated GHG emissions data in order to calculate the total emission of Bajaj Finance Limited and its subsidiaries with the corresponding environment and sustainability teams.

Conclusion

On the basis of our verification methodology and scope of work agreed upon, nothing has come to our attention to believe that the GHG data (absolute emissions) as below are not a correct representation of Bajaj Finance Limited's and its subsidiaries GHG emissions profile during FY 2022-2023:

	Emissions for FY 2022-23		
Indicator	**Bajaj Finance Limited**	**Bajaj Housing Finance Limited**	**Bajaj Financial Securities Limited**
Scope 1 Emissions (tCO_2e)	11,387.50	224.15	36.86
Scope 2 Emissions (tCO_2e)	21,951.46	2,187.01	491.02
Scope 3 Emissions (tCO_2e)	10,674.19	2,345.22	121.46
Total (tCO_2e)	44013.14	4,756.37	649.33

Note 1: The average retail price of diesel and petrol used for calculating company owned vehicle's diesel & petrol consumption which is based on the data provided by Petroleum Planning and Analysis Cell data, Ministry of Petroleum and Natural Gas dated 17-March 2023.

Note 2: The average mileage of cab/hired vehicles as part of business travel – Diesel for Bajaj Finserv group Limited is assumed as 12.5 km / litre.

Note 3: The emission factor associated with all fuel types was obtained from UK Government GHG Conversion Factors for Company Reporting.

Note 4: Emissions factors for purchased electricity - Grid Emission factor based on weighted average factor of 0.79 $tCO2/MWh$ from the CO2 Baseline Database for the Indian Power Sector User Guide Version 17.0 October 2022.

Note 5: The average weight of courier parcel is considered for city to city with an assumed per parcel weight at 0.2 kg (200 gm per parcel average).

Note 6: The average refilling for refrigeration is conservatively being assumed with R22 and other refrigerant gases with an average rate of 0.7 kgs per Tonne.

Note 7: The average consumption of HSD by DG Set with the following assumed values: Electricity generating capacity – 800 KW, Derated electricity generating capacity 640 KW, Type of fuel used – HSD, Average load as % of derated capacity – 74, Specific fuel consumption – 0.324 Lit/KWh.

Summary of Emissions:

Indicator	Factors	Emissions for FY 2022-23 (tCO2e)
Scope 1 Emissions	a) LPG used for cooking, b) diesel generators, c) company owned vehicles, d) Refrigerant release in air conditioners.	11,648.51
Scope 2 Emissions	Purchased electricity from the grid.	24,629.48
	Total Scope 1 & Scope 2 Emissions	36,277.98
Scope 3 Emissions	a) Business travel; b) Employee commute; c) Fuel and energy related activities; d) Waste generated from operations (paper).	13,140.86
	Total Scope 1, Scope 2 & Scope 3 Emissions	49,418.84

DNV's Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct[2] during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. DNV did not provide any services to Bajaj Finance Limited and its subsidiaries in the scope of verification during FY 2022-23 that could compromise independence or impartiality of our work.

For DNV Business Assurance India Private Limited,

Bhargav Lankalapalli
Lead Verifier
DNV Business Assurance India Private Limited, India.

Arun Aravind
Technical Reviewer
DNV Business Assurance India Private Limited, India.

Mumbai, India, 20th June 2023.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com.[1] The DNV Code of Conduct is available on request from www.dnv.com (https://www.dnv.com/about/in-brief/corporate-governance.html)

Annexure 1: List of Policies

S. No.	Principle wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Responsible and Sustainable Business Conduct Policy#	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Environmental Policy#	✓	✓		✓		✓		✓	✓
3	Code of Conduct to regulate, monitor and report trading by designated persons*	✓								
4	Fair practices code#	✓			✓					✓
5	Prevention of sexual harassment at workplace#	✓		✓		✓				
6	Disciplinary action and grievance redressal#	✓		✓		✓				
7	Code of Conduct for DSAs/DMA/Recovery Agents*	✓								✓
8	Code for independent directors*	✓								
9	Policy for dealing with Frauds*	✓								
10	Information Security Management policy*	✓								✓
11	Information Security Management policy – Payments Systems*	✓								✓
12	Cyber security policy*	✓								✓
13	Data Privacy Policy#	✓								✓
14	Outsourcing policy*	✓								✓
15	Vigil and whistle blower policy#	✓		✓		✓				
16	Know Your Customer Policy*	✓								✓
17	Corporate Social Responsibility (CSR) Policy#	✓			✓				✓	
18	Policy for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information*	✓								
19	Code of practices and procedures for fair disclosure and unpublished price sensitive information (UPSI)#	✓								
20	Policy on Materiality of Related Party Transaction policy#	✓								
21	Policy for determination of materiality for disclosure of events or information#	✓								
22	Interest Rate Policy#	✓			✓					✓
23	Policy on Fit and proper criteria for directors*	✓								
24	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors#	✓								
25	Code of Ethics and Personal Conduct#	✓		✓						
26	Mind Your Behavior*	✓		✓		✓				
27	Equal Employment opportunity and Non-Discrimination#	✓		✓		✓				
28	Corporate Communication Policy*	✓			✓					✓
29	Employee Charter – Human Rights*	✓		✓	✓					
30	IJP policy*			✓						
31	Auto Promotion Policy*			✓						
32	Recognition Policy*			✓						
33	iCare Policy*			✓						

S. No.	Principle wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
34	Employee and parental insurance policy*			✓						
35	Creche policy*			✓						
36	Staff welfare & team engagement Policy*			✓						
37	Fortnightly salary advance*			✓						
38	Money on call*			✓						
39	Dividend Distribution Policy#	✓			✓					
40	Board Diversity Policy*	✓								
41	Fraud Detection Policy*	✓			✓					
42	Corporate Audit Services (CAS) Risk Based Internal Audit (RBIA) Policy Document*	✓								
43	Grievance Redressal Mechanism*	✓			✓	✓				✓
44	Internal Ombudsman SOP*	✓								✓
45	Internal Ombudsman Scheme for Pre-paid Payment Instruments (PPIs)*	✓								✓
46	Customer Protection & Grievance Redressal Policy for Prepaid Payment Instruments*	✓			✓					✓
47	Sustainable Business Strategy Framework*	✓			✓					
48	Policy for Monitoring End-Use of Funds*	✓								✓
49	Record maintenance and retention policy*	✓								
50	Risk Management Policy*	✓								
51	Investment & Market Risk Policy*	✓								
52	Asset Liability Management Policy*	✓								
53	Business Continuity Management Policy*	✓								✓
54	Policy on dealing in securities of group companies*	✓								
55	Remuneration policy*	✓		✓						
56	Password procedure policy*	✓								
57	Online Security*	✓			✓					✓
58	Business Continuity Policy - Operations*	✓								
59	Compliance Policy*	✓								
60	Corporate Audit Services (CAS) - Risk Based Internal Audit(RBIA) Policy Document*	✓								
61	Corporate Governance Guidelines*	✓								
62	Framework for Corporate Governance in Subsidiary companies*	✓								
63	Information Security Management System – Information Security Management Policy*	✓								
64	Institutional mechanism for prevention of insider trading*	✓								
65	Internal Capital Adequacy Assessment Process Policy (ICAAP)*	✓								
66	Policy for compensation of Key Managerial Personnel and SMT*	✓								
67	Retirement Policy*			✓						
68	Code of conduct for directors and members of senior management#	✓								

* internal document; # accessible to public

Annexure 2: Mapping United Nations Sustainable Development Goals (UNSDG)

We have mapped our initiatives under the BRSR principles to the United Nations Sustainable Development Goals

Principle 1 :

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Principle 2 :

Businesses should provide goods and services in a manner that is sustainable and safe.

Principle 3 :

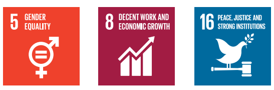
Businesses should respect and promote the well-being of all employees, including those in their value chains.

Principle 4 :

Businesses should respect the interests of and be responsive to all its stakeholders.

Principle 5 :

Businesses should respect and promote human rights.



Principle 6 :

Businesses should respect and make efforts to protect and restore the environment.

Principle 7 :

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8 :

Businesses should promote inclusive growth and equitable development.

Principle 9 :

Businesses should engage with and provide value to their consumers in a responsible manner.

BAJAJ FINSERV

Drive your dream car today with 100% funding and attractive interest rates

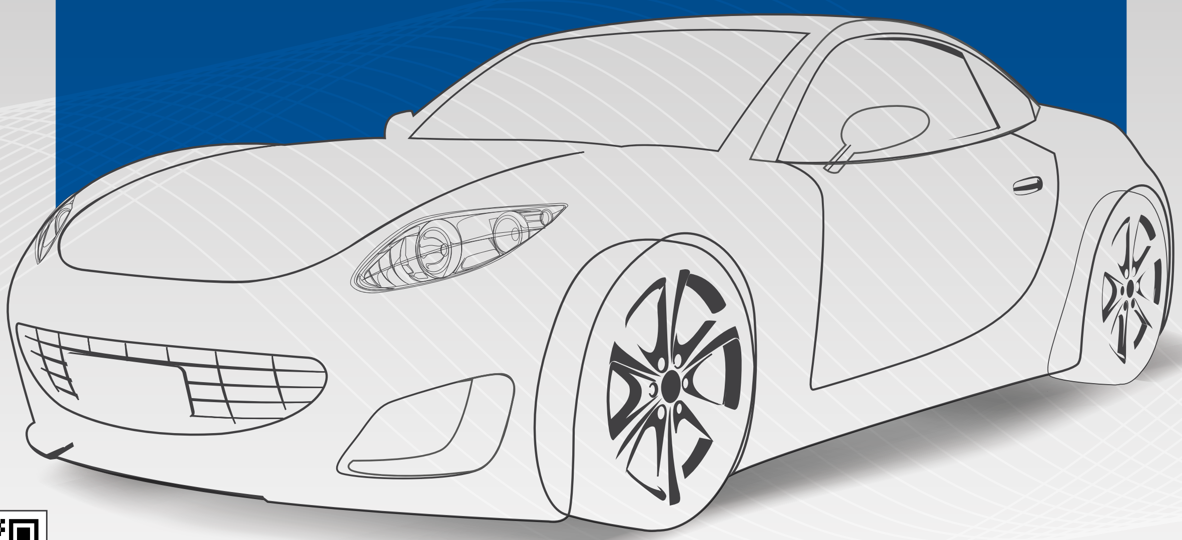
Introducing Bajaj Finance New Car Loan

No hidden fees or charges

Loan amount of up to Rs. 5 crore

Financing of multiple vehicle segments

Flexible tenure from 12 to 96 months



Scan here to apply now

BAJAJ FINANCE LIMITED

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report on the Standalone Financial Statements

To the Members of **Bajaj Finance Ltd.**

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ('SA's). Our responsibilities under those standards are further described in the Auditors' responsibility for the Audit of the standalone 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key audit matter	Auditors' response
1.	Allowances for expected credit losses ('ECL'):	
	As at 31 March 2023, the carrying value of loan assets carried at amortised cost, aggregated ₹ 179,097.12 crore (net of allowance for expected credit loss ₹ 3,840.84 crore) constituting approximately 83% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets carried at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the standalone financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:	We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL ('ECL Model') that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures carried at amortised cost. Additionally, we have confirmed that adjustments to the output of the ECL model are consistent with the documented rationale and basis for such adjustments and that the amount of adjustments have been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others:

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

S.N.	Key audit matter	Auditors' response
	• Qualitative and quantitative factors used in staging the loan assets carried at amortised cost; • Basis used for estimating probabilities of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') at product level with past trends; • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and • Adjustments to model driven ECL results to address emerging trends. (Refer note 3.4, 9 and 47(c) to the standalone financial statements).	Testing the design and operating effectiveness of the following: • Completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied; • Completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; • Accuracy of the computation of the ECL estimate including reasonableness of the methodology used to determine macro-economic overlays and adjustments to the output of the ECL model; and • Validity of the changes made to the structured query language ('SQL') queries used for the ECL calculations to ensure that the changes made to them are reviewed, documented and duly approved by the designated officials. Test of details on a sample basis in respect of the following: • Accuracy and completeness of the input data such as period of default and other related information used in estimating the PD; • The mathematical accuracy of the ECL computation by using the same input data as used by the Company. • Use of the appropriate SQL queries for calibration of ECL rates and its application to the corresponding loan asset portfolio of the Company or part thereof. • Completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed. • Evaluating the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL model to ensure that the adjustment was in conformity with the overlay amount approved by the Audit Committee of the Company.
2.	Information technology and general controls: The Company is dependent on its information technology ('IT') systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environment. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be a key audit matter.	With the assistance of our IT specialists, we obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: • We tested the design, implementation, and operating effectiveness of the Company's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Company's controls over segregation of duties and access rights being provisioned/modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit. • We also tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to standalone financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the standalone financial statements.

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

Information other than the financial statements and Auditors' report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report (including annexures thereto), Business Responsibility and Sustainability Report ('BRSR') and Management Discussion and Analysis ('MD&A') (collectively referred to as 'other information') but does not include the consolidated financial statements, standalone financial statements, and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of 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 standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' responsibility for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal financial 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 system 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 the 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 standalone financial statements of the current period 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 section 143(3) of the Act, based on our audit on the separate financial statements, 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, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

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

(e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer note no. 41(a) to the standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) 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, 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. Refer note no. 49 to standalone financial statements;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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. Refer note no. 49 to standalone financial statements; and

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, 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 (a) and (b) above, contain any material misstatement.

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

v. The final dividend proposed with respect to previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note no. 44(iii) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. 1 April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

2. As required by the Companies (Auditors' Report) Order, 2020 (the 'Order') issued by the Central Government in terms of section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 23039826BGXRZB1137)

Date: 26 April 2023
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 23048243BGXPQX5564)

Date: 26 April 2023
Place: Pune

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' section of our report of even date)

Report on the internal financial controls with reference to financial statements 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 standalone financial statements of Bajaj Finance Ltd. (the 'Company') as of 31 March 2023 in conjunction with our audit of the standalone 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 with reference to standalone financial statements based on the internal control with reference to standalone financial statements 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 (the 'Guidance Note'). 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 respective 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 standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 standalone 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 system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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.

Meaning of internal financial controls with reference to standalone financial statements

A Company's internal financial controls with reference to standalone 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 standalone financial statements includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure 'A' to the Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 march 2023, based on the criteria for internal financial controls with reference to standalone financial statements established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial reporting issue by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 23039826BGXRZB1137)

Date: 26 April 2023
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 23048243BGXPQX5564)

Date: 26 April 2023
Place: Pune

Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on other legal and regulatory requirements' section of our report of even date to the members of Bajaj Finance Ltd. on the standalone financial statements as at and for the year ended 31 March 2023)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

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

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

(b) The property, plant and equipment, were physically verified during the year by the Management, in accordance with a regular programme of verification which in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on our examination of the documents provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the standalone financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year. Accordingly, paragraph 3(i)(d), of the Order is not applicable to the Company.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is engaged primarily in lending activities and consequently does not hold any physical inventories. Accordingly, paragraph 3(ii)(a) of the Order is not applicable.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate from banks on the basis of security of current assets during the year. In our opinion, the quarterly statements filed with banks are in agreement with the books of account.

(iii) As explained in note no. 1 to the standalone financial statements, the Company is a Deposit-Taking Non-Banking Financial Company ('NBFC') registered with the Reserve Bank of India ('RBI') and as a part of its business activities is engaged in the business of lending across various types of loans.

During the year, in the ordinary course of its business, the Company has made investments in, provided guarantee/security to and granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees/security and loans and advances:

(a) The provisions of paragraph 3(iii)(a) of the Order are not applicable to the Company as its principal business is to give loans;

(b) In our opinion, having regard to the nature of the Company's business, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest;

Annexure 'B' to the Independent Auditors' Report (Contd.)

(c) 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 3.4 to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets with balance as at 31 March 2023, aggregating ₹ 2,175.49 crore were categorised as credit impaired ('Stage 3') and ₹ 2,672.99 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 9 to the standalone financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year end aggregating ₹ 178,089.48 crore, where credit risk has not significantly increased since initial recognition (categorised as 'Stage 1'), delinquencies in the repayment of principal and payment of interest aggregating ₹ 12.76 crore were also identified, albeit of less than 2 days. 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) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year end is ₹ 474.34 crore. Reasonable steps are being taken by the Company for recovery of the principal and interest.

(e) The provisions of paragraph 3(iii)(e) of the Order are not applicable to the Company as its principal business is to give loans.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not advanced loans or made investments in or provided guaranty or security to parties covered by section 185 of the Act and the provisions of section 186 of the Act is not applicable to the Company. Hence reporting under paragraph 3(iv) of the Order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company being NBFC registered with RBI, provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, for the business activities carried out by the Company. Hence reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, cess and other material statutory dues applicable to it, to the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax.

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 any other material statutory dues in arrears as of 31 March 2023, for a period of more than six months from the date they became payable.

Annexure 'B' to the Independent Auditors' Report (Contd.)

(b) The details of statutory dues referred to in sub- paragraph (a) above which have not been deposited with the concerned authorities as on 31 March 2023, on account of dispute are given below:

(₹ in crore)

Name of the statute	Nature of dues	Amount involved	Amount unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15.49	15.49	FY 1995-96 to FY 2002-03 & FY 2006-07 to FY 2008-09	Bombay High Court
Income Tax Act, 1961	Income Tax	0.04	0.04	FY 1995-96, FY 1996-97, FY 1998-99	Income Tax Appellate Tribunal (Pune)
Income Tax Act, 1961	Income Tax	46.87	46.87	FY 2013-14, FY 2015-16, FY 2016-17 and FY 2018-19	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	2,164.00*	2,144.00	FY 2010-11 to June 2017	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	265.49*	258.43	June 2012 to June 2017	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	573.73*	563.73	October 2014 to June 2017	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	10.15*	9.97	FY 2007-08 to September 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	3.86*	3.76	July 2012 to June 2016	Customs, Excise and Service Tax Appellate Tribunal
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.86	0.86	FY 2005-06 to FY 2008-09	Additional Commissioner, Sales Tax
Rajasthan Value Added Tax Act, 2003	Value Added Tax	3.30*	2.00	FY 2008-09 to July 2014	Supreme Court of India
Rajasthan Value Added Tax Act, 2003	Value Added Tax	0.15	0.09	July 2014 to March 2017	VAT Appellate Tribunal
Employees State Insurance Act, 1948	ESIC contribution	4.46	4.46	FY 1999-2000 to FY 2006-07	Employees State Insurance Court
Employees State Insurance Act, 1948	ESIC contribution	0.68	0.68	FY 1991-92 to FY 2002-03	Deputy Director Employee State Insurance Corporation
Goods and Service Tax Act 2017	Goods and Service Tax	0.30	0.30	July 2017	Goods and Service Tax Appellate Tribunal
Goods and Service Tax Act 2017	Goods and Service Tax	30.40*	30.40	July 2017 to March 2020	Office of Joint Commissioner, GST, West Bengal

*Includes interest and penalty

Annexure 'B' to the Independent Auditors' Report (Contd.)

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained.

(d) On the basis of the maturity profile of financial assets and financial liabilities provided in Note 47(a) to the standalone financial statements, financial liabilities maturing within the 12 months following the reporting date (i.e. 31 March 2023) are less than expected recoveries from financial assets during that period. Further, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3(x)(a) of the Order is not applicable.

(b) The Company has not made preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year under review and hence reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under section 143(12) of the Companies Act, 2013, has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedures.

(xii) The Company is not a nidhi company and hence reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements, etc., as required by the applicable accounting standards.

Annexure 'B' to the Independent Auditors' Report (Contd.)

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

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ('RBI Act') and it has obtained the registration.

(b) The Company has conducted the non-banking financial activities with a valid Certificate of Registration ('CoR') from the RBI as per the RBI Act. The Company has not conducted any housing finance activities and is not required to obtain CoR for such activities from the RBI.

(c) The Company is not a Core Investment Company ('CIC') and hence reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group (as defined under Master Direction DNBR.PD.008/03.10.119/2016-17 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) has more than one CIC as part of the group. There are 17 CICs forming part of the group.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, aging and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone 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 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) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx)(a) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

In respect of ongoing projects, the Company has not transferred the unspent Corporate Social Responsibility (CSR) amount as at the balance sheet date out of the amounts that was required to be spent during the year, to a special account till the date of our report. However, the time period for such transfer i.e. 30 days from the end of the financial year as permitted under section 135(6) of the Act, has not elapsed till the date of our report.

Annexure 'B' to the Independent Auditors' Report (Contd.)

(xxi) Based on the review of the audit reports issued by the respective statutory auditors of the subsidiaries, which are companies incorporated in India and to which CARO is applicable, included in the consolidated financial statements, we report that none of these auditors have reported any qualifications or adverse remarks in their CARO report of the respective companies.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 23039826BGXRZB1137)

Date: 26 April 2023
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 23048243BGXPQX5564)

Date: 26 April 2023
Place: Pune

Standalone Balance Sheet

(₹ in crore)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	5	1,191.35	2,872.93
Bank balances other than cash and cash equivalents	6	2,128.11	27.80
Derivative financial instruments	7	146.98	121.90
Trade receivables	8	1,070.21	1,017.11
Loans	9	179,097.12	144,276.25
Investments	10	28,737.85	16,371.82
Other financial assets	11	715.21	464.94
		213,086.83	**165,152.75**
Non-financial assets			
Current tax assets (net)		175.85	158.96
Deferred tax assets (net)	12	919.00	908.40
Property, plant and equipment	13	1,551.96	1,189.77
Capital work-in-progress	13	14.60	13.27
Intangible assets under development	13	64.93	19.41
Intangible assets	13	594.95	408.67
Other non-financial assets	14	116.63	165.35
		3,437.92	**2,863.83**
Total assets		**216,524.75**	**168,016.58**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	7	-	140.02
Payables	15		
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		1.77	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		951.41	750.72
Other payables			
Total outstanding dues of micro enterprises and small enterprises		0.65	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		558.45	313.20
Debt securities	16	65,669.85	59,034.58
Borrowings (other than debt securities)	17	47,894.70	29,870.38
Deposits	18	44,489.79	30,289.13
Subordinated liabilities	19	3,630.29	3,845.77
Other financial liabilities	20	1,121.52	963.60
		164,318.43	**125,207.40**

Standalone Balance Sheet (Contd.)

(₹ in crore)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
Non-financial liabilities			
Current tax liabilities (net)		122.76	79.33
Provisions	21	254.46	162.24
Other non-financial liabilities	22	335.97	511.73
		713.19	**753.30**
Equity			
Equity share capital	23	120.89	120.66
Other equity	24	51,372.24	41,935.22
		51,493.13	**42,055.88**
Total liabilities and equity		**216,524.75**	**168,016.58**
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Standalone Statement of Profit and Loss

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2023	2022
Revenue from operations			
Interest income	25	30,141.84	23,736.06
Fees and commission income	26	4,203.96	2,940.62
Net gain on fair value changes	27	207.85	260.42
Sale of services	28	29.17	43.38
Other operating income	29	1,098.38	891.83
Total revenue from operations		**35,681.20**	**27,872.31**
Other income	30	5.37	6.81
Total income		**35,686.57**	**27,879.12**
Expenses			
Finance costs	31	9,285.23	7,578.58
Fees and commission expense	32	1,934.38	1,782.37
Impairment on financial instruments	33	3,066.46	4,622.06
Employee benefits expense	34	4,573.08	3,224.53
Depreciation and amortisation expenses	13	443.77	354.91
Other expenses	35	2,502.14	1,730.28
Total expenses		**21,805.06**	**19,292.73**
Profit before tax		**13,881.51**	**8,586.39**
Tax expense			
Current tax		3,593.00	2,242.00
Deferred tax (credit)/charge		(1.23)	(6.10)
Total tax expense	12	**3,591.77**	**2,235.90**
Profit after tax		**10,289.74**	**6,350.49**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(33.32)	(4.30)
Tax impact on above		8.38	1.08
Changes in fair value of fair value through OCI (FVOCI) equity instruments		(13.99)	(4.36)
Tax impact on above		3.73	(2.78)
Items that will be reclassified to profit or loss:			
Changes in fair value of FVOCI debt securities		(11.27)	(23.26)
Tax impact on above		2.84	5.86
Cash flow hedge reserve		22.16	83.68
Tax impact on above		(5.58)	(21.06)
Total other comprehensive income for the year (net of tax)		**(27.05)**	**34.86**
Total comprehensive income for the year		**10,262.69**	**6,385.35**

Standalone Statement of Profit and Loss (Contd.)

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2023	2022
Earnings per equity share:	36		
(Nominal value per share ₹ 2)			
Basic (₹)		170.37	105.39
Diluted (₹)		169.51	104.63
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

BAJAJ FINSERV

Standalone Statement of Changes in Equity

Equity share capital

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Balance at the beginning of the year	120.66	120.32
Changes in equity share capital during the year	0.23	0.34
Balance at the end of the year	**120.89**	**120.66**

Other equity

For the year ended 31 March 2023

(₹ in crore)

		Reserves and surplus						Other comprehensive income on			
Particulars	Note No.	Securities premium	Retained earnings	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve	Total other equity
Balance as at 31 March 2022	24	17,217.78	17,961.12	5,642.75	788.51	9.25	397.56	(10.49)	(61.36)	(9.90)	41,935.22
Profit after tax		-	10,289.74	-	-	-	-	-	-	-	10,289.74
Other comprehensive income for the year (net of tax)		-	(24.94)	-	-	-	-	(8.43)	(10.26)	16.58	(27.05)
		17,217.78	**28,225.92**	**5,642.75**	**788.51**	**9.25**	**397.56**	**(18.92)**	**(71.62)**	**6.68**	**52,197.91**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(2,060.00)	2,060.00	-	-	-	-	-	-	-
Dividend paid		-	(1,207.32)	-	-	-	-	-	-	-	(1,207.32)
Share based payment to employees - for the year		-	-	-	-	-	223.76	-	-	-	223.76
Transfer on allotment of shares to employees pursuant to ESOP scheme		65.44	-	-	-	-	(65.44)	-	-	-	-
Transfer on cancellation of stock options		-	-	-	0.42	-	(0.42)	-	-	-	-
		17,283.22	**24,958.60**	**7,702.75**	**788.93**	**9.25**	**555.46**	**(18.92)**	**(71.62)**	**6.68**	**51,214.35**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2022		283.83	-	-	-	-	-	-	-	-	283.83
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		125.94	-	-	-	-	-	-	-	-	125.94
Balance as at 31 March 2023	24	**17,441.11**	**24,958.60**	**7,702.75**	**788.93**	**9.25**	**555.46**	**(18.92)**	**(71.62)**	**6.68**	**51,372.24**

Standalone Statement of Changes in Equity (Contd.)

For the year ended 31 March 2022

(₹ in crore)

		Reserves and surplus						Other comprehensive income on			
Particulars	Note No.	Securities premium	Retained earnings	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve	Total other equity
Balance as at 31 March 2021	24	16,978.45	13,487.19	4,371.75	788.36	9.25	303.25	6.91	(54.22)	(72.52)	35,818.42
Profit after tax		-	6,350.49	-	-	-	-	-	-	-	6,350.49
Other comprehensive income for the year (net of tax)		-	(3.22)	-	-	-	-	(17.40)	(7.14)	62.62	34.86
		16,978.45	**19,834.46**	**4,371.75**	**788.36**	**9.25**	**303.25**	**(10.49)**	**(61.36)**	**(9.90)**	**42,203.77**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(1,271.00)	1,271.00	-	-	-	-	-	-	-
Dividends paid		-	(602.34)	-	-	-	-	-	-	-	(602.34)
Share based payment to employees - for the year		-	-	-	-	-	161.21	-	-	-	161.21
Received on allotment of shares to Trust for employees pursuant to ESOP scheme		369.45	-	-	-	-	-	-	-	-	369.45
Transfer on allotment of shares to employees pursuant to ESOP scheme		66.75	-	-	-	-	(66.75)	-	-	-	-
Transfer on cancellation of stock options		-	-	-	0.15	-	(0.15)	-	-	-	-
		17,414.65	**17,961.12**	**5,642.75**	**788.51**	**9.25**	**397.56**	**(10.49)**	**(61.36)**	**(9.90)**	**42,132.09**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2021		86.96	-	-	-	-	-	-	-	-	86.96
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2022		283.83	-	-	-	-	-	-	-	-	283.83
Balance as at 31 March 2022	24	**17,217.78**	**17,961.12**	**5,642.75**	**788.51**	**9.25**	**397.56**	**(10.49)**	**(61.36)**	**(9.90)**	**41,935.22**

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Standalone Statement of Cash Flows

(₹ in crore)

Particulars		For the year ended 31 March 2023	2022
(I)	**Operating activities**		
	Profit before tax	13,881.51	8,586.39
	Adjustments for:		
	Interest income	(30,141.84)	(23,736.06)
	Depreciation and amortisation	443.77	354.91
	Impairment on financial instruments	3,066.46	4,622.06
	Net loss on disposal of property, plant and equipment and intangible assets	12.65	24.10
	Finance costs	9,285.23	7,578.58
	Share based payment expenses	197.08	141.80
	Net gain on fair value changes	(207.85)	(260.42)
	Service fees for management of assigned portfolio of loans	(29.17)	(43.38)
	Dividend income (₹ 31,125, Previous year ₹ 30,750)		
		(3,492.16)	(2,732.02)
	Cash inflow from interest on loans	29,884.69	24,110.29
	Cash inflow from service asset	61.28	53.06
	Cash outflow towards finance costs	(9,953.33)	(6,483.60)
	Cash generated from operation before working capital changes	**16,500.48**	**14,947.73**
	Working capital changes		
	(Increase)/decrease in bank balances other than cash and cash equivalents	(2,100.31)	(25.69)
	(Increase)/decrease in trade receivables	(80.41)	(323.23)
	(Increase)/decrease in loans	(38,436.92)	(36,609.62)
	(Increase)/decrease in other financial assets	(69.54)	99.82
	(Increase)/decrease in other non-financial assets	45.18	(24.60)
	Increase/(decrease) in trade payables	202.46	84.41
	Increase/(decrease) in other payables	245.90	122.12
	Increase/(decrease) in other financial liabilities	45.47	75.36
	Increase/(decrease) in provisions	58.90	21.38
	Increase/(decrease) in other non-financial liabilities	(175.76)	116.00
		(40,265.03)	(36,464.05)
	Income tax paid (net of refunds)	(3,566.46)	(2,339.34)
	Net cash used in operating activities (I)	**(27,331.01)**	**(23,855.66)**
(II)	**Investing activities**		
	Purchase of property, plant and equipment and capital work-in-progress	(449.23)	(349.95)
	Sale of property, plant and equipment	15.63	17.38
	Purchase of intangible assets and intangible assets under development	(375.97)	(246.81)
	Purchase of investments measured at amortised cost	(148.72)	(9,466.94)
	Proceeds from liquidation of investments measured at amortised cost	5,107.14	4,879.41
	Purchase of investments classified as FVOCI	(21,272.49)	(3,291.40)
	Proceeds from liquidation of investments classified as FVOCI	10,900.36	2,083.84
	Purchase of investments classified as FVTPL	(252,102.38)	(189,905.59)
	Proceeds from liquidation of investments classified as FVTPL	247,971.31	200,402.37
	Purchase of equity investments designated under FVOCI	-	(283.16)
	Dividend received (₹ 31,125, Previous year ₹ 30,750)		
	Interest received on investments	575.54	367.31
	Investment in associate	(92.74)	-
	Investment in subsidiaries	(2,500.00)	(400.00)
	Net cash (used in)/generated from investing activities (II)	**(12,371.55)**	**3,806.46**

Standalone Statement of Cash Flows (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
(III) Financing activities		
Issue of equity share capital (including securities premium)	158.12	172.92
Share based payment recovered from subsidiary	26.67	19.22
Dividends paid	(1,206.86)	(602.63)
Payment of lease liability	(126.91)	(93.97)
Deposits received (net)	13,897.54	4,273.68
Short term borrowing availed (net)	10,855.49	3,049.76
Long term borrowing availed	40,153.15	26,243.58
Long term borrowing repaid	(25,736.22)	(11,512.22)
Net cash generated from financing activities (III)	**38,020.98**	**21,550.34**
Net increase/(decrease) in cash and cash equivalents (I+II+III)	**(1,681.58)**	**1,501.14**
Cash and cash equivalents at the beginning of the year	**2,872.93**	**1,371.79**
Cash and cash equivalents at the end of the year	**1,191.35**	**2,872.93**

- The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

Components of cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2023	2022
Cash and cash equivalents comprises of		
Cash on hand	59.07	53.72
Balance with banks:		
In current accounts	1,132.28	561.20
In fixed deposits (with original maturity of 3 months or less)	-	2,258.01
	1,191.35	**2,872.93**

As per our report of even date

On behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

Rajen Ashar
Partner
Membership number: 048243

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

1 Corporate information

Bajaj Finance Ltd. ('the Company', 'BFL') (Corporate ID No.: L65910MH1987PLC042961) is a company limited by shares, incorporated on 25 March 1987 and domiciled in India. The shares of the Company are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), India. The Company is mainly engaged in the business of lending. BFL has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India. It also accepts public and corporate deposits and offers a variety of financial services products to its customers. The Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business at 4th floor, Bajaj Finserv Corporate Office, Pune, Maharashtra (India). The parent of the Company is Bajaj Finserv Ltd.

The Company is a deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) since 5 March 1998, with Registration No. A-13.00243 and classified as NBFC-Investment and Credit Company (NBFC-ICC) pursuant to circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22 February 2019. 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.

Financial statements were subject to review and recommendation of the Audit Committee and approval of the Board of Directors. On 26 April 2023, the 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 – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions'), notification for Implementation of Indian Accounting Standards issued by RBI 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 in preparation of financial statements (other than Statement of Cash flows) except in case of significant uncertainties [Refer note no. 3.1(i) and 3.1(iii)(a)].

The standalone financial statements are presented in Indian Rupee (INR), which is also the functional currency of the Company, in denomination of crore with rounding off to two decimals as permitted by Schedule III to the Act except where otherwise indicated. The standalone 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 the 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.

2.1 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.

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

2 Basis of preparation (Contd.)

Critical accounting estimates and judgements

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

- Business model assessment [Refer note no. 3.4(i)(a) and 9]
- Fair value of financial instruments (Refer note no. 3.15, 46)
- Impairment of financial assets [Refer note no. 3.4(i), 9 and 47]
- Provisions and contingent liabilities (Refer note no. 3.10 and 41)
- Provision for tax expenses (Refer note no. 3.6)

3 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.

3.1 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 incremental costs and incomes 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. 3.4 (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. 3.4 (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 or 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) Dividend income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) 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. Revenue in case of non-cash consideration is recognised at fair value.

3 Summary of significant accounting policies (Contd.)

(a) Fees and commission income

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 distribution 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 derecognition 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) 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.

(iv) Taxes

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

3.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR [refer note no. 3.1(i)].

(ii) Fees and commission expense

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 on accrual basis net of the goods and services tax, except where credit for the input tax is not statutorily permitted.

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

3 Summary of significant accounting policies (Contd.)

3.3 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.

3.4 Financial instruments

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

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

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

(i) Financial assets

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

Initial measurement

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

- Investment in subsidiaries and associates which are recorded at cost;
- 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 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

(d) Equity instruments designated under FVOCI

(a) <u>Debt instruments at amortised cost</u>

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 Solely 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, 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.

3 Summary of significant accounting policies (Contd.)

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. 3.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

(b) Debt instruments at FVOCI

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

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

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

Investments in government securities to meet regulatory liquid asset requirement of the Company's deposit program are classified as FVOCI.

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

(c) Debt instruments at FVTPL

The Company classifies its debt instruments 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 incomes are 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. Gains and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

(d) Equity instruments designated under FVOCI

Equity instruments covered under Ind AS 109 'Financial instruments' are measured at fair value. In limited circumstances such as insufficiency of recent information or where fair value measurements could represent a wide range, cost of investment is assumed to be an appropriate estimate of fair value.

The Company has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

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

3 Summary of significant accounting policies (Contd.)

Derecognition of financial assets

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

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

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset, it recognises either a service asset or a service 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 for sale of portfolios which doesn't affect the business model of the Company.

Reclassification of financial assets

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

Impairment of financial assets

(I) 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.

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.

3 Summary of significant accounting policies (Contd.)

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

(a) Credit impaired (stage 3)

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

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

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

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

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

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

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

One time restructuring (OTR) of loan accounts was permitted by RBI vide circulars dated 6 August 2020 'resolution framework for COVID-19 related stress' and 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and circulars dated 5 May 2021 'Resolution Framework – 2.0: Resolution 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 suggesting 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 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.

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

3 Summary of significant accounting policies (Contd.)

(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 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 in 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, except where this informations does not represent the future outcome. Further, the Company assesses 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. 47.

(II) Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables falling under the scope of Ind AS 115. 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 falling under the scope of Ind AS 115. 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 historically 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 profit or loss.

3 Summary of significant accounting policies (Contd.)

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method [Refer note no 3.1(i)]. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

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

(iii) Offsetting of financial instruments

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

3.5 Investment in subsidiaries and associates

Investment in subsidiaries and associates are recognised at cost and are not adjusted to fair value at the end of each reporting period as allowed by Ind AS 27 'Separate financial statement'. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period if there are any indications of impairment on such investments. 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.

3.6 Taxes

(i) Current 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 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 recognised 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 other equity.

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

3 Summary of significant accounting policies (Contd.)

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

3.7 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 prorata 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

(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.

3 Summary of significant accounting policies (Contd.)

3.8 Intangible assets and amortisation thereof

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

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

3.9 Impairment of 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.

3.10 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 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.

3.11 Foreign currency translation

Initial recognition

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

Conversion

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

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss or Other Comprehensive Income as permitted under the relevant Ind AS.

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

3 Summary of significant accounting policies (Contd.)

3.12 Retirement and other employee benefits

(i) Defined benefit plans

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions by the Company, into an entity, or fund from which the employee benefits are paid. The Company is liable to make differential payment for any shortfall between defined benefit payments and the contribution made by the Company.

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. (BALIC). However, any deficits in plan assets managed by LIC and BALIC as compared to actuarial liability determined by an appointed actuary using the projected unit credit method are recognised as a liability. Gains and 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

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity 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. The Company contributes into following schemes under defined contribution plans:

Superannuation

Defined contribution to superannuation fund is made as per the scheme of the Company.

Provident fund

Each eligible employee and the Company make contribution at a percentage of the basic salary specified under the Employee Provident Funds and Miscellaneous Provisions Act, 1952. The Company recognises contributions payable to the Provident fund scheme as an expenditure when the employees render the related service. The Company has no further obligations under the plan beyond its periodic contributions.

Employees' state insurance

The Company contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(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.

3 Summary of significant accounting policies (Contd.)

3.13 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 fulfillment 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.

3.14 Leases

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

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.

3.15 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. 46.

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

3 Summary of significant accounting policies (Contd.)

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

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

3.16 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Company are Cross Currency Interest Rate Swaps (CCIRS). Derivative contracts are initially recognised at fair value on the date of entering into contract and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gains/losses are recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument. For hedging instrument, the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship.

The Company designates its CCIRS derivatives as cash flow hedges of a recognised liability. The Company recognises derivatives with a positive fair value as a financial asset and derivatives with a negative fair value as a financial liability.

Hedge accounting

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows 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.

Cash flow hedge

Hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss.

When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

3 Summary of significant accounting policies (Contd.)

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in OCI is subsequently transferred to the statement of profit and loss on ultimate recognition of the underlying hedged forecast transaction. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

3.17 Statement of cash flows

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 borrowings in which the turnover is quick, the amounts are large, and the maturities are short are defined as short term borrowings and shown on net basis in the statement of cash flows. Such items include commercial papers, cash credit, overdraft facility, working capital demand loan and triparty repo dealing and settlement. All other borrowings are terms as long term borrowings. Cash flows from deposits are shown on net basis as permitted under Ind AS 7.

3.18 Dividend on equity shares

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in other equity.

3.19 Earning 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 Recent Accounting 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 period starting 01 April 2023:

Ind AS 107 - Financial instruments : Disclosures

This amendment adds to the amendments in Ind AS 1 and specifies that material accounting policy information needs to be disclosed. It also specifies that information about the measurement basis (or bases) used for financial instruments is expected to be material information. Prior to the amendment, Ind AS 107 required an entity to disclose significant accounting policies, comprising the measurement basis (or bases) and other accounting policies used that are relevant to an understanding of the financial statements. Consequential changes have been carried out in Appendix B - Application Guidance. The said amendment does not have any material impact on the Company's financial statements.

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

4 Recent Accounting Pronouncements (Contd.)

Ind AS 1 - Presentation of financial statements

This amendment aims 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 policy information' and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107. The Company is currently assessing its accounting policy information disclosures to ensure consistency with the amended requirements.

Ind AS 8 - Accounting policies, changes in accounting estimates and errors

This amendment provides a clear definition of accounting estimates and clarifies the distinction between changes in accounting estimates and changes in accounting policies/correction of errors. It also, explains the difference between estimation techniques and valuation techniques by way of examples to provide clarity. The said amendment is not expected to have a material impact on the Company's financial statements.

Ind AS 12 - Income taxes

This amendment narrows 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 Company is currently assessing the impact of the amendments.

Ind AS 34 - Interim financial reporting

This amendment substitutes the words 'significant accounting policies' with the words 'material accounting policy information' consequential to the amendments to Ind AS 1 as stated above. The Company is currently assessing the impact on the financial statements.

5 Cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2023	2022
Cash on hand	59.07	53.72
Balance with banks:		
In current accounts	1,132.28	561.20
In fixed deposits (with original maturity of 3 months or less)	-	2,258.01
	1,191.35	2,872.93

6 Bank balances other than cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2023	2022
Fixed deposits (with original maturity more than 3 months)		
Encumbered*	1,003.58	-
Unencumbered	1,030.20	0.28
Earmarked balance with banks:		
Against unclaimed dividend	2.25	1.79
Against unspent CSR	14.46	-
Escrow account balance	77.62	25.73
	2,128.11	27.80

*Include ₹ 1,000 crore (Previous year ₹ Nil) pledged towards floating charge in favour of trustees representing the public deposit holders of the Company towards maintenance of liquid assets as prescribed by RBI Act, 1934.

7 Derivative financial instruments (at FVTPL)

(₹ in crore)

Particulars	As at 31 March 2023		
	Notional amounts	Fair value asset	Fair value liability
Cross currency interest rate swaps:			
Cash flow hedge	1,299.50	146.98	-
	1,299.50	146.98	-

(₹ in crore)

Particulars	As at 31 March 2022		
	Notional amounts	Fair value asset	Fair value liability
Cross currency interest rate swaps:			
Cash flow hedge	5,382.16	121.90	140.02
	5,382.16	121.90	140.02

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging of foreign currency borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved. Refer note no. 47(b) (iii) for foreign currency risk.

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

8 Trade receivables

(₹ in crore)

Particulars	As at 31 March 2023	2022
Considered good - unsecured		
Interest subsidy	671.45	677.16
Fees, commission and others	324.04	237.92
Service asset	79.03	102.03
	1,074.52	1,017.11
Less : Impairment loss allowance	4.31	-
	1,070.21	1,017.11

-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 (Gross) aging

(₹ in crore)

Particulars	Not due	Unbilled due	Outstanding from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023								
Undisputed trade receivables – considered good	714.40	44.85	315.27	-	-	-	-	1,074.52
As at 31 March 2022								
Undisputed trade receivables – considered good	666.41	-	350.70	-	-	-	-	1,017.11

9 Loans

(₹ in crore)

Particulars		At amortised cost As at 31 March 2023	As at 31 March 2022
(A)	**Loans**		
	Term loans*	182,684.66	148,213.09
	Credit substitutes#	253.30	-
		182,937.96	148,213.09
	Less: Impairment loss allowance	3,840.84	3,936.84
Total - Net (A)		179,097.12	144,276.25
(B)	**Out of above**		
(I)	**Secured by tangible assets**		
	Against hypothecation of automobiles, equipments, durables, plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	81,237.65	63,348.01
	Less: Impairment loss allowance	1,217.82	1,666.72
	Total (I)	80,019.83	61,681.29
(II)	**Unsecured**	101,700.31	84,865.08
	Less: Impairment loss allowance	2,623.02	2,270.12
	Total (II)	99,077.29	82,594.96
Total (B) = (I+II)		179,097.12	144,276.25
(C)	**Out of above**		
(I)	**Loans in India**		
(i)	Public sector	-	-
	Less: Impairment loss allowance	-	-
	Sub-total (i)	-	-
(ii)	Others	182,937.96	148,213.09
	Less: Impairment loss allowance	3,840.84	3,936.84
	Sub-total (ii)	179,097.12	144,276.25
Total (I) = (i+ii)		179,097.12	144,276.25
(II)	**Loans outside India**	-	-
Total (C) = (I+II)		179,097.12	144,276.25

*Includes receivables from related parties ₹ Nil (Previous year ₹ 50.01 crore).

#Subscription to debentures which, in substance, are made with the intent of giving loan have been classified as Credit Substitutes. This classification results in a better presentation of the substance of such transactions.

-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.

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

9 Loans (Contd.)

Summary of EIR impact on loans

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Total gross loan	185,020.39	149,955.73
Less: EIR impact	2,082.43	1,742.64
Total for gross term loan net of EIR impact	182,937.96	148,213.09

Summary of loans by stage distribution

Term loans

(₹ in crore)

	As at 31 March 2023				As at 31 March 2022			
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	178,089.48	2,672.99	2,175.49	182,937.96	141,969.01	3,256.94	2,987.14	148,213.09
Less: Impairment loss allowance	1,597.05	854.92	1,388.87	3,840.84	1,246.44	951.24	1,739.16	3,936.84
Net carrying amount	176,492.43	1,818.07	786.62	179,097.12	140,722.57	2,305.70	1,247.98	144,276.25

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

(₹ in crore)

	For the year ended 31 March 2023							
	Stage 1		Stage 2		Stage 3		Total	
Particulars	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2022	141,969.01	1,246.44	3,256.94	951.24	2,987.14	1,739.16	148,213.09	3,936.84
Transfers during the year								
transfers to stage 1	544.38	109.38	(409.93)	(59.97)	(134.45)	(49.41)	-	-
transfers to stage 2	(1,772.24)	(31.12)	1,821.53	50.35	(49.29)	(19.23)	-	-
transfers to stage 3	(2,706.55)	(43.82)	(1,401.97)	(401.09)	4,108.52	444.91	-	-
	(3,934.41)	34.44	9.63	(410.71)	3,924.78	376.27	-	-
Impact of changes in credit risk on account of stage movements	-	(99.27)	-	518.48	-	3,736.11	-	4,155.32
Changes in opening credit exposures (repayments net of additional disbursements)	(69,036.62)	(129.54)	(1,173.38)	(408.15)	(2,044.01)	(1,600.83)	(72,254.01)	(2,138.52)
New credit exposures during the year, net of repayments	109,091.50	544.98	579.80	204.06	634.17	464.75	110,305.47	1,213.79
Amounts written off during the year	-	-	-	-	(3,326.59)	(3,326.59)	(3,326.59)	(3,326.59)
As at 31 March 2023	178,089.48	1,597.05	2,672.99	854.92	2,175.49	1,388.87	182,937.96	3,840.84

9 Loans (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2021	108,365.09	967.30	6,065.35	1,435.16	2,611.65	1,549.69	117,042.09	3,952.15
Transfers during the year								
transfers to stage 1	854.09	144.06	(780.38)	(118.86)	(73.71)	(25.20)	-	-
transfers to stage 2	(2,489.81)	(23.18)	2,534.06	36.78	(44.25)	(13.60)	-	-
transfers to stage 3	(3,860.16)	(80.73)	(3,557.35)	(765.48)	7,417.51	846.21	-	-
	(5,495.88)	40.15	(1,803.67)	(847.56)	7,299.55	807.41	-	-
Impact of changes in credit risk on account of stage movements	-	(203.73)	-	320.99	-	5,181.67	-	5,298.93
Changes in opening credit exposures (repayments net of additional disbursements)	(49,764.01)	(107.01)	(1,485.13)	(99.96)	(2,767.89)	(1,498.90)	(54,017.03)	(1,705.87)
New credit exposures during the year, net of repayments	88,863.81	549.73	480.39	142.61	581.91	437.37	89,926.11	1,129.71
Amounts written off during the year	-	-	-	-	(4,738.08)	(4,738.08)	(4,738.08)	(4,738.08)
As at 31 March 2022	141,969.01	1,246.44	3,256.94	951.24	2,987.14	1,739.16	148,213.09	3,936.84

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

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
(i) Net impairment loss allowance charge/(release) for the year	(96.00)	(15.31)
(ii) Amounts written off during the year	3,326.59	4,738.08
Impairment on loans	3,230.59	4,722.77
Less : Claimable amount under CGTMSE, ECLGS and other arrangements	200.74	101.55
Add: Impairment on other assets	36.61	0.84
Impairment on financial instruments	3,066.46	4,622.06

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

10 Investments

(₹ in crore)

Particulars	As at 31 March 2023	2022
(A) At amortised cost		
In pass through certificates (PTC) representing securitisation of loan receivables	129.11	-
In Government securities*	-	5,125.74
	129.11	5,125.74
Less: Impairment loss allowance	0.52	-
Total (A)	128.59	5,125.74
*Includes ₹ Nil (Previous year ₹ 2,348.07 crore) pledged in favour of Credit Corporation of India Ltd. for triparty repo dealing and settlement (TREPs).		
(B) At fair value through other comprehensive income		
(i) In Government securities#	14,166.57	4,894.17
Add: Fair value gain/(losses)	(27.49)	(14.03)
Sub-total (i)	14,139.08	4,880.14
#Includes ₹ 4,201.15 crore (Previous year ₹ 3,917.82 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Company towards maintenance of liquid assets as prescribed by RBI Act, 1934 and ₹ 9,348.47 crore (Previous year ₹ 876.75 crore) pledged in favour of Credit Corporation of India Ltd. for triparty repo dealing and settlement (TREPs).		
(ii) In equity instruments		
Equity shares (Quoted)	150.00	150.00
Add: Fair value gain/(losses)	(89.60)	(94.27)
	60.40	55.73
Equity shares (Unquoted)	299.58	299.58
Add: Fair value gain/(losses)	0.10	28.68
	299.68	328.26
Compulsorily convertible term loan	280.47	280.47
Add: Fair value gain/(losses)	9.94	-
	290.41	280.47
Sub-total (ii)	650.49	664.46
(iii) In certificate of deposits	565.10	-
Add: Fair value gain/(losses)	1.16	-
Sub-total (iii)	566.26	-
(iv) In commercial papers	596.19	-
Add: Fair value gain/(losses)	1.04	-
Sub-total (iv)	597.23	-
Total (B) = (i+ii+iii+iv)	15,953.06	5,544.60
(C) At fair value through profit or loss		
In mutual funds	4,356.00	3.07
Add: Fair value gains/(losses)	9.08	0.03
Total (C)	4,365.08	3.10
(D) At cost		
Investment in subsidiaries		
Bajaj Housing Finance Ltd.	7,528.00	5,028.00
Bajaj Financial Securities Ltd.	670.38	670.38
Investment in associate		
Snapwork Technologies Pvt. Ltd.	92.74	-
Total (D)	8,291.12	5,698.38
Total (A+B+C+D)	28,737.85	16,371.82

10 Investments (Contd.)

(₹ in crore)

Particulars	As at 31 March 2023	2022
Out of Above		
In India	28,737.85	16,371.82
Outside India	-	-
	28,737.85	16,371.82

- Impairment loss allowance recognised on investments is ₹ Nil except where specified.

11 Other financial assets

(₹ in crore)

Particulars	As at 31 March 2023	2022
Security deposits	84.97	66.45
Advances to dealers	252.42	113.32
Receivable from government guarantee schemes	190.69	143.20
Receivable from debt management agencies	94.77	89.65
Others	94.47	52.32
	717.32	464.94
Less : Impairment loss allowance	2.11	-
	715.21	464.94

12 Deferred tax assets (net)

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

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Profit before tax	13,881.51	8,586.39
At corporate tax rate of 25.17% (Previous year 25.17%)	3,493.98	2,161.19
Tax on expenditure not considered for tax provision (net of allowance)	102.61	79.58
Tax benefit on additional deductions	(4.82)	(4.87)
Tax expense (effective tax rate of 25.874%, Previous year 26.040%)	3,591.77	2,235.90

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

12 Deferred tax assets (net) (Contd.)

Movement in Deferred tax asset/(liability)
For the financial year 2022-23

(₹ in crore)

Particulars	Balance as at 31 March 2022	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2023
(a) Deferred tax assets				
Property, plant and equipment and intangible assets	3.29	(3.29)	-	-
Remeasurements of employee benefits	41.83	14.83	8.38	65.04
Expected credit loss	869.21	0.65	-	869.86
EIR impact on financial instruments measured at amortised cost	2.45	(1.00)	-	1.45
Cash flow hedge reserve	3.34	-	(3.34)	-
Fair value on equity instruments designated under FVOCI	4.23	-	3.73	7.96
Right of use assets and lease liability (net)	9.44	3.12	-	12.56
Fair value on debt instruments designated under FVOCI	3.53	-	2.84	6.37
Other temporary differences	1.74	-	-	1.74
Gross deferred tax assets (a)	939.06	14.31	11.61	964.98
(b) Deferred tax liabilities				
Property, plant and equipment and intangible assets	-	(12.81)	-	(12.81)
Service asset on assigned loans	(25.68)	5.79	-	(19.89)
Fair value on debt instruments at FVTPL	-	(2.21)	-	(2.21)
Cash flow hedge reserve	-	-	(2.24)	(2.24)
Other temporary differences	(4.98)	(3.85)	-	(8.83)
Gross deferred tax liabilities (b)	(30.66)	(13.08)	(2.24)	(45.98)
Deferred tax assets/(liabilities), net (a+b)	908.40	1.23	9.37	919.00

12 Deferred tax assets (net) (Contd.)

For the financial year 2021-22

(₹ in crore)

Particulars	Balance as at 31 March 2021	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2022
(a) Deferred tax assets				
Property, plant and equipment and intangible assets	-	3.29	-	3.29
Remeasurements of employee benefits	34.09	6.66	1.08	41.83
Expected credit loss	869.21	-	-	869.21
EIR impact on financial instruments measured at amortised cost	5.72	(3.27)	-	2.45
Cash flow hedge reserve	24.40	-	(21.06)	3.34
Fair value on equity instruments designated under FVOCI	7.01	-	(2.78)	4.23
Right of use assets and lease liability (net)	8.01	1.43	-	9.44
Fair value on debt instruments designated under FVOCI	-	-	3.53	3.53
Other temporary differences	7.65	(5.91)	-	1.74
Gross deferred tax assets (a)	956.09	2.20	(19.23)	939.06
(b) Deferred tax liabilities				
Property, plant and equipment and intangible assets	(0.35)	0.35	-	-
Service asset on assigned loans	(25.72)	0.04	-	(25.68)
Fair value on debt instruments at FVTPL	(6.15)	6.15	-	-
Fair value on debt instruments designated under FVOCI	(2.33)	-	2.33	-
Other temporary differences	(2.33)	(2.65)	-	(4.98)
Gross deferred tax liabilities (b)	(36.88)	3.89	2.33	(30.66)
Deferred tax assets/(liabilities), net (a+b)	919.21	6.09	(16.90)	908.40

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

13 (A) Property, plant and equipment and intangible assets

For the financial year 2022-23

(₹ in crore)

Particulars	Gross block				Depreciation and amortisation				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)									
Freehold land (b) (e)	196.59	75.32	-	271.91	-	-	-	-	271.91
Buildings (c) (e)	245.81	13.41	-	259.22	65.54	-	3.55	69.09	190.13
Computers	290.59	151.81	48.26	394.14	153.40	37.43	63.69	179.66	214.48
Office equipment	206.00	47.03	4.59	248.44	136.56	4.52	34.02	166.06	82.38
Furniture and fixtures	187.29	36.27	8.54	215.02	81.31	6.11	18.40	93.60	121.42
Vehicles	126.96	105.16	14.01	218.11	35.41	7.62	21.72	49.51	168.60
Leasehold improvements	212.75	22.44	4.43	230.76	173.25	4.37	27.42	196.30	34.46
Right-of-use - Premises (e)	530.24	240.76	59.70	711.30	181.53	53.22	135.58	263.89	447.41
Right-of-use - Server	30.15	5.54	0.18	35.51	9.61	0.18	4.91	14.34	21.17
Sub-total	**2,026.38**	**697.74**	**139.71**	**2,584.41**	**836.61**	**113.45**	**309.29**	**1,032.45**	**1,551.96**
Intangible assets (d)									
Computer softwares	498.22	186.25	35.31	649.16	225.00	25.62	99.59	298.97	350.19
Internally generated software (f)	144.21	144.20	-	288.41	8.76	-	34.89	43.65	244.76
Sub-total	**642.43**	**330.45**	**35.31**	**937.57**	**233.76**	**25.62**	**134.48**	**342.62**	**594.95**
Total	**2,668.81**	**1,028.19**	**175.02**	**3,521.98**	**1,070.37**	**139.07**	**443.77**	**1,375.07**	**2,146.91**

For the financial year 2021-22

(₹ in crore)

Particulars	Gross block				Depreciation and amortisation				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)									
Freehold land (b) (e)	105.47	91.12	-	196.59	-	-	-	-	196.59
Buildings (c) (e)	211.10	34.71	-	245.81	62.52	-	3.02	65.54	180.27
Computers	232.63	92.97	35.01	290.59	126.23	22.85	50.02	153.40	137.19
Office equipment	196.71	13.50	4.21	206.00	108.17	4.02	32.41	136.56	69.44
Furniture and fixtures	207.77	10.45	30.93	187.29	77.45	2.19	6.05	81.31	105.98
Vehicles	87.26	54.10	14.40	126.96	31.32	7.89	11.98	35.41	91.55
Leasehold improvements	178.98	34.79	1.02	212.75	118.63	0.99	55.61	173.25	39.50
Right-of-use - Premises (e)	394.85	198.43	63.04	530.24	138.63	55.98	98.88	181.53	348.71
Right-of-use - Server	29.27	5.00	4.12	30.15	8.65	4.12	5.08	9.61	20.54
Sub-total	**1,644.04**	**535.07**	**152.73**	**2,026.38**	**671.60**	**98.04**	**263.05**	**836.61**	**1,189.77**
Intangible assets (d)									
Computer softwares	494.09	127.18	123.05	498.22	239.33	97.43	83.10	225.00	273.22
Internally generated software (f)	-	144.21	-	144.21	-	-	8.76	8.76	135.45
Sub-total	**494.09**	**271.39**	**123.05**	**642.43**	**239.33**	**97.43**	**91.86**	**233.76**	**408.67**
Total	**2,138.13**	**806.46**	**275.78**	**2,668.81**	**910.93**	**195.47**	**354.91**	**1,070.37**	**1,598.44**

(a) See note no. 3.7 and 3.14
(b) Represents share in undivided portion of land on purchase of office premises.
(c) Includes cost of shares in co-operative society of ₹ 500 (Previous year ₹ 500).
(d) See note no. 3.8
(e) Title deeds of all immovable properties and lease agreements for all the leased premises are held in the name of the Company.
(f) Includes directly attributable employees emoluments of ₹ 67.52 crore (Previous year ₹ 53.59 crore).

13 (B) Capital work-in-progress and Intangible assets under development

Capital work-in-progress

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	13.27	7.07
Additions	1.33	6.20
Deductions/Adjustments	-	-
Closing balance	14.60	13.27

Aging for capital work-in-progress

(₹ in crore)

Particulars	As at	Amount for a period of: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 March 2023	1.33	6.20	7.07	-	14.60
Projects in progress	31 March 2022	6.20	7.07	-	-	13.27

Intangible assets under development

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	19.41	43.99
Additions*	395.39	290.80
Deductions/Adjustments	349.87	315.38
Closing balance	64.93	19.41

Aging for intangible assets under development

(₹ in crore)

Particulars	As at	Amount for a period of: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 March 2023	64.93	-	-	-	64.93
Projects in progress	31 March 2022	19.41	-	-	-	19.41

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

*Includes directly attributable employees emoluments of ₹ 25.54 crore (Previous year ₹ 4.63 crore).

14 Other non-financial assets

(₹ in crore)

Particulars	As at 31 March 2023	2022
Capital advances	36.01	39.55
Deposits against appeals	40.11	40.09
Advances to suppliers and others	40.51	85.71
	116.63	165.35

-Impairment loss allowance recognised on other non financial assets is ₹ Nil (Previous year ₹ Nil).

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

15 Payables

(₹ in crore)

Particulars	As at 31 March 2023	2022
(I) Trade payables		
Total outstanding dues of micro enterprises and small enterprises (MSME)#	1.77	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	951.41	750.72
	953.18	750.72
(II) Other payables		
Total outstanding dues of micro enterprises and small enterprises#	0.65	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	558.45	313.20
	559.10	313.20

Based on and to the extent of 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	2022
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	2.42	-
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	43.90	81.75
Interest paid to suppliers under MSMED Act (section 16)	0.75	0.46
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

Trade payables aging

(₹ in crore)

Particulars	Not due	Unbilled due	Outstanding from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023							
(i) MSME	1.17	-	0.60	-	-	-	1.77
(ii) Others	38.03	853.85	59.02	0.39	0.12	-	951.41
	39.20	853.85	59.62	0.39	0.12	-	953.18
As at 31 March 2022							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	39.31	610.55	100.29	0.44	0.13	-	750.72
	39.31	610.55	100.29	0.44	0.13	-	750.72

16 Debt securities

(₹ in crore)

Particulars		As at 31 March 2023	2022
A.	**At amortised cost**		
	Redeemable non-convertible debentures		
	Secured and fully paid*	48,811.87	47,288.30
	Unsecured and fully paid	6,262.16	1,710.68
	Unsecured and partly paid	372.79	3,609.55
		55,446.82	52,608.53
	Commercial papers - Unsecured	10,223.03	6,426.05
		65,669.85	59,034.58
B.	**Out of above**		
	In India	65,669.85	59,034.58
	Outside India	-	-
		65,669.85	59,034.58

* All the secured non-convertible debentures (NCD) of the Company including those issued during the year ended 31 March 2023 are fully secured by hypothecation of book debts/loan receivables to the extent as stated in the respective information memorandum. Additionally, the Company had mortgaged one of its offices in Chennai on pari passu charge against specific secured NCDs issued till November 2020. The Company has, at all times, for the secured NCDs, maintained sufficient asset cover as stated in the respective information memorandum towards the principal amount, interest accrued thereon, and such other sums as mentioned therein.

C. Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2023

(₹ in crore)

	Residual maturity of loan				
Original maturity of loan	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in More than 3 years	Total
Redeemable at par					
Up to 2 years	6,165.00	750.00	-	-	6,915.00
Over 2 to 3 years	2,325.00	4,350.00	1,510.00	-	8,185.00
Over 3 to 4 years	270.00	2,350.00	5,100.00	-	7,720.00
Over 4 years	1,981.00	4,225.00	2,302.00	20,262.50	28,770.50
Redeemable at premium					
Over 2 to 3 years	950.00	-	-	-	950.00
Over 3 to 4 years	75.00	-	906.00	-	981.00
Interest accrued	1,799.02	-	65.02	-	1,864.04
Impact of EIR (including premium and discount on NCD)					61.28
					55,446.82

-Interest rate ranges from 4.90% to 9.36% as at 31 March 2023.
-Amount to be called and paid is ₹ 350 crore each in June 2023, May 2024, May 2025 and June 2026.

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

16 Debt securities (Contd.)

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

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in More than 3 years	Total
Redeemable at par					
Up to 2 years	2,105.00	6,165.00	-	-	8,270.00
Over 2 to 3 years	6,360.00	2,325.00	3,530.00	-	12,215.00
Over 3 to 4 years	2,456.00	270.00	2,350.00	-	5,076.00
Over 4 years	337.00	1,981.00	4,225.00	12,045.00	18,588.00
Redeemable at premium					
Over 2 to 3 years	900.00	950.00	-	-	1,850.00
Over 3 to 4 years	2,974.00	75.00	-	406.00	3,455.00
Over 4 years	3.80	-	-	-	3.80
Interest accrued	2802.84	38.73	-	3.22	2,844.79
Impact of EIR (including premium and discount on NCD)					305.94
					52,608.53

-Interest rate ranges from 4.66% to 9.36% as at 31 March 2022.
-Amount to be called and paid is ₹ 915 crore in Nov 2022.

D. Terms of repayment of commercial papers

(₹ in crore)

Particulars	As at 31 March 2023	2022
Redeemable at par with original maturity up to 1 year		
- Due within 1 year	10,225.22	6,426.60
Impact of EIR	(2.19)	(0.55)
	10,223.03	6,426.05

-Interest rate ranges from 5.30% to 8.00% p.a as at 31 March 2023 (Previous year 4.05% to 4.90% p.a).
-As at 31 March 2023, face value of commercial paper is ₹ 10,445 crore (Previous year ₹ 6,475 crore).

17 Borrowings (other than debt securities)

(₹ in crore)

Particulars		As at 31 March 2023	As at 31 March 2022
(A)	**In India**		
	At amortised cost:		
	Term loans from banks	36,230.84	21,308.08
	Cash credit/Overdraft facility	304.57	290.70
	Working capital demand loans	1,752.48	750.00
	Triparty repo dealing and settlement (TREPs) against Government securities	8,145.36	1,999.16
		46,433.25	24,347.94
	Outside India		
	At amortised cost:		
	External commercial borrowing*	1,461.45	5,522.44
		1,461.45	5,522.44
(B)	**Out of above**		
	Secured (Against hypothecation of loans, book debts)	47,394.65	29,870.38
	Unsecured	500.05	-
		47,894.70	29,870.38

*ECB is denominated in foreign currency and secured against book debts.

- The Company has not been declared a wilful Defaulters by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

(C) Terms of repayment of term loans from bank as at 31 March 2023

	Residual maturity of loan									
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 year		Total	
Original maturity of loan	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										
Up to 3 years	10	1,090.91	-	-	-	-	-	-	10	1,090.91
Over 3 to 4 years	25	940.00	28	1,240.00	16	550.00	8	271.88	77	3,001.88
Over 4 years	29	1,640.17	16	470.00	9	185.00	7	109.38	61	2,404.55
Half yearly										
Up to 3 years	2	200.00	2	200.00	1	100.00	-	-	5	500.00
Over 3 to 4 years	6	375.00	8	708.32	8	708.32	8	708.36	30	2,500.00
Over 4 years	31	2,088.56	37	2,730.10	42	3,855.10	63	7,137.33	173	15,811.09
Yearly										
Over 3 to 4 years	5	492.50	4	431.25	-	-	-	-	9	923.75
Over 4 years	8	915.00	6	698.33	5	683.33	11	1,683.34	30	3,980.00
On maturity (Bullet)										
Up to 3 years	3	1,250.00	4	870.00	2	1,500.00	-	-	9	3,620.00
Over 3 to 4 years	-	-	2	1,900.00	1	499.74	-	-	3	2,399.74
Interest accrued		2.97		-		-		-		2.97
Impact of EIR										(4.05)
										36,230.84

-Interest rate ranges from 5.65% to 8.96% p.a as at 31 March 2023.

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

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

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

	Residual maturity of loan									
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 year		Total	
Original maturity of loan	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										
Up to 3 years	16	1,481.82	10	1,090.91	-	-	-	-	26	2,572.73
Over 3 to 4 years	12	426.25	13	515.00	16	815.00	4	125.00	45	1,881.25
Over 4 years	25	1,649.51	29	1,640.17	16	470.00	16	294.37	86	4,054.05
Half yearly										
Over 4 years	20	1,013.90	19	1,116.45	17	966.45	33	2,528.20	89	5,625.00
Yearly										
Over 3 to 4 years	5	417.50	5	492.50	4	431.25	-	-	14	1,341.25
Over 4 years	6	477.50	5	415.00	3	198.33	4	366.66	18	1,457.49
On maturity (Bullet)										
Up to 3 years	-	-	3	1,250.00	3	770.00	-	-	6	2,020.00
Over 3 to 4 years	-	-	-	-	2	1,900.00	-	-	2	1,900.00
Over 4 years	2	465.00	-	-	-	-	-	-	2	465.00
Interest accrued		0.99		-		-		-		0.99
Impact of EIR										(9.68)
										21,308.08

-Interest rate ranges from 5% to 7.12% p.a as at 31 March 2022.

(D) Terms of repayment of working capital demand loans from bank

	As at 31 March 2023		As at 31 March 2022	
Particulars	Total no. of Installments	₹ in crore	Total no. of Installments	₹ in crore
On maturity (Bullet)				
Up to 1 year	6	1,752.34	3	750.00
Interest accrued		0.14		-
	6	1,752.48	3	750.00

-Interest rate ranges from 7% p.a to 8.35% p.a as at 31 March 2023 (Previous year 4.35% p.a to 7.05%).

(E) Terms of repayment of TREPs

	As at 31 March 2023		As at 31 March 2022	
Particulars	Total no. of Installments	₹ in crore	Total no. of Installments	₹ in crore
On maturity (Bullet)				
Up to 1 year	20	8,145.36	9	1,999.16
	20	8,145.36	9	1,999.16

-Interest rate ranges from 6.76% p.a to 6.99% p.a as at 31 March 2023 (Previous year 3.35% p.a to 3.85% p.a).

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

(F) Terms of repayment of external commercial borrowing

Particulars	As at 31 March 2023 Total no. of Installments	As at 31 March 2023 ₹ in crore	As at 31 March 2022 Total no. of Installments	As at 31 March 2022 ₹ in crore
Due within 1 year				
Original maturity over 2 to 3 years	1	822.17	13	4,185.25
Original maturity over 3 years	1	616.63	-	-
Due in 1 to 2 year				
Original maturity over 2 to 3 years	-	-	1	758.07
Original maturity over 3 years	-	-	1	568.55
Interest Accrued		24.14		23.24
Impact of EIR		(1.49)		(12.67)
	2	1,461.45	15	5,522.44

-Contracted Interest rate ranges from 5.33% p.a to 5.76% p.a as at 31 March 2023 (Previous year 0.65% p.a to 1.22% p.a).

-Interest rate ranges from 5.85% to 6.70% p.a under Cross currency interest rate swap (CCIRS) as at 31 March 2023 (Previous year 5.85% p.a to 7.68% p.a).

18 Deposits (Unsecured)

(A) At amortised cost

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Public deposits*	28,303.10	21,184.07
From others	16,186.69	9,105.06
	44,489.79	30,289.13

*As defined in chapter II, para 3 (xiii) of Master directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 as issued by RBI.

(B) Terms of repayment of deposits as at 31 March 2023

(₹ in crore)

Original maturity of deposits	Residual maturity of deposits: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	11,137.16	-	-	-	11,137.16
Over 1 to 2 years	5,453.75	3,237.35	-	-	8,691.10
Over 2 to 3 years	2,886.33	4,872.30	4,513.03	-	12,271.66
Over 3 years	846.82	1,381.17	2,982.35	5,855.16	11,065.50
Interest accrued	833.50	382.66	171.95	82.59	1,470.70
Impact of EIR					(146.33)
					44,489.79

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

18 Deposits (Unsecured) (Contd.)

Terms of repayment of deposits as at 31 March 2022

(₹ in crore)

Original maturity of deposits	Residual maturity of deposits: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	6,348.62	-	-	-	6,348.62
Over 1 to 2 years	3,440.78	3,182.11	-	-	6,622.89
Over 2 to 3 years	4,102.07	2,985.73	4,577.02	-	11,664.82
Over 3 years	450.84	854.97	1,417.37	1,908.32	4,631.50
Interest accrued	658.91	261.91	150.68	43.23	1,114.73
Impact of EIR					(93.43)
					30,289.13

19 Subordinated liabilities (Unsecured)

(₹ in crore)

Particulars	As at 31 March 2023	2022
(A) In India		
At amortised cost		
Privately placed subordinated (Tier II) redeemable non-convertible debentures	3,630.29	3,845.77
	3,630.29	3,845.77
(B) Outside India	-	-

(C) Terms of repayment of subordinated liabilities as at 31 March 2023

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	50.00	452.50	290.00	2,660.00	3,452.50
Interest accrued	188.08	-	-	-	188.08
Impact of EIR					(10.29)
					3,630.29

-Interest rate ranges from 8.05% to 10.15% as at 31 March 2023.

19 Subordinated liabilities (Unsecured) (Contd.)

Terms of repayment of subordinated liabilities as at 31 March 2022

(₹ in crore)

Original maturity of loan	Residual maturity of loan Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	207.10	50.00	452.50	2,950.00	3,659.60
Interest accrued	198.36	-	-	-	198.36
Impact of EIR					(12.19)
					3,845.77

-Interest rate ranges from 8.05% to 10.21% as at 31 March 2022.

20 Other financial liabilities

(₹ in crore)

Particulars	As at 31 March 2023	2022
Unclaimed dividends*	2.25	1.79
Security deposits	168.07	147.43
Unclaimed matured deposits*	0.84	0.39
Lease liability+	518.48	406.76
Payable to assignment partners	11.54	30.20
Outstanding liability for prepaid instrument	49.43	22.96
Unspent CSR liability	35.27	60.88
Others	335.64	293.19
	1,121.52	963.60

* There are no undisputed amounts which were due and unpaid to Investor Education and Protection Fund as at the close of the year.

+ Disclosures as required by Ind AS 116 - 'Leases' are stated below

(A) Lease liability movement

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening Balance	406.76	308.67
Add : Addition during the year	246.30	203.43
Interest on lease liability	38.53	27.91
Less : Deletion during the year	7.67	11.37
Lease rental payments	165.44	121.88
Balance at the end of the year	518.48	406.76

(B) Lease rentals of ₹ 2.26 crore (Previous year ₹ 14.16 crore) pertaining to short-term leases and low value assets has been charged to Statement of Profit and Loss.

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

20 Other financial liabilities (Contd.)

(C) Future lease cash outflow for all leased assets

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Not later than one year	159.58	122.25
Later than one year but not later than five years	395.21	316.61
Later than five years	62.09	41.13
	616.88	479.99

(D) Maturity analysis of lease liability

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Within 12 months	125.78	96.29
After 12 months	392.70	310.47

(E) Amount recognised in statement of profit and loss

(₹ in crore)

	For the year ended 31 March	
Particulars	**2023**	**2022**
Interest on lease liabilities	38.53	27.91
Depreciation charge for the year	140.49	103.96
(Gain)/loss on pre-mature lease closure	(1.19)	(4.33)
	177.83	127.54

21 Provisions

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Provision for employee benefits		
Gratuity	183.14	117.29
Compensated absences*	27.24	22.64
Other long term service benefits	44.08	22.31
	254.46	162.24

* includes amount payable for encashable leaves not permitted to be carried forward of ₹ 13.52 crore (Previous year ₹ 9.80 crore).

22 Other non-financial liabilities

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Statutory dues	299.40	455.32
Others	36.57	56.41
	335.97	511.73

23 Equity share capital

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised		
750,000,000 (750,000,000) equity shares of ₹ 2 each	150.00	150.00
Issued		
605,429,233 (605,429,233) equity shares of ₹ 2 each	121.09	121.09
Subscribed and paid up		
605,429,233 (605,429,233) equity shares of ₹ 2 each fully called up and paid up	121.09	121.09
Less: 1,008,401 (2,149,392) equity shares of ₹ 2 each held in a trust for employees under ESOP Scheme [See footnote (f) below]	0.20	0.43
	120.89	120.66

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	Nos.	₹ in crore
As at 1 April 2021	602,587,339	120.52
Add: Issued during the year to Trust for employees pursuant to ESOP scheme	2,841,894	0.57
	605,429,233	121.09
Less: equity shares held in trust for employees under ESOP scheme	2,149,392	0.43
As at 31 March 2022	603,279,841	120.66
As at 1 April 2022	605,429,233	121.09
Add: Issued during the year to Trust for employees pursuant to ESOP scheme	-	-
	605,429,233	121.09
Less: equity shares held in trust for employees under ESOP scheme	1,008,401	0.20
As at 31 March 2023	604,420,832	120.89

(b) Terms/rights/restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. 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 ₹ 2 per share)

	As at 31 March 2023		As at 31 March 2022	
Particulars	**Nos.**	**₹ in crore**	**Nos.**	**₹ in crore**
Bajaj Finserv Ltd.*	317,816,130	63.56	317,816,130	63.56

* An associate of Bajaj Holdings and Investments Ltd.

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

23 Equity share capital (Contd.)

(d) Details of shareholders holding more than 5% shares in the Company (Face value ₹ 2 per share)

	As at 31 March 2023		As at 31 March 2022	
Particulars	Nos.	% Holding	Nos.	% Holding
Bajaj Finserv Ltd.*	317,816,130	52.49%	317,816,130	52.49%

* An associate of Bajaj Holdings and Investments Ltd.

(e) Shareholding Pattern of Promoters (Face value ₹ 2 per share)

	As at 31 March 2023		As at 31 March 2022		% Changes during the year	% Changes during the previous year
Particulars	Nos.	% Holding	Nos.	% Holding		
Promoter Name						
Promoter:						
Bajaj Finserv Ltd.	317,816,130	52.49%	317,816,130	52.49%	0.00%	0.00%
Promoter Group :						
Rahulkumar Bajaj	-	0.00%	10,000	0.00%	(100.00%)	0.00%
Estate of Rahulkumar Bajaj	10,000	0.00%	-	0.00%	0.00%	0.00%
Suman Jain	7,093	0.00%	7,119	0.00%	(0.37%)	1.48%
Madhur Bajaj	2,000	0.00%	2,000	0.00%	0.00%	(96.88%)
Rajiv Bajaj	1,000	0.00%	1,000	0.00%	0.00%	0.00%
Sanjiv Bajaj	467,688	0.08%	467,688	0.08%	0.00%	0.00%
Shefali Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Siddhantnayan Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Sanjali Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Jamnalal Sons Private Ltd.	127,640	0.02%	127,640	0.02%	0.00%	0.00%
Maharashtra Scooters Ltd.	18,974,660	3.13%	18,974,660	3.13%	0.00%	0.00%
Bajaj Allianz Life Insurance Company Ltd.	247,000	0.04%	247,000	0.04%	0.00%	23.50%
Baroda Industries Private Ltd.	117,600	0.02%	117,600	0.02%	0.00%	0.00%
Bachhraj Factories Private Ltd.	72,000	0.01%	72,000	0.01%	0.00%	0.00%
Neelima Bajaj Family Trust (Kumud Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Nimisha Bajaj Family Trust (Madhur Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Kumud Bajaj	2,000	0.00%	2,000	0.00%	0.00%	Nil
Madhur Bajaj (A/c Kumud Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Madhur Bajaj (A/c Kumud Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Kumud Bajaj (A/c Madhur Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Kumud Bajaj (A/c Madhur Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Bajaj Sevashram Private Ltd.*	308,500	0.05%	-	0.00%	8.25%	Nil

* Where shares have been issued for the first time during the reporting period, such percentage change have been computed from date of such issuance.

23 Equity share capital (Contd.)

(f) Shares reserved for issue under employee stock option plan

(₹ in crore)

Particulars		No. of Stock options/Equity shares as at 31 March 2023	31 March 2022
a.	Number of equity shares approved/reserved for issue under Employee Stock Option Plan, 2009 to employees of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital)	35,071,160	35,071,160
b.	Options granted under the scheme	29,940,214	28,917,109
c.	Options cancelled and added back to pool for future grants	4,012,171	3,940,077
d.	Options granted net of cancellation under the scheme (d = b-c)	25,928,043	24,977,032
e.	Balance available under the scheme for future grants (e=a-d)	9,143,117	10,094,128
f.	Equity shares allotted to BFL Employee Welfare Trust	21,454,974	21,454,974
g.	Stock Options exercised	20,446,573	19,305,582
h.	Balance stock options available with BFL Employee Welfare trust (h = f-g)	1,008,401	2,149,392

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year have been reduced against the share capital as if the trust is administered by the Company itself. The securities premium related to the unexercised equity shares held by the trust at the close of the year aggregating to ₹ 125.94 crore (As at 31 March 2022 ₹ 283.83 crore) has also been reduced from securities premium account and adjusted against the loan outstanding from the trust.

Dividends declared by the Company do not accrete to unexercised options. Accordingly, any dividend received by the ESOP trust is remitted to the Company and adjusted against the source from which dividend has been paid.

24 Other equity

(₹ in crore)

Particulars		Nature and purpose	As at 31 March 2023	2022
(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.	17,441.11	17,217.78
(ii)	Retained earnings	Retained earnings represents the surplus in profit and loss account and net amount of appropriations made to/from retained earnings. 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: (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).	24,958.60	17,961.12
(iii)	Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	Reserve fund is created as per the terms of section 45 IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.	7,702.75	5,642.75

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

24 Other equity (Contd.)

(₹ in crore)

Particulars			Nature and purpose	As at 31 March 2023	As at 31 March 2022
(iv)	General reserve		Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.	788.93	788.51
(v)	Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		Infrastructure reserve is created to avail the deduction as per the provisions of section 36 (1) (viii) the Income Tax Act 1961 on profits derived from the business of providing long term finance for development of infrastructure facility in India.	9.25	9.25
(vi)	Other comprehensive income				
	(a)	On equity investments	The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated in the FVOCI equity investments reserve. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.	(71.62)	(61.36)
	(b)	On debt investments	The Company recognises changes in the fair value of debt instruments held with a dual business objective of collect and sell in other comprehensive income. These changes are accumulated in the FVOCI debt investments reserve. The Company transfers amounts from this reserve to profit or loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the Statement of Profit and Loss.	(18.92)	(10.49)
	(c)	On cash flow hedge reserve	It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI and underlying hedged items.	6.68	(9.90)
(vii)	Share options outstanding account		Share options outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Company for employees of the Group.	555.46	397.56
				51,372.24	41,935.22

25 Interest income

(₹ in crore)

	For the year ended 31 March 2023				For the year ended 31 March 2022			
	On financial assets measured at				On financial assets measured at			
Particulars	**FVOCI***	**Amortised cost***	**FVTPL**	**Total**	**FVOCI***	**Amortised cost***	**FVTPL**	**Total**
On loans	-	29,471.86	-	29,471.86	-	23,354.45	-	23,354.45
On investments	512.07	70.15	39.51	621.73	182.71	96.52	60.84	340.07
On others	-	48.25	-	48.25	-	41.54	-	41.54
	512.07	29,590.26	39.51	30,141.84	182.71	23,492.51	60.84	23,736.06

*As per effective interest rate (EIR), refer note no. 3.1(i).

26 Fees and commission income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Service and administration charges	1,518.51	1,130.88
Fees on value added services and products	502.57	439.63
Foreclosure income	307.59	216.62
Distribution income	1,875.29	1,153.49
	4,203.96	2,940.62

27 Net gain on fair value changes

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
(A) Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on investments at FVTPL	221.92	273.48
Unrealised gain/(loss) on investments at FVTPL	8.78	(24.46)
(B) Others		
Realised gain/(loss) on sale of FVOCI debt instruments	(22.85)	11.40
	207.85	260.42

28 Sale of services

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Service fees for management of assigned portfolio of loans	29.17	43.38
	29.17	43.38

29 Other operating income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Recoveries against financial assets	1,094.58	832.17
Net realisation on sale of written off loans	-	59.66
Others	3.80	-
	1,098.38	891.83

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

30 Other income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Dividend income (₹ 31,125, Previous year ₹ 30,750)		
Miscellaneous income	5.37	6.81
	5.37	6.81

31 Finance costs

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
On financial liabilities measured at amortised cost:		
On debt securities	4,002.15	3,500.04
On borrowings other than debt securities	2,284.47	1,673.24
On subordinated liabilities	316.83	327.78
On deposits	2,625.81	2,035.87
On lease liability	38.53	27.91
On others	17.44	13.74
	9,285.23	7,578.58

32 Fees and commission expense

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Commission and incentives	72.50	66.14
Recovery costs	1,686.82	1,598.92
Credit guarantee fees	104.72	70.22
Loan portfolio management service charges	70.34	47.09
	1,934.38	1,782.37

33 Impairment on financial instruments

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
On loans	3,029.85	4,621.22
On others	36.61	0.84
	3,066.46	4,622.06

34 Employee benefits expenses

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Employees emoluments	4,061.83	2,844.67
Contribution to provident fund and other funds	194.34	148.76
Share based payment to employees	199.42	141.80
Staff welfare expenses	117.49	89.30
	4,573.08	3,224.53

35 Other expenses

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Communication expenses	151.51	126.56
Outsourcing/back office expenses	327.60	191.83
Travelling expenses	317.48	140.16
Information technology expenses	527.02	415.67
Bank charges	139.29	98.96
Net loss on disposal of property, plant and equipment and intangible assets	12.65	24.10
Auditor's fees and expenses*	1.59	1.60
Insurance charges	5.96	5.80
Rent, taxes and energy cost	50.08	45.51
Director's fees, commission and expenses	3.74	4.46
Advertisement, branding and promotion expenses	337.02	167.57
Expenditure towards Corporate Social Responsibility activities**	138.33	120.89
Repairs, maintenance and office expenses	132.11	104.81
Employee training, recruitment and management expenses	58.74	32.62
Printing and stationery expenses	12.29	7.42
Legal and professional charges	22.39	18.71
Customer experience cost	123.65	93.29
Miscellaneous expenses	140.69	130.32
	2,502.14	1,730.28

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

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Audit fee	0.93	0.93
Tax audit fee	0.16	0.16
Limited review fees	0.31	0.19
In other capacity:		
Other services	0.14	0.31
Reimbursement of expenses	0.05	0.01
	1.59	1.60

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

35 Other expenses (Contd.)

**** Corporate Social Responsibility expenditure**

(₹ in crore)

Particulars		For the year ended 31 March 2023	2022
(a)	Gross amount required to be spent by the Company during the year	138.33	121.41
(b)	Excess amount spent in previous financial year carried forward	-	0.52
(c)	Net amount required to be spent by the Company during the year (a-b)	138.33	120.89
(d)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purpose other than (i) above	117.46	60.01
(e)	Excess/(Shortfall) at the end of the year (d-c)	(20.87)	(60.88)
(f)	Total of previous years excess/(shortfall)	(14.41)	-
(g)	Reason for shortfall	Refer note (i) below	Refer note (i) below
(h)	Nature of CSR activities (activities as per Schedule VII)	Activities mentioned in i, ii, iii, iv, vi	Activities mentioned in i, ii, iii, x
(i)	Details of related party transactions (Refer note (ii) below)	0.30	NA
(j)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation		
	Opening provision balance	60.88	-
	Provision created during the year	20.87	60.88
	Amount spent during the year	(46.47)	-
	Closing provision balance	35.28	60.88

(k) In case of section 135(6) Details of ongoing projects

(₹ in crore)

Particulars	Opening balance: With Company	Opening balance: In Separate CSR unspent a/c	Amount required to be spent during the year	Amount spent during the year: From Company's bank a/c	Amount spent during the year: From separate CSR unspent a/c	Closing balance: With company	Closing balance: In Separate CSR unspent a/c
As at 31 March 2022	-	-	120.89	60.01	-	-	60.88
As at 31 March 2023	-	60.88	138.33	117.46	46.47	-	35.28

Note:

(i) Current year:

Due to delay in commencement of projects as compared to approved timelines, some part of the mandatory obligations for few ongoing projects remained unspent as on 31 March 2023. The unspent amount of ₹ 20.87 crore would be transferred to a designated Unspent Corporate Social Responsibility Account with scheduled commercial bank in line with the requirement prescribed in the Act.

Previous year:

Due to COVID-19 pandemic and the resultant lock-down, some part of the mandatory obligations for few ongoing projects remained unspent as on 31 March 2022, thereby transferred to an Unspent Corporate Social Responsibility Account. The unspent amount of ₹ 60.88 crore was transferred to a designated Unspent Corporate Social Responsibility Account with scheduled commercial bank in line with the requirement prescribed in the Act.

(ii) For the year ended 31 March 2023, the Company has entered into a transaction with Pratham Education Foundation for ₹ 0.30 crore for implementation of its Corporate Social Responsibility. No such transaction was entered with any of its related party in the previous year.

36 Earnings per equity share (EPS)

(₹ in crore)

Particulars		For the year ended 31 March 2023	2022
(A)	Net profit attributable to equity shareholders (₹ in crore)	10,289.74	6,350.49
(B)	Weighted average number of equity shares for basic earnings per share	603,976,750	602,574,303
	Effect of dilution:		
	Employee stock options	3,067,977	4,392,156
(C)	Weighted average number of equity shares for diluted earnings per share	607,044,727	606,966,459
	Earning per share (basic) (₹) (A/B)	170.37	105.39
	Earning per share (diluted) (₹) (A/C)	169.51	104.63

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.

38 Transfer of financial assets that are derecognised in their entirety 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 contracts with customers

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Type of services		
Service and administration charges	1,518.51	1,130.88
Fees on value added services and products	502.57	439.63
Foreclosure charges	307.59	216.62
Distribution income	1,875.29	1,153.49
	4,203.96	2,940.62
Geographical markets		
India	4,203.96	2,940.62
Outside India	-	-
	4,203.96	2,940.62
Timing of revenue recognition		
Services transferred at a point in time	4,203.96	2,940.62
Services transferred over time	-	-
	4,203.96	2,940.62

Contract balances

(₹ in crore)

Particulars	As at 31 March 2023	2022
Fees, commission and other receivables	324.04	237.92
	324.04	237.92

-Impairment loss allowance recognised on contract balances is ₹ 1.30 crore (Previous year ₹ Nil).

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

40 Employee benefit plans

Defined benefit plans

(A) Gratuity

The Company has a gratuity plan for its employee's which is governed by the Payment of Gratuity Act, 1972. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The level of benefits provided depends on the employee's length of service, managerial grade and salary at retirement age. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

Risk associated with defined benefit plan

S. No	Type of risk	Description of risk
(i)	Changes in discount rate	The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to government bonds' yields at the end of the reporting period. A decrease/(increase) in discount rate will increase/(decrease) present values of plan liabilities and plan investment asset.
(ii)	Salary escalation risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants calculated by applying estimated salary escalation rate. Any deviation in actual salary escalation can have impact on plan liability.
(iii)	Attrition rate risk	If the actual employee withdrawal rate in the future turns out to be more or less than expected then it may result in increase/decrease in the liability.
(iv)	Mortality rate risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase/decrease in the life expectancy of the plan participants can have impact on plan liability.

Movement in defined benefit obligations

(₹ in crore)

	For the year ended 31 March	
Particulars	**2023**	**2022**
Defined benefit obligation as at the beginning of the year	257.92	208.65
Current service cost	46.50	40.73
Past service cost	9.00	-
Interest on defined benefit obligation	18.10	13.81
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(6.97)	(12.41)
Actuarial loss/(gain) arising from change in demographic assumptions	4.66	(5.44)
Actuarial loss/(gain) arising on account of experience changes	30.89	24.01
Benefits paid	(9.44)	(11.43)
Liabilities assumed/(settled)*	(7.78)	-
Defined benefit obligation as at the end of the year	342.88	257.92

* On account of business combination within the Group.

40 Employee benefit plans (Contd.)

Movement in plan assets

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Fair value of plan asset as at the beginning of the year	140.63	114.39
Employer contributions	30.41	31.06
Interest on plan assets	10.66	8.40
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(4.74)	(1.79)
Benefits paid	(9.44)	(11.43)
Assets acquired/(settled)*	(7.78)	-
Fair value of plan asset as at the end of the year	159.74	140.63

* On account of business combination within the Group.

Reconciliation of net liability/asset

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Net defined benefit liability/(asset) as at the beginning of the year	117.29	94.26
Expense charged to Statement of Profit and Loss	62.94	46.14
Amount recognised in Other Comprehensive Income	33.32	7.95
Employers contribution	(30.41)	(31.06)
Net defined benefit liability/(asset) as at the end of the year	183.14	117.29

Expenses charged to the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Current service cost	46.51	40.73
Past service cost	9.00	-
Interest cost	7.43	5.41
	62.94	46.14

Remeasurement gains/(losses) in Other Comprehensive Income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening amount recognised in other comprehensive income	101.37	93.42
Changes in financial assumptions	(6.97)	(12.41)
Changes in demographic assumptions	4.66	(5.44)
Experience adjustments	30.89	24.01
Actual return on plan assets less interest on plan assets	4.74	1.79
Closing amount recognised outside profit or loss in other comprehensive income	134.69	101.37

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

40 Employee benefit plans (Contd.)

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	342.88	257.92
Fair value of plan assets	159.74	140.63
Net funded obligation	183.14	117.29
Net defined benefit liability recognised in Balance Sheet	183.14	117.29

Key actuarial assumptions

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate (p.a.)	7.45%	7.25%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100%	100%

Sensitivity analysis for significant assumptions

	As at 31 March 2023		As at 31 March 2022	
Particulars	**Discount rate**	**Salary escalation rate**	**Discount rate**	**Salary escalation rate**
Impact of increase in 50 bps on defined benefit obligation	(4.82%)	5.01%	(4.96%)	5.16%
Impact of decrease in 50 bps on defined benefit obligation	5.20%	(4.69%)	5.37%	(4.82%)

Projected plan cash flow

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Maturity Profile		
Expected benefits for year 1	23.06	16.59
Expected benefits for year 2	24.61	16.88
Expected benefits for year 3	24.49	19.04
Expected benefits for year 4	26.82	18.94
Expected benefits for year 5	26.30	20.04
Expected benefits for year 6	27.44	18.94
Expected benefits for year 7	34.00	17.30
Expected benefits for year 8	28.08	24.10
Expected benefits for year 9	26.56	20.96
Expected benefits for year 10 and above	621.88	469.53

40 Employee benefit plans (Contd.)

Expected contribution to fund in the next year

(₹ in crore)

Particulars	As at 31 March 2023	2022
Expected contribution to fund in the next year	30.50	29.50

(B) Compensated absences

(₹ in crore)

Particulars	As at 31 March 2023	2022
Maturity profile		
Present value of unfunded obligations	13.72	12.84
Expense recognised in the Statement of Profit and Loss	4.94	5.30
Discount rate (p.a.)	7.45%	7.25%
Salary escalation rate (p.a.)	11.00%	11.00%

(C) Long term service benefit liability

(₹ in crore)

Particulars	As at 31 March 2023	2022
Present value of unfunded obligations	44.08	22.31
Expense recognised in the Statement of Profit and Loss	25.19	4.55
Discount rate (p.a.)	7.45%	7.25%

(D) Provident fund

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions and where there is no legal or constructive obligation to pay further contributions in case of shortfall in the plan asset. During the year, the Company recognised expense of ₹ 64.36 crore (Previous year ₹ 49.20 crore) towards contribution made to provident fund under defined contribution plan.

41 Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of

(₹ in crore)

Particulars	As at 31 March 2023	2022
Disputed claims against the Company not acknowledged as debts	63.45	52.87
VAT matters under appeal	4.31	4.29
ESI matters under appeal	5.14	5.14
Guarantees provided on behalf of the Company	2.50	2.50
Service tax/Goods and Service Tax matters under appeal		
On interest subsidy [Refer footnote (ii) below]	2,164.00	2,034.72
On additional reversal of credit on investment activity [Refer footnote (iii) below]	573.73	545.47
On penal interest/charges [Refer footnote (iv) below]	265.49	251.37
On reversal of input tax credit on credit note by the customer [Refer footnote (v) below]	30.41	-
On others	14.30	13.73
Income tax matters:		
Appeals by the Company	16.09	9.54
Appeals by the Income tax department	0.28	0.28

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

41 Contingent liabilities and commitments (Contd.)

(i) The Company is of the opinion that the above demands are not tenable and expects to succeed in its appeals/defense.

(ii) The Commissioner, Service Tax Commissionerate Pune, through an order dated 31 March 2017, has confirmed the demand of service tax of ₹ 644.65 crore and penalties of ₹ 198.95 crore from the Company in relation to the interest subsidy the Company received from manufacturers and dealers during the period 1 April 2010 to 30 September 2016. The Commissioner has also demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 883.95 crore. In accordance with legal advice, the Company filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. The Company, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

In addition, the Principal Commissioner, Central GST and Central Excise, Commissionerate Pune -I, through order dated 3 February 2021, has confirmed the demand of service tax of ₹ 217.22 crore and penalty thereon of ₹ 21.72 crore from the Company in relation to the interest subsidy received from manufacturers and dealers during the period 1 October 2016 to 30 June 2017. The Principal Commissioner has also demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 197.51 crore. In accordance with legal advice, the Company filed an appeal on 14 June 2021 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai against the said demand. The Company, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

(iii) The Commissioner, Central Excise and CGST, Pune -I, Commissionerate, through an order dated 15 November 2021, has confirmed the demand of service tax of ₹ 188.37 crore and penalty of ₹ 188.37 crore from the Company alleging short reversal of Cenvat credit with respect to investment activity in accordance with Rule 6(3)(i) Cenvat Credit Rules, 2004 during the period 1 October 2014 to 30 June 2017. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 196.99 crore. In accordance with legal advice, the Company filed an appeal on 17 February 2022 with the CESTAT Mumbai disputing the demands. The Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

(iv) The Commissioner, Central Excise and CGST, Pune -I, Commissionerate, through an order dated 7 September 2018, has confirmed the demand of service tax of ₹ 53.87 crore and penalties of ₹ 53.87 crore from the Company in relation to the penal interest/charges the Company received from the customers during the period 1 July 2012 to 31 March 2016. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 75.70 crore. In accordance with legal advice, the Company filed an appeal on 26 December 2018 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. The Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

In addition, the Principal Commissioner, Central GST and Central Excise, Pune -I Commissionerate, through an order dated 30 December 2019, has confirmed the demand of service tax of ₹ 40.22 crore and penalty thereon of ₹ 4.02 crore on penal interest/charges received by the Company from the customers during the period 1 April 2016 to 30 June 2017. The Principal Commissioner has also demanded payment of interest on the service tax amount demanded, until the date the Company pays the demand, which as at 31 March 2023, amounted to ₹ 37.81 crore. In accordance with legal advice, the Company filed an appeal on 28 August 2020 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. On 28 June 2019, the GST authority issued circular clarifying that additional/penal interest received satisfies the definition of interest as per GST law and hence, would be exempted under Sl. No. 27 of notification No. 12/2017-Central Tax (Rate) dated 28th June 2017. Further, vide circular dated 3 August 2022, the GST authority clarified that amount received for cheque dishonor fine/penalty is not a consideration for any service and thus, not liable to GST. The Company, in line with the opinion obtained from a legal counsel and the clarificatory circulars issued by the GST authority, is of view that the said demands are not tenable.

41 Contingent liabilities and commitments (Contd.)

(v) The Assistant Commissioner, West Bengal, through an order dated 06 February 2023, has confirmed the demand of GST of ₹ 11.46 crore and penalty of ₹ 11.46 crore from the Company alleging that input tax credit to the extent of credit notes issued by Company was not reversed by customers for the period 1 July 2017 to 31 March 2020. The Assistant Commissioner has also demanded payment of interest on the GST liability confirmed until the date the Company pays the GST demanded, which as at 31 March 2023 amounted to ₹ 7.49 crore. In accordance with legal advice, the Company is in the process of filing an appeal before the Deputy Commissioner, West Bengal disputing the demands. The Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

(vi) It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

(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	48.03	8.02
Intangible	5.93	23.29
(ii) Other commitments		
Towards partially disbursed/un-encashed loans	3,280.44	2,624.20
Towards future corporate social responsibility spend	165.83	82.65
	3,500.23	2,738.16

42 Changes in liability arising from financing activities

(a) Changes in capital and asset structure arising from financing activities and investing activities (Ind AS 7 - Statement of Cash flows)

The Company does not have any financing activities and investing 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 (Ind AS 7 - Statement of Cash flows)

(₹ in crore)

Particulars	As at 1 April 2022	Cash flows	Exchange difference	Other	As at 31 March 2023
Debt securities	59,034.58	7,484.60	-	(849.33)	65,669.85
Borrowing other than debt securities	29,870.38	17,994.90	9.59	19.83	47,894.70
Deposits	30,289.13	13,897.54	-	303.12	44,489.79
Subordinated liabilities	3,845.77	(207.12)	-	(8.36)	3,630.29
	123,039.86	39,169.92	9.59	(534.74)	161,684.63

(₹ in crore)

Particulars	As at 1 April 2021	Cash flows	Exchange difference	Other	As at 31 March 2022
Debt securities	43,071.71	15,101.77	-	861.10	59,034.58
Borrowing other than debt securities	27,080.25	2,729.39	37.53	23.21	29,870.38
Deposits	25,803.43	4,273.68	-	212.02	30,289.13
Subordinated liabilities	3,898.61	(50.01)	-	(2.83)	3,845.77
	99,854.00	22,054.83	37.53	1,093.50	123,039.86

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

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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
(A) Holding Company					
1. Bajaj Finserv Ltd.	Contribution to equity (317,816,130 shares of ₹ 2 each)	-	(63.56)	-	(63.56)
	Secured non-convertible debentures issued	-	(770.00)	-	(685.00)
	Secured non-convertible debentures redemption	415.00	-	35.00	-
	Interest paid on non-convertible debentures	50.50	-	42.17	-
	Dividend paid	635.63	-	317.82	-
	Asset purchases	0.08	(0.09)	-	-
	Asset sales	0.15	-	0.01	-
	Business support charges received	1.55	-	1.87	-
	Business support charges paid	41.45	-	38.78	-
	Amount paid under ESOP recharge arrangements	2.34	(2.52)	-	-
(B) Subsidiaries					
1. Bajaj Housing Finance Ltd.	Investment in equity shares	2,500.00	7,528.00	-	5,028.00
	Amount received under ESOP recharge arrangements	26.17	-	19.23	-
	Short term loan given	-	-	750.00	-
	Short term loan repayment received	-	-	750.00	-
	Loan portfolio assigned out	-	-	738.79	-
	Loan portfolio assigned in	1,789.90	-	1,503.69	-
	Inter-Corporate Deposits accepted	-	-	4,900.00	-
	Inter-Corporate Deposits repaid	-	-	4,900.00	-
	Interest accrued on Inter-Corporate Deposits	-	-	3.82	-
	Asset purchases	0.48	(0.35)	0.38	-
	Asset sales	0.79	0.10	0.27	-
	Security deposit for leased premises	-	0.08	-	0.08
	Business support charges received	4.21	2.61	3.67	-
	Service asset income	12.62	-	4.19	-
	Business support charges paid	0.81	-	1.14	-
	Rent and maintenance expenses	0.20	-	0.19	-
	Servicing fee paid	64.53	-	43.20	-
	Sourcing commission paid	1.76	(0.02)	1.44	-
2. Bajaj Financial Securities Ltd.	Investment in equity shares	-	670.38	400.00	670.38
	Amount received under ESOP recharge arrangements	0.50	-	0.20	0.20
	Short term loan given	7,478.00	-	6,520.00	50.00
	Short term loan repayment received	7,528.00	-	6,470.00	-
	Margin money given	10.00	-	-	-
	Margin money repayment received	10.00	-	-	-
	Interest received on short term loan given	5.23	-	5.51	0.01
	Asset sales	0.01	-	0.01	-
	Sourcing commission received (previous year transaction value ₹ 36,300, outstanding ₹ 42,834)	-	-		

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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
		Business support charges received	0.12	-	0.23	-
		Business support charges paid	0.87	-	0.98	(0.07)
		Sourcing commission paid	0.22	-	7.47	(0.28)
		Depository service charges paid	0.72	(0.09)	0.33	-
(C)	Fellow subsidiaries					
1.	Bajaj Allianz Life Insurance Company Ltd.	Contribution to equity (247,000 shares of ₹ 2 each)	-	(0.05)	-	(0.05)
		Secured non-convertible debentures issued	-	(200.00)	-	(200.00)
		Unsecured non-convertible debentures issued	425.00	(2,265.00)	425.00	(1,770.70)
		Unsecured non-convertible debentures redemption	0.70	-	-	-
		Interest paid on non-convertible debentures	179.07	-	140.03	-
		Dividend paid	0.49	-	0.20	-
		Security deposit for leased premises	0.29	1.82	-	1.53
		Advance towards insurance	-	1.99	-	1.18
		Commission income (previous year outstanding ₹ 14,387)	25.81	0.47	14.89	
		Insurance expenses	76.18	-	24.95	-
		Rent and maintenance expenses	2.70	-	1.81	-
2.	Bajaj Allianz General Insurance Company Ltd.	Secured non-convertible debentures issued	-	(243.50)	-	(760.00)
		Unsecured non-convertible debentures issued	-	(40.00)	-	(40.00)
		Secured non-convertible debentures redemption	660.00	-	-	-
		Interest paid on non-convertible debentures	67.19	-	63.97	-
		Asset purchases (previous year transaction value ₹ 35,577)	-	-		-
		Asset sales (previous year outstanding ₹ 18,190)	0.07	-	0.10	
		Advance towards insurance	-	0.74	-	47.55
		Commission income	19.08	2.02	12.91	1.00
		Interest subsidy received	3.08	-	4.16	-
		Business support charges received	-	-	2.93	-
		Insurance expenses	49.90	-	42.48	-
3.	Bajaj Finserv Direct Ltd.	Investment in equity shares	-	2.69	2.69	2.69
		Deemed equity at cost	-	280.47	280.47	280.47
		Asset purchases (previous year outstanding ₹ 2,967)	1.20	-	0.30	
		Purchase of platform	67.22	(8.17)	44.34	-
		Asset sales	0.18	-	0.06	-
		Business support charges received	6.94	-	1.32	-
		Business support charges paid	49.35	(0.43)	36.28	(4.29)
		Sourcing commission paid	122.32	(14.07)	66.62	(9.16)
		Platform usage charges	37.47	(4.42)	31.22	-
		Annual maintenance charges on loan	7.44	(0.79)	3.17	(0.15)

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

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

(₹ in crore)

Name of the related party and nature of relationship		Nature of transaction	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
4.	Bajaj Finserv Health Ltd.	Asset purchases	3.18	-	-	-
		Asset sales	0.02	-	0.24	-
		Commission income	79.35	10.11	54.48	12.30
		Interest subsidy received	0.83	-	1.88	-
		Product distribution fee	2.36	(0.39)	1.76	-
5.	Bajaj Finserv Asset Management Ltd.	Business support charges received	0.01	-	-	-
(D)	**Associate**					
1.	Snapwork Technologies Pvt. Ltd. (Associate w.e.f. 25 Nov 2022)	Investment in equity shares	28.49	28.49	-	-
		Investment in Compulsorily Convertible Preference Shares	64.25	64.25	-	-
		Information technology design and development charges	4.98	-	-	-
(E)	**Key management personnel (KMP) and their relatives**					
1.	Rahul Bajaj (Director till 30 Apr 2021) (Chairman Emeritus till 12 Feb 2022)	Sitting fees	-	-	0.01	-
		Commission	-	-	0.02	(0.02)
2.	Sanjiv Bajaj (Chairman)	Sitting fees	0.23	-	0.25	-
		Commission	0.58	(0.52)	0.61	(0.54)
3.	Rajeev Jain (Managing Director)	Short-term employee benefits	17.91	-	14.17	(1.66)
		Share-based payment:				
		Equity shares issued pursuant to stock option scheme	5.09	-	12.77	-
		Fair value of stock options granted	26.25	-	19.44	-
4.	Madhur Bajaj (Director till 31 Jul 2022)	Sitting fees	0.02	-	0.06	-
		Commission	0.05	(0.05)	0.15	(0.13)
5.	Rajiv Bajaj (Director)	Sitting fees	0.06	-	0.05	-
		Commission	0.15	(0.14)	0.12	(0.11)
6.	Dipak Poddar (Director till 31 Mar 2022)	Sitting fees	-	-	0.12	-
		Commission	-	-	0.29	(0.26)
7.	Ranjan Sanghi (Director till 30 Apr 2022)	Sitting fees	0.02	-	0.13	-
		Commission	0.05	(0.05)	0.31	(0.28)
8.	D J Balaji Rao (Director)	Sitting fees	0.07	-	0.06	-
		Commission	0.18	(0.16)	0.15	(0.13)
9.	Dr. Omkar Goswami (Director till 9 Jul 2021)	Sitting fees	-	-	0.04	-
		Commission	-	-	0.08	(0.07)

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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
10.	Dr. Gita Piramal (Director till 30 Apr 2022)	Sitting fees	-	-	0.06	-
		Commission	-	-	0.15	(0.13)
11.	Anami N Roy (Director)	Sitting fees	0.18	-	0.20	-
		Commission	0.45	(0.41)	0.49	(0.44)
12.	Dr. Naushad Forbes (Director)	Sitting fees	0.15	-	0.14	-
		Commission	0.38	(0.34)	0.34	(0.31)
13.	Pramit Jhaveri (Director)	Sitting fees	0.17	-	0.08	-
		Commission	0.43	(0.38)	0.20	(0.18)
14.	Radhika Haribhakti (Director w.e.f. 1 May 2022)	Sitting fees	0.08	-	-	-
		Commission	0.20	(0.18)	-	-
		Fixed deposit repaid	0.30	-	-	-
		Interest accrued on fixed deposit	0.01	-	-	-
15.	Radhika Singh (Spouse of Dr. Omkar Goswami, Director till 9 Jul 2021)	Fixed deposit accepted	-	-	-	(2.00)
		Interest accrued on fixed deposit	-	-	0.04	-
16.	Sanjali Bajaj (Daughter of Sanjiv Bajaj, Chairman of the Company)	Short-term employee benefits	0.13	-	0.09	-
17.	Shekher Bajaj	Nil	-	-	-	-
18.	Niraj Bajaj	Nil	-	-	-	-
19.	Manish Kejriwal (Director of Holding Company)	Secured non-convertible debentures redemption	15.00	-	-	-
		Interest paid on non-convertible debentures	1.07	-	-	-
(F)	**Entities in which KMP and their relatives have significant influence**					
1.	Bajaj Auto Ltd.	Investment in equity shares (outstanding ₹ 7,685, previous year ₹ 7,685)	-		-	
		Secured non-convertible debentures issued	-	(500.00)	-	(500.00)
		Interest paid on non-convertible debentures	25.25	-	-	-
		Inter-Corporate Deposits accepted	500.00	(500.00)	-	-
		Inter-Corporate Deposits repaid	-	-	100.00	-
		Interest accrued on Inter-Corporate Deposits	9.52	(8.57)	0.90	-
		Security deposit for leased premises	-	0.21	-	0.21
		Dividend received (transaction value ₹ 21,000, previous year ₹ 21,000)		-		-
		Business support charges received	0.18	-	0.59	-
		Interest subsidy received	0.87	0.46	11.02	-
		Bad debts sharing received	7.19	8.48	-	-
		Business support charges paid	30.22	(1.39)	26.98	-
		Rent and maintenance expenses	1.49	-	1.29	-

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

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

(₹ in crore)

			FY2022-23		FY2021-22	
	Name of the related party and nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
2.	Bajaj Holdings & Investments Ltd.	Investment in equity shares (outstanding ₹ 19,646, previous year ₹ 19,646)	-		-	
		Secured non-convertible debentures issued	-	-	-	(150.00)
		Secured non-convertible debentures redemption	150.00	-	-	-
		Interest paid on non-convertible debentures	12.98	-	12.98	-
		Dividend received (transaction value ₹ 10,125, previous year ₹ 9,750)		-		-
		Business support charges received	0.97	-	0.41	-
		Business support charges paid	16.71	-	9.94	(0.05)
3.	Hind Musafir Agency Ltd.	Services received	27.62	-	6.37	-
		Advance given	-	0.01	-	0.01
4.	Bajaj Electricals Ltd.	Inter-Corporate Deposits accepted	70.00	(70.00)	-	-
		Interest accrued on Inter-Corporate Deposits	0.54	(0.48)	-	-
		Interest subsidy received	0.15	0.07	0.06	0.02
		Asset purchases (outstanding ₹ 17,400)	0.16		0.04	-
5.	Jamnalal Sons Pvt. Ltd.	Contribution to equity (127,640 shares of ₹ 2 each)	-	(0.03)	-	(0.03)
		Dividend paid	0.26	-	0.13	-
		Security deposit for leased premises	0.03	0.13	0.03	0.22
		Security deposit repayment received	0.12	-	-	-
		Rent and maintenance expenses	0.35	-	0.59	-
6.	Maharashtra Scooters Ltd.	Contribution to equity (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
		Secured non-convertible debentures issued	-	(125.00)	-	(210.00)
		Secured non-convertible debentures redemption	85.00	-	-	-
		Interest paid on non-convertible debentures	14.22	-	11.42	-
		Dividend paid	37.95	-	18.97	-
		Business support charges received	0.15	-	0.14	-
7.	Hercules Hoists Ltd.	Fixed deposit accepted	-	-	-	(6.50)
		Fixed deposit repaid	6.50	-	-	-
		Interest accrued on fixed deposit	0.51	-	0.58	(1.09)
8.	Bachhraj Factories Pvt. Ltd.	Contribution to equity (72,000 shares of ₹ 2 each)	-	(0.01)	-	(0.01)
		Dividend paid	0.14	-	0.07	-
9.	Baroda Industries Pvt. Ltd.	Contribution to equity (117,600 shares of ₹ 2 each)	-	(0.02)	-	(0.02)
		Dividend paid	0.24	-	0.12	-
10.	CERG Advisory Pvt. Ltd.	Business support charges paid	-	-	0.05	-
11.	Bajaj Sevashram Pvt. Ltd.	Contribution to equity (308,500 shares of ₹ 2 each)	-	(0.06)	-	-
(G)	**Post employment benefit plans**					
1.	Bajaj Auto Ltd. Provident Fund	Unsecured non-convertible debentures issued	-	(36.00)	-	(46.00)
		Unsecured non-convertible debentures redemption	10.00	-	-	-
		Interest paid on non-convertible debentures	4.34	-	4.35	-
		Provident fund contribution (employer's share)	-	-	1.44	-

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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
2. Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.40	-	0.38	-
3. Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	11.19	-	11.00	-
4. Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	20.50	-	20.50	-

Notes

- Transaction values are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Transactions where Company act as intermediary and passed through Company's books of accounts are not in nature of related party transaction and hence are not disclosed.
- Insurance claims received by the Company on insurance cover taken by it on its assets are not in nature of related party transaction, hence not disclosed.
- Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.
- Related parties as defined under clause 9 of the Indian Accounting Standard - 24 'Related Party Disclosures' have been identified based on representations made by key management personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.
- During the year, Bajaj Financial Securities Ltd. (Bfinsec) has charged brokerage and other transaction charges amounting to ₹ 3.51 crore (Previous year ₹ 1.46 crore) related to sale of securities on behalf of the Company's loan against securities customers. The Company receives net sale value i.e. after deduction of these charges which are ultimately borne by its customers. The Company does not recognise these customer related charges in its Statement of Profit and Loss. Amount receivable from BFinsec as on 31 March 2023 is ₹ 53.01 crore (Previous year ₹ 12.29 crore) towards such sale transaction on behalf of loan against shares customers has been shown as payable to customers.
- Bajaj Finance Ltd. approved ₹ 2,500 crore term loan facility to Bajaj Housing Finance Ltd.
- Bajaj Finance Ltd. approved ₹ 750 crore flexi term loan facility to Bajaj Financial Securities Ltd.
- As on 31 March 2023, 20 non-corporate related parties held Company's equity shares amounting to ₹ 0.20 crore (1,017,905 shares of ₹ 2 each) (Previous year 25 parties amounting to ₹ 0.22 crore, 10,85,348 shares of ₹ 2 each). During the year, dividend paid to such related parties amounts to ₹ 2.04 crore (Previous year ₹ 1.03 crore).
- Non-convertible debentures (NCDs) transactions include only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting date.
- 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.

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

44 Capital

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by 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 the risks inherent to its business and growth strategies. 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 the mandatory regulatory capital and 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 market.

The Company monitors its capital to risk-weighted assets 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.

The Company's dividend distribution policy states that subject to profits and other financial parameters as per applicable legal provisions, the Board shall endeavour to maintain a dividend payout in the range of 15% to 25% of profits after tax on standalone financials, to the extent possible.

Further, the Company supports funding needs of its wholly owned subsidiaries, associates and other investee companies by way of capital infusion and loans. Similarly, the Company also makes investment in other companies for operating and strategic reasons. These investments are funded by the Company through its equity share capital and other equity which inter alia includes retained profits.

(ii) Regulatory capital

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Tier I capital	46,152.01	38,570.88
Tier II capital	3,513.81	3,850.54
Total capital (Tier I + Tier II)	49,665.82	42,421.42
Risk weighted assets	198,890.13	155,832.47
Tier I CRAR	23.20%	24.75%
Tier II CRAR	1.77%	2.47%
CRAR (Tier I + Tier II)	24.97%	27.22%

44 Capital (Contd.)

(iii) Dividend distributions made and proposed

Dividend on equity shares declared and paid during the year

(₹ in crore)

Particulars	FY 2023	FY 2022
Dividend paid out of profits of previous year*	1,210.86	603.59
Profit for the relevant year	6,350.49	3,955.51
Dividend as a percentage of profit for the relevant year	19.07%	15.26%

*Includes amount paid ₹ 3.54 crore (Previous year ₹ 1.25 crore) on unexercised option to Trust which do not accrete to it.

Proposed for approval at the annual general meeting (not recognised as a liability as at 31 March 2023)

(₹ in crore)

Particulars	FY 2023
Dividend on equity share at ₹ 30 per share (a)	1,816.29
Profit after tax for the year ended 31 March 2023 (b)	10,289.74
Dividend proposed as a percentage of profit after tax (a/b)	17.65%

45 Events after reporting date

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

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.

Fair value hierarchy

The Company determines fair values of its 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.

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 of 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.
- Use of fair values as determined by the derivative counter parties.

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

46 Fair values (Contd.)

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are reviewed and validated by various units of the Company including risk, treasury and finance. The Company has an established procedure governing valuation which ensures 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 under FVTPL have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair values of investments in unquoted equity instruments designated under FVOCI have been measured under level 3 at fair value based on a discounted cash flow model.
- Fair values of investment in quoted equity and other instruments designated under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments.
- Derivative financial instrument i.e. cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated external commercial borrowings are accounted as a cash flow hedge. Fair value of CCIRS has been determined under Level 2 using discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates to arrive at the fair value as at reporting date.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, 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 values are deemed to be fair values. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk

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 under FVTPL	31-Mar-23	4,365.08	-	-	4,365.08
Equity instrument designated under FVOCI (Unquoted)	31-Mar-23	-	-	590.09	590.09
Equity instrument designated under FVOCI (Quoted)	31-Mar-23	60.40	-	-	60.40
Debt instrument designated under FVOCI	31-Mar-23	14,139.08	1,163.49	-	15,302.57
Derivative financial instrument	31-Mar-23	-	146.98	-	146.98
		18,564.56	1,310.47	590.09	20,465.12

46 Fair values (Contd.)

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: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments held under FVTPL	31-Mar-22	3.10	-	-	3.10
Equity instrument designated under FVOCI (Unquoted)	31-Mar-22	-	-	608.73	608.73
Equity instrument designated under FVOCI (Quoted)	31-Mar-22	55.73	-	-	55.73
Debt instrument designated under FVOCI	31-Mar-22	4,880.14	-	-	4,880.14
Derivative financial instrument	31-Mar-22	-	(18.12)	-	(18.12)
		4,938.97	(18.12)	608.73	5,529.58

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets:

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	608.73	281.21
Acquisitions during the year	-	298.84
Disposals during the year	-	-
Fair value gains/losses recognised in profit or loss	-	-
Gains/(losses) recognised in other comprehensive income	(18.64)	28.68
Closing balance	590.09	608.73

Sensitivity analysis of significant unobservable input on the fair value of equity instrument designated under FVOCI

(₹ in crore)

	Sensitivity to fair value as at 31 March 2023		Sensitivity to fair value as at 31 March 2022	
	1% increase	1% decrease	1% increase	1% decrease
Discounting rate	(21.52)	25.18	(99.09)	120.27
Cash flows	14.86	(12.89)	71.68	(60.92)

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

46 Fair values (Contd.)

Fair value of financial instruments measured at amortised cost as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	Total
Financial assets					
Loans	179,097.12	-	-	178,683.20	178,683.20
Investments	128.59	-	-	129.45	129.45
	179,225.71	-	-	178,812.65	178,812.65
Financial liabilities					
Debt securities	65,669.85	-	66,063.93	-	66,063.93
Borrowings (other than debt securities)	47,894.70	-	-	47,894.70	47,894.70
Deposits	44,489.79	-	-	44,395.63	44,395.63
Subordinated liabilities	3,630.29	-	3,725.52	-	3,725.52
	161,684.63	-	69,789.45	92,290.33	162,079.78

*Fair value computed using discounted cash flow method.

Fair value of financial instruments measured at amortised cost as at 31 March 2022

(₹ in crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	Total
Financial assets					
Loans	144,276.25	-	-	144,827.76	144,827.76
Investments	5,125.74	5,129.73	-	-	5,129.73
	149,401.99	5,129.73	-	144,827.76	149,957.49
Financial liabilities					
Debt securities	59,034.58	-	60,106.37	-	60,106.37
Borrowings (other than debt securities)	29,870.38	-	-	29,870.38	29,870.38
Deposits	30,289.13	-	-	30,454.77	30,454.77
Subordinated liabilities	3,845.77	-	4,143.60	-	4,143.60
	123,039.86	-	64,249.97	60,325.15	124,575.12

*Fair value computed using discounted cash flow method.

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

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

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

(a) Liquidity and funding risk

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

The Company maintains a judicious mix of borrowings from banks, money markets, foreign market, public and other deposits 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 7.11 % versus 7.03 % despite highly volatile market conditions and rapid increase in policy rate. The overall borrowings including debt securities, deposits and subordinated liabilities stood at ₹ 161,684.63 crore as of 31 March 2023 (previous year ₹ 123,039.86 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 8% of its overall net borrowings in normal market scenario.

47 Risk management objectives and policies (Contd.)

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 113%, well in excess of the RBI's stipulated norm of 70%. LCR requirement will move to 85% from 1 December 2023 and to 100% by December 2024.

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 contractual cashflow of the Company's financial liabilities :

(₹ in crore)

	As at 31 March 2023			As at 31 March 2022		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Debt securities	26,182.39	57,212.18	83,394.57	26,233.19	44,781.31	71,014.50
Borrowings (other than debt securities)	22,907.95	31,203.78	54,111.73	14,510.32	18,031.12	32,541.44
Deposits	22,909.91	26,835.58	49,745.49	16,093.46	17,328.53	33,421.99
Subordinated liabilities	354.87	4,232.06	4,586.93	532.50	4,586.69	5,119.19
Trade payables	953.18	-	953.18	750.72	-	750.72
Other payables	559.10	-	559.10	313.20	-	313.20
Other financial liabilities	762.62	457.30	1,219.92	679.09	357.74	1,036.83
	74,630.02	119,940.90	194,570.92	59,112.48	85,085.39	144,197.87

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

47 Risk management objectives and policies (Contd.)

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

(₹ in crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,191.35	-	1,191.35	2,872.93	-	2,872.93
Bank balances other than cash and cash equivalent	1,124.31	1,003.80	2,128.11	27.80	-	27.80
Derivative financial instruments	146.98	-	146.98	121.90	-	121.90
Trade receivables	1,070.21	-	1,070.21	1,017.11	-	1,017.11
Loans	73,055.71	106,041.41	179,097.12	65,489.07	78,787.18	144,276.25
Investments	15,978.86	12,758.99	28,737.85	6,981.08	9,390.74	16,371.82
Other financial assets	638.80	76.41	715.21	411.76	53.18	464.94
Non-financial assets						
Current tax assets (net)	-	175.85	175.85	-	158.96	158.96
Deferred tax assets (net)	-	919.00	919.00	-	908.40	908.40
Property, plant and equipment	-	1,551.96	1,551.96	-	1,189.77	1,189.77
Capital work-in-progress	-	14.60	14.60	-	13.27	13.27
Intangible assets under development	-	64.93	64.93	-	19.41	19.41
Other intangible assets	-	594.95	594.95	-	408.67	408.67
Other non-financial assets	76.52	40.11	116.63	125.26	40.09	165.35
	93,282.74	123,242.01	216,524.75	77,046.91	90,969.67	168,016.58
LIABILITIES						
Financial liabilities						
Derivative financial instrument	-	-	-	140.02	-	140.02
Trade payables	953.18	-	953.18	750.72	-	750.72
Other payables	559.10	-	559.10	313.20	-	313.20
Debt securities	23,857.37	41,812.48	65,669.85	24,531.66	34,502.92	59,034.58
Borrowings (other than debt securities)	20,656.41	27,238.29	47,894.70	13,169.70	16,700.68	29,870.38
Deposits	21,128.67	23,361.12	44,489.79	14,975.71	15,313.42	30,289.13
Subordinated liabilities	238.05	3,392.24	3,630.29	405.10	3,440.67	3,845.77
Other financial liabilities	728.82	392.70	1,121.52	653.13	310.47	963.60
Non-financial liabilities						
Current tax liabilities (net)	122.76	-	122.76	79.33	-	79.33
Provisions	20.77	233.69	254.46	13.01	149.23	162.24
Other non-financial liabilities	299.40	36.57	335.97	455.32	56.41	511.73
	68,564.53	96,467.09	165,031.62	55,486.90	70,473.80	125,960.70

47 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.

(i) Interest rate risk

On investment book other than equity

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	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment at amortised cost	128.59	129.45	(3.09)	3.20
Investment at FVTPL	4,365.08	4,365.08	(6.56)	6.56
Investment at FVOCI (other than equity)	15,302.57	15,302.57	(152.85)	152.85

Sensitivity analysis as at 31 March 2022

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment at amortised cost	5,125.74	5,129.73	(15.01)	15.01
Investment at FVTPL	3.10	3.10	-	-
Investment at FVOCI (other than equity)	4,880.14	4,880.14	(58.81)	58.81

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 and Market Value of Equity (MVE) and Net Interest Income analysis. The same is monitored monthly by ALCO. Sensitivity of the market value of unquoted equity investments other than those in subsidiaries and associates assuming varied changes in interest rates is presented in note no. 46.

Sensitivity Analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Loans	179,097.12	178,683.20	(1,968.35)	2,027.46
Debt securities	65,669.85	66,063.93	1,626.83	(1,741.61)
Borrowings (other than debt securities)	47,894.70	47,894.70	-	-
Deposits	44,489.79	44,395.63	587.91	(605.24)
Subordinated liabilities	3,630.29	3,725.52	93.47	(97.22)

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

47 Risk management objectives and policies (Contd.)

Sensitivity Analysis as at 31 March 2022

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Loans	144,276.25	144,827.76	(1,516.52)	1,561.83
Debt securities	59,034.58	60,106.37	1,230.18	(1,311.58)
Borrowings (other than debt securities)	29,870.38	29,870.38	-	-
Deposits	30,289.13	30,454.77	384.41	(395.31)
Subordinated liabilities	3,845.77	4,143.60	127.60	(133.79)

(ii) Price risk

The Company's quoted equity investments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, the Company periodically monitors the sectors it has invested in, performance of the investee companies and measures mark- to- market gains/(losses).

Sensitivity Analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment in equity shares (quoted)	60.40	60.40	6.04	(6.04)

Sensitivity Analysis as at 31 March 2022

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment in equity shares (quoted)	55.73	55.73	5.57	(5.57)

(iii) Foreign currency risk

The Company is exposed to foreign currency fluctuation risk for its external commercial borrowing (ECB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal & Coupon). As a matter of prudence, the Company has hedged the entire ECB exposure for the full tenure as per Board approved Interest rate risk, Currency risk and Hedging policy.

The Company evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs for raising ECB. The Company manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved 'Interest rate risk, Currency risk and Hedging policy'.

The Company's exposure of foreign currency risk at the end of the reporting period expressed in INR are as follows:

(₹ in crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	USD	JPY	USD	JPY
Hedged				
ECB	(1,299.50)	-	(3,964.19)	(1,417.97)
Derivative financial instrument*	1,299.50	-	3,964.19	1,417.97
Unhedged	-	-	0.23	-

*Represents the notional amount of the derivative financial instrument.

47 Risk management objectives and policies (Contd.)

Hedging policy

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Impact of hedge on the Balance Sheet :

As at 31 March 2023

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	1,299.50	146.98	-

As at 31 March 2022

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	3,964.19	121.90	(9.48)
INR JPY CCIRS	1,417.97	-	(130.54)

(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 seven broad categories viz: (i) urban lending, (ii) two and three wheeler lending, (iii) SME lending, (iv) rural lending, (v) mortgages, (vi) loan against securities, and (vii) commercial lending. 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 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. 3.4(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 3.4 (i).

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

47 Risk management objectives and policies (Contd.)

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, pass through certificates ('PTC') and other financial assets.

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

<table>
<tr><th rowspan="2">Lending verticals</th><th rowspan="2">Nature of businesses</th><th colspan="3">PD</th><th rowspan="2">EAD</th><th rowspan="2">LGD</th></tr>
<tr><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Urban Sales finance</td><td>Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends</td><td rowspan="6">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers and empirical default rates.</td><td rowspan="6">Empirical performance across different DPD (Days Past Due) ranges</td><td rowspan="3">100%</td><td rowspan="7">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%.</td><td rowspan="7">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.</td></tr>
<tr><td>Two and three wheeler finance</td><td>Two and three wheeler financing</td></tr>
<tr><td>Urban B2C</td><td>Personal loans to salaried and self employed individuals</td></tr>
<tr><td>SME lending</td><td>Unsecured and secured loans to SME's, self employed customers and professionals</td><td rowspan="3">100%</td></tr>
<tr><td>Rural Sales finance</td><td>Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends</td></tr>
<tr><td>Rural B2C</td><td>Personal loans to salaried, self employed customers, professionals and gold loans</td></tr>
<tr><td>Mortgages</td><td>Home loans, loans against property, developer finance and lease rental discounting</td><td colspan="2">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.</td><td>100%</td></tr>
<tr><td>Loan against securities</td><td>Loans against shares, mutual funds, deposits and insurance policies</td><td colspan="2">Determined basis empirical risk performance</td><td>100%</td><td>Determined basis empirical risk performance</td><td>Based on associated risk of the underlying securities</td></tr>
<tr><td>Commercial lending</td><td>Lending to auto component manufacturers, light engineering industry, financial institutions, specialty chemical, pharma, packaging and other mid-market companies.</td><td colspan="2">Internal evaluation/judgement applied at customer or industry segment.</td><td>100%</td><td>100%</td><td>Based on estimates of cash flows</td></tr>
</table>

47 Risk management objectives and policies (Contd.)

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

As at 31 March 2023

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	78,849.04	1,280.08	1,108.53	99,240.44	1,392.91	1,066.96
Allowance for ECL	348.84	282.41	586.57	1,248.21	572.51	802.30
ECL coverage ratio	0.44%	22.06%	52.91%	1.26%	41.10%	75.19%

As at 31 March 2022

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	59,809.13	1,842.83	1,696.05	82,159.88	1,414.11	1,291.09
Allowance for ECL	345.52	458.51	862.69	900.92	492.73	876.47
ECL coverage ratio	0.58%	24.88%	50.86%	1.10%	34.84%	67.89%

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 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 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
Urban sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture, digital products etc.
Two and three wheeler finance	Hypothecation of underlying two and three wheeler
Rural sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Rural B2C - Gold loans	Pledge of gold jewellery.
SME lending (Secured)	Hypothecation of underlying product e.g. used car and medical equipment etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loan against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies.
Commercial lending	Plant and machinery, book debts etc.

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 and primarily in its two wheeler and three wheeler financing business. 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. For its loan against securities business, the Company recoups shortfall in value of securities through part recall of loans or additional securities from the customer, or sale of underlying securities. The Company does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

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

47 Risk management objectives and policies (Contd.)

Guarantee cover taken on loans

To secure its eligible pool, the Company takes guarantee cover for its portfolios across B2C, MSME and three-wheeler financing business under Credit Guarantee Fund Scheme for NBFCs (CGS-II) from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) governed by the SIDBI. As on 31 March 2023, the Company has covered ₹ 3,711 crore of its loan assets under this scheme. This has helped the Company to offset ₹ 171 crore worth of credit losses during the current year with further claims maturing over FY2024 and FY2025.

Further, the Company has also granted loans under RBI's Emergency Credit Line Guarantee Scheme (ECLGS) to its qualifying customers, as of 31 March 2023 ₹ 447 crore of loans are outstanding under ECLGS.

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 seven categories of lending mentioned above.

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.

47 Risk management objectives and policies (Contd.)

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 7.69% may move towards an average of 7.4% 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 7.4% 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 3.4% by the end of June 2024 but may come back to an historical (excluding COVID period) 4-year average of 7.4%.

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 and Feb'23, it crossed 6%. The inflation as at Mar'23 has moderated to 5.7%, which is within the RBI comfort level. MPC is taking appropriate 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 6.2% 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 6.3% 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 the Company), and therefore assumes the inflation to touch a peak of around 9.66% in Q2 FY2024, and subsequently normalise to around 5.94% 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 the Company, and, therefore, inflation may see easing to a level of around 2.2% before averaging back to the average of 5.94%.

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.

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

47 Risk management objectives and policies (Contd.)

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Gross carrying amount of loans	182,937.96	148,213.09
Reported ECL on loans	3,840.84	3,936.84
Reported ECL coverage	2.10%	2.66%
Base ECL without macro overlay	3,117.84	3,087.84
Add : Management overlay	592.00	676.00
ECL before adjustment for macro economic factors	3,709.84	3,763.84
ECL amounts for alternate scenario		
Central scenario (80%)	3,833.79	3,916.05
Downside scenario (10%)	4,723.67	4,506.05
Upside scenario (10%)	3,014.43	3,533.94
Reported ECL	3,840.84	3,936.84
Management and Macro economic overlay	723.00	849.00
-Management overlay	592.00	676.00
-Overlay for macro economic factors	131.00	173.00
ECL Coverage ratios by scenario		
Central scenario (80%)	2.10%	2.64%
Downside scenario (10%)	2.58%	3.04%
Upside scenario (10%)	1.65%	2.38%

(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. BFL 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.

48 Employee stock option plan

(A) Employee stock option plan of Bajaj Finance Ltd.

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the then issued equity capital of the Company aggregating to 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 677,313 stock options i.e. from 1,829,803 to 2,507,116 options of the face value of ₹ 10 each under the stock options scheme of the Company i.e. Employee Stock Option Plan 2009.

Pursuant to the sub-division of each equity share of face value of ₹ 10 into five equity shares of face value of ₹ 2 on 10 September 2016 and allotment of bonus equity share in the proportion of one equity share of face value of ₹ 2 for every one equity share on 14 September 2016, the aggregate number of equity shares which would be available for future grants under the Employee Stock Option Plan, 2009 were adjusted from 2,507,116 equity shares of face value of ₹ 10 to 25,071,160 equity shares of face value of ₹ 2 each.

Further, vide the Special Resolution passed by the members of the Company through postal ballot on 19 April 2021, the aforesaid limit of options was enhanced by 10,000,000 options. The maximum limit under the scheme now stand revised from 25,071,160 options to 35,071,160 options.

The options issued under the ESOP Scheme vest over a period of not less than 1 year and not later than 5 years from the date of grant with the vesting condition of continuous employment with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company and its subsidiaries in accordance with the Stock Option Scheme. Details of grants given up to the reporting date under the scheme, duly adjusted for sub-division of shares and issue of bonus shares thereon, 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
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-
15-May-13	138.04	3,949,300	-	-	3,096,300	853,000	-
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	81,500	-	2,393,750	340,750	81,500
20-May-15	448.16	1,935,000	158,800	-	1,406,700	369,500	158,800
24-May-16	765.37	1,430,000	302,800	-	901,825	225,375	302,800
17-May-17	1,347.75	1,120,750	355,494	-	623,893	141,363	355,494
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-
01-Feb-18	1,677.85	120,000	21,702	-	49,334	48,964	21,702
17-May-18	1,919.95	1,273,416	511,235	-	555,967	206,214	511,235
16-May-19	3,002.75	1,123,900	477,036	244,897	316,936	85,031	721,933
19-May-20	1,938.60	2,054,250	569,830	912,853	405,973	165,594	1,482,683
27-Apr-21	4,736.55	936,643	180,681	659,013	48,915	48,034	839,694
26-Apr-22	7,005.50	1,003,756	-	986,280	-	17,476	986,280
25-Jul-22	6,258.25	19,349	-	19,349	-	-	19,349
		29,940,214	2,659,078	2,822,392	20,446,573	4,012,171	5,481,470

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

48 Employee stock option plan (Contd.)

As on 31 March 2022

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-
15-May-13	138.04	3,949,300	75,500	-	3,020,800	853,000	75,500
01-Nov13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	285,255	-	2,189,995	340,750	285,255
20-May-15	448.16	1,935,000	315,145	-	1,250,355	369,500	315,145
24-May-16	765.37	1,430,000	403,375	-	801,250	225,375	403,375
17-May-17	1,347.75	1,120,750	440,307	-	539,080	141,363	440,307
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-
01-Feb-18	1,677.85	120,000	27,126	-	43,910	48,964	27,126
17-May-18	1,919.95	1,273,416	404,417	244,912	416,510	207,577	649,329
16-May-19	3,002.75	1,123,900	343,451	501,778	198,595	80,076	845,229
19-May-20	1,938.60	2,054,250	311,196	1,411,314	197,334	134,406	1,722,510
27-Apr-21	4,736.55	936,643	2,401	905,273	773	28,196	907,674
		28,917,109	2,608,173	3,063,277	19,305,582	3,940,077	5,671,450

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

(₹ in crore)

Particulars	FY2023		FY2022
Grant date	25-Jul-22	26-Apr-22	27-Apr-21
No. of options granted	19,349	1,003,756	936,643
Weighted average fair value (₹)	2,683.83	3,212.49	2,108.92

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

As on 31 March 2023

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	5,671,450	138.04-4,736.55	2,219.04	4.49
Granted during the year	1,023,105	6,258.25-7,005.5	6,991.37	
Cancelled during the year	72,094	1919.95-7,005.5	4,010.24	
Exercised during the year	1,140,991	138.04-4,736.55	1,385.83	
Outstanding at the end of the year	5,481,470	219.66-7,005.5	3,259.66	4.42
Exercisable at the end of the year	2,659,078	219.66-4,736.55	1,959.63	2.66

48 Employee stock option plan (Contd.)

As on 31 March 2022

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	6,633,275	87.61-3,002.75	1,560.95	4.51
Granted during the year	936,643	4,736.55	4,736.55	
Cancelled during the year	184,252	1,677.85-4,736.55	2,584.37	
Exercised during the year	1,714,216	87.61-4,736.55	1,008.80	
Outstanding at the end of the year	5,671,450	138.04-4,736.55	2,219.04	4.49
Exercisable at the end of the year	2,608,173	138.04-4,736.55	1,374.30	2.59

The weighted average market price of equity shares for options exercised during the year is ₹ 6,564.81 (Previous year ₹ 6,473.87).

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 (₹)*	Options granted	Vesting period
27-Apr-21	5.65%	3.5 -6.5 years	42.51%	0.21%	4,736.55	936,643	4 years on SLM basis
26-Apr-22	6.52%	3.5 - 6.5 years	42.12%	0.29%	7,005.50	946,983	4 years on SLM basis
26-Apr-22	6.95%	7.5 years	39.54%	0.29%	7,005.50	56,773	5 year bullet
25-Jul-22	7.09%	3.5 - 6.5 years	42.20%	0.32%	6,258.25	7,544	4 years on SLM basis
25-Jul-22	6.91%	3.5 years	44.71%	0.32%	6,258.25	8,202	1 year bullet
25-Jul-22	6.99%	4 years	44.15%	0.32%	6,258.25	3,603	18 month bullet

For the year ended 31 March 2023, the Company has accounted expense of ₹ 197.08 crore as employee benefit expenses (note no.34) on the aforesaid employee stock option plan (Previous year ₹ 141.80 crore). The balance in employee stock option outstanding account is ₹ 555.34 crore as of 31 March 2023 (Previous year ₹ 397.56 crore).

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

48 Employee stock option plan (Contd.)

(B) Employee stock option plan of Bajaj Finserv Ltd.

The Nomination and Remuneration Committee of the holding Company has approved grant of 183,050 stock options at an exercise price of ₹ 1,482.64, adjusted for split and bonus, having a bullet vesting of 5 years to select employees of the Company in accordance with the Stock Option Scheme of the Holding Company. Of the options granted, no option has vested, cancelled or exercised during the year. The weighted average fair value of the option granted is ₹ 689.20.

The Holding 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 (₹)
28-Apr-22	6.75%	6 years	34.19%	0.02%	1,482.64

For the year ended 31 March 2023, the Company has accounted expense of ₹ 2.34 crore as employee benefit expenses (note no. 34) on the aforesaid employee stock option plan (Previous year ₹ Nil)

49 Ultimate beneficiary

No funds (which are material either individually or in the aggregate) 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 Intermediaries shall, 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.

No funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

50 Relationship with struck off companies

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck-off company	Relationship with the struck off company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022
1	Abhilash Global Corporation Pvt. Ltd.	Loan receivables	No	0.09	0.12
2	Aditya Infocom Pvt. Ltd.	Loan receivables	No	-	0.04
3	Alpic Formulations Pvt. Ltd.	Loan receivables	No	0.06	0.06
4	Asquare Events And Production Pvt. Ltd.	Loan receivables	No	0.13	0.13
5	Astor Metal Industries Pvt. Ltd.	Loan receivables	No	0.17	0.17
6	Attract Force Management Service Pvt. Ltd.	Loan receivables	No	0.05	0.07
7	Ayuh Meditech Solutions Pvt. Ltd.	Loan receivables	No	-	0.02
8	Balsam Publishing House Pvt. Ltd.	Loan receivables	No	-	0.20
9	Bhandari Hotels Pvt. Ltd.	Loan receivables	No	0.09	0.09
10	Cse Computer Solutions East Pvt. Ltd.	Loan receivables	No	0.14	0.54
11	Daffodils Daily Opc Pvt. Ltd.	Loan receivables	No	0.12	0.12
12	Dheer Software Solutions Pvt. Ltd.	Loan receivables	No	-	0.04

50 Relationship with struck off companies (Contd.)

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck-off company	Relationship with the struck off company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022
13	First Office Solutions India Pvt. Ltd.	Loan receivables	No	0.07	0.03
14	First Paper Idea India Pvt. Ltd.	Loan receivables	No	0.11	0.11
15	Fortuner Con Serve Pvt. Ltd.	Loan receivables	No	-	0.03
16	Gayathri Technocrats Pvt. Ltd.	Loan receivables	No	-	0.15
17	Gintara Pvt. Ltd.	Loan receivables	No	-	0.08
18	Grastance Techonologies Pvt. Ltd.	Loan receivables	No	0.03	0.05
19	Green Way Super Market Pvt. Ltd.	Loan receivables	No	0.11	0.11
20	Hyper Collective Creative Technologies Pvt. Ltd.	Loan receivables	No	-	-
21	Indira Smart Systems Pvt. Ltd.	Loan receivables	No	0.09	0.10
22	Indochin Electrotech Pvt. Ltd.	Loan receivables	No	0.13	0.13
23	Invision Entertainment Pvt. Ltd.	Loan receivables	No	2.06	1.83
24	Jamson Pharmaceutical Pvt. Ltd.	Loan receivables	No	-	0.11
25	Kool Gourmet Pvt. Ltd.	Loan receivables	No	0.10	-
26	Koolair Systems Pvt. Ltd.	Loan receivables	No	-	0.10
27	Mankut Facility Management Service Pvt. Ltd.	Loan receivables	No	0.09	-
28	Maxin Hydro Dynamic India Pvt. Ltd.	Loan receivables	No	0.14	0.06
29	Mazda Agencies Pvt. Ltd.	Loan receivables	No	0.11	0.11
30	Mechwing Engineering & Services Pvt. Ltd.	Loan receivables	No	0.10	0.10
31	Multi Tech System Industrial Automation Pvt. Ltd.	Loan receivables	No	-	-
32	Multiton Equipments Pvt. Ltd.	Loan receivables	No	-	0.11
33	Nur Automation Pvt. Ltd.	Loan receivables	No	0.07	-
34	R R Movers And Logistics Pvt. Ltd.	Loan receivables	No	0.13	0.13
35	Relied Staffing Solution Pvt. Ltd.	Loan receivables	No	0.12	0.12
36	Shrine Infrastructure Pvt. Ltd.	Loan receivables	No	0.56	0.57
37	Singh Hindustan Marine Pvt. Ltd.	Loan receivables	No	-	-
38	Solaris People Solutions Pvt. Ltd.	Loan receivables	No	0.10	0.10
39	Sri Beera Barji Trading Co. Pvt. Ltd.	Loan receivables	No	0.06	0.07
40	Sri Sampurna Laxmi Spinning Mills Pvt. Ltd.	Loan receivables	No	0.18	0.23
41	Suzal-Whole Sale Marketing Service Pvt. Ltd.	Loan receivables	No	-	0.08
42	Tejas India Buildtech Pvt. Ltd.	Loan receivables	No	0.14	0.13
43	Times Partner Pvt. Ltd.	Loan receivables	No	-	0.01
44	Tulsians Kharidiye Pvt. Ltd.	Loan receivables	No	-	-
45	Vijayasree Rearing and Processing Pvt. Ltd.	Loan receivables	No	-	0.04
46	Wave Aquatic Pvt. Ltd.	Loan receivables	No	-	0.11

The above disclosure has been prepared basis the relevant information compiled by the Company on best effort basis.

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

51 Disclosure pertaining to stock statement filed with banks or financial institutions

The Company has availed of the facilities (secured borrowings) from the lenders inter alia on the condition that, the Company shall provide or create or arrange to provide or have created, security interest by way of a first pari passu charge of the loans. Security interest is created by charge creation towards security and debenture trustee on behalf of security holders and debenture holders.

For the financial year ended 31 March 2023

The quarterly statements or returns of current assets filed by the Company with banks are in agreement with books of accounts.

For the financial year ended 31 March 2022

(a) Details of receivable reported in the quarterly stock statement and receivable as per books of account

(₹ in crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Name of bank	Trustees	Trustees	Trustees	Trustees
Particulars of securities provided	Loans	Loans	Loans	Loans
Amount as per books of accounts	117,372.02	121,243.87	130,731.63	144,276.25
Add : Impairment loss allowance	4,780.96	4,427.84	4,040.30	3,936.84
Add : Impact of EIR	1,334.84	1,468.39	1,663.25	1,742.64
Amount as per books of accounts (Gross)	123,487.82	127,140.10	136,435.18	149,955.73
Amount as reported in the quarterly return/statement	112,020.80	125,534.07	135,802.51	141,462.65

Amount as reported in quarterly return is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties.

(b) Summary of coverage required and available for secured borrowings

(₹ in crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Receivables as reported in the quarterly return/ statement (A)	112,020.80	125,534.07	135,802.51	141,462.65
Coverage required for secured borrowings (including interest accrued thereon) (B)	66,603.21	70,457.49	73,133.57	80,375.39
Charge free receivables =(A-B)	45,417.59	55,076.58	62,668.94	61,087.26
Asset cover ratio =(A/B)	1.68	1.78	1.86	1.76

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated)

(A) Capital

(₹ in crore)

Particulars		As at 31 March 2023	As at 31 March 2022
(i)	CRAR (%)	24.97%	27.22%
(ii)	CRAR -Tier I Capital (%)	23.20%	24.75%
(iii)	CRAR -Tier II Capital (%)	1.77%	2.47%
(iv)	Amount of subordinated liabilities raised as Tier II capital (Raised during the year Nil, previous year Nil)	3,630.29	3,845.77
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-
(vi)	Discounted value of tier II bonds considered for the purpose of Tier II capital	1,916.76	2,604.10

(B) Investments

(₹ in crore)

Particulars			As at 31 March 2023	As at 31 March 2022
(I)	**Value of investments**			
	(i)	Gross value of investments		
		- In India	28,834.14	16,451.41
		- Outside India	-	-
	(ii)	Provisions for depreciation/amortisations		
		- In India	96.29	79.59
		- Outside India	-	-
	(iii)	Net value of investments		
		- In India	28,737.85	16,371.82
		- Outside India	-	-
(II)	**Movement of provisions held towards depreciation/appreciation/ amortisation on investments**			
	(i)	Opening balance	79.59	27.48
	(ii)	Add: Provisions made during the year (net of appreciation)	21.54	85.99
	(iii)	Less: Writeoff/write back of excess provisions during the year	4.84	33.88
	(iv)	Closing balance	96.29	79.59

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(C) Derivatives

(I) Forward rate agreement/interest rate swap

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) The notional principal of swap agreements*	1,299.50	5,382.16
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	146.98	121.90
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps#	-	-
(v) The fair value of the swap book, net	146.98	(18.12)

*The Company has hedged its foreign currency borrowings through CCIRS (cross currency interest rate swaps). For Accounting Policy & Risk Management Policy. (Refer note no. 3.16 and 47)

#Concentration of credit risk arising from swaps with banks.

-Forward rate agreement (FRAs) entered into during the year ₹ Nil (Previous year ₹ Nil). The Company did not have Outstanding position as on 31 March 2023 and 31 March 2022.

(II) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

(III) Disclosures on risk exposure in derivatives

Qualitative disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. (Refer note no. 3.16 & 47)

Quantitative disclosure

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Derivatives (notional principal amount) for hedging	1,299.50	5,382.16
(ii) Marked to market positions		
(a) Asset	146.98	121.90
(b) Liability	-	140.02
(iii) Credit exposure	-	-
(iv) Unhedged exposures	-	-

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(D) Asset Liability Management - maturity pattern of certain items of assets and liabilities*

As at 31 March 2023

(₹ in crore)

Particulars	Over 1 day to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over 1 Month to 2 Months	Over 2 Months 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
Public deposits	90.69	105.10	238.90	453.16	564.29	2,080.89	5,031.45	14,726.63	5,011.99	-	28,303.10
Advances (loans)	6,001.56	1,957.63	4,444.49	8,202.98	7,590.53	19,038.10	28,584.70	66,427.95	23,623.62	13,225.56	179,097.12
Investments	5,378.13	8,854.01	1,169.13	5.35	39.93	228.44	303.87	2,275.12	1,253.39	9,230.48	28,737.85
Borrowings (other than public deposits)	10,110.36	1,397.38	1,610.15	6,325.58	7,883.88	9,345.65	20,424.38	41,848.44	16,013.67	16,960.59	131,920.08
Foreign currency liabilities	-	632.22	8.43	-	-	-	820.80	-	-	-	1,461.45

As at 31 March 2022

(₹ in crore)

Particulars	Over 1 day to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over 1 Month to 2 Months	Over 2 Months 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
Public deposits	144.42	167.21	482.43	735.35	655.61	2,269.50	4,066.47	10,905.11	1,757.97	-	21,184.07
Advances (loans)	10,144.53	1,592.97	4,031.37	6,752.27	6,614.68	16,278.87	23,733.43	46,461.21	18,618.25	10,048.67	144,276.25
Investments	-	511.97	200.41	1,112.34	205.12	4,948.14	3.10	2,386.76	641.13	6,362.85	16,371.82
Borrowings (other than public deposits)	6,305.26	3,194.10	551.18	2,225.19	5,458.31	8,134.39	14,966.18	36,705.24	8,334.23	10,459.27	96,333.35
Foreign currency liabilities	-	3.06	16.95	3.23	-	-	4,178.32	1,320.88	-	-	5,522.44

*Amounts disclosed as per the behaviouralised pattern

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(E) Exposures

(I) Exposure to real estate sector

(₹ in crore)

Category	As at 31 March 2023	As at 31 March 2022
(i) Direct exposure		
(a) Residential mortgages lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	5,741.34	5,061.59
(b) Commercial real estate lending secured by mortgages on commercial real estates	4,138.16	4,290.02
(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
- Residential	128.59	-
- Commercial Real Estate	-	-
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	3,064.90	2,728.97
Investment in Housing Finance Companies	7,528.00	5,028.00

-In addition to above, the Company has loan exposures amounting ₹ 3,606.18 crore as on 31 March 2023 (Previous year ₹ 2,179.66 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.

(II) 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; (Refer note (i) to (iii) below)	743.23	664.47
(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;	83.13	5,954.98
(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; (Refer note (iv) below)	22,466.29	8,826.03
(iv) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	1,064.76	103.77
Total Exposure to Capital Market	24,357.41	15,549.25

Note:

(i) Excludes investments in 100% wholly owned subsidiaries amounting to ₹ 8,198.38 crore current year (Previous year ₹ 5,698.38 crore)

(ii) Includes investment in listed equity shares of RBL Bank having actual cost of ₹ 150 crore considered at net carrying value of
₹ 60.30 crore in current year (Previous year ₹ 55.64 crore)

(iii) Includes loan amounting to ₹ 290.41 crore given to Group company for current year (Previous year ₹ 280.47 crore) fully convertible into equity shares.

(iv) Includes loan against pledge of shares by Promoters of other companies amounting to ₹ 5,792.28 crore (Previous year ₹ 3,779.92 crore)

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(III) Intra-group exposures

(₹ in crore)

Particulars	As at 31 March 2023	2022
Total amount of intra-group exposures	3,250.00	3,000.00
Total amount of top 20 intra-group exposures	3,250.00	3,000.00
Percentage of intra-group exposures to total exposure of the borrowers/ customers	1.49%	1.83%

(IV) Unhedged foreign currency exposure

The Company's exposure of unhedged foreign currency risk at the end of the reporting period is ₹ Nil (Previous year ₹ 0.23 crore)

(V) Details of financing of Parent Company products

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

(VI) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded

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

(VII) Unsecured advances

Gross loans and advances includes unsecured advances ₹ 101,700.31 crore (Previous year ₹ 84,865.08 crore). There are no advances secured against intangible assets.

(F) Registration obtained from other financial sector regulators

Regulator	Registration no.	Date of registration/renewal
Insurance Regulatory and Development Authority - Corporate agent	CA0101	01-Apr-2016 01-Apr-2019 (Renewed till 31-Mar-25)
AMFI Registered Mutual Fund Advisor (ARMFA)	ARN - 90319	27-Jun-2016 27-Jun-2019 27-Jun-2022 (Renewed till 26-Jun-2025)

(G) Details of penalties imposed by RBI and other regulators

Current year:

Regional Director (MCA) vide its order dated 20 May 2022, imposed a fine of ₹ 3.39 lakhs on the Company for violation of provisions of section 297 of the erstwhile Companies Act, 1956 ('Previous Act'), for entering into transactions with PN Writer and Siliguri Autoworks without seeking approval of the Board or prior approval of the Central Government. A Compounding application was made by the Company in 2012 and resubmitted in 2020 in this regards. The Compounding hearing was held on 27 April 2022 with Regional Director and a compounding fee was charged to Company which was duly paid.

BSE vide its notice through email dated 22 February 2023, imposed a fine of ₹ 50,000 (excluding GST) for delayed intimation of payment of interest/principal to stock exchanges in relation to Non-Convertible Debentures (4 ISINs). There had been no delay in payment of interest/principal and the said delay had not affected any investor adversely and the Company had remitted the requisite amount to the stock exchange.

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

Previous year:

FIU-IND vide its Order dated 28 March 2022, imposed penalty of ₹ 3 lakh under PMLA and its Rules, for not having in place an effective internal mechanism to detect, not reporting suspicious transactions reportable as STRs, failure to carry out KYC updation based on periodic risk assessment and to determine ultimate beneficial ownership. The observations were based on the review by FIU-IND during September 2018 for the FY 2016, 2017 and 2018. The Company has since taken necessary corrective actions in this respect. No other penalty has been levied by RBI or any other Regulators.

(H) Details of ratings assigned by credit rating agencies and migration of ratings during the year

Rating agency	Programme	Ratings assigned	Migration in ratings during the year
India Ratings	Non-convertible debenture	IND AAA/Stable	Nil
	Subordinate debt	IND AAA/Stable	Nil
	Long term bank rating	IND AAA/Stable	Nil
	Short term bank rating	IND A1+	Nil
CRISIL	Non-convertible debenture	CRISIL AAA/Stable	Nil
	Lower tier II bond	CRISIL AAA/Stable	Nil
	Fixed deposit	CRISIL AAA/Stable*	Nil
	Long term bank rating	CRISIL AAA/Stable	Nil
	Short term bank rating	CRISIL A1+	Nil
	Subordinate debt	CRISIL AAA/Stable	Nil
	Short term debt	CRISIL A1+	Nil
ICRA	Non-convertible debenture	ICRA AAA/Stable	Nil
	Fixed deposit	ICRA AAA/Stable*	Nil
	Subordinate debt	ICRA AAA/Stable	Nil
	Short term debt	ICRA A1+	Nil
CARE	Non-convertible debenture	CARE AAA/Stable	Nil
	Subordinate debt	CARE AAA/Stable	Nil
S&P	Entity level	Long term issuer rating of 'BB+' with positive outlook Short term rating of 'B'	Nil

* Rating assigned remain constant as compared to previous year, except change in nomenclature basis shift in the FD rating scale (from 14-point to 20-point) as mandated by SEBI.

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(I) Remuneration of non-executive Directors

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Late Rahul Bajaj ('Chairman Emeritus till 12 February 2022')	-	0.03
Sanjiv Bajaj	0.80	0.86
Madhur Bajaj ('resigned w.e.f. 1 August 2022')	0.07	0.21
Rajiv Bajaj	0.21	0.17
Dipak Poddar ('resigned w.e.f. 1 April 2022')	-	0.41
Ranjan Sanghi ('resigned w.e.f. 1 May 2022')	0.07	0.44
D J Balaji Rao	0.24	0.21
Dr. Omkar Goswami ('resigned w.e.f. 9 July 2021')	-	0.12
Dr. Gita Piramal ('resigned w.e.f. 1 May 2022')	-	0.21
Dr. Naushad Forbes	0.53	0.48
Anami N Roy	0.63	0.69
Radhika Haribhakti	0.28	-
Pramit Jhaveri	0.60	0.28

-Excluding GST.

(J) Provisions and contingencies

(₹ in crore)

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	For the year ended 31 March 2023	2022
Provision for non performing assets*	(350.29)	189.47
Provision for income tax	3,593.00	2,242.00
Provision for standard assets**	2,156.77	(204.76)
Provision for employee benefits	92.22	25.68

* Represents impairment loss allowance on stage 3 assets.
** Represents impairment loss allowance on stage 1 and stage 2 assets.

(K) Draw Down from Reserves

During the year, the Company has not drawn down any amount from reserves.

(L) Concentration of deposits, advances, exposures and NPAs

(I) Concentration of deposits

(₹ in crore)

Particulars	As at 31 March 2023	2022
Total deposits of twenty largest depositors	7,367.76	5,155.86
Percentage of deposits to twenty largest depositors to total deposits	16.56%	17.02%

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(II) Concentration of advances

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total advances to twenty largest borrowers	6,370.70	6,566.08
Percentage of advances to twenty largest borrowers to total advances	3.48%	4.43%

- The above exposures denotes gross carrying amount.

(III) Concentration of exposures (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	9,663.37	9,263.89
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	4.44%	5.64%

- The above exposures denotes gross carrying amount.

(IV) Concentration of NPAs

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total exposure to top four NPA accounts	80.18	466.27

- The above exposures denotes gross carrying amount.

(V) Sector-wise NPAs

(₹ in crore)

Sector	As at 31 March 2023			As at 31 March 2022		
	Total Advances in the sector	NPA	%	Total Advances in the sector	NPA	%
(i) Agriculture & allied activities	111.04	0.65	0.59%	42.28	0.35	0.83%
(ii) MSME*	8,130.92	14.12	0.17%	14,146.82	215.82	1.53%
(iii) Corporate borrowers#	-	-	0.00%	-	-	0.00%
(iv) Services	51,466.53	944.02	1.83%	36,726.28	1,561.80	4.25%
(v) Unsecured personal loans	67,065.70	639.18	0.95%	55,289.84	524.26	0.95%
(vi) Auto loans	11,014.36	243.63	2.21%	7,944.33	446.81	5.62%
(vii) Other personal loans	31,675.07	199.05	0.63%	25,794.73	162.19	0.63%
(viii) Industries	13,474.34	134.84	1.00%	8,268.81	75.91	0.92%
	182,937.96	2,175.49	1.19%	148,213.09	2,987.14	2.02%

#Covered under specific sectors.

*As at 31 March 2023, as per RBI clarification dated 21 August 2020 on 'New Definition of Micro, Small and Medium Enterprises. – Clarification' read with circular dated 25 June 2021, 18 February 2022 and 19 May 2022, customers who have submitted Udyam registration to the Company are being classified as MSME. Had the classification done basis Company's assessment, the amount of MSME exposure would had been ₹ 18,673.80 crore.

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(vi) Sectoral exposure

(₹ in crore)

Sector	As at 31 March 2023			As at 31 March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and allied activities	194.19	0.65	0.33%	42.78	0.35	0.82%
2. Industry	18,294.22	136.93	0.75%	11,661.31	122.40	1.05%
i. Other industries	18,294.22	136.93	0.75%	11,661.31	122.40	1.05%
3. Services	74,555.13	956.05	1.28%	55,991.96	1,731.13	3.09%
i. Transport operators	5,376.98	422.72	7.86%	4,530.98	802.06	17.70%
ii. Professional services	21,459.76	192.16	0.90%	16,789.99	147.79	0.88%
iii. Retail trade	19,277.70	182.02	0.94%	12,550.60	564.31	4.50%
iv. Commercial real estate	4,138.16	26.53	0.64%	4,307.60	43.87	1.02%
v. NBFCs	12,276.19	-	0.00%	7,515.75	-	0.00%
vi. Other services	12,026.34	132.62	1.10%	10,297.04	173.10	1.68%
Out of Services -						
(a) Micro and small enterprises	6,564.47	11.95	0.18%	11,599.82	168.52	1.45%
(b) Others	67,990.66	944.10	1.39%	44,392.14	1,562.61	3.52%
4. Personal loans	124,690.09	1,081.86	0.87%	96,676.05	1,133.26	1.17%
i. Consumer durables	21,489.78	84.17	0.39%	18,163.15	44.06	0.24%
ii. Vehicle/auto loans	11,021.09	243.63	2.21%	7,958.80	446.81	5.61%
iii. Advances to individuals against shares, bonds	7,018.55	1.15	0.02%	2,497.80	-	0.00%
iii. Other retail loans	85,160.67	752.91	0.88%	68,056.30	642.39	0.94%
	217,733.63	2,175.49	1.00%	164,372.10	2,987.14	1.82%

Note:

1. As per the disclosure requirement for the purpose of above disclosure GNPA ratio is computed on total exposure (includes on balance sheet and off-balance sheet exposure) i.e Percentage of Gross NPAs to total exposure to respective sectors. Actual GNPA ratio of the Company is computed on the basis of on balance sheet exposure and accordingly are not comparable.
2. MSME exposure as at 31 March 2023 is as per Udyam registration details available with the Company.

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(M) Movement of NPAs

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
(i) Net NPAs to net advances (%)	0.43%	0.85%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,987.14	2,611.65
(b) Additions during the year	4,742.69	7,999.42
(c) Reductions during the year (including loans written-off)	5,554.34	7,623.93
(d) Closing balance	2,175.49	2,987.14
(iii) Movement of net NPAs		
(a) Opening balance	1,247.98	1,061.96
(b) Additions during the year	96.92	1,534.17
(c) Reductions during the year	558.28	1,348.15
(d) Closing balance	786.62	1,247.98
(iv) Movement of provisions for NPAs		
(a) Opening balance	1,739.16	1,549.69
(b) Provisions made during the year	4,645.77	6,465.25
(c) Writeoff/write-back of excess provisions	4,996.06	6,275.78
(d) Closing balance	1,388.87	1,739.16

(N) Disclosure of complaints

Customer complaints

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Number of complaints pending at the beginning of the year	-	-
Number of complaints received during the year	7,426	7,538
Number of complaints disposed during the year	7,419	7,538
Of which, number of complaints rejected during the year	64	-
Number of complaints pending at the end of the year	7	-

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

Complaints from Office of Ombudsman

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Number of maintainable complaints received from Office of Ombudsman	2635	3,330
Number of complaints resolved in favour by Office of Ombudsman	1002	1,126
Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	1158	1,756
Number of complaints resolved after passing of awards by Office of Ombudsman against the NBFC	-	-
Others#	475	448
Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

#Others includes RBI escalations for which closure details are not available, cases received over email, and which have been subsequently rejected etc.

Top five grounds of complaints received from customers

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ (decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
FY 2022-23					
Co-branded credit card#	-	4,100	(29%)	7	-
Debt management services	-	1,044	113%	-	-
Customer profile related	-	870	71%	-	-
Communication related	-	479	444%	-	-
EMI banking related	-	280	(16%)	-	-
Others	-	653	90%	-	-
	-	7,426		7	-
FY 2021-22					
Co-branded credit card#	-	5,775	-	-	-
Customer profile related	-	509	(12%)	-	-
Debt management services	-	489	23%	-	-
EMI banking related	-	334	(84%)	-	-
Flexi loan related	-	89	(67%)	-	-
Others	-	342	(78%)	-	-
	-	7,538		-	-

#Complaints related to co-brand credit card received at the co-brand credit card partner's end have been included.

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(O) Disclosure of gold loan portfolio

(₹ in crore)

Particulars	As at 31 March 2023	2022
Total gold loan portfolio	2,806.47	2,047.91
Total assets (Loans)	182,937.96	148,213.09
Gold loan portfolio as % of total assets	1.53%	1.38%

- The above exposures denotes gross carrying amount.

(P) Disclosure of gold auction

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Number of loan accounts	11,102	21,876
Outstanding amount	73.35	231.12
Value fetched on auctions	74.88	223.11

- None of the sister concerns of the Company participated in the auction.

(Q) The disclosures as required by the Master Direction -Monitoring of frauds in NBFCs issued by RBI dated 29 September 2016

(₹ in crore)

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	No. of cases	₹ in crore	No. of cases	₹ in crore
Amount involved is greater than or equal to 1 lakh	114	11.16	14	6.65
Amount involved is less than 1 lakh	717	1.03	86	0.17
Wallet related fraud	1,356	2.39	311	0.07

(R) Disclosures as required for liquidity risk

(I) Funding concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

Particulars	As at 31 March 2023	2022
Borrowings		
Number of significant counter parties	18	19
Amount (₹ in crore)	68,708.19	48,678.65
Percentage of funding concentration to total deposits	NA	NA
Percentage of funding concentration to total liabilities	41.63%	38.65%

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(II) Top 20 large deposits

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total amount of top 20 deposits	7,367.76	5,155.86
Percentage of amount of top 20 deposits to total deposits	16.56%	17.02%

(III) Top 10 borrowings

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total amount of top 10 borrowings	53,221.41	34,922.77
Percentage of amount of top 10 borrowings to total borrowings	32.92%	28.38%

(IV) 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
Non-convertible debentures	55,446.82	33.60%	52,608.53	41.77%
Deposits	44,489.79	26.96%	30,289.13	24.05%
Loans from bank	38,287.89	23.20%	22,348.78	17.74%
Commercial paper	10,223.03	6.19%	6,426.05	5.10%
External commercial borrowings	1,461.45	0.89%	5,522.44	4.38%
Subordinated liabilities	3,630.29	2.20%	3,845.77	3.05%
TREPs	8,145.36	4.94%	1,999.16	1.59%

(V) Stock ratios

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Commercial paper as a percentage of total public funds*	6.32%	5.22%
(ii) Commercial paper as a percentage of total liabilities	6.19%	5.10%
(iii) Commercial paper as a percentage of total assets	4.72%	3.82%
(iv) Other short term liabilities as a percentage of total public funds	36.08%	39.88%
(v) Other short term liabilities as a percentage of total liabilities	35.35%	38.96%
(vi) Other short term liabilities as a percentage of total assets	26.94%	29.21%
(vii) Non convertible debentures** as a percentage of total public funds	NA	NA
(viii) Non convertible debentures** as a percentage of total liabilities	NA	NA
(ix) Non convertible debentures** as a percentage of total assets	NA	NA

* Public funds' includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

** Non-convertible debentures with original maturity of less than one year.

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(VI) Institutional set-up for liquidity risk management

For qualitative disclosure on liquidity risk management, refer note no. 47.

Quarter on quarter liquidity coverage ratio for the financial year ended 31 March 2023 :

(₹ in crore)

	Particulars	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)
1	Total High Quality Liquid Assets (HQLA)	7,847.64	7,052.44	8,400.49	7,555.49	9,346.35	8,421.70	10,818.75	9,733.59
	Cash Outflows								
2	Deposits (for deposit taking companies)	1,225.56	1,409.39	1,461.82	1,681.09	1,638.62	1,884.41	1,710.43	1,967.00
3	Unsecured wholesale funding	1,902.81	2,188.23	2,137.79	2,458.46	3,255.95	3,744.34	2,742.95	3,154.39
4	Secured wholesale funding	2,991.63	3,440.38	3,008.66	3,459.96	4,060.09	4,669.11	5,282.68	6,075.08
5	Additional requirements, of which	1,981.96	2,279.25	1,827.68	2,101.83	1,911.70	2,198.46	2,051.45	2,359.17
	(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	1,981.96	2,279.25	1,827.68	2,101.83	1,911.70	2,198.46	2,051.45	2,359.17
6	Other contractual funding obligations	2,799.85	3,219.83	2,599.35	2,989.25	2,059.86	2,368.83	2,134.06	2,454.17
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**	**10,901.81**	**12,537.08**	**11,035.30**	**12,690.59**	**12,926.22**	**14,865.15**	**13,921.57**	**16,009.81**
	Cash Inflows								
9	Secured lending	966.42	724.82	657.56	493.17	1,269.80	952.35	114.51	85.88
10	Inflows from fully performing exposures	8,821.64	6,616.23	9,615.02	7,211.27	10,101.99	7,576.49	10,443.91	7,832.93
11	Other cash inflows	8,884.47	6,663.35	14,474.83	10,856.12	13,009.21	9,756.90	10,899.13	8,174.34
12	**Total cash inflows**	**18,672.53**	**14,004.40**	**24,747.41**	**18,560.56**	**24,381.00**	**18,285.74**	**21,457.55**	**16,093.15**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13	Total HQLA		7,052.44		7,555.49		8,421.70		9,733.59
14	Total net cash outflow		3,134.27		3,172.65		3,716.29		4,002.45
15	Liquidity coverage ratio (%)		225.01%		238.14%		226.62%		243.19%
	High Quality Liquid Assets (HQLA)	**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)**
1	Assets to be included as HQLA without any haircut	3,871.67	3,871.67	4,175.46	4,175.46	4,723.12	4,723.12	5,392.98	5,392.98
	(a) T-Bills	3,489.86	3,489.86	3,837.50	3,837.50	4,391.17	4,391.17	5,115.66	5,115.66
	(b) Bank balance	381.81	381.81	337.96	337.96	331.95	331.95	277.32	277.32
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 - Government securities	3,975.97	3,180.77	4,225.03	3,380.03	4,623.23	3,698.58	5,425.77	4,340.61
	Total HQLA	**7,847.64**	**7,052.44**	**8,400.49**	**7,555.49**	**9,346.35**	**8,421.70**	**10,818.75**	**9,733.59**

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

Quarter on quarter liquidity coverage ratio for the financial year ended 31 March 2022 :

(₹ in crore)

		Q1 FY22		Q2 FY22		Q3 FY22		Q4 FY22	
Particulars		**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Total High Quality Liquid Assets (HQLA)	4,614.15	3,877.70	5,306.64	4,550.83	5,094.33	4,300.57	6,007.41	5,212.43
	Cash Outflows								
2	Deposits (for deposit taking companies)	956.17	1,099.60	1,258.29	1,447.04	1,089.91	1,253.40	1,309.47	1,505.89
3	Unsecured wholesale funding	1,593.15	1,832.13	5,286.78	6,079.80	3,210.29	3,691.83	3,269.94	3,760.43
4	Secured wholesale funding	2,139.25	2,460.14	1,333.35	1,533.36	2,937.01	3,377.57	3,471.94	3,992.74
5	Additional requirements, of which	2,972.53	3,418.41	3,063.62	3,523.17	3,034.76	3,489.97	3,517.22	4,044.80
	(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	2,972.53	3,418.41	3,063.62	3,523.17	3,034.76	3,489.97	3,517.22	4,044.80
6	Other contractual funding obligations	1,251.19	1,438.87	4,455.32	5,123.62	2,182.38	2,509.73	1,980.03	2,277.03
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**	**8,912.29**	**10,249.15**	**15,397.36**	**17,706.99**	**12,454.35**	**14,322.50**	**13,548.60**	**15,580.89**
	Cash Inflows								
9	Secured lending	-	-	600.00	450.00	50.00	37.50	-	-
10	Inflows from fully performing exposures	7,547.40	5,660.55	17,169.42	12,877.07	9,428.30	7,071.23	10,288.53	7,716.40
11	Other cash inflows	13,286.03	9,964.52	12,581.18	9,435.89	13,457.06	10,092.79	11,295.32	8,471.49
12	**Total cash inflows**	**20,833.43**	**15,625.07**	**30,350.60**	**22,762.96**	**22,935.36**	**17,201.52**	**21,583.85**	**16,187.89**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**	
13	Total HQLA		3,877.70		4,550.83		4,300.57		5,212.43
14	Total net cash outflow		2,562.28		4,426.75		3,580.63		3,895.22
15	Liquidity coverage ratio (%)		151.34%		102.80%		120.11%		133.82%
	High Quality Liquid Assets (HQLA)	**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)**
1	Assets to be included as HQLA without any haircut	931.91	931.91	1,527.57	1,527.57	1,125.50	1,125.50	2,032.51	2,032.51
	(a) T-Bills	458.10	458.10	460.83	460.83	707.41	707.41	1,443.42	1,443.42
	(b) Bank balance	473.81	473.81	1,066.74	1,066.74	418.09	418.09	589.09	589.09
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 - Government securities	3,682.23	2,945.79	3,779.07	3,023.26	3,968.84	3,175.07	3,974.90	3,179.92
	Total HQLA	**4,614.14**	**3,877.70**	**5,306.64**	**4,550.83**	**5,094.34**	**4,300.57**	**6,007.41**	**5,212.43**

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (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 NBFCs 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 calendar month. 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, have considered: (1) all the contractual debt repayments, (2) committed credit facilities contracted with the subsidiaries and customers, and (3) other expected or contracted cash outflows. Inflows comprises of: (1) expected receipt from all performing loans, and (2) liquid investment which are unencumbered and have not been considered as part of HQLA.

For the purpose of HQLA the Company considers: (1) Unencumbered government securities, (2) Cash and Bank balances and (3) Pledged Government securities for purpose of Statutory Liquid Ratio (SLR) with haircut of 20%.

The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period. LCR guidelines have become effective from 1 December 2020, requiring NBFCs to maintain minimum LCR of 50%, LCR is gradually required to be increased to 100% by 1 December 2024. NBFCs are required to maintain LCR of 70% as on 31 March 2023.

(S) Loans and contracts awarded to Directors, Senior Officers and relatives of Directors

(₹ in crore)

Particulars	For the period ended 31 March 2023		
	Loans	**Contracts**	**Total**
Directors and their relatives	-	-	-
Entities associated with directors and their relatives	-	1.33	1.33
Senior officers and their relatives (Loan ₹ 32,308)		-	

(₹ in crore)

Particulars	For the period ended 31 March 2022		
	Loans	**Contracts**	**Total**
Directors and their relatives	NA	NA	NA
Entities associated with directors and their relatives	NA	NA	NA
Senior officers and their relatives	NA	NA	NA

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(T) Transactions with related parties

For the year ended 31 March 2023

Sr No.	Item/Related Party	1. Parent (as per ownership or control)			2. Subsidiaries			3. Associate			4. Director		
		Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year
1	Borrowings	-	(770.00)	(845.00)	-	-	-	-	-	-	-	-	-
2	Deposits	-	-	-	-	-	-	-	-	-	-	-	(0.30)
3	Placement of deposits	-	-	-	10.00	0.08	5.08	-	-	-	-	-	-
4	Advances	-	-	-	7,478.00	-	655.00	-	-	-	-	-	-
5	Investments	-	-	-	2,500.00	8,198.38	8,198.38	92.74	92.74	92.74	-	-	-
6	Purchase of fixed/other assets	0.08	(0.09)	NA	0.48	(0.35)	NA	-	-	NA	-	-	NA
7	Sale of fixed/other assets	0.15	-	NA	0.80	0.10	NA	-	-	NA	-	-	NA
8	Interest paid	50.50	-	NA	-	-	NA	-	-	NA	0.01	-	NA
9	Interest received	-	-	NA	5.23	-	NA	-	-	NA	-	-	NA
10	Others												
	Dividend paid	635.63	-	NA	-	-	NA	-	-	NA	0.94	-	NA
	Loan portfolio assigned in	-	-	NA	1,789.90	-	NA	-	-	NA	-	-	NA
	Others	45.34	(66.09)	NA	112.74	2.50	NA	4.98	-	NA	3.36	(2.25)	NA
		731.70	(836.18)	(845.00)	11,897.15	8,200.71	8,858.46	97.72	92.74	92.74	4.31	(2.25)	(0.30)

For the year ended 31 March 2022

Sr No.	Item/Related Party	1. Parent (as per ownership or control)			2. Subsidiaries			3. Director			4. Relative of Director		
		Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year
1	Borrowings	-	(685.00)	(720.00)	-	-	-	-	-	-	-	-	-
2	Deposits	-	-	-	4,900.00	-	(750.00)	-	-	-	-	(2.00)	(2.00)
3	Placement of deposits	-	-	-	-	0.08	0.08	-	-	-	-	-	-
4	Advances	-	-	-	7,270.00	50.00	500.00	-	-	-	-	-	-
5	Investments	-	-	-	400.00	5,698.38	5,698.38	-	-	-	-	-	-
6	Purchase of fixed/other assets	-	-	NA	0.38	-	NA	-	-	NA	-	-	NA
7	Sale of fixed/other assets	0.01	-	NA	0.28	-	NA	-	-	NA	-	-	NA
8	Interest paid	42.17	-	NA	3.82	-	NA	-	-	NA	0.04	-	NA
9	Interest received	-	-	NA	5.51	0.01	NA	-	-	NA	-	-	NA
10	Others												
	Dividend Paid	317.82	-	NA	-	-	NA	0.54	-	NA	0.26	-	NA
	Loan portfolio assigned in			NA	1,503.69	-	NA	-	-	NA	-	-	NA
	Others	40.65	(63.56)	NA	821.06	(0.14)	NA	4.09	(2.70)	NA	0.09	(0.05)	NA
		400.65	(748.56)	(720.00)	14,904.74	5,748.33	5,448.46	4.63	(2.70)	-	0.39	(2.05)	(2.00)

NA in above statement denotes 'Not Applicable'.

*The amount is below the rounding off norm adopted by the Company.

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

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(₹ in crore)

5. Relative of Director			6. Other KMP			7. Relatives of Other KMP			8. Other			Total	Total Sum of Outstanding amounts carried in Balance Sheet	
Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year
-	-	-	-	-	-	-	-	-	425.00	(3,409.50)	(3,768.20)	425.00	(4,179.50)	(4,613.20)
-	-	-	-	-	-	0.05	(0.05)	(0.05)	570.02	(570.07)	(570.07)	570.07	(570.12)	(570.42)
-	-	-	-	-	-	-	-	-	0.32	2.16	2.26	10.32	2.24	7.34
-	-	-	-	-	-	-	-	-	-	0.03	0.05	7,478.00	0.03	655.05
-	-	-	-	-	-	-	-	-	-	283.16	283.16	2,592.74	8,574.28	8,574.28
-	-	NA	-	-	NA	-	-	NA	71.77	(8.17)	NA	72.33	(8.61)	NA
-	-	NA	-	-	NA	-	-	NA	0.28	-	NA	1.23	0.10	NA
-	-	NA	-	-	NA	*	*	NA	314.69	(9.05)	NA	365.20	(9.05)	NA
-	-	NA	-	-	NA	-	-	NA	4.94	0.53	NA	10.17	0.53	NA
												-	-	
0.38	-	NA	0.47	-	NA	0.05	-	NA	39.46	-	NA	676.93		NA
-	-	NA	-	-	NA	-	-	NA	-	-	NA	1,789.90	-	NA
0.13	(0.04)	NA	61.93	(0.68)	NA	-	(0.01)	NA	596.25	(1.71)	NA	824.73	(68.28)	NA
0.51	(0.04)	-	62.40	(0.68)	-	0.10	(0.06)	0.05	2,022.73	(3712.62)	(4,052.80)	14,816.62	3,741.62	4,053.05

(₹ in crore)

5. Other KMP			6. Relatives of Other KMP			7. Other			Total Sum of YTD FY 22 Transaction Value		
Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year	Transaction value	Outstanding at year end	Maximum O/s during the year
-	-	-	-	-	-	425.00	(3,676.70)	(3,676.70)	425.00	(4,361.70)	(4,396.70)
-	-	-	-	-	-	0.25	(7.47)	(107.53)	4,900.25	(9.47)	(859.53)
-	-	-	-	-	-	0.03	1.97	1.97	0.03	2.05	2.05
-	-	0.01	-	-	-	0.01	*	0.01	7,270.01	50.00	500.02
-	-	-	-	-	-	283.16	283.16	283.16	683.16	5,981.54	5,981.54
-	-	NA	-	-	NA	44.68	*	NA	45.06	*	NA
-	-	NA	-	-	NA	0.40	*	NA	0.69	*	NA
-	-	NA	-	-	NA	234.27	(1.09)	NA	280.30	(1.09)	NA
*	-	NA	-	-	NA	17.12	0.02	NA	22.63	0.03	NA
0.17	-	NA	0.03	-	NA	19.61	-	NA	338.43	-	NA
-	-	NA	-	-	NA	-	-	NA	1,503.69	-	NA
57.92	(2.67)	NA	-	*	NA	374.49	44.45	NA	1,298.30	(24.67)	NA
58.09	(2.67)	0.01	0.03	*	-	1,399.02	(3,355.66)	(3,499.09)	16,767.55	1,636.69	1,227.38

52 The disclosures as required by the NBFC Master Directions and Disclosures in Financial Statements- Notes to Accounts of NBFCs as issued by RBI (Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(U) Overseas assets

The Company does not have any joint ventures and subsidiaries aboard.

(V) Off-balance sheet SPVs sponsored

The Company does not have any off-balance sheet SPVs sponsored.

(W) Participation in currency futures & currency options

The Company has not undertaken any transaction during the current year and previous year for currency futures and currency options.

(X) Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items which are impacting Company's current year profit and loss.

(Y) Revenue recognition

There are no such circumstances in which revenue has been postponed pending the resolution of significant uncertainties.

(Z) Consolidated financial statement (CFS)

The Company has consolidated financial statement of its all the underlying subsidiaries.

(AA) Divergence in asset classification and provisioning

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory inspection for the year ended 31 March 2022 and for the year ended 31 March 2021 as per the requirement of the circular no. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022.

53 Disclosure of restructured accounts as per directions issued by RBI

(₹ in crore)

Particulars	As on 31 March 2023		As on 31 March 2022	
	Amount Outstanding	Provision	Amount Outstanding	Provision
Standard	5.28	0.04	0.74	0.01
Substandard	536.94	323.02	299.34	147.26
Doubtful	5.16	5.00	3.76	3.76
Loss	-	-	-	-
	547.38	328.06	303.84	151.03

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

54 The disclosures as required by the NBFC Master Directions issued by RBI

For the year ended 31 March 2023

(₹ in crore)

Asset classification as per RBI norms (1)	Asset classification as per Ind AS 109 (2)	Gross carrying amount as per Ind AS(3)	Loss allowance (provisions)as required under Ind AS 109(4)	Net carrying amount (5) = (3) - (4)	Provision required as per IRACP norms* (6)	Difference between Ind AS 109 provision and IRACP norms (7) = (4) - (6)
(a) Performing assets						
Standard	Stage 1	178,089.48	1,597.05	176,492.43	752.10	844.95
	Stage 2	2,672.99	854.92	1,818.07	28.75	826.17
Subtotal (a)		180,762.47	2,451.97	178,310.50	780.85	1,671.12
(b) Non-performing assets (NPA)						
(i) Substandard	Stage 3	2,072.11	1,325.00	747.11	207.34	1,117.66
(ii) Doubtful up to :						
1 year	Stage 3	72.50	49.15	23.35	21.91	27.24
1 to 3 years	Stage 3	30.87	14.72	16.15	9.27	5.45
More than 3 years	Stage 3	0.01	-	0.01	-	0.00
		103.38	63.87	39.51	31.18	32.69
(iii) Loss	Stage 3	-	-	-	-	-
Subtotal (b)		2,175.49	1,388.87	786.62	238.52	1,150.35
(C) Other items	Stage 1	146.98	-	146.98	0.59	(0.59)
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (c)		146.98	-	146.98	0.59	(0.59)
	Stage 1	178,236.46	1,597.05	176,639.41	752.69	844.36
	Stage 2	2,672.99	854.92	1,818.07	28.75	826.17
	Stage 3	2,175.49	1,388.87	786.62	238.52	1,150.35
Total (a+b+c)		183,084.94	3,840.84	179,244.10	1,019.96	2,820.88

For the year ended 31 March 2022

(₹ in crore)

Asset classification as per RBI norms (1)	Asset classification as per Ind AS 109 (2)	Gross carrying amount as per Ind AS (3)	Loss allowance (provisions) as required under Ind AS 109 (4)	Net carrying amount (5) = (3) - (4)	Provision required as per IRACP norms* (6)	Difference between Ind AS 109 provision and IRACP norms (7) = (4) - (6)
(a) Performing assets						
Standard	Stage 1	141,969.01	1,246.44	140,722.57	593.86	652.58
	Stage 2	3,256.94	951.24	2,305.70	59.66	891.58
Subtotal (a)		145,225.95	2,197.68	143,028.27	653.52	1,544.16
(b) Non-performing assets (NPA)						
(i) Substandard	Stage 3	2,926.30	1,702.84	1,223.46	275.97	1,426.87
(ii) Doubtful up to :						
1 year	Stage 3	60.65	36.17	24.48	11.76	24.41
1 to 3 years	Stage 3	0.19	0.15	0.04	0.07	0.08
More than 3 years	Stage 3	-	-	-	-	0.00
		60.84	36.32	24.52	11.83	24.49
(iii) Loss	Stage 3	-	-	-	-	-
Subtotal (b)		2,987.14	1,739.16	1,247.98	287.80	1,451.36
(C) Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (C)		-	-	-	-	-
	Stage 1	141,969.01	1,246.44	140,722.57	593.86	652.58
	Stage 2	3,256.94	951.24	2,305.70	59.66	891.58
	Stage 3	2,987.14	1,739.16	1,247.98	287.80	1,451.36
Total (a+b+c)		148,213.09	3,936.84	144,276.25	941.32	2,995.52

*Computed on the value as per the erstwhile IRACP norms.

55 (a) Disclosures pursuant to RBI notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021

For 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 the previous half year i.e. 30 September 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 31 March 2023	Of (A) amount written off during the half year ended 31 March 2023#	Of (A) amount paid by the borrowers during the half year ended 31 March 2023^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 31 March 2023
Personal Loans*	294.98	27.62	8.04	44.29	223.07
Corporate persons	6.37	6.37	-	-	-
of which, MSMEs	-	-	-	-	-
Others	6.37	6.37	-	-	-
	301.35	33.99	8.04	44.29	223.07

* Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans

\# Represents debt that slipped into stage 3 and was subsequently written off during the half year ended 31 March 2023

^ Represents receipts net of interest accruals and disbursements, if any

For 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 the previous half year i.e. 31 March 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 30 September 2022	Of (A) amount written off during the half year ended 30 September 2022#	Of (A) amount paid by the borrowers during the half year ended 30 September 2022^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 30 September 2022
Personal Loans*	405.08	55.64	21.61	54.46	294.98
Corporate persons	6.98	-	-	0.61	6.37
of which, MSMEs	-	-	-	-	-
Others	6.98	-	-	0.61	6.37
	412.06	55.64	21.61	55.07	301.35

* Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans

\# Represents debt that slipped into stage 3 and was subsequently written off during the half-year

^ Represents receipts net of interest accruals and disbursements, if any

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

55 (Contd.)

For half year ended 31 March 2022 for OTR 1.0 implemented till 31 March 2021 and OTR 2.0 implemented till 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 the previous half year i.e. 30 September 2021(A)	Of (A), aggregate debt that slipped into NPA during the half year ended 31 March 2022	Of (A) amount written off during the half year ended 31 March 2022#	Of (A) amount paid by the borrowers during the half year ended 31 March 2022^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 31 March 2022
Personal Loans*	555.24	94.70	36.60	60.84	399.70
Corporate persons	400.67	393.38	-	0.31	6.98
of which, MSMEs	-	-	-	-	-
Others	400.67	393.38	-	0.31	6.98
	955.91	488.08	36.60	61.15	406.68

* Includes restructuring implemented pursuant to OTR 2.0 till 30 September 2021 for personal loans, individual business loans and Small Business loans

Represents debt that slipped into stage 3 and was subsequently written off during the half year ended 31 March 2022

^ Represents receipts net of interest accruals and disbursements, if any

For half year ended 30 September 2021 for OTR 1.0 implemented till 31 March 2021

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year i.e. 31 March 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 30 September 2021	Of (A) amount written off during the half year ended 30 September 2021 #	Of (A) amount paid by the borrowers during the half year ended 30 September 2021^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 30 September 2021
Personal Loans	616.69	201.34	86.06	21.75	393.60
Corporate persons	404.68	-	-	4.01	400.67
of which, MSMEs	-	-	-	-	-
Others	404.68	-	-	4.01	400.67
	1,021.37	201.34	86.06	25.76	794.27

Represents debt that slipped into stage 3 and was subsequently written off during the half-year

^ Represents receipts net of interest accruals and disbursements, if any

55 (Contd.)

(b) Details of resolution plan implemented as per RBI circular on Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances dated 6 August 2020 as at 31 March 2023 are given below:

Type of borrower	No. of accounts restructured and outstanding as on 31 March 2023	Amount Outstanding as on 31 March 2023 (₹ in crore)	No. of accounts restructured and outstanding as on 31 March 2022	Amount Outstanding as on 31 March 2022 (₹ in crore)
MSMEs	7,030	207.64	9,225	315.12

(c) Details of resolution plan implemented as per RBI circular on Resolution Framework 2.0 – Resolution of COVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs) dated 5 May 2021 as at 31 March 2023 are given below :

Type of borrower	No. of accounts restructured and outstanding as on 31 March 2023	Amount Outstanding as on 31 March 2023 (₹ in crore)	No. of accounts restructured and outstanding as on 31 March 2022	Amount Outstanding as on 31 March 2022 (₹ in crore)
MSMEs	23	16.89	25	17.80

56 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 'Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021'

(a) Details of transfer through assignment in respect of loans not in default:

	For the year ended 31 March	
Particulars	**2023**	**2022**
Amount of loans transferred through assignment	Nil	₹ 738.78 crore
Retention of beneficial economic interest	Nil	1%
Weighted average residual maturity	Nil	185 months
Weighted average holding period	Nil	55 months
Coverage of tangible security coverage	Nil	100%
Rating-wise distribution of rated loans	Nil	Unrated

(b) Details of loans (not in default) acquired through assignment:

	For the year ended 31 March	
Particulars	**2023**	**2022**
Amount of loans acquired through assignment	₹ 1,789.89 crore	₹ 1,503.68 crore
Retention of beneficial economic interest	1%	1%
Weighted average residual maturity	127 months	140 months
Weighted average holding period	18 months	18 months
Coverage of tangible security coverage	100%	100%
Rating-wise distribution of rated loans	Unrated	Unrated

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

56 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 'Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021' (Contd.)

(c) No stressed loans transferred during the financial year ended 31 March 2023

(d) Details of stressed loans transferred during the financial year ended 31 March 2022

	To Asset Reconstruction Companies (ARC)		To permitted transferees	
Particulars	NPA	SMA	NPA	SMA
Number of accounts	983	374	338	-
Aggregate principal outstanding of loans transferred (₹ in crore)	78.45	2.70	34.52	-
Weighted average residual tenor of the loans transferred (in years)	14.27	2.57	6.53	-
Net book value of loans transferred (at the time of transfer) (₹ in crore)	59.96	1.83	26.85	-
Aggregate consideration (₹ in crore)	39.50	0.15	16.89	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-
Excess provisions reversed to the Profit and Loss Account on account of sale	-	-	-	-

In addition to above the Company has transferred written off loans amounting to ₹ 1,117.45 crore for consideration of ₹ 60.02 crore.

(e) The Company has not acquired any stressed loan during the financial year ended 31 March 2023 and 31 March 2022.

57 Amounts less than ₹ 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Annexure (Forming part of the financial statements)

Schedule to Balance Sheet

As required by RBI Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions')

(₹ in crore)

Particulars	Amount outstanding as on 31 March 2023	Amount overdue
Liabilities side		
(1) Loans and advances availed by the Company inclusive of interest accrued thereon but not paid		
(a) Debentures		
Secured	48,811.87	-
Unsecured	10,265.24	-
(Other than falling within the meaning of public deposit *)		
(b) Deferred credits	-	-
(c) Term loans	37,692.29	-
(d) Inter-corporate loans and borrowings	16,186.69	-
(e) Commercial paper	10,223.03	-
(f) Public deposits (as defined in chapter II, para 3 (xiii) of Master directions - Non- Banking Financial Companies Acceptance of Public Deposits (Reserve Bank Directions, 2016 as issued by RBI.)	28,303.10	-
(g) Other Loans	10,202.41	-
(TREPs, cash credit and working capital demand loan)		
(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	28,303.10	-

(₹ in crore)

Particulars	Amount outstanding as on 31 March 2023
Asset side	
(3) Break - up of loans and advances including bills receivables (other than those included in (4) below)	
(a) Secured	80,019.83
(b) Unsecured	100,979.34
(4) Break up of leased assets and assets under finance and hypothecation loans counting towards asset finance activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock under finance including financing charges under sundry debtors	
(a) Assets under finance, net of unmatured finance charges and advance EMI	-
(b) Repossessed assets	-

Annexure (Forming part of the financial statements)

Schedule to Balance Sheet (Contd.)

(₹ in crore)

Particulars	Amount outstanding as on 31 March 2023
(iii) Hypothecation loans counting towards asset financing activities*	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
*The Company has not disclosed amount outstanding under assets financing activities under note 4(iii) and included entire loan amount outstanding under note 3 as RBI has merged Asset Financing Companies, Loan Companies and Investment companies in to a new category NBFC - Investment and Credit Company vide its circular no. DN BR (PD) CC. No.097/03.10.001/2018-19 dated February 22, 2019.	
(5) Break-up of investments	
Current Investments	
a. Quoted	
(i) Shares - (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	4,365.08
(iv) Government securities	10,431.37
(v) Others - Certificate of Deposits & Commercial paper	1,163.49
b. Unquoted	
(i) Shares - (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (Pass through certificates)	18.92
Long-Term Investments	
a. Quoted	
(i) Shares - (a) Equity	60.40
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	3,707.71
(v) Others	-
b. Unquoted	
(i) Shares - (a) Equity	8,881.21
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (Pass through certificates)	109.67

Schedule to Balance Sheet (Contd.)

(6) Borrower group-wise classification of all leased assets, stock under financing and loans and advances

(₹ in crore)

Category	Amount net of Provisions		
	Secured	Unsecured	Total
Related parties			
Subsidiaries	-	2.80	2.80
Companies in the same Group	-	17.16	17.16
Other related parties	-	9.36	9.36
Other than related parties	80,019.83	100,950.02	180,969.85
	80,019.83	100,979.34	180,999.17

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

(₹ in crore)

Category	Market value	Book value
Related parties		
Subsidiaries	8,198.38	8,198.38
Companies in the same Group	293.20	293.20
Other related parties	-	-
Other than related parties	20,246.27	20,246.27
	28,737.85	28,737.85

(8) Other information

(₹ in crore)

Particulars	Amount
Gross non-performing assets	
Related parties	-
Other than related parties	2,175.49
Net non-performing assets *	
Related parties	-
Other than related parties	786.62
Assets acquired in satisfaction of debt	-

* Provision for ECL Stage 3 Net of interest has been considered.

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report on the Consolidated Financial Statements

To the Members of **Bajaj Finance Ltd.**

Opinion

We have audited the accompanying consolidated financial statements of Bajaj Finance Ltd. (the 'Parent'/ the 'Holding Company') and its subsidiaries, (the Parent/Holding Company and its subsidiaries and associate together referred to as the 'Group'), and the Group's share of profit in its associate, which comprise the Consolidated Balance Sheet as at 31 March 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associate, referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and of its associate as at 31 March 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ('SAs'). Our responsibilities under those standards are further described in the Auditors' responsibility for the Audit of the consolidated financial statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us, and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matter	Auditors' Response
1.	Allowances for expected credit losses ('ECL'):	
	As of 31 March 2023, the carrying value of loan assets carried at amortised cost and fair value through other comprehensive income ('FVOCI'), aggregated ₹ 242,268.93 crore (net of allowance for expected credit loss ₹ 4,366.75 crore) constituting approximately 88% of the Group's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets is a critical estimate involving greater level of management judgement.	Auditors of one subsidiary and we have examined the policies approved by the Boards of Directors of the Company and of the subsidiary that articulate the objectives of managing each portfolio and their business models. Auditors of the subsidiary and we have also verified the methodology adopted for computation of ECL ('ECL Model') that addresses policies approved by the Boards of Directors, procedures, and controls for assessing and measuring credit risk on all lending exposures carried at amortised cost and FVOCI, additionally, Auditors of the subsidiary and we have confirmed that adjustments to the output of the ECL model are consistent with the documented rationale and basis for such adjustments and that the amount of adjustment have been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others:

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

S.N.	Key Audit Matter	Auditors' Response
	As part of our risk assessment, we determined that ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the consolidated financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets carried at amortised cost and fair value through other comprehensive income ('FVOCI'). • Basis used for estimating probabilities of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') at product level with past trends. • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and • Adjustments to model driven ECL results to address emerging trends. (Refer note 3.4, 9 and 48(c) to the consolidated financial statements).	Testing the design and operating effectiveness of the following: • Completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. • Completeness, accuracy, and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio. • Accuracy of the computation of the ECL estimate including methodology used to determine macro-economic overlays and adjustments to the output of the ECL model; and • Validity of changes made to the structured query language ('SQL') queries used for the ECL calculations including approval thereof by the designated officials. Test of details on a sample basis in respect of the following: • Accuracy and completeness of the input data such as period of default and other related information used in estimating the PD. • The mathematical accuracy of the ECL computation by using the same input data as used by the Group. • Use of the appropriate SQL queries for calibration of ECL rates and its application to the corresponding loan asset portfolio of the Group or part thereof. • Completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed. • Evaluating the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL model to ensure that the adjustment was in conformity with the overlay amount approved by the Audit Committee of the Group.
2.	The Group is dependent on its information technology ('IT') systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be a key audit matter.	With the assistance of IT specialists, the Auditors of a subsidiary and we obtained an understanding of the Group's IT applications, databases, and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: • Auditors of one subsidiary and we tested the design, implementation, and operating effectiveness of the Group's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Group's controls over segregation of duties and access rights being provisioned/modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit. • Auditors of a subsidiary and we also tested key automated and manual business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Our tests including testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the consolidated financial statements.

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

Information other than the financial statements and Auditors' report thereon

The Parent's/Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility and Sustainability Report ('BRSR') and Management Discussion and Analysis ('MD&A') (collectively referred to as 'other information'), but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and of its associate audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

The Parent's/Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and its associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent/Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group and of its associate are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditors' responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 financial 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 Parent/Holding Company has adequate internal financial control with reference to consolidated 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 the 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 ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 Group and of its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Consolidated Financial Statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of business activities included in the consolidated financial statements of which we are the independent auditors. For the business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent/Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Other matters

(a) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 64,654.14 crore as at 31 March 2023, total revenues of ₹ 5,664.73 crore and net cash outflows amounting to ₹ 313.15 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

(b) The consolidated financial statements also include the Group's share of net profit after tax of ₹ 1.67 crore and total comprehensive income of ₹ 1.66 crore for the period ended 31 March 2023, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. The aforesaid financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

(c) Further the financial statements of a subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 2,460.34 crore as at 31 March 2023, total revenues of ₹ 204.29 crore and net cash inflows amounting to ₹ 164.04 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by M/s G. M. Kapadia & Co., one of the joint auditors of the Group whose report have been furnished to us by the Management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the M/s G.M.Kapadia & Co. and the procedures performed by us as stated under Auditor's Responsibilities section above.

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

Our opinion on the consolidated financial statements above and our report on 'other legal and regulatory requirements' below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind `AS specified under section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Parent/Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and of its associate, none of the directors of the Group and of its associates companies is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' which is based on the auditors' reports of the Parent/Holding company, subsidiary and associate companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

   (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent/ Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent/Holding Company, its subsidiary companies and its associate.

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

iv. (a) The respective Managements of the Company and its subsidiaries and its associate which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associate, respectively, that, to the best of their knowledge and belief, other than as disclosed in the notes to consolidated financial statements, 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 or any of such subsidiaries or associate 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, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries or associate ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries. Refer note no. 50 to the consolidated financial statements;

(b) The respective Managements of the Company and its subsidiaries and associate which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries and associate from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries and associate shall, 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. Refer note no. 50 to the consolidated financial statements; and

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed with respect to previous year, declared, and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 45(iii) to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. 1 April 2023 to the Parent/Holding Company and its subsidiaries and its associate which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

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

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditors' Report) Order, 2020 (the 'Order') issued by the Central Government in terms of section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by the auditors of the respective companies included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, as provided to us by the Management of the Company and based on the identification of matters of qualifications or adverse remarks in their CARO reports by the respective component auditors and provided to us, we report that the auditors of such companies have not reported any qualifications or adverse remarks in their CARO report.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 23039826BGXRZC5007)

Date: 26 April 2023
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 23048243BGXPQY6884)

Date: 26 April 2023
Place: Pune

Annexure 'A' to the Independent Auditors' Report

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

Report on the internal financial controls with reference to consolidated financial statements under clause (i) of sub-section 3 of section 143 of the Companies act, 2013 (the 'Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to consolidated financial statements of Bajaj Finance Ltd. (hereinafter referred to as the 'Parent') and its subsidiaries, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

The respective Boards of Directors of the Parent and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on audit of internal financial controls over financial reporting (the "Guidance Note") 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 respective 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 internal financial controls with reference to consolidated financial statements of the Parent and its subsidiaries, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the guidance note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 and the audit evidence obtained by the other auditors of the subsidiaries, which are companies incorporated in India, in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiaries, which are companies incorporated in India.

Meaning of internal financial controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated 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;

Annexure 'A' to the Independent Auditors' Report (Contd.)

(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 consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the other matters paragraph below, the Parent and its subsidiaries, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2023, based on the criteria for internal financial controls with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note.

Other matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to a subsidiary, which is a company incorporated in India, is based solely on the corresponding report of the auditors of that company incorporated in India and our opinion on the internal financial controls with reference to consolidate financial statements, insofar as it relates to the internal financial controls with reference to the financial statements in respect of this subsidiary, is based solely on the corresponding report of the other auditor.

Further with respect to a subsidiary company included in the consolidated financial statements, which is a company incorporated in India, have been audited by M/s G.M. Kapadia & Co., one of the joint auditors of the Group whose reports have been furnished to us by the Management and our opinion on the internal financial controls with reference to consolidated financial statements, in so far as it relates to the internal financial controls with reference to financial statements in respect of this subsidiary, is based solely on the corresponding report of M/s G.M. Kapadia & Co.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 23039826BGXRZC5007)

Date: 26 April 2023
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 23048243BGXPQY6884)

Date: 26 April 2023
Place: Pune

Consolidated Balance Sheet

(₹ in crore)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial Assets			
Cash and cash equivalents	5	1,550.75	3,381.44
Bank balances other than cash and cash equivalents	6	2,753.77	298.86
Derivative financial instruments	7	148.88	121.90
Trade receivables	8	1,299.72	1,265.89
Loans	9	242,268.93	191,423.25
Investments	10	22,751.84	12,245.54
Other financial assets	11	819.64	721.99
		271,593.53	**209,458.87**
Non-financial assets			
Current tax assets (net)		181.43	168.30
Deferred tax assets (net)	12	937.09	951.11
Property, plant and equipment	13	1,676.57	1,282.58
Capital work-in-progress	13	14.60	13.27
Intangible assets under development	13	65.24	20.87
Goodwill		3.27	3.27
Other intangible assets	13	627.78	430.45
Other non-financial assets	14	129.16	177.14
		3,635.14	**3,046.99**
Total assets		**275,228.67**	**212,505.86**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	7	4.01	140.02
Payables	15		
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		1.86	0.24
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,450.26	1,157.22
Other payables			
Total outstanding dues of micro enterprises and small enterprises		0.65	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		638.67	353.64
Debt securities	16	86,845.24	76,223.07
Borrowings (other than debt securities)	17	81,549.40	54,363.56
Deposits	18	44,665.56	30,799.13
Subordinated liabilities	19	3,630.29	3,845.77
Other financial liabilities	20	1,309.29	1,111.32
		220,095.23	**167,993.97**

Consolidated Balance Sheet (Contd.)

(₹ in crore)

Particulars	Note No.	As at 31 March 2023	2022
Non-financial liabilities			
Current tax liabilities (net)		139.21	100.06
Provisions	21	270.44	166.90
Other non-financial liabilities	22	351.81	532.24
		761.46	**799.20**
Equity			
Equity share capital	23	120.89	120.66
Other equity	24	54,251.09	43,592.03
		54,371.98	**43,712.69**
Total liabilities and equity		**275,228.67**	**212,505.86**
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Consolidated Statement of Profit and Loss

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2023	2022
Revenue from operations			
Interest income	25	35,550.19	27,277.24
Fees and commission income	26	4,342.85	3,067.25
Net gain on fair value changes	27	334.32	327.73
Sale of services	28	38.18	74.96
Income on derecognised (assigned) loans	29	23.17	-
Other operating income	30	1,108.67	893.27
Total revenue from operations		**41,397.38**	**31,640.45**
Other income	31	8.31	7.60
Total income		**41,405.69**	**31,648.05**
Expenses			
Finance costs	32	12,559.89	9,753.70
Fees and commission expense	33	1,891.47	1,762.14
Impairment on financial instruments	34	3,189.65	4,803.40
Employee benefits expense	35	5,059.13	3,592.44
Depreciation and amortisation expenses	13	485.38	384.57
Other expenses	36	2,693.98	1,848.02
Total expenses		**25,879.50**	**22,144.27**
Share of profit/(loss) from associate		1.67	-
Profit before tax		**15,527.86**	**9,503.78**
Tax expense			
Current tax		3,998.18	2,497.45
Deferred tax (credit)/charge		21.99	(21.90)
Total tax expense	12	**4,020.17**	**2,475.55**
Profit after tax		**11,507.69**	**7,028.23**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(27.71)	(5.09)
Tax impact on above		6.98	1.28
Net remeasurement gains/(losses) on defined benefit plans - Share of associate		(0.01)	-
Changes in fair value of fair value through OCI (FVOCI) equity instruments		(13.99)	(4.36)
Tax impact on above		3.73	(2.78)
Items that will be reclassified to profit or loss:			
Changes in fair value of FVOCI debt securities		(11.27)	(23.26)
Tax impact on above		2.84	5.86
Cash flow hedge reserve		22.17	83.68
Tax impact on above		(5.58)	(21.06)
Total other comprehensive income for the year (net of tax)		**(22.84)**	**34.27**
Total comprehensive income for the year		**11,484.85**	**7,062.50**

Consolidated Statement of Profit and Loss (Contd.)

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2023	2022
Earnings per equity share:	37		
(Nominal value per share ₹ 2)			
Basic (₹)		190.53	116.64
Diluted (₹)		189.57	115.79
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

Rajen Ashar
Partner
Membership number: 048243

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Consolidated Statement of Changes in Equity

Equity share capital

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Balance at the beginning of the year	120.66	119.99
Changes in equity share capital during the year	0.23	0.67
Balance at the end of the year	**120.89**	**120.66**

Other equity

For the year ended 31 March 2023

(₹ in crore)

		Reserves and surplus							Other comprehensive income on			
Particulars	Note No.	Securities premium	Retained earnings	Reserve fund as per NHB Act	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve	Total other equity
Balance as at 31 March 2022	24	17,217.77	19,251.99	231.55	5,642.75	788.51	143.65	397.56	(10.49)	(61.36)	(9.90)	43,592.03
Profit after tax		-	11,507.69	-	-	-	-	-	-	-	-	11,507.69
Other comprehensive income for the year (net of tax)		-	(20.74)	-	-	-	-	-	(8.43)	(10.26)	16.59	(22.84)
		17,217.77	**30,738.94**	**231.55**	**5,642.75**	**788.51**	**143.65**	**397.56**	**(18.92)**	**(71.62)**	**6.69**	**55,076.88**
Share issue expenses		(0.12)	-	-	-	-	-	-	-	-	-	(0.12)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(2,060.00)	-	2,060.00	-	-	-	-	-	-	-
Transfer to reserve fund in terms of section 29C of the National Housing Bank Act, 1987		-	(95.56)	95.56	-	-	-	-	-	-	-	-
Transfer to infrastructure reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		-	(156.00)	-	-	-	156.00	-	-	-	-	-
Dividend paid		-	(1,207.32)	-	-	-	-	-	-	-	-	(1,207.32)
Share based payment to employees - for the year		-	-	-	-	-	-	223.76	-	-	-	223.76
Transfer on allotment of shares to employees pursuant to ESOP scheme		65.44	-	-	-	-	-	(65.44)	-	-	-	-
Transfer on cancellation of stock options		-	-	-	-	0.42	-	(0.42)	-	-	-	-
		17,283.09	**27,220.06**	**327.11**	**7,702.75**	**788.93**	**299.65**	**555.46**	**(18.92)**	**(71.62)**	**6.69**	**54,093.20**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2022		283.83	-	-	-	-	-	-	-	-	-	283.83
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		125.94	-	-	-	-	-	-	-	-	-	125.94
Balance as at 31 March 2023	24	**17,440.98**	**27,220.06**	**327.11**	**7,702.75**	**788.93**	**299.65**	**555.46**	**(18.92)**	**(71.62)**	**6.69**	**54,251.09**

Consolidated Statement of Changes in Equity (Contd.)

For the year ended 31 March 2022

(₹ in crore)

		Reserves and surplus							Other comprehensive income on			
Particulars	Note No.	Securities premium	Retained earnings	Reserve fund as per NHB Act	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve	Total other equity
Balance as at 31 March 2021	24	16,978.45	14,242.84	149.62	4,371.75	788.36	83.65	303.25	6.91	(54.22)	(72.52)	36,798.09
Profit after tax		-	7,028.23	-	-	-	-	-	-	-	-	7,028.23
Other comprehensive income for the year (net of tax)		-	(3.81)	-	-	-	-	-	(17.40)	(7.14)	62.62	34.27
		16,978.45	**21,267.26**	**149.62**	**4,371.75**	**788.36**	**83.65**	**303.25**	**(10.49)**	**(61.36)**	**(9.90)**	**43,860.59**
Share issue expenses		(0.02)	-	-	-	-	-	-	-	-	-	(0.02)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(1,271.00)	-	1,271.00	-	-	-	-	-	-	-
Transfer to reserve fund in terms of section 29C of the National Housing Bank Act, 1987		-	(81.93)	81.93	-	-	-	-	-	-	-	-
Transfer to infrastructure reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		-	(60.00)	-	-	-	60.00	-	-	-	-	-
Dividend paid		-	(602.34)	-	-	-	-	-	-	-	-	(602.34)
Share based payment to employees - for the year		-	-	-	-	-	-	161.21	-	-	-	161.21
Received on allotment of shares to Trust for employees pursuant to ESOP scheme		369.46	-	-	-	-	-	-	-	-	-	369.46
Transfer on allotment of shares to employees pursuant to ESOP scheme		66.75	-	-	-	-	-	(66.75)	-	-	-	-
Transfer on cancellation of stock options		-	-	-	-	0.15	-	(0.15)	-	-	-	-
		17,414.64	**19,251.99**	**231.55**	**5,642.75**	**788.51**	**143.65**	**397.56**	**(10.49)**	**(61.36)**	**(9.90)**	**43,788.90**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2021		86.96	-	-	-	-	-	-	-	-	-	86.96
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2022		283.83	-	-	-	-	-	-	-	-	-	283.83
Balance as at 31 March 2022	24	**17,217.77**	**19,251.99**	**231.55**	**5,642.75**	**788.51**	**143.65**	**397.56**	**(10.49)**	**(61.36)**	**(9.90)**	**43,592.03**

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Consolidated Statement of Cash Flows

(₹ in crore)

Particulars		For the year ended 31 March 2023	2022
(I)	**Operating activities**		
	Profit before tax	15,527.86	9,503.78
	Adjustments for:		
	Interest income	(35,550.19)	(27,277.24)
	Depreciation and amortisation	485.38	384.57
	Impairment on financial instruments	3,189.65	4,803.40
	Net loss on disposal of property, plant and equipment and intangible assets	13.33	24.84
	Finance costs	12,559.89	9,753.70
	Share based payment expenses	224.41	161.23
	Net gain on fair value changes	(334.32)	(327.73)
	Service fees for management of assigned portfolio of loans	(38.18)	(74.96)
	Income on derecognised (assigned) loans	(23.17)	-
	Dividend income (₹ 31,125, Previous year ₹ 30,750)		
	Share of (profit)/loss from associate	(1.67)	-
		(3,947.01)	(3,048.41)
	Cash inflow from interest on loans	35,034.46	27,627.36
	Cash inflow from service asset	106.59	95.77
	Cash outflow towards finance costs	(13,112.46)	(9,002.65)
	Cash generated from operation before working capital changes	**18,081.58**	**15,672.07**
	Working capital changes		
	(Increase)/decrease in bank balances other than cash and cash equivalents	(2,441.80)	16.57
	(Increase)/decrease in trade receivables	(93.43)	(320.93)
	(Increase)/decrease in loans	(54,412.09)	(50,347.94)
	(Increase)/decrease in other financial assets	87.83	(141.34)
	(Increase)/decrease in other non-financial assets	47.16	(23.48)
	(Increase)/decrease in derivative financial instruments	8.75	-
	Increase/(decrease) in trade payables	292.93	274.07
	Increase/(decrease) in other payables	285.69	139.82
	Increase/(decrease) in other financial liabilities	80.42	90.45
	Increase/(decrease) in provisions	75.83	22.70
	Increase/(decrease) in other non-financial liabilities	(181.09)	114.21
		(56,249.80)	(50,175.87)
	Income tax paid (net of refunds)	(3,972.18)	(2,586.10)
	Net cash used in operating activities (I)	**(42,140.40)**	**(37,089.90)**
(II)	**Investing activities**		
	Purchase of property, plant and equipment and capital work-in-progress	(482.85)	(375.55)
	Sale of property, plant and equipment	19.81	19.14
	Purchase of intangible assets and intangible assets under development	(395.47)	(258.62)
	Purchase of investments measured at amortised cost	(148.72)	(14,366.94)
	Proceeds from liquidation of investments measured at amortised cost	5,107.14	10,279.41
	Purchase of investments classified as FVOCI	(21,272.49)	(3,291.40)
	Proceeds from liquidation of investments classified as FVOCI	10,900.36	2,083.84
	Purchase of investments classified as FVTPL	(296,988.97)	(223,239.39)
	Proceeds from liquidation of investments classified as FVTPL	292,353.31	235,378.88
	Purchase of equity investments designated under FVOCI	-	(283.16)
	Dividend income (₹ 31,125, Previous year ₹ 30,750)		
	Interest received on investments	635.37	400.58
	Investment in associate	(92.74)	-
	Net cash (used in)/generated from investing activities (II)	**(10,365.25)**	**6,346.79**

Consolidated Statement of Cash Flows (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
(III) Financing activities		
Issue of equity share capital (including securities premium)	158.13	172.90
Share issue expenses	(0.12)	-
Dividends paid	(1,206.86)	(602.63)
Payment of lease liability	(143.45)	(105.89)
Deposits received (net)	13,556.86	4,783.68
Short term borrowing availed (net)	7,923.66	4,671.80
Long term borrowing availed	66,860.38	41,790.97
Long term borrowing repaid	(36,473.64)	(18,435.61)
Net cash generated from financing activities (III)	**50,674.96**	**32,275.22**
Net increase/(decrease) in cash and cash equivalents (I+II+III)	**(1,830.69)**	**1,532.11**
Cash and cash equivalents at the beginning of the year	**3,381.44**	**1,849.33**
Cash and cash equivalents at the end of the year	**1,550.75**	**3,381.44**

-The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

Components of cash and cash equivalents:

(₹ in crore)

Particulars	As at 31 March 2023	2022
Cash and cash equivalents comprises of		
Cash on hand	59.07	53.72
Balance with banks:		
In current accounts	1,491.68	819.03
In fixed deposits (with original maturity of 3 months or less)	-	2,508.69
	1,550.75	**3,381.44**

As per our report of even date

On behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

Rajen Ashar
Partner
Membership number: 048243

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

1 Corporate information

Bajaj Finance Ltd. ('the Parent Company') (Corporate ID No.: L65910MH1987PLC042961) is a company limited by shares, incorporated on 25 March 1987 and domiciled in India. The shares of the Parent Company are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), India. The Parent Company is mainly engaged in the business of lending. The Parent Company together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India and provider of broking service to its capital market clients. The Parent Company also accepts public and corporate deposits and offers a variety of financial services products to its customers. The Parent Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business at 4th floor, Bajaj Finserv Corporate Office, Pune, Maharashtra (India). The ultimate parent Company of the Group is Bajaj Finserv Ltd.

The Parent Company is a deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) since 5 March 1998, with Registration No. A-13.00243 and classified as NBFC-Investment and Credit Company (NBFC-ICC) pursuant to circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22 February 2019. Under the scale based regulations for NBFCs, the Parent Company and its subsidiary company Bajaj Housing Finance Ltd. has been classified as NBFC-UL (upper layer) by the RBI vide press release dated 30 September 2022.

The consolidated financial statements were subject to review and recommendation of the Audit Committee and approval of the Board of Directors. On 26 April 2023, the Board of Directors approved and recommended the consolidated the financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

2 Basis of preparation

The consolidated 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 – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions'), notification for Implementation of Indian Accounting Standards issued by RBI 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 Group uses accrual basis of accounting in preparation of financial statements (other than Statement of Cash flows) except in case of significant uncertainties [Refer note no. 3.1(i) and 3.1(iii)(a)].

The consolidated financial statements are presented in Indian Rupee (INR), which is also the functional currency of the Group, in denomination of crore with rounding off to two decimals as permitted by Schedule III to the Act except where otherwise indicated. The consolidated 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 Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the 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.

2.1 Presentation of financial statements

The Group presents its Balance Sheet in order of liquidity.

The Group 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. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'.

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

2 Basis of preparation (Contd.)

The Group 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 Group 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 Group 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 Group'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 the Management's estimates and judgements. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

- Business model assessment [Refer note no. 3.4(i)(a) and 9]
- Fair value of financial instruments (Refer note no. 3.14, 47)
- Impairment of financial assets [Refer note no. 3.4(i), 9 and 48]
- Provisions and contingent liabilities (Refer note no. 3.9 and 43)
- Provision for tax expenses (Refer note no. 3.5)

2.2 Principles of consolidation

(i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Parent Company holds the entire shareholding in its subsidiaries and there are no contractual arrangements which rebuke the control of the Parent Company over its subsidiaries.

The financial statements of subsidiaries acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(ii) Investment in associates has been accounted under the Equity Method as per Ind AS 28 – Investment in Associates and Joint Ventures. The Group accounts for its share of post-acquisition changes in net asset of associates after eliminating unrealised profits and losses resulting from transactions between the Group and its associates.

(iii) The consolidated financial statements include results of the subsidiaries of Bajaj Finance Ltd. (Parent Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Name of the Company	Country of incorporation	Proportion of ownership as at reporting date	Consolidated as
Bajaj Housing Finance Ltd.	India	100%	Subsidiary
Bajaj Financial Securities Ltd.	India	100%	Subsidiary
Snapwork Technologies Pvt. Ltd.#	India	41.5%#	Associate

#On 25 November 2022, the Parent Company has acquired 41.5% stake on fully diluted basis in Snapwork Technologies Private Ltd.

2 Basis of preparation (Contd.)

Figures for preparation of consolidated financial statements have been derived from the audited financial statements of the respective companies in the Group.

(iii) Disclosure in terms of Schedule III of the Companies Act, 2013

	Net Assets (i.e. Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
Name of the entities in the Group	As a % of consolidated net assets	Amount (₹ in crore)	As a % of consolidated profit or loss	Amount (₹ in crore)	As a % of consolidated other comprehensive income	Amount (₹ in crore)	As a % of consolidated total comprehensive income	Amount (₹ in crore)
Parent								
Bajaj Finance Ltd.	79.52%	43,233.43	89.84%	10,337.88	118.35%	(27.03)	89.78%	10,310.85
Subsidiaries								
Bajaj Housing Finance Ltd.	19.19%	10,433.37	10.05%	1,156.38	(18.17%)	4.15	10.11%	1,160.53
Bajaj Financial Securities Ltd.	1.29%	703.52	0.10%	11.76	(0.22%)	0.05	0.10%	11.81
Associate								
Snapwork Technologies Pvt. Ltd.	0.00%	1.66	0.01%	1.67	0.04%	(0.01)	0.01%	1.66
	100.00%	54,371.98	100.00%	11,507.69	100.00%	(22.84)	100.00%	11,484.85

3 Summary of significant accounting policies

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

3.1 Income

(i) Interest income

The Group 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 incremental costs and incomes attributable to acquisition of a financial asset or a 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 Group 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. 3.4 (i) regarded as 'Stage 3'], the Group recognises interest income on the amortised cost net of impairment loss of financial assets at EIR. If financial asset is no longer credit-impaired [as outlined in note no. 3.4 (i)], the Group reverts to calculating interest income on a gross basis.

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

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

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

3 Summary of significant accounting policies (Contd.)

(ii) Dividend income

Dividend income on equity shares is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

The Group 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 Group 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. Revenue in case of non-cash consideration is recognised at fair value.

(a) Fees and commission income

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

(c) Sale of services

The Group, on derecognition 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 Group, on derecognition 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 Group 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'.

3 Summary of significant accounting policies (Contd.)

(e) Other operating income

The Group 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.

(iv) Taxes

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

3.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR [Refer note no. 3.1(i)].

(ii) Fees and commission expense

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 on accrual basis net of the goods and services tax, except where credit for the input tax is not statutorily permitted.

3.3 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.

3.4 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 Group 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 Group recognises the financial instruments on settlement date.

(i) Financial assets

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

Initial measurement

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

- Investment in associates are recorded at cost;
- 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.

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

3 Summary of significant accounting policies (Contd.)

Subsequent measurement

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

(a) Debt instruments at amortised cost

(b) Debt instruments at FVOCI

(c) Equity/Debt instruments at FVTPL

(d) Equity instruments designated under FVOCI

(a) Debt instruments at amortised cost

The Group 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 Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

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

The Group determines its business model that best reflects how it manages groups of financial assets to achieve its business objective. The Group'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 Group's original expectations, The Group 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 Group 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 Group, 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 Group.

After initial measurement, such financial assets are subsequently measured at amortised cost on Effective Interest Rate (EIR). For further details, refer note no. 3.1(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 Group subsequently classifies its debt instruments as FVOCI, only if both of the following criteria are met:

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

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

Investments in Government securities to meet regulatory liquid asset requirement of the Group's deposit program 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.

3 Summary of significant accounting policies (Contd.)

(c) Equity/Debt instruments at FVTPL

The Group classifies its equity/debt instruments 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 are recorded in Statement of Profit and Loss according to the terms of the contract, or when the right to receive has been established. Gains and losses on changes in fair value of equity/debt instruments are recognised on net basis through profit or loss.

(d) Equity instruments designated under FVOCI

Equity instruments covered under Ind AS 109 'Financial instruments' are measured at fair value. In limited circumstances such as insufficiency of recent information or where fair value measurements could represent a wide range, cost of investment is assumed to be an appropriate estimate of fair value.

The Group has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

Derecognition of financial assets

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

- The right to receive cash flows from the asset has expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset.

Once the asset is derecognised, The Group does not have any continuing involvement in the same.

The Group 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 Group retains the right to service the financial asset for a fee, it recognises either a service asset or a service 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 Group 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 Group on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction for sale of portfolio which doesn't affect the business model of the Group.

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

3 Summary of significant accounting policies (Contd.)

Reclassification of financial assets

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

Impairment of financial assets

(I) 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.

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 Group may apply enforcement activities to certain qualifying financial assets written off.

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

(a) Credit impaired (stage 3)

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

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

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

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

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

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

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, any overdue of more than 1 day past due and up to 90 days past due as on the reporting date is considered as an indication of financial assets to have suffered a significant increase in credit risk.

3 Summary of significant accounting policies (Contd.)

Additionally, for mortgage loans, the Group 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 Group considers OTR as an indicator of significant increase in credit risk and accordingly classifies such loans as stage 2. The Group 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 suggesting 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) <u>Without significant increase in credit risk since initial recognition (stage 1)</u>

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

(d) <u>Measurement of ECL</u>

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including 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 Group 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 in 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 Group recalibrate above components of its ECL model on a periodical basis by using the available incremental and recent information, except where this informations does not represent the future outcome. Further, the Company assesses 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.

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

3 Summary of significant accounting policies (Contd.)

(II) Simplified approach

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables falling under the scope of Ind AS 115. The application of simplified approach does not require the Group 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 Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables falling under the scope of Ind AS 115. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables falling under the scope of Ind AS 115 and is adjusted for forward-looking estimates. At every reporting date, the historically 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 Group or a contract that will or may be settled in the Group's own equity instruments and is a non derivative contract for which the Group 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 Group'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 profit or loss.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method (Refer note no 3.1(i)). Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

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

(iii) Offsetting of financial instruments

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

3.5 Taxes

(i) Current 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 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.

3 Summary of significant accounting policies (Contd.)

(ii) Deferred tax

Deferred tax is recognised 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 re-assessed 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 other 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.

3.6 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 Group 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 prorata 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.

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

3 Summary of significant accounting policies (Contd.)

(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 Group and as indicated in Schedule II are listed below:

Nature of assets	Useful life as per Schedule II	Useful life adopted by the Group
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 fixture	10 years	10 years
Vehicles	8 years	8 years

(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.

3.7 Intangible assets and amortisation thereof

Intangible assets, representing softwares, licenses etc. are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment, if any. The group 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 group 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 group. 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.

3.8 Impairment of 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.

3.9 Provisions and contingent liabilities

The Group 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 Group 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.

3 Summary of significant accounting policies (Contd.)

3.10 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.

3.11 Retirement and other employee benefits

(i) Defined benefit plans

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions by the Group, into an entity, or fund from which the employee benefits are paid. The Group is liable to make differential payment for any shortfall between defined benefit payments and the contribution made by the Group.

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. (BALIC). However, any deficits in plan assets managed by LIC and BALIC as compared to actuarial liability determined by an appointed actuary using the projected unit credit method are recognised as a liability. Gains and 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

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity 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. The Group contributes into following schemes under defined contribution plans:

Superannuation

Defined contribution to superannuation fund is made as per the scheme of the Group.

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

3 Summary of significant accounting policies (Contd.)

Provident fund

Each eligible employee and the Group make contribution at a percentage of the basic salary specified under the Employee Provident Funds and Miscellaneous Provisions Act, 1952. The Group recognises contributions payable to the Provident fund scheme as an expenditure when the employees render the related service. The Group has no further obligations under the plan beyond its periodic contributions.

Employees' state insurance

The Group contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(iii) Compensated absences

Privilege leave entitlements are recognised as a liability as per the rules of the Group. 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.

3.12 Employee stock option scheme

The Parent 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 fulfillment 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 Parent Company's best estimate of the number of equity instruments that will ultimately vest.

3.13 Leases

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

Measurement of Lease Liability

At the time of initial recognition, the Group measures lease liability as present value of all lease payments discounted using the Group'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.

3 Summary of significant accounting policies (Contd.)

Measurement of Right-of-use assets

At the time of initial recognition, the Group measures 'Right-of-use assets' as present value of all lease payments discounted using the Group'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 the Group.

3.14 Fair value measurement

The Group 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 Group 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. 47.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, The Group 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 Group 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.

3.15 Business combinations under common control

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Group accounts for business combinations under common control as per the pooling of interest method.

The pooling of interest method involves the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

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

3 Summary of significant accounting policies (Contd.)

3.16 Derivative financial instruments

The Parent Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Parent Company are Cross Currency Interest Rate Swaps (CCIRS). Derivative contracts are initially recognised at fair value on the date of entering into contract 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. For hedging instrument, the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship.

The Parent Company designates its CCIRS derivatives as cash flow hedges of a recognised liability. The Parent Company recognises derivatives with a positive fair value as a financial asset and derivatives with a negative fair value as a financial liability.

Hedge accounting

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

At the inception of a hedge relationship, the Parent Company formally designates and documents the hedge relationship to which the Parent Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Parent 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 Parent 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 cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows 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.

Cash flow hedge

Hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss.

When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in OCI is subsequently transferred to the statement of profit and loss on ultimate recognition of the underlying hedged forecast transaction. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

3 Summary of significant accounting policies (Contd.)

Fair value hedge

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 Group 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 Group 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.

3.17 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 borrowings in which the turnover is quick, the amounts are large, and the maturities are short are defined as short term borrowings and shown on net basis in the statement of cash flows. Such items include commercial papers, cash credit, overdraft facility, working capital demand loan and triparty repo dealing and settlement. All other borrowings are terms as long term borrowings. Cash flows from deposits are shown on net basis as permitted under Ind AS 7.

3.18 Dividend on equity shares

The Parent Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. A corresponding amount is recognised directly in other equity.

3.19 Earning 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 Parent 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 Parent 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 Parent Company.

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

4 Recent Accounting 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 period starting 01 April 2023:

Ind AS 107 - Financial instruments : Disclosures

This amendment adds to the amendments in Ind AS 1 and specifies that material accounting policy information needs to be disclosed. It also specifies that information about the measurement basis (or bases) used for financial instruments is expected to be material information. Prior to the amendment, Ind AS 107 required an entity to disclose significant accounting policies, comprising the measurement basis (or bases) and other accounting policies used that are relevant to an understanding of the financial statements. Consequential changes have been carried out in Appendix B - Application Guidance.The said amendment does not have any material impact on the Group's financial statements.

Ind AS 1 - Presentation of financial statements

This amendment aims 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 policy information' and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Consequential amendments have been made in Ind AS 107. The Group is currently assessing its accounting policy information disclosures to ensure consistency with the amended requirements.

Ind AS 8 - Accounting policies, changes in accounting estimates and errors

This amendment provides a clear definition of accounting estimates and clarifies the distinction between changes in accounting estimates and changes in accounting policies/correction of errors. It also, explains the difference between estimation techniques and valuation techniques by way of examples to provide clarity. The said amendment is not expected to have a material impact on the Group's financial statements.

Ind AS 12 - Income taxes

This amendment narrows 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 Company is currently assessing the impact of the amendments.

Ind AS 34 - Interim financial reporting

This amendment substitutes the words 'significant accounting policies' with the words 'material accounting policy information' consequential to the amendments to Ind AS 1 as stated above. The Company is currently assessing the impact on the financial statements.

5 Cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	59.07	53.72
Balance with banks:		
In current accounts	1,491.68	819.03
In fixed deposits (with original maturity of 3 months or less)	–	2,508.69
	1,550.75	3,381.44

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)		
Encumbered*	1,610.46	267.21
Unencumbered	1,048.98	4.13
Earmarked balance with banks:		
Against unclaimed dividend	2.25	1.79
Against unspent CSR	14.46	–
Escrow account balance	77.62	25.73
	2,753.77	298.86

* include:

i. ₹ 1,000 crore (Previous year ₹ Nil) pledged towards floating charge in favour of trustees representing the public deposit holders of the Parent Company towards maintenance of liquid assets as prescribed by RBI Act, 1934.

ii. Fixed deposit under lien with stock exchanges for margin requirement ₹ 162.54 crore (Previous year ₹ 8.78 crore).

iii. Deposits with exchange for trade ₹ 1.70 crore (Previous year ₹ 0.66 crore).

iv. Deposits with bank for Bank Guarantee ₹ 442.41 crore (Previous year ₹ 257.55 crore) and

v. Deposits with the Pension Fund Regulatory and Development Authority ₹ 0.23 crore (Previous year ₹ 0.21 crore).

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

7 Derivative financial instruments (at FVTPL)

(₹ in crore)

Particulars	As at 31 March 2023		
	Notional amounts	Fair value asset	Fair value liability
Cash flow hedge:			
Cross currency interest rate swaps	1,299.50	146.98	-
Fair value hedge:			
Interest rate swaps	100.00	1.37	-
Futures	172.25	0.07	3.62
Options purchased	108.95	0.46	-
Options sold (written)	57.17	-	0.39
	1,737.87	148.88	4.01

(₹ in crore)

Particulars	As at 31 March 2022		
	Notional amounts	Fair value asset	Fair value liability
Cross currency interest rate swaps:			
Cash flow hedge	5,382.16	121.90	140.02
	5,382.16	121.90	140.02

The Parent Company and one of its subsidiary viz. BHFL has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of currency and interest rate swaps. Such transactions are undertaken for hedging borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved. Refer note no. 48(b) (iii) for foreign currency risk.

8 Trade receivables

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Considered good - unsecured		
Interest subsidy	671.45	677.16
Fees, commission and others	459.28	359.07
Service asset	173.27	229.66
	1,304.00	1,265.89
Less : Impairment loss allowance	4.28	-
	1,299.72	1,265.89

-No trade receivables are due from directors or other officers of the Group 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 (Gross) aging

(₹ in crore)

Particulars	Not due	Unbilled due	Outstanding from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023								
Undisputed trade receivables – considered good	850.80	49.76	403.17	0.12	0.15	-	-	1,304.00
As at 31 March 2022								
Undisputed trade receivables – considered good	841.86	13.03	410.25	0.75	-	-	-	1,265.89

9 Loans

(₹ in crore)

Particulars	As at 31 March 2023 At amortised cost	As at 31 March 2023 At fair value through OCI	As at 31 March 2023 Total	As at 31 March 2022 At amortised cost	As at 31 March 2022 At fair value through OCI	As at 31 March 2022 Total
(A) Loans						
Term loans	198,899.93	47,482.45	246,382.38	160,443.29	35,384.75	195,828.04
Credit substitutes#	253.30	-	253.30	-	-	-
	199,153.23	47,482.45	246,635.68	160,443.29	35,384.75	195,828.04
Less: Impairment loss allowance	3,997.97	368.78	4,366.75	4,064.88	339.91	4,404.79
Total (A)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25
(B) Out of above						
(I) Secured by tangible assets						
Against hypothecation of automobiles, equipments, durables and plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	95,355.04	47,482.45	142,837.49	73,951.07	35,384.75	109,335.82
Less: Impairment loss allowance	1,347.47	368.78	1,716.25	1,771.08	339.91	2,110.99
Total (I)	94,007.57	47,113.67	141,121.24	72,179.99	35,044.84	107,224.83
(II) Unsecured	103,798.19	-	103,798.19	86,492.22	-	86,492.22
Less: Impairment loss allowance	2,650.50	-	2,650.50	2,293.80	-	2,293.80
Total (II)	101,147.69	-	101,147.69	84,198.42	-	84,198.42
Total (B) = (I + II)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25
(C) Out of above						
(I) Loans in India						
(i) Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Sub-total (i)	-	-	-	-	-	-
(ii) Others	199,153.23	47,482.45	246,635.68	160,443.29	35,384.75	195,828.04
Less: Impairment loss allowance	3,997.97	368.78	4,366.75	4,064.88	339.91	4,404.79
Sub-total (ii)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25
Total (I) = (i+ii)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25
(II) Loans outside India	-	-	-	-	-	-
Total (C) = (I+II)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25

-The Group 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.

#Subscription to debentures which, in substance, are made with the intent of giving loan have been classified as credit substitutes. This classification results in a better presentation of the substance of such transactions.

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

9 Loans (Contd.)

Summary of EIR impact on loans

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Term loan	248,962.24	197,854.71
Less: EIR impact	2,326.56	2,026.67
Total for gross term loan net of EIR impact	246,635.68	195,828.04

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	241,289.96	3,032.91	2,312.81	246,635.68	188,833.91	3,860.64	3,133.49	195,828.04
Less: Impairment loss allowance	1,957.26	933.29	1,476.20	4,366.75	1,506.76	1,079.41	1,818.62	4,404.79
Net carrying amount	239,332.70	2,099.62	836.61	242,268.93	187,327.15	2,781.23	1,314.87	191,423.25

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
As at 31 March 2022	188,833.91	1,506.76	3,860.64	1,079.41	3,133.49	1,818.62	195,828.04	4,404.79
Transfers during the year								
transfers to stage 1	783.51	133.62	(636.51)	(84.07)	(147.00)	(49.55)	-	-
transfers to stage 2	(1,913.29)	(57.68)	1,981.42	84.16	(68.13)	(26.48)	-	-
transfers to stage 3	(2,760.93)	(63.85)	(1,480.57)	(440.94)	4,241.50	504.79	-	-
	(3,890.71)	12.09	(135.66)	(440.85)	4,026.37	428.76	-	-
Impact of changes in credit risk on account of stage movements	-	(127.72)	-	546.48	-	3,774.97	-	4,193.73
Changes in opening credit exposures (repayments net of additional disbursements)	(78,987.33)	(125.10)	(1,277.20)	(456.86)	(2,104.85)	(1,633.04)	(82,369.38)	(2,215.00)
New credit exposures during the year, net of repayments	135,334.09	691.23	585.13	205.11	637.10	466.19	136,556.32	1,362.53
Amounts written off during the year	-	-	-	-	(3,379.30)	(3,379.30)	(3,379.30)	(3,379.30)
As at 31 March 2023	241,289.96	1,957.26	3,032.91	933.29	2,312.81	1,476.20	246,635.68	4,366.75

9 Loans (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Term Loans (Gross)	Impairment loss allowance	Term Loans (Gross)	Impairment loss allowance	Term Loans (Gross)	Impairment loss allowance	Term Loans (Gross)	Impairment loss allowance
As at 31 March 2021	141,539.38	1,146.08	6,724.72	1,567.04	2,730.77	1,594.88	150,994.87	4,308.00
Transfers during the period								
transfers to stage 1	1,039.58	175.85	(959.83)	(148.69)	(79.75)	(27.16)	-	-
transfers to stage 2	(2,805.95)	(25.09)	2,851.83	39.34	(45.88)	(14.25)	-	-
transfers to stage 3	(3,923.48)	(81.09)	(3,613.28)	(777.39)	7,536.76	858.48	-	-
	(5,689.85)	69.67	(1,721.28)	(886.74)	7,411.13	817.07	-	-
Impact of changes in credit risk on account of stage movements	-	(224.66)	-	371.67	-	5,242.24	-	5,389.25
Changes in opening credit exposures (repayments net of additional disbursements)	(57,988.42)	(152.16)	(1,640.12)	(117.67)	(2,787.11)	(1,466.73)	(62,415.65)	(1,736.56)
New credit exposures during the year, net of repayments	110,972.80	667.83	497.32	145.11	586.02	438.48	112,056.14	1,251.42
Amounts written off during the year	-	-	-	-	(4,807.32)	(4,807.32)	(4,807.32)	(4,807.32)
As at 31 March 2022	188,833.91	1,506.76	3,860.64	1,079.41	3,133.49	1,818.62	195,828.04	4,404.79

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

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	**2022**
(i) Net impairment loss allowance charge/(release) for the year	(38.04)	96.79
(ii) Amounts written off during the year	3,379.30	4,807.32
Impairment on loans	3,341.26	4,904.11
Less : Claimable amount under CGTMSE, ECLGS and other arrangements	200.74	101.55
Add: Impairment on other assets	49.13	0.84
Impairment on financial instruments	3,189.65	4,803.40

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

10 Investments

(₹ in crore)

Particulars			As at 31 March 2023	2022
(A)	**At amortised cost**			
	In pass through certificates (PTC) representing securitisation of loan receivables		129.11	-
	In Government securities*		-	5,125.74
			129.11	5,125.74
	Less: Impairment loss allowance		0.52	-
	Total (A)		128.59	5,125.74
	*Includes ₹ Nil (Previous year ₹ 2,348.07 crore) pledged in favour of Credit Corporation of India Ltd. for tripartiy repo dealing and settlement (TREPs).			
(B)	**At fair value through other comprehensive income**			
	(i)	In Government securities#	14,166.57	4,894.17
		Add: Fair value gain/(losses)	(27.49)	(14.03)
		Sub-total (i)	14,139.08	4,880.14
		#Includes ₹ 4,201.15 crore (Previous year ₹ 3,917.82 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Company towards maintenance of liquid assets as prescribed by RBI Act, 1934 and ₹ 9,348.47 crore (Previous year ₹ 876.75 crore) pledged in favour of Credit Corporation of India Ltd. for triparty repo dealing and settlement (TREPs).		
	(ii)	In equity instruments		
		Equity shares (Quoted)	150.00	150.00
		Add: Fair value gain/(losses)	(89.60)	(94.27)
			60.40	55.73
		Equity shares (Unquoted)	299.58	299.58
		Add: Fair value gain/(losses)	0.10	28.68
			299.68	328.26
		Compulsorily convertible term loan	280.47	280.47
		Add: Fair value gain/(losses)	9.94	-
			290.41	280.47
		Sub-total (ii)	650.49	664.46
	(iii)	In certificate of deposits	565.10	-
		Add: Fair value gain/(losses)	1.16	-
		Sub-total (iii)	566.26	-
	(iv)	In commercial papers	596.19	-
		Add: Fair value gain/(losses)	1.04	-
		Sub-total (iv)	597.23	-
	Total (B) = (i+ii+iii+iv)		15,953.06	5,544.60
(C)	**At fair value through profit or loss**			
	(i)	In mutual funds*	4,987.47	899.04
		Add: Fair value gains/(losses)	10.68	8.71
		Sub-total (i)	4,998.15	907.75
		*Includes ₹ 52.16 crore (Previous year ₹ 111.85) under lien with Indian Clearing Corporation for margin requirement.		

10 Investments (Contd.)

(₹ in crore)

Particulars	As at 31 March 2023	2022
(ii) In Government securities	1,422.62	666.90
Add: Fair value gains/(losses)	(0.20)	0.55
Sub-total (ii)	1,422.42	667.45
(iii) In equity shares	154.79	-
Add: Fair value gains/(losses)	0.43	-
Sub-total (iii)	155.22	-
Total (C) = (i+ii+iii)	6,575.79	1,575.20
(D) At cost		
Investment in associate	94.40	-
Total (D)	94.40	-
Total (A+B+C+D)	22,751.84	12,245.54

(₹ in crore)

Particulars	As at 31 March 2023	2022
Out of above		
In India	22,751.84	12,245.54
Outside India	-	-
	22,751.84	12,245.54

Impairment loss allowance recognised on investments is ₹ Nil except where specified.

11 Other financial assets

(₹ in crore)

Particulars	As at 31 March 2023	2022
Security deposits	97.20	76.26
Margin with exchanges	115.36	271.11
Advances to dealers	252.42	113.32
Receivable from government guarantee schemes	190.69	143.20
Receivable from debt management agencies	94.77	89.65
Receivables on assigned loans	20.72	-
Others	50.81	28.45
	821.97	721.99
Less : Impairment loss allowance	2.33	-
	819.64	721.99

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

12 Deferred tax assets (net)

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

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Profit before tax	15,527.86	9,503.78
At average corporate tax rate of 25.17% (Previous year: 25.17%)	3,907.95	2,392.10
Tax on expenditure not considered for tax provision (net of allowance)	117.12	88.52
Tax benefit on additional deductions	(4.90)	(5.02)
Tax impact due to revaluation of deferred tax due to change in income tax rate	-	(0.05)
Tax expense (Effective tax rate of 25.890%, Previous year 26.048%)	4,020.17	2,475.55

Movement in Deferred tax asset/(liability)

For the financial year 2022-23

(₹ in crore)

Particulars	Balance as at 31 March 2022	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2023
(a) Deferred tax assets				
Property, plant and equipment and Intangible assets	4.19	(3.20)	-	0.99
Remeasurements of employee benefits	42.99	15.36	6.98	65.33
Expected credit loss	974.74	10.32	-	985.06
EIR impact on financial instruments measured at amortised cost	4.13	(0.73)	-	3.40
Unrealised net gain on fair value changes	-	0.72	-	0.72
Cash flow hedge reserve	3.34	0.01	(3.34)	0.01
Fair value on Equity instruments designated under FVOCI	4.23	-	3.73	7.96
Right of use assets and lease liability (net)	10.59	3.40	-	13.99
Fair value on Debt instruments designated under FVOCI	3.53	-	2.84	6.37
Other temporary differences	2.46	(0.68)	-	1.78
Gross deferred tax assets (a)	1,050.20	25.20	10.21	1,085.61
(b) Deferred tax liabilities				
Property, plant and equipment and Intangible assets	(0.18)	(12.87)	-	(13.05)
Service asset	(57.80)	8.98	-	(48.82)
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	(33.82)	(39.26)	-	(73.08)
Unrealised net gain on fair value changes	(2.31)	(0.14)	-	(2.45)
Cash flow hedge reserve	-	-	(2.24)	(2.24)
Other temporary differences	(4.98)	(3.90)	-	(8.88)
Gross deferred tax liabilities (b)	(99.09)	(47.19)	(2.24)	(148.52)
Deferred tax assets/(liabilities), net (a+b)	951.11	(21.99)	7.97	937.09

12 Deferred tax assets (net) (Contd.)

For the financial year 2021-22

(₹ in crore)

Particulars		Balance as at 31 March 2021	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2022
(a)	Deferred tax assets				
	Property, plant and equipment and Intangible assets	0.96	3.23	-	4.19
	Remeasurements of employee benefits	34.38	7.33	1.28	42.99
	Expected credit loss	946.15	28.59	-	974.74
	EIR impact on financial instruments measured at amortised cost	8.01	(3.88)	-	4.13
	Cash flow hedge reserve	24.40	-	(21.06)	3.34
	Fair value on Equity instruments designated under FVOCI	7.01	-	(2.78)	4.23
	Right of use assets and lease liability (net)	8.98	1.61	-	10.59
	Fair value on Debt instruments designated under FVOCI	-	-	3.53	3.53
	Other temporary differences	8.08	(5.62)	-	2.46
Gross deferred tax assets (a)		1,037.97	31.26	(19.03)	1,050.20
(b)	Deferred tax liabilities				
	Property, plant and equipment and Intangible assets	(0.46)	0.28	-	(0.18)
	Service asset	(60.65)	2.85	-	(57.80)
	Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	(18.72)	(15.10)	-	(33.82)
	Fair value on debt instruments at FVTPL	(7.58)	5.27	-	(2.31)
	Fair value on debt instruments designated under FVOCI	(2.33)	-	2.33	-
	Other temporary differences	(2.33)	(2.65)	-	(4.98)
Gross deferred tax liabilities (b)		(92.07)	(9.35)	2.33	(99.09)
Deferred tax assets/(liabilities), net (a+b)		945.90	21.91	(16.70)	951.11

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

13 (A) Property, plant and equipment and intangible assets

For the financial year 2022-23

(₹ in crore)

	Gross block				Depreciation and amortisation				Net block
Particulars	**As at 1 April 2022**	**Addition**	**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)									
Freehold land (b) (e)	196.59	75.32	-	271.91	-	-	-	-	271.91
Building (c) (e)	248.03	13.41	-	261.44	66.37	-	3.55	69.92	191.52
Computers	316.87	165.37	53.03	429.21	163.33	39.29	70.37	194.41	234.80
Office equipment	222.63	50.44	4.74	268.33	146.16	4.63	37.60	179.13	89.20
Furniture and fixtures	196.56	39.96	9.35	227.17	85.73	6.83	19.72	98.62	128.55
Vehicles	143.20	114.86	16.44	241.62	38.84	8.14	23.68	54.38	187.24
Leasehold improvements	227.91	25.67	4.43	249.15	181.79	4.37	30.18	207.60	41.55
Right-of-use - Premises (e)	604.35	278.56	61.19	821.72	211.88	54.14	153.35	311.09	510.63
Right-of-use - Server	30.15	5.54	0.18	35.51	9.61	0.18	4.91	14.34	21.17
Sub-total	**2,186.29**	**769.13**	**149.36**	**2,806.06**	**903.71**	**117.58**	**343.36**	**1,129.49**	**1,676.57**
Other intangible assets (d)									
Computer softwares	530.08	204.85	35.31	699.62	235.08	25.61	107.13	316.60	383.02
Internally generated software (f)	144.21	144.20	-	288.41	8.76	-	34.89	43.65	244.76
Sub-total	**674.29**	**349.05**	**35.31**	**988.03**	**243.84**	**25.61**	**142.02**	**360.25**	**627.78**
Total	**2,860.58**	**1,118.18**	**184.67**	**3,794.09**	**1,147.55**	**143.19**	**485.38**	**1,489.74**	**2,304.35**

For the financial year 2021-22

(₹ in crore)

	Gross block				Depreciation and amortisation				Net block
Particulars	**As at 1 April 2021**	**Additions**	**Deductions/ Adjustments**	**As at 31 March 2022**	**As at 1 April 2021**	**Deductions/ Adjustments**	**For the year**	**As at 31 March 2022**	**As at 31 March 2022**
Property, plant and equipment (a)									
Freehold land (b) (e)	105.47	91.12	-	196.59	-	-	-	-	196.59
Buildings (c) (e)	213.32	34.71	-	248.03	63.36	-	3.01	66.37	181.66
Computers	249.03	105.63	37.79	316.87	133.79	24.54	54.08	163.33	153.54
Office equipment	210.90	16.08	4.35	222.63	114.94	4.11	35.33	146.16	76.47
Furniture and fixtures	214.87	13.03	31.34	196.56	80.94	2.30	7.09	85.73	110.83
Vehicles	100.25	59.29	16.34	143.20	34.36	8.69	13.17	38.84	104.36
Leasehold improvements	192.00	37.39	1.48	227.91	124.87	1.37	58.29	181.79	46.12
Right-of-use - Premises (e)	444.58	224.58	64.81	604.35	157.09	56.85	111.64	211.88	392.47
Right-of-use - Server	29.27	5.00	4.12	30.15	8.65	4.12	5.08	9.61	20.54
Sub-total	**1,759.69**	**586.83**	**160.23**	**2,186.29**	**718.00**	**101.98**	**287.69**	**903.71**	**1,282.58**
Other intangible assets (d)									
Computer softwares	515.13	138.00	123.05	530.08	244.39	97.43	88.12	235.08	295.00
Internally generated software (f)	-	144.21	-	144.21	-	-	8.76	8.76	135.45
Sub-total	**515.13**	**282.21**	**123.05**	**674.29**	**244.39**	**97.43**	**96.88**	**243.84**	**430.45**
Total	**2,274.82**	**869.04**	**283.28**	**2,860.58**	**962.39**	**199.41**	**384.57**	**1,147.55**	**1,713.03**

(a) See note no. 3.6 and 3.13
(b) Represents share in undivided portion of land on purchase of office premises.
(c) Includes cost of shares in co-operative society ₹ 500 (Previous year ₹ 500).
(d) See note no. 3.7
(e) Title deeds of all immovable properties and lease agreements for all the leased premises are held in the name of the Group.
(f) Includes directly attributable employees emoluments of ₹ 67.52 crore (Previous year ₹ 53.59 crore).

13 (B) Capital work in progress, Intangible assets under development

Capital work-in-progress

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	13.27	7.07
Additions	1.33	6.2
Deductions/Adjustments	–	-
Closing balance	14.60	13.27

Aging for capital work-in-progress

(₹ in crore)

Particulars	As at	Amount for a period of: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 March 2023	1.33	6.20	7.07	–	14.60
Projects in progress	31 March 2022	6.20	7.07	–	–	13.27

Intangible assets under development

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	20.87	44.61
Additions*	406.11	295.84
Deductions/Adjustments	361.74	319.58
Closing balance	65.24	20.87

Aging for intangible assets under development

(₹ in crore)

Particulars	As at	Amount for a period of: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 March 2023	65.24	–	–	–	65.24
Projects in progress	31 March 2022	20.87	–	–	–	20.87

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

*Includes directly attributable employees emoluments of ₹ 25.54 crore (Previous year ₹ 4.63 crore).

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

14 Other non-financial assets

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Capital advances	39.10	40.56
Deposits against appeals	40.11	40.09
Advances to suppliers and others*	49.95	96.49
	129.16	177.14

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

15 Payables

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(I) Trade payables		
Total outstanding dues of micro enterprises and small enterprises (MSME)#	1.86	0.24
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,450.26	1,157.22
	1,452.12	1,157.46
(II) Other payables		
Total outstanding dues of micro enterprises and small enterprises#	0.65	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	638.67	353.64
	639.32	353.64

Based on and to the extent of the information received by the Group 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)	2.42	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	53.30	87.02
Interest paid to suppliers under MSMED Act (section 16)	0.85	0.49
Interest due and payable to suppliers under MSMED Act, for payments already made	0.09	0.01
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (since paid)	0.09	0.01

15 Payables (Contd.)

Trade payables aging

(₹ in crore)

Particulars	Not due	Unbilled due	Outstanding from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023							
(i) MSME	1.17	-	0.69	-	-	-	1.86
(ii) Others	492.31	896.74	60.16	0.63	0.26	0.16	1,450.26
	493.48	896.74	60.85	0.63	0.26	0.16	1,452.12
As at 31 March 2022							
(i) MSME	-	-	0.24	-	-	-	0.24
(ii) Others	407.99	643.07	105.19	0.64	0.32	0.01	1,157.22
	407.99	643.07	105.43	0.64	0.32	0.01	1,157.46

16 Debt securities

(₹ in crore)

Particulars	As at 31 March **2023**	**2022**
(A) At amortised cost		
Redeemable non-convertible debentures		
Secured and fully paid*	67,288.26	59,018.97
Unsecured and partly paid	1,387.83	4,370.80
Unsecured and fully paid	6,262.16	1,710.68
	74,938.25	65,100.45
Commercial papers - Unsecured	11,906.99	11,122.62
	86,845.24	76,223.07
(B) Out of above		
In India	86,845.24	76,223.07
Outside India	-	-
	86,845.24	76,223.07

* All the secured non-convertible debentures of the Company and one of its subsidiary viz. BHFL including those issued during year ended 31 March 2023 are fully secured by first pari passu charge by mortgage of their immovable property at Chennai and/or by hypothecation of book debts/loan receivables to the extent as stated in their respective information memorandum. Further, the Company and one of its subsidiary viz. BHFL 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.

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

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

16 Debt securities (Contd.)

(C) Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2023

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Up to 2 years	9,390.00	2,000.00	-	-	11,390.00
Over 2 to 3 years	3,400.00	5,335.00	5,860.00	-	14,595.00
Over 3 to 4 years	270.00	4,500.00	5,820.00	-	10,590.00
Over 4 years	1,981.00	4,225.00	2,302.00	25,437.50	33,945.50
Redeemable at premium					
Over 2 to 3 years	950.00	-	-	-	950.00
Over 3 to 4 years	75.00	-	906.00	-	981.00
Interest accrued	2,412.89	13.33	65.02	-	2,491.24
Impact of EIR (including premium and discount on NCD)					(5.88)
Fair value gain/loss on NCD hedged through interest rate swap					1.39
					74,938.25

-Interest rate ranges from 4.90% to 9.36% as at 31 March 2023.
-Amount to be called and paid is ₹ 350 crore each in June 2023, May 2024, May 2025 and June 2026.
-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 in Mar 2024, Mar 2025 and 168 crore in Mar 2026.

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

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Up to 2 years	3,005.00	9,390.00	-	-	12,395.00
Over 2 to 3 years	6,525.00	3,400.00	4,515.00	-	14,440.00
Over 3 to 4 years	3,446.00	270.00	4,500.00	330.00	8,546.00
More than 4 years	337.00	1,981.00	4,225.00	13,372.00	19,915.00
Redeemable at premium					
Over 2 to 3 years	900.00	950.00	-	-	1,850.00
Over 3 to 4 years	3,774.80	75.00	-	406.00	4,255.80
More than 4 years	3.80	-	-	-	3.80
Interest accrued	3,347.09	38.73	6.33	3.22	3,395.37
Impact of EIR (including premium and discount on NCD)					299.48
					65,100.45

-Interest rate ranges from 4.66% to 9.36% as at 31 March 2022.
-Amount to be called and paid is ₹ 915 crore in Nov 2022.
-Amount to be called and paid is ₹ 105 crore each in Feb 2023, Feb 2024, Feb 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.

16 Debt securities (Contd.)

(D) Terms of repayment of commercial papers

(₹ in crore)

Particulars	As at 31 March 2023	2022
Redeemable at par with original maturity up to 1 year		
Due within 1 year	11,877.14	11,124.10
Impact of EIR	29.85	(1.48)
	11,906.99	11,122.62

-Interest rate ranges from 5.00% to 8.02% p.a as at 31 March 2023 (Previous year 3.91% to 5.15% p.a).
-As at 31 March 2023, face value of commercial paper is ₹ 12,145 crore (Previous year ₹ 11,255 crore).

17 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at 31 March 2023	2022
(A) In India		
At amortised cost:		
Term loans from banks	67,726.06	45,801.25
Term loan from National Housing Bank (NHB)#	2,000.00	-
Cash credit/Overdraft facility	446.33	290.71
Working capital demand loans	1,770.20	750.00
Triparty repo dealing and settlement (TREPs) against Government securities	8,145.36	1,999.16
	80,087.95	48,841.12
Outside India		
At amortised cost:		
External commercial borrowing (ECB)*	1,461.45	5,522.44
	1,461.45	5,522.44
(B) Out of above		
Secured (Against hypothecation of loans, book debts and other receivables)	81,049.35	54,363.56
Unsecured	500.04	-
	81,549.39	54,363.56

* ECB is denominated in foreign currency and secured against book debts.

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. During FY23, subsidiary company BHFL has 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.

- The Group has not been declared a willful Defaulters by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof in accordance with the guidelines on willful defaulters issued by the RBI.

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

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

(C) Terms of repayment of term loans from bank as at 31 March 2023

(₹ in crore)

	Residual maturity of loan									
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 year		Total	
Original maturity of loan	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										
Up to 3 years	12	1,122.16	-	-	-	-	-	-	12	1,122.16
Over 3 to 4 years	25	940.00	30	1,440.00	16	550.00	8	271.88	79	3,201.88
Over 4 years	158	4,137.04	119	2,624.16	89	1,769.37	157	3,636.37	523	12,166.94
Half yearly										
Up to 3 years	2	200.00	2	200.00	1	100.00	-	-		500.00
Over 3 to 4 years	8	517.86	10	851.18	8	708.32	8	708.36	34	2,785.72
Over 4 years	74	3,777.50	85	4,338.21	88	5,907.21	186	13,115.13	433	27,138.05
Yearly										
Over 3 to 4 years	7	928.75	5	806.25	-	-	-	-	12	1,735.00
Over 4 years	23	1,873.33	17	1,536.67	12	1,326.67	29	4,223.33	81	8,960.00
On maturity (Bullet)										
Up to 3 years	3	1,250.00	5	1,120.00	2	1,500.00	-	-	10	3,870.00
Over 3 to 4 years	-	-	3	2,400.00	1	499.74	-	-	4	2,899.74
Over 4 years	3	650.00	-	-	-	-	3	2,700.00	6	3,350.00
Interest accrued		5.90		-		-		-		5.90
Impact of EIR										(9.33)
										67,726.06

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

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

(₹ in crore)

	Residual maturity of loan									
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 year		Total	
Original maturity of loan	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										
Up to 3 years	21	1,844.32	12	1,122.16					33	2,966.48
Over 3 to 4 years	24	1,024.58	13	515.00	18	1.015.00	4	125.00	59	2676.58
Over 4 years	135	3,682.09	128	3,722.75	79	1,909.87	88	2,689.67	430	12,004.38
Half yearly										
Over 3 to 4 years	2	142.86	2	142.86	2	142.86	-	-	6	428.58
Over 4 years	47	2,264.85	57	2,645.75	51	2,208.25	111	5,734.06	266	12,852.91
Yearly										
Over 3 to 4 years	6	567.50	6	717.50	5	806.25	-	-	17	2,091.25
Over 4 years	19	1,202.50	17	1,040.00	11	703.33	10	916.66	57	3,862.49
On maturity (Bullet)										
Up to 3 years	9	2,225.00	3	1,250.00	4	1,020.00	-	-	16	4,495.00
Over 3 to 4 years	1	211.25	1	211.25	3	2,400.00	-	-	5	2,822.50
Over 4 years	2	465.00	3	650.00	-	-	1	500.00	6	1,615.00
Interest accrued		2.02		-		-		-		2.02
Impact of EIR										(18.94)
										45,801.25

-Interest rate ranges from 5% to 7.12% as at 31 March 2022.

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

(D) Terms of repayment of working capital demand loans from bank

Particulars	As at 31 March 2023		As at 31 March 2022	
	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
On maturity (Bullet)				
Up to 1 year	7	1,770.06	3	750.00
Interest accrued		0.14		
	7	1,770.20	3	750.00

-Interest rate ranges from 7% p.a to 8.35% p.a as at 31 March 2023 (Previous year 4.35% p.a to 7.05%).

(E) Terms of repayment of TREPs

Particulars	As at 31 March 2023		As at 31 March 2022	
	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
On maturity (Bullet)				
Up to 1 year	20	8,145.36	9	1,999.16
	20	8,145.36	9	1,999.16

-Interest rate ranges from 6.76% p.a to 6.99% p.a as at 31 March 2023 (Previous year 3.35% p.a to 3.85%).

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

(₹ in crore)

Original maturity of loan	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 year			
	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										
More than 4 years	21	180.98	28	241.31	28	241.31	172	1,336.40	249.00	2,000.00
Interest accrued		-		-		-		-		-
Impact of EIR										-
										2,000.00

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

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

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

(G) Terms of repayment of external commercial borrowing

	As at 31 March 2023		As at 31 March 2022	
Original maturity	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
Due within 1 year				
Original maturity over 2 to 3 years	1	822.17	13	4185.25
Original maturity over 3 years	1	616.63	-	-
Due within 1 to 2 year				
Original maturity over 2 to 3 years	-	-	1	758.07
Original maturity over 3 years	-	-	1	568.55
Interest Accrued		24.14		23.24
Impact of EIR		(1.49)		(12.67)
	2	1461.45	15	5522.44

-Contracted Interest rate ranges from 5.33% p.a to 5.76% p.a as at 31 March 2023 (Previous year 0.65% p.a to 1.22% p.a).

-Interest rate ranges from 5.85% to 6.70% p.a under Cross currency interest rate swap (CCIRS) as at 31 March 2023 (Previous year 5.85% p.a to 7.68% p.a).

18 Deposits (Unsecured)

(₹ in crore)

Particulars	As at 31 March 2023	2022
(A) At amortised cost		
Public deposits*	28,303.10	21,184.07
From others	16,362.46	9,615.06
	44,665.56	30,799.13

* As defined in chapter II, para 3 (xiii) of Master directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 as issued by RBI.

18 Deposits (Unsecured) (Contd.)

(B) Terms of repayment of deposits as at 31 March 2023

(₹ in crore)

Original maturity of deposits	Residual maturity of deposits: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	11,139.95	-	-	-	11,139.95
Over 1 to 2 years	5,453.75	3,402.69	-	-	8,856.44
Over 2 to 3 years	2,886.33	4,872.30	4,514.22	-	12,272.85
Over 3 years	846.82	1,381.17	2,982.35	5,855.16	11,065.50
Interest accrued	839.95	382.66	171.95	82.59	1,477.15
Impact of EIR					(146.33)
					44,665.56

Terms of repayment of deposits as at 31 March 2022

(₹ in crore)

Original maturity of deposits	Residual maturity of deposits: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	6,413.62	-	-	-	6,413.62
Over 1 to 2 years	3,440.78	3,627.11	-	-	7,067.89
Over 2 to 3 years	4,102.07	2,985.73	4,577.02	-	11,664.82
Over 3 years	450.84	854.97	1,417.37	1,908.32	4,631.50
Interest accrued	658.91	261.91	150.68	43.23	1,114.73
Impact of EIR					(93.43)
					30,799.13

19 Subordinated liabilities (Unsecured)

(₹ in crore)

Particulars	As at 31 March 2023	2022
(A) In India		
At amortised cost		
Privately placed subordinated (Tier II) redeemable non-convertible debentures	3,630.29	3,845.77
	3,630.29	3,845.77
(B) Outside India	-	-

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

19 Subordinated liabilities (Unsecured) (Contd.)

(C) Terms of repayment of subordinated liabilities as at 31 March 2023

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	50.00	452.50	290.00	2,660.00	3,452.50
Interest accrued	188.08	-	-	-	188.08
Impact of EIR					(10.29)
					3,630.29

-Interest rate ranges from 8.05% to 10.15% as at 31 March 2023.

Terms of repayment of subordinated liabilities as at 31 March 2022

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	207.10	50.00	452.50	2,950.00	3,659.60
Interest accrued	198.36	-	-	-	198.36
Impact of EIR					(12.19)
					3,845.77

-Interest rate ranges from 8.05% to 10.21% as at 31 March 2022.

20 Other financial liabilities

(₹ in crore)

Particulars	As at 31 March 2023	2022
Unclaimed dividends*	2.25	1.79
Security deposits	168.07	147.43
Lease liability+	587.37	455.06
Unclaimed matured deposits*	0.84	0.39
Payable to assignment partners	7.56	19.58
Outstanding liability for prepaid instrument	49.43	22.96
Unspent CSR liability	35.27	60.88
Others	458.50	403.23
	1,309.29	1,111.32

* There are no undisputed amounts which were due and remained unpaid to Investor Education and Protection Fund as at the close of the year.

20 Other financial liabilities (Contd.)

+ Disclosures as required by Ind AS 116 'Leases' are stated below

(A) Lease liability movement

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	455.06	343.81
Add : Addition during the year	284.10	229.58
Interest on lease liability	42.88	30.99
Less : Deletion during the year	8.34	12.44
Lease rental payments	186.33	136.88
Balance as at year end	587.37	455.06

(B) Lease rentals of ₹ 3.01 crore (Previous year ₹ 15.05 crore) 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 2023	2022
Not later than one year	181.05	139.76
Later than one year but not later than five years	447.41	353.79
Later than five years	70.61	43.53
	699.07	537.08

(D) Maturity analysis of lease liability

(₹ in crore)

Particulars	As at 31 March 2023	2022
Within 12 months	142.81	109.35
After 12 months	444.56	345.71

(E) Amount recognised in statement of profit and loss

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Interest on lease liabilities	42.88	30.99
Depreciation charge for the year	158.26	116.72
(Gain)/loss on pre-mature lease closure	(1.23)	(4.30)
	199.91	143.41

21 Provisions

(₹ in crore)

Particulars	As at 31 March 2023	2022
Provision for employee benefits		
Gratuity	183.37	118.80
Compensated absences*	28.70	24.14
Other long term service benefits	46.05	23.96
Impairment allowance on undrawn loan commitments	12.32	-
	270.44	166.90

* Include amounts payable for encashable leaves not permitted to be carried forward of ₹ 14.98 crore (Previous year ₹ 11.30 crore).

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

22 Other non-financial liabilities

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues	313.18	470.17
Income received in advance	0.03	-
Others	38.60	62.07
	351.81	532.24

23 Equity share capital

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised		
750,000,000 (750,000,000) equity shares of ₹ 2 each	150.00	150.00
Issued:		
605,429,233 (605,429,233) equity shares of ₹ 2 each	121.09	120.52
Subscribed and paid up:		
605,429,233 (605,429,233) equity shares of ₹ 2 each fully called up and paid up	121.09	121.09
Less: 1,008,401 (2,149,392) equity shares of ₹ 2 each held in a trust for employees under ESOP scheme [See footnote (f) below]	0.20	0.43
	120.89	120.66

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	Nos.	₹ in crore
As at 1 April 2021	602,587,339	120.52
Add: Issued during the year to trust for employees pursuant to ESOP scheme	2,841,894	0.57
	605,429,233	121.09
Less: equity shares held in trust for employees under ESOP scheme	2,149,392	0.43
As at 31 March 2022	603,279,841	120.66
As at 1 April 2022	605,429,233	121.09
Add: Issued during the year to Trust for employees pursuant to ESOP scheme	-	-
	605,429,233	121.09
Less: equity shares held in trust for employees under ESOP scheme	1,008,401	0.20
As at 31 March 2023	604,420,832	120.89

(b) Terms/rights/restrictions attached to equity shares

The Parent Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

23 Equity share capital (Contd.)

(c) Shares held by Holding Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	₹ in crore	Nos.	₹ in crore
Bajaj Finserv Ltd.*	317,816,130	63.56	317,816,130	63.56

* An associate of Bajaj Holdings and Investments Ltd.

(d) Details of shareholders holding more than 5% shares in the Holding Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	% Holding	Nos.	% Holding
Bajaj Finserv Ltd.*	317,816,130	52.49%	317,816,130	52.49%

* An associate of Bajaj Holdings and Investments Ltd.

(e) Shareholding pattern of Promoters (Face value ₹ 2 per share)

Particulars	As at 31 March 2023		As at 31 March 2022		% Changes during the year	% Changes during the previous year
	Nos.	% Holding	Nos.	% Holding		
Promoter Name						
Promoter:						
Bajaj Finserv Ltd.	317,816,130	52.49%	317,816,130	52.49%	0.00%	0.00%
Promoter Group :						
Rahulkumar Bajaj	-	0.00%	10,000	0.00%	(100%)	0.00%
Estate of Rahulkumar Bajaj	10,000	0.00%	-	0.00%	0.00%	0.00%
Suman Jain	7,093	0.00%	7,119	0.00%	(0.37%)	1.48%
Madhur Bajaj	2,000	0.00%	2,000	0.00%	0.00%	(96.88%)
Rajiv Bajaj	1,000	0.00%	1,000	0.00%	0.00%	0.00%
Sanjiv Bajaj	467,688	0.08%	467,688	0.08%	0.00%	0.00%
Shefali Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Siddhantnayan Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Sanjali Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Jamnalal Sons Private Ltd.	127,640	0.02%	127,640	0.02%	0.00%	0.00%
Maharashtra Scooters Ltd.	18,974,660	3.13%	18,974,660	3.13%	0.00%	0.00%
Bajaj Allianz Life Insurance Company Ltd.	247,000	0.04%	247,000	0.04%	0.00%	23.50%
Baroda Industries Private Ltd.	117,600	0.02%	117,600	0.02%	0.00%	0.00%
Bachhraj Factories Private Ltd.	72,000	0.01%	72,000	0.01%	0.00%	0.00%
Neelima Bajaj Family Trust (Kumud Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Nimisha Bajaj Family Trust (Madhur Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Kumud Bajaj	2,000	0.00%	2,000	0.00%	0.00%	Nil

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

23 Equity share capital (Contd.)

Particulars	As at 31 March 2023		As at 31 March 2022		% Changes during the year	% Changes during the previous year
	Nos.	% Holding	Nos.	% Holding		
Madhur Bajaj (A/c Kumud Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Madhur Bajaj (A/c Kumud Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Kumud Bajaj (A/c Madhur Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Kumud Bajaj (A/c Madhur Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	Nil
Bajaj Sevashram Private Ltd.*	308,500	0.05%	-	0.00%	8.25%	Nil

* Where shares have been issued for the first time during the reporting period, such percentage change have been computed from date of such issuance.

(f) Shares reserved for issue under employee stock option plan

(₹ in crore)

	Particulars	No. of Stock options/Equity shares as at 31 March 2023	31 March 2022
a.	Number of equity shares approved/reserved for issue under Employee Stock Option Plan, 2009 to employees of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital)	35,071,160	35,071,160
b.	Options granted under the scheme up to 31 March 2023	29,940,214	28,917,109
c.	Options cancelled up to 31 March 2023 and added back to pool for future grants	4,012,171	3,940,077
d.	Options granted net of cancellation under the scheme up to 31 March 2022 (d = b-c)	25,928,043	24,977,032
e.	Balance available under the scheme for future grants (e=a-d)	9,143,117	10,094,128
f.	Equity shares allotted to BFL Employee Welfare Trust up to 31 March 2023	21,454,974	21,454,974
g.	Stock Options exercised up to 31 March 2023	20,446,573	19,305,582
h.	Balance stock options available with BFL Employee Welfare trust on 31 March 2023 (h = f-g)	1,008,401	2,149,392

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year have been reduced against the share capital as if the trust is administered by the Parent Company itself. The securities premium related to the unexercised equity shares held by the trust at the close of the year aggregating to ₹ 125.94 crore (As at 31 March 2022 ₹ 283.83 crore) has also been reduced from securities premium account and adjusted against the loan outstanding from the trust.

Dividends declared by the Parent Company do not accrete to unexercised options. Accordingly, any dividend received by the ESOP trust is remitted to the Parent Company and adjusted against the source from which dividend has been paid.

24 Other equity

(₹ in crore)

Particulars		Nature and purpose	As at 31 March 2023	2022
(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.	17,440.98	17,217.77
(ii)	Retained earnings	Retained earnings represents the surplus in profit and loss account and net amount of appropriations made to/from retained earnings. The Group 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: (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).	27,220.06	19,251.99
(iii)	Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	Reserve fund is created as per the terms of section 45 IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.	7,702.75	5,642.75
(iv)	Reserve fund in terms of section 29C of the National Housing Bank Act,1987	Reserve fund is created as per the terms of section 29C of the National Housing Bank Act,1987 as a statutory reserve.	327.11	231.55
(v)	General reserve	Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.	788.93	788.51
(vi)	Infrastructure reserve in terms of section 36(1) (viii) of the Income Tax Act, 1961	Infrastructure reserve is 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 and for development of infrastructure facility in India.	299.65	143.65
(vii)	Other comprehensive income (a) On equity investments	The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated in the FVOCI equity investments reserve. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.	(71.62)	(61.36)
	(b) On debt investments	The Group recognises changes in the fair value of debt instruments held with a dual business objective of collect and sell in other comprehensive income. These changes are accumulated in the FVOCI debt investments reserve. The Group transfers amounts from this reserve to profit or loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the Statement of Profit and Loss.	(18.92)	(10.49)
	(c) On cash flow hedge reserve	It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI and underlying hedged items.	6.69	(9.90)

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

24 Other equity (Contd.)

(₹ in crore)

Particulars	Nature and purpose	As at 31 March 2023	As at 31 March 2022
(d) On loans*	The Group 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.	-	-
(viii) Share options outstanding account	Share options outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Parent Company for employees of the Group.	555.46	397.56
		54,251.09	43,592.03

* The table gives details of movement of fair value changes:

(₹ in crore)

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

25 Interest income

(₹ in crore)

	For the year ended 31 March 2023				For the year ended 31 March 2022			
	On financial assets measured at				On financial assets measured at			
Particulars	FVOCI*	Amortised cost*	FVTPL	Total	FVOCI*	Amortised cost*	FVTPL	Total
On loans	3,703.61	31,090.84	-	34,794.45	2,432.06	24,437.32	-	26,869.38
On investments	512.07	98.51	96.91	707.49	182.71	115.62	67.99	366.32
On others	-	48.25	-	48.25	-	41.54	-	41.54
	4,215.68	31,237.60	96.91	35,550.19	2,614.77	24,594.48	67.99	27,277.24

* As per effective interest rate (EIR), refer note no. 3.1(i).

26 Fees and commission income

(₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Service and administration charges	1,553.40	1,161.87
Fees on value added services and products	504.60	449.09
Foreclosure income	319.11	226.92
Distribution income	1,915.17	1,199.73
Brokerage income	50.57	29.64
	4,342.85	3,067.25

27 Net gain on fair value changes

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
(A) Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on debt instruments at FVTPL	350.36	336.89
Unrealised gain/(loss) on debt instruments at FVTPL	0.91	(20.56)
Realised gain/(loss) on equity instruments at FVTPL	0.21	-
Unrealised gain/(loss) on equity instruments at FVTPL	0.43	-
Realised derivative gain/(loss) financial instruments at FVTPL	8.90	-
Unrealised derivative gain/(loss) financial instruments at FVTPL	(3.64)	-
(B) Others		
Realised gain/(loss) on sale of FVOCI debt instruments	(22.85)	11.40
	334.32	327.73

28 Sale of services

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Service fees for management of assigned portfolio of loans	38.18	74.96
	38.18	74.96

29 Income on derecognised (assigned) loans

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Income on derecognised (assigned) loans	23.17	-
	23.17	-

30 Other operating income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Recoveries against financial assets	1,104.87	833.61
Net realisation on sale of written off loans	-	59.66
Others	3.80	-
	1,108.67	893.27

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

31 Other income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Interest on income tax refund	0.30	0.10
Dividend income (Previous year ₹ 30,750)	0.67	
Miscellaneous income	7.34	7.50
	8.31	7.60

32 Finance costs

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
On financial liabilities measured at amortised cost:		
On debt securities	5,114.67	4,245.24
On borrowings other than debt securities	4,420.86	3,096.39
On deposits	2,647.18	2,039.55
On Subordinated liabilities	316.83	327.78
On lease liability	42.88	30.99
On others	17.47	13.75
	12,559.89	9,753.70

33 Fees and commission expense

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Commission and incentives	93.00	88.72
Recovery costs	1,686.82	1,598.92
Credit guarantee fees	104.72	70.22
Loan portfolio management service charges	6.93	4.28
	1,891.47	1,762.14

34 Impairment on financial instruments

(₹ in crore)

	For the year ended 31 March 2023			For the year ended 31 March 2022		
Particulars	At amortised cost	At FVOCI	Total	At amortised cost	At FVOCI	Total
On loans	3,072.41	68.11	3,140.52	4,671.60	130.96	4,802.56
On others	49.13	-	49.13	0.84	-	0.84
	3,121.54	68.11	3,189.65	4,672.44	130.96	4,803.40

35 Employee benefits expenses

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Employees emoluments	4,491.46	3,166.34
Contribution to provident fund and other funds	214.80	165.39
Share based payment to employees	226.75	161.23
Staff welfare expenses	126.12	99.48
	5,059.13	3,592.44

36 Other expenses

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Communication expenses	165.97	139.03
Outsourcing/back office expenses	339.32	200.42
Travelling expenses	342.60	158.34
Information technology expenses	567.83	438.11
Bank charges	141.38	100.92
Net loss on disposal of property, plant and equipment	13.33	24.84
Auditor's fees and expenses	2.19	2.14
Insurance	6.26	5.99
Rent, taxes and energy cost	56.83	50.18
Director's fees, commission and expenses	4.88	4.96
Advertisement, branding and promotion	353.04	176.43
Expenditure towards Corporate Social Responsibility activities	151.19	128.64
Repairs, maintenance and office expenses	149.14	116.17
Employee training, recruitment and management	70.09	34.79
Printing and stationery	14.62	8.89
Legal and professional charges	27.18	22.87
Customer experience	125.62	93.40
Miscellaneous expenses	162.51	141.90
	2,693.98	1,848.02

37 Earnings per equity share (EPS)

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
(A) Net profit attributable to equity shareholders (₹ in crore)	11,507.69	7,028.23
(B) Weighted average number of equity shares for basic earnings per share	603,976,750	602,574,303
Effect of dilution:		
Employee stock options	3,067,977	4,392,156
(C) Weighted average number of equity shares for diluted earnings per share	607,044,727	606,966,459
Earning per share (basic) (₹) (A/B)	190.53	116.64
Earning per share (diluted) (₹) (A/C)	189.57	115.79

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

38 Segment Information

The Parent Company and one of its subsidiary viz BHFL 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. One of the subsidiary viz. BFinsec has started broking operations in financial year 2019-20. Since, BFinsec does not satisfy the quantitative thresholds laid down under Ind AS 108 'Operating Segments' for reportable segments, it has not been considered for segment reporting.

39 Transfer of financial assets that are derecognised in their entirety where the Group has continuing involvement

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

40 Revenue from contracts with customers

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Type of services		
Service and administration charges	1,553.40	1,161.87
Fees on value added services and products	504.60	449.09
Foreclosure charges	319.11	226.92
Distribution income	1,915.17	1,199.73
Brokerage Income	50.57	29.64
	4,342.85	3,067.25
Geographical markets		
India	4,342.85	3,067.25
Outside India	-	-
	4,342.85	3,067.25
Timing of revenue recognition		
Services transferred at a point in time	4,342.85	3,067.25
Services transferred over time	-	-
	4,342.85	3,067.25

Contract balances

(₹ in crore)

Particulars	As at 31 March 2023	2022
Fees, commission and other receivable	459.28	359.07
	459.28	359.07

Impairment loss allowance recognised on contract balances is ₹ 1.34 crore (Previous year ₹ Nil).

41 Employee benefit plans

Defined benefit plans

(A) Gratuity

The Group has a gratuity plan for its employee's which is governed by the Payment of Gratuity Act, 1972.The gratuity benefit payable to the employees of the Group is greater of the provisions of the Payment of Gratuity Act, 1972 and the Group's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The level of benefits provided depends on the employee's length of service, managerial grade and salary at retirement age. The gratuity plan is a funded plan and the Group makes contributions to approved gratuity fund.

S. No	Type of risk	Description of risk
(i)	Changes in discount rate	The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to government bonds' yields at the end of the reporting period. A decrease/(increase) in discount rate will increase/(decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plans' investments asset.
(ii)	Salary escalation risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
(iii)	Attrition rate risk	If the actual employee withdrawal rate in the future turns out to be more or less than expected then it may result in increase/decrease in the liability.
(iv)	Mortality rate risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase/decrease in the life expectancy of the plan participants will increase the plan's liability.

Movement in defined benefit obligations

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Defined benefit obligation as at the beginning of the year	283.98	230.10
Current service cost	51.78	44.74
Past service cost	9.00	-
Interest on defined benefit obligation	19.93	15.26
Remeasurement due to :		
Actuarial loss/(gain) arising from change in financial assumptions	(7.59)	(13.13)
Actuarial loss/(gain) arising from change in demographic assumptions	4.66	(5.41)
Actuarial loss/(gain) arising on account of experience changes	25.54	25.22
Benefits paid	(11.36)	(12.80)
Liabilities assumed/(settled)*	(0.20)	-
Defined benefit obligation as at the end of the year	375.74	283.98

* On account of business combination within Group.

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

41 Employees benefit plans (Contd.)

Movement in plan assets

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Fair value of plan asset as at the beginning of the year	165.19	137.06
Employer contributions	33.78	33.01
Interest on plan assets	12.43	9.99
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(5.10)	(2.07)
Benefits paid	(11.36)	(12.80)
Assets acquired/(settled)*	(0.20)	-
Fair value of plan asset as at the end of the year	194.74	165.19

* On account of business combination within Group.

Reconciliation of net liability/asset

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Net defined benefit liability/(asset) as at the beginning of the year	118.80	93.05
Expense charged to Statement of Profit and Loss	68.28	50.01
Amount recognised in Other Comprehensive Income	27.71	8.75
Employers contributions	(33.78)	(33.01)
Net defined benefit liability/(asset) as at the end of the year	181.01	118.80

Expenses charged to the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Current service cost	51.79	44.74
Past service cost	9.00	-
Interest cost	7.49	5.27
	68.28	50.01

Remeasurement (gains)/losses in Other Comprehensive Income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening amount recognised in other comprehensive income	105.59	96.84
Changes in financial assumptions	(7.59)	(13.13)
Changes in demographic assumptions	4.66	(5.41)
Experience adjustments	25.54	25.22
Actual return on plan assets less interest on plan assets	5.09	2.07
Closing amount recognised outside profit or loss in other comprehensive income	133.29	105.59

41 Employees benefit plans (Contd.)

Amount recognised in Balance Sheet

(₹ in crore)

Particulars	As at 31 March 2023	2022
Present value of funded defined benefit obligation	375.74	283.50
Fair value of plan assets	194.73	165.18
Net funded obligation	181.01	118.32
Present value of unfunded defined benefit obligation	–	0.48
Net defined benefit liability recognised in Balance Sheet	181.01	118.80

Key actuarial assumptions

(₹ in crore)

Particulars	As at 31 March 2023	2022
Discount rate	7.45%	7.25%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100%	100%

Sensitivity analysis for significant assumptions

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	(4.78%)	4.96%	(4.06%)	4.21%
Impact of decrease in 50 bps on defined benefit obligation	5.15%	(4.65%)	4.38%	(3.94%)

Projected plan cash flow

(₹ in crore)

Particulars	As at 31 March 2023	2022
Maturity Profile		
Expected benefits for year 1	25.39	18.24
Expected benefits for year 2	27.05	18.74
Expected benefits for year 3	26.99	21.01
Expected benefits for year 4	29.49	20.96
Expected benefits for year 5	29.01	22.15
Expected benefits for year 6	30.12	21.05
Expected benefits for year 7	36.96	19.40
Expected benefits for year 8	30.84	26.42
Expected benefits for year 9	32.63	23.11
Expected benefits for year 10 and above	667.75	509.25

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

41 Employees benefit plans (Contd.)

Expected contribution to fund in the next year

(₹ in crore)

Particulars	As at 31 March 2023	2022
Expected contribution to fund in the next year	31.50	32.50

(B) Compensated absences

(₹ in crore)

Particulars	As at 31 March 2023	2022
Maturity Profile		
Present value of unfunded obligations	13.72	12.84
Expense recognised in the Statement of Profit and Loss	4.94	5.30
Discount rate (p.a.)	7.45%	7.25%
Salary escalation rate (p.a)	11.00%	11.00%

(C) Long term service benefit liability

(₹ in crore)

Particulars	As at 31 March 2023	2022
Present value of unfunded obligations	46.05	23.96
Expense recognised in the Statement of Profit and Loss	25.71	4.84
Discount rate (p.a.)	7.45%	7.25%

(D) Provident Fund

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions in case of shortfall in the plan asset. During the year, the Group recognised expense of ₹ 71.92 crore (Previous year ₹ 55.22 crore) towards contribution made to provident fund under defined contribution plan.

42 Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of

(₹ in crore)

Particulars	As at 31 March 2023	2022
Disputed claims against the Group not acknowledged as debts	66.94	57.10
VAT matters under appeal	4.31	4.29
ESI matters under appeal	5.14	5.14
Guarantees provided on behalf of the Group	2.50	2.50
Service tax matters under appeal		
On interest subsidy [Refer footnote (ii) below]	2,164.00	2,034.72
On additional reversal of credit on investment activity [Refer footnote (iii) below]	573.73	545.47
On penal interest/charges [Refer footnote (iv) below]	265.49	251.37
On reversal of input tax credit on credit note by the customer [Refer footnote (v) below]	30.41	-
On others	14.30	13.73
Income tax matters:		
Appeals by the Group	16.09	9.54
Appeals by the Income tax department	0.28	0.28

42 Contingent liabilities and commitments (Contd.)

(i) The Group is of the opinion that the above demands are not tenable and expects to succeed in its appeals/ defense.

(ii) The Commissioner, Service Tax Commissionerate Pune, through an order dated 31 March 2017, has confirmed the demand of service tax of ₹ 644.65 crore and penalties of ₹ 198.95 crore from the Parent Company in relation to the interest subsidy the Parent Company received from manufacturers and dealers during the period 1 April 2010 to 30 September 2016. The Commissioner has also demanded payment of interest on the service tax amount confirmed until the date the Parent Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 883.95 crore. In accordance with legal advice, the Parent Company filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. The Parent Company, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

In addition, the Principal Commissioner, Central GST and Central Excise, Commissionerate Pune -I, through order dated 3 February 2021, has confirmed the demand of service tax of ₹ 217.22 crore and penalty thereon of ₹ 21.72 crore from the Parent Company in relation to the interest subsidy received from manufacturers and dealers during the period 1 October 2016 to 30 June 2017. The Principal Commissioner has also demanded payment of interest on the service tax amount confirmed until the date the Parent Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 197.51 crore. In accordance with legal advice, the Parent Company filed an appeal on 14 June 2021 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai against the said demand. The Parent Company, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

(iii) The Commissioner, Central Excise and CGST, Pune -I, Commissionerate, through an order dated 15 November 2021, has confirmed the demand of service tax of ₹ 188.37 crore and penalty of ₹ 188.37 crore from the Company alleging short reversal of Cenvat credit with respect to investment activity in accordance with Rule 6(3)(i) Cenvat Credit Rules, 2004 during the period 1 October 2014 to 30 June 2017. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 196.99 crore. In accordance with legal advice, the Company filed an appeal on 17 February 2022 with the CESTAT Mumbai disputing the demands. The Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

(iv) The Commissioner, Central Excise and CGST, Pune -I Commissionerate, through an order dated 7 September 2018, has confirmed the demand of service tax of ₹ 53.87 crore and penalties of ₹ 53.87 crore from the Parent Company in relation to the penal interest/charges the Parent Company received from the customers during the period 1 July 2012 to 31 March 2016. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Parent Company pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 75.70 crore. In accordance with legal advice, the Parent Company filed an appeal on 26 December 2018 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. The Parent Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

In addition, the Principal Commissioner, Central GST and Central Excise, Pune -I Commissionerate, through an order dated 30 December 2019, has confirmed the demand of service tax of ₹ 40.22 crore and penalty thereon of ₹ 4.02 crore on penal interest/charges received by the Parent Company from the customers during the period 1 April 2016 to 30 June 2017. The Principal Commissioner has also demanded payment of interest on the service tax amount demanded, until the date the Parent Company pays the demand, which as at 31 March 2023, amounted to ₹ 37.81 crore. In accordance with legal advice, the Parent Company filed an appeal on 28 August 2020 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. On 28 June 2019, the GST authority issued circular clarifying that additional/penal interest received satisfies the definition of interest as per GST law and hence, would be exempted under Sl. No. 27 of notification No. 12/2017-Central Tax (Rate) dated 28th June 2017. Further, vide circular dated 3 August 2022, the GST authority clarified that amount received for cheque dishonor fine/penalty is not a consideration for any service and thus, not liable to GST. The Parent Company, in line with the opinion obtained from a legal counsel and the clarificatory circulars issued by the GST authority, is of view that the said demands are not tenable.

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

42 Contingent liabilities and commitments (Contd.)

(v) The Assistant Commissioner, West Bengal, through an order dated 06 February 2023, has confirmed the demand of GST of ₹ 11.46 crore and penalty of ₹ 11.46 crore from the Company alleging that input tax credit to the extent of credit notes issued by Company was not reversed by customers for the period 1 July 2017 to 31 March 2020. The Assistant Commissioner has also demanded payment of interest on the GST liability confirmed until the date the Company pays the GST demanded, which as at 31 March 2023 amounted to ₹ 7.49 crore. In accordance with legal advice, the Company is in the process of filing an appeal before the Deputy Commissioner, West Bengal disputing the demands. The Parent Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

(vi) It is not practicable for the Parent Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

(b) Capital and other commitments

(₹ in crore)

Particulars	As at 31 March 2023	2022
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))		
Tangible	52.45	9.66
Intangible	14.44	23.42
(ii) Other commitments		
Towards partially disbursed/un-encashed loans	6,209.01	4,609.67
Towards future corporate social responsibility spend	165.83	82.65
	6,441.73	4,725.40

43 Changes in liabilities arising from financing activities

(a) Changes in capital and asset structure arising from financing activities and investing activities (Ind AS 7 - Statement of Cash flows)

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

(b) Changes in liability arising from financing activities (Ind AS 7 - Statement of Cash flows)

(₹ in crore)

Particulars	As at 1 April 2022	Cash flows	Exchange difference	Other	As at 31 March 2023
Debt securities	76,223.07	11,394.75	-	(772.58)	86,845.24
Borrowings (other than debt securities)	54,363.56	27,150.55	9.59	25.70	81,549.40
Deposits	30,799.13	13,563.31	-	303.12	44,665.56
Subordinated liabilities	3,845.77	(207.12)	-	(8.36)	3,630.29
	165,231.53	51,901.49	9.59	(452.12)	216,690.49

43 (b) Changes in liability arising from Financing Activities (Ind AS 7 - Statement of Cash flows) (Contd.)

(₹ in crore)

Particulars	As at 1 April 2021	Cash flows	Exchange difference	Other	As at 31 March 2022
Debt securities	54,502.14	21,170.59	-	550.34	76,223.07
Borrowings (other than debt securities)	47,429.36	6,870.61	37.53	26.06	54,363.56
Deposits	25,803.43	4,783.68	-	212.02	30,799.13
Subordinated liabilities	3,898.61	(50.02)	-	(2.82)	3,845.77
	131,633.54	32,774.86	37.53	785.60	165,231.53

44 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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
(A) Holding Company					
1. Bajaj Finserv Ltd.	Contribution to equity (317,816,130 shares of ₹ 2 each)	-	(63.56)	-	(63.56)
	Secured non-convertible debentures issued	-	(1,320.00)	-	(1,035.00)
	Secured non-convertible debentures redemption	415.00	-	35.00	-
	Interest paid on non-convertible debentures	71.31	-	51.17	-
	Dividend paid	635.63	-	317.82	-
	Asset purchases	0.08	(0.09)	-	-
	Asset sales	0.15	-	0.01	-
	Business support charges received	1.55	-	1.87	-
	Business support charges paid	45.13	-	38.78	-
	Amount paid under ESOP recharge arrangements	2.94	(3.24)	-	-
(B) Fellow subsidiaries					
1. Bajaj Allianz Life Insurance Company Ltd.	Contribution to equity (247,000 shares of ₹ 2 each)	-	(0.05)	-	(0.05)
	Secured non-convertible debentures issued	-	(200.00)	-	(200.00)
	Unsecured non-convertible debentures issued	642.00	(3,133.00)	642.00	(2,421.70)
	Unsecured non-convertible debentures redemption	0.70	-	-	-
	Interest paid on non-convertible debentures	230.01	-	174.02	-
	Dividend paid	0.49	-	0.20	-
	Security deposit for leased premises	0.29	1.82	-	1.53
	Advance towards insurance	-	2.64	-	1.48
	Commission income (previous year outstanding ₹ 14,387)	25.81	0.47	14.89	
	Insurance expenses	85.63	-	36.71	-
	Rent and maintenance expenses	2.70	-	1.81	-

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

44 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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
2.	Bajaj Allianz General Insurance Company Ltd.	Secured non-convertible debentures issued	-	(393.50)	-	(860.00)
		Unsecured non-convertible debentures issued	-	(40.00)	-	(40.00)
		Secured non-convertible debentures redemption	760.00	-	50.00	-
		Interest paid on non-convertible debentures	74.29	-	74.54	-
		Asset purchases	-	-	0.01	-
		Asset sales (previous year outstanding ₹ 18,190)	0.07	-	0.10	
		Advance towards insurance	-	0.74	-	52.29
		Commission income	19.08	2.02	12.91	1.00
		Interest subsidy received	3.08	-	4.16	-
		Business support charges received	-	-	2.93	-
		Insurance expenses	54.54	0.63	46.61	-
3.	Bajaj Finserv Direct Ltd.	Investment in equity shares	-	2.69	2.69	2.69
		Deemed equity at cost	-	280.47	280.47	280.47
		Asset purchases (previous year outstanding ₹ 2,967)	1.29	-	0.30	
		Purchase of platform	67.22	(8.17)	44.34	-
		Asset sales (outstanding value ₹ 39,703)	0.19		0.06	-
		Business support charges received	6.94	-	1.32	-
		Business support charges paid	50.00	(0.43)	37.33	(5.19)
		Sourcing commission paid	122.32	(14.07)	66.62	(9.16)
		Platform usage charges	37.47	(4.42)	31.22	-
		Annual maintenance charges on loan	7.44	(0.79)	3.17	(0.15)
4.	Bajaj Finserv Health Ltd.	Asset purchases	3.18	-	-	-
		Asset sales	0.02	-	0.24	-
		Commission income	79.35	10.11	54.48	12.30
		Interest subsidy received	0.83	-	1.88	-
		Product distribution fee	2.36	(0.39)	1.76	-
5.	Bajaj Finserv Asset Management Ltd.	Business support charges received	0.01	-	-	-
(C)	**Associate**					
1.	Snapwork Technologies Pvt. Ltd. (Associate w.e.f. 25 Nov 2022)	Investment in equity shares	28.49	28.49	-	-
		Investment in Compulsorily Convertible Preference Shares	64.25	64.25	-	-
		Information technology design and development charges	5.61	-	-	-

44 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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
(D)	Key management personnel (KMP) and their relatives					
1.	Rahul Bajaj (Director till 30 Apr 2021) (Chairman Emeritus till 12 Feb 2022)	Sitting fees	-	-	0.01	-
		Commission	-	-	0.02	(0.02)
2.	Sanjiv Bajaj (Chairman)	Sitting fees	0.37	-	0.42	-
		Commission	0.64	(0.58)	0.61	(0.54)
3.	Rajeev Jain (Managing Director)	Sitting fees (As non-executive Director)	0.15	-	-	-
		Commission	0.11	(0.09)	-	-
		Short-term employee benefits	17.91	-	14.17	(1.66)
		Share-based payment:				
		Equity shares issued pursuant to stock option scheme	5.09	-	12.77	-
		Fair value of stock options granted	26.25	-	19.44	-
4.	Madhur Bajaj (Director till 31 Jul 2022)	Sitting fees	0.02	-	0.06	-
		Commission	0.05	(0.05)	0.15	(0.13)
5.	Rajiv Bajaj (Director)	Sitting fees	0.06	-	0.05	-
		Commission	0.15	(0.14)	0.12	(0.11)
6.	Dipak Poddar (Director till 31 Mar 2022)	Sitting fees	-	-	0.12	-
		Commission	-	-	0.29	(0.26)
7.	Ranjan Sanghi (Director till 30 Apr 2022)	Sitting fees	0.02	-	0.13	-
		Commission	0.05	(0.05)	0.31	(0.28)
8.	D J Balaji Rao (Director)	Sitting fees	0.07	-	0.06	-
		Commission	0.18	(0.16)	0.15	(0.13)
9.	Dr. Omkar Goswami (Director till 9 Jul 2021)	Sitting fees	-	-	0.05	-
		Commission	-	-	0.08	(0.07)
10.	Dr. Gita Piramal (Director till 30 Apr 2022)	Sitting fees	-	-	0.06	-
		Commission	-	-	0.15	(0.13)
11.	Anami N Roy (Director)	Sitting fees	0.34	-	0.31	-
		Commission	0.54	(0.49)	0.49	(0.44)
12.	Dr. Naushad Forbes (Director)	Sitting fees	0.15	-	0.14	-
		Commission	0.38	(0.34)	0.34	(0.31)
13.	Pramit Jhaveri (Director)	Sitting fees	0.17	-	0.08	-
		Commission	0.43	(0.38)	0.20	(0.18)
14.	Radhika Haribhakti (Director w.e.f. 1 May 2022)	Sitting fees	0.08	-	-	-
		Commission	0.20	(0.18)	-	-
		Fixed deposit repaid	0.30	-	-	-
		Interest accrued on fixed deposit	0.01	-	-	-
15.	Manish Kejriwal (Director of Holding Company)	Secured non-convertible debentures redemption	15.00	-	-	-
		Interest paid on non-convertible debentures	1.07	-	-	-

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

44 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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
16.	Sanjali Bajaj (Daughter of Sanjiv Bajaj, Chairman of the Company)	Short-term employee benefits	0.13	-	0.09	-
17.	Radhika Singh (Spouse of Dr. Omkar Goswami, Director till 9 Jul 2021)	Fixed deposit accepted	-	-	-	(2.00)
		Interest accrued on fixed deposit	-	-	0.04	-
18.	Shekher Bajaj	Nil	-	-	-	-
19.	Niraj Bajaj	Nil	-	-	-	-
(E)	**Entities in which KMP and their relatives have significant influence**					
1.	Bajaj Auto Ltd.	Investment in equity shares (outstanding ₹ 7,685, previous year ₹ 7,685)	-		-	
		Secured non-convertible debentures issued	-	(500.00)	-	(500.00)
		Interest paid on non-convertible debentures	25.25	-	-	-
		Inter-Corporate Deposits accepted	500.00	(500.00)	-	-
		Inter-Corporate Deposits repaid	-	-	100.00	-
		Interest accrued on Inter-Corporate Deposits	9.52	(8.57)	0.90	-
		Security deposit for leased premises (previous year transaction value ₹ 38,964)	-	0.24		0.24
		Dividend received (transaction value ₹ 21,000, previous year ₹ 21,000)		-		-
		Business support charges received	0.18	-	0.59	-
		Interest subsidy received	0.87	0.46	11.02	-
		Bad debts sharing received	7.19	8.48	-	-
		Business support charges paid	31.49	(1.39)	26.98	-
		Rent and maintenance expenses	1.55	-	1.34	-
2.	Bajaj Holdings & Investments Ltd.	Investment in equity shares (outstanding ₹ 19,646, previous year ₹ 19,646)	-		-	
		Secured non-convertible debentures issued	-	-	-	(150.00)
		Secured non-convertible debentures redemption	150.00	-	150.00	-
		Interest paid on non-convertible debentures	12.98	-	23.39	-
		Dividend received (transaction value ₹ 10,125, previous year ₹ 9,750)		-		-
		Business support charges received	0.97	-	0.41	-
		Business support charges paid	18.22	-	9.94	(0.05)
3.	Hind Musafir Agency Ltd.	Services received	31.68	-	7.62	(0.17)
		Advance given	-	0.01	-	-

44 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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
4. Bajaj Electricals Ltd.	Inter-Corporate Deposits accepted	70.00	(70.00)	-	-
	Interest accrued on Inter-Corporate Deposits	0.54	(0.48)	-	-
	Interest subsidy received	0.15	0.07	0.06	0.02
	Assets Purchases (outstanding ₹ 17,400)	0.16		0.04	-
5. Jamnalal Sons Pvt. Ltd.	Contribution to equity (127,640 shares of ₹ 2 each)	-	(0.03)	-	(0.03)
	Dividend paid	0.26	-	0.13	-
	Security deposit for leased premises	0.03	0.13	0.03	0.22
	Security deposit repayment received	0.12	-	-	-
	Rent and maintenance expenses	0.35	-	0.59	-
6. Maharashtra Scooters Ltd.	Contribution to equity (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
	Secured non-convertible debentures issued	-	(175.00)	-	(260.00)
	Secured non-convertible debentures redemption	85.00	-	-	-
	Interest paid on non-convertible debentures	17.12	-	12.92	-
	Dividend paid	37.95	-	18.97	-
	Business support charges received	0.15	-	0.14	-
7. Hercules Hoists Ltd.	Fixed deposit accepted	-	-	-	(6.50)
	Fixed deposit repaid	6.50	-	-	-
	Interest accrued on fixed deposit	0.51	-	0.58	(1.09)
8. Poddar Housing And Development Ltd.	Loan repayment received	-	-	13.00	-
	Interest Income	-	-	1.07	-
9. Bachhraj Factories Pvt. Ltd.	Contribution to equity (72,000 shares of ₹ 2 each)	-	(0.01)	-	(0.01)
	Dividend paid	0.14	-	0.07	-
10. Baroda Industries Pvt. Ltd.	Contribution to equity (117,600 shares of ₹ 2 each)	-	(0.02)	-	(0.02)
	Dividend paid	0.24	-	0.12	-
11. Bajaj Sevashram Pvt. Ltd.	Contribution to equity (285,000 shares of ₹ 2 each)	-	(0.06)	-	-
12. Bajaj Allianz Staffing Solutions Ltd.	Manpower supply services	12.79	-	-	-
13. CERG Advisory Pvt. Ltd.	Business support charges paid	-	-	0.05	-

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

44 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	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet	FY2021-22 Transaction value	FY2021-22 Outstanding amounts carried in Balance Sheet
(F)	**Post employment benefit plans**					
1.	Bajaj Auto Ltd. Provident Fund	Unsecured non-convertible debentures issued	-	(36.00)	-	(46.00)
		Unsecured non-convertible debentures redemption	10.00	-	-	-
		Interest paid on non-convertible debentures	4.34	-	4.35	-
		Provident fund contribution (employer's share)	-	-	1.44	-
2.	Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.40	-	0.38	-
3.	Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	14.48	-	13.00	-
4.	Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	20.73	-	20.50	-

Notes

- Transaction values (TV) are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Transactions where Group act as intermediary and passed through Group's books of accounts are not in nature of related party transaction and hence are not disclosed.
- Insurance claims received by the Group on insurance cover taken by it on its assets are not in nature of related party transaction, hence not disclosed.
- Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.
- Related parties as defined under clause 9 of the Indian Accounting Standard - 24 'Related Party Disclosures' have been identified based on representations made by key management personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.
- During the year, the Group has received broking and other charges amounting to ₹ 0.73 crore from 58 related parties (Previous year ₹ 0.05 crore from 4 related parties), out of which ₹ 2,294 from 25 related parties is outstanding as on 31 March 2023. (Previous year ₹ 176 from 2 related parties).
- As on 31 March 2023, 20 non-corporate related parties held Company's equity shares amounting to ₹ 0.20 crore (1,017,905 shares of ₹ 2 each) (Previous year 25 parties amounting to ₹ 0.22 crore, 1,085,348 shares of ₹ 2 each) During the year, dividend paid to such related parties amounts to ₹ 2.04 crore (Previous year ₹ 1.03 crore).
- Non-convertible debentures (NCDs) transactions include only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting date.
- 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.

45 Capital

The Group actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirement of RBI and NHB. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

(i) Capital management

Objective

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

Planning

The Group's assessment of capital requirement is aligned to the mandatory regulatory capital and 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 market.

The Group monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis through its assets liability management committee (ALCO).

The Group 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.

The Parent Company's dividend distribution policy states that subject to profits and other financial parameters as per applicable legal provisions, the Board shall endeavour to maintain a dividend payout in the range of 15% to 25% of profits after tax on standalone financials, to the extent possible.

Further, the Parent Company supports funding needs of its wholly owned subsidiaries by way of capital infusion and loans. These investments are funded by the Parent Company through its equity share capital and other equity which inter alia includes retained profits.

(ii) Regulatory capital

Bajaj Finance Ltd.

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Tier I capital	46,152.01	38,570.88
Tier II capital	3,513.81	3,850.54
Total capital (Tier I + Tier II)	49,665.82	42,421.42
Risk weighted assets	198,890.13	155,832.47
Tier I CRAR	23.20%	24.75%
Tier II CRAR	1.77%	2.47%
Total CRAR (Tier I + Tier II)	24.97%	27.22%

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

45 Capital (Contd.)

Bajaj Housing Finance Ltd.

(₹ 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 (Tier I + Tier II)	10,544.40	6,728.96
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 (Tier I + Tier II)	22.97%	19.71%

(iii) Dividend distribution made and proposed

Subsidiaries have not paid any dividend so far and have not recommended any dividend for financial year ended 31 March 2023 as well.

Dividends on equity shares paid and proposed by Bajaj finance Ltd. during the year:

(₹ in crore)

Particulars	FY2023	FY2022
Dividend paid including dividend distribution tax out of profits of previous year*	1,210.86	603.59
Profit for the relevant year	6,350.49	3,955.51
Dividend as a percentage of profit for the relevant year	19.07%	15.26%

* Includes amount paid ₹ 3.54 crore (Previous year ₹ 1.25) on unexercised option to Trust which do not accrete to it.

Proposed for approval at the annual general meeting (not recognised as a liability as on 31 March 2023)

(₹ in crore)

Dividend on equity share at ₹ 30 per share (a)	1,816.29
Profit after tax for the year ended 31 March 2023 (b)	10,289.74
Dividend proposed as a percentage of profit after tax (a/b)	17.65%

46 Events after reporting date

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

47 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.

Fair value hierarchy

The Group determines fair values of its 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 Group 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.

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

Valuation framework

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

The Group'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.
- Use of fair values as determined by the derivative counter parties.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are reviewed and validated by various units of the Group including risk, treasury and finance. The Group has an established procedure governing valuation which ensures 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 under FVTPL have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair values of investments in unquoted equity instruments designated under FVOCI have been measured under level 3 at fair value based on a discounted cash flow model;
- Fair values of investment in quoted equity and other instruments designated under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair value of loans held under 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 designated under FVOCI. The fair value of these loans have been determined under level 3.

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

47 Fair values (Contd.)

- Derivative financial instrument i.e. cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated external commercial borrowings are accounted as a cash flow hedge. Fair value of CCIRS has been determined under Level 2 using discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates to arrive at the fair value as at reporting date.

The Group has determined that the carrying values of cash and cash equivalents, bank balances, 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 values are deemed to be fair values. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

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 under FVTPL	31-Mar-23	6,575.79	-	-	6,575.79
Equity instrument designated under FVOCI (Unquoted)	31-Mar-23	-	-	590.09	590.09
Equity instrument designated under FVOCI (Quoted)	31-Mar-23	60.40	-	-	60.40
Other investments designated under FVOCI	31-Mar-23	14,139.08	1,163.49	-	15,302.57
Loans designated under FVOCI	31-Mar-23	-	47,113.67	-	47,113.67
Derivative financial instrument	31-Mar-23	(3.48)	148.35	-	144.87
		20,771.79	48,425.51	590.09	69,787.39

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 under FVTPL	31-Mar-22	1,575.20	-	-	1,575.20
Equity instrument designated under FVOCI (Unquoted)	31-Mar-22	-	-	608.73	608.73
Equity instrument designated under FVOCI (Quoted)	31-Mar-22	55.73	-	-	55.73
Other investments designated under FVOCI	31-Mar-22	4,880.14	-	-	4,880.14
Loans designated under FVOCI	31-Mar-22	-	35,044.84	-	35,044.84
Derivative financial instrument	31-Mar-22	-	(18.12)	-	(18.12)
		6,511.07	35,026.72	608.73	42,146.52

47 Fair values (Contd.)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets:

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	608.73	281.21
Acquisitions during the year	-	298.84
Disposals during the year	-	-
Fair value gains/losses recognised in profit or loss	-	-
Gains/(losses) recognised in other comprehensive income	(18.64)	28.68
Closing balance	590.09	608.73

Sensitivity analysis of significant unobservable input on the fair value of equity instrument classified under FVOCI

(₹ in crore)

	Sensitivity to fair value as at 31 March 2023		Sensitivity to fair value as at 31 March 2022	
	1% increase	1% decrease	1% increase	1% decrease
Discounting rate	(21.52)	25.18	(99.09)	120.27
Cash flows	14.86	(12.89)	71.68	(60.92)

Fair value of financial instruments measured at amortised cost as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	Total
Financial assets					
Loans	195,155.26	-	-	194,741.34	194,741.34
Investments	128.59	-	-	129.45	129.45
	195,283.85	-	-	194,870.79	194,870.79
Financial liabilities					
Debt securities	86,845.24	-	87,168.55	-	87,168.55
Borrowings (other than debt securities)	81,549.40	-	-	81,549.40	81,549.40
Deposits	44,665.56	-	-	44,571.40	44,571.40
Subordinated liabilities	3,630.29	-	3,725.52	-	3,725.52
	216,690.49	-	90,894.07	126,120.80	217,014.87

*Fair value computed using discounted cash flow method.

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

47 Fair values (Contd.)

Fair value of financial instruments measured at amortised cost 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					
Loans	156,378.41	-	-	156,929.92	156,929.92
Investments	5,125.74	5,129.73	-	-	5,129.73
	161,504.15	5,129.73	-	156,929.92	162,059.65
Financial liabilities					
Debt securities	76,223.07	-	77,351.06	-	77,351.06
Borrowings (other than debt securities)	54,363.56	-	-	54,363.56	54,363.56
Deposits	30,799.13	-	-	30,964.77	30,964.77
Subordinated liabilities	3,845.77	-	4,143.60	-	4,143.60
	165,231.53	-	81,494.66	85,328.33	166,822.99

*Fair value computed using discounted cash flow method.

48 Risk management objectives and policies

A summary of the major risks faced by the Group, 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. Funding risk arises from: • inability to raise incremental borrowings and deposits to fund business requirement or repayment obligations • when long term assets cannot be funded at the expected term resulting in cashflow mismatches; • Amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board constituted Risk Management Committee (RMC) and Asset Liability Committee (ALCO)	Liquidity and funding risk is: • measured by – identification of gaps in the structural and dynamic liquidity. – assessment of incremental borrowings required for meeting the repayment obligation, the Group's business plan and prevailing market conditions. – liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and board approved liquidity risk framework. • monitored by – assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory framework for NBFCs. – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. – periodic reviews by ALCO of liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Group. – managed by the Group'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.

48 Risk management objectives and policies (Contd.)

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
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 constituted RMC and ALCO	Market risk for the Group encompasses exposures to equity investments, changes in exchange rates (which may impact external commercial borrowings), interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturity profiles. • measured by using changes in prices, and parameters like Value at Risk ('VaR'), PV01 (price value of a basis point), modified duration and other measures to determine movements in the portfolios and impact on net interest income. • monitored by assessment of key parameters like fluctuation in the equity and bond price, interest rate sensitivities and Market Value of Equity (MVE) analysis for probable interest rate movements on both fixed and floating assets and liabilities. The Group has a market risk management module which is integrated with it's treasury system; and • managed by the Group's treasury team under the guidance of ALCO and Investment Committee and in accordance with Board approved Investment and Market Risk policy
Credit risk	Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Group.	Board constituted RMC and Chief Risk Officer (CRO)	Credit risk is: • measured as the amount at risk due to repayment default by customers or counterparties to the Group. Various metrics such as instalment default rate, overdue position, restructuring, resolution plans, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk. • monitored by RMC and CRO through review of level of credit exposure, portfolio monitoring, contribution of repeat customers, bureau data, concentration risk of geography, customer and portfolio; and assessment of any major change in the business environment including economic, political as well as natural calamity/pandemic. • managed by a robust control framework by the risk and debt management unit. This is achieved by continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and review of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, debt management and risk containment along with business. The same is periodically reviewed by the Board constituted 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 constituted RMC/Senior Management and Audit Committee (AC)	Operational risk is: • measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud. • monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework. • managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC.

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

48 Risk management objectives and policies (Contd.)

(a) Liquidity and funding risk

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

The Group maintains a judicious mix of borrowings from banks, money markets, foreign market, public and other deposits 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 Group to maintain a healthy asset liability position and interest rate during the financial year 2022-23 (FY2022) - the weighted average cost of borrowing was 7.04% versus 6.81% despite highly uncertain market conditions. The overall borrowings including debt securities, deposits and subordinated liabilities stood at ₹ 216,690.49 crore as of 31 March 2023 previous year ₹ 165,231.53 crore.

The Group 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 Group endeavours to maintain liquidity buffer of 5% to 8% of its overall net borrowings in normal market scenario.

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 Group 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 Parent Company and one of its subsidiary viz. BHFL 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). At present, the LCR requirement is at 70% for the Parent Company, which will move up in a phased manner to 85% from 1 December 2023 and 100% by 1 December 2024. For BHFL, the current LCR requirement is at 60% which will move up to 100% in phased manner by 1 December 2025. As of 31 March 2023, the Parent Company and BHFL maintained a LCR of 113% and 150% respectively. Both are well above the RBI's stipulated norms.

The Group 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 Group experiences a reduction to its liquidity position, either from causes unique to the Group 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 contractual cashflow of the Group'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	33,467.75	75,887.98	109,355.73	34,901.72	56,049.08	90,950.80
Borrowings (other than debt securities)	31,925.83	63,452.28	95,378.11	20,880.22	39,782.07	60,662.29
Deposits	22,925.20	27,015.23	49,940.43	16,178.49	17,785.08	33,963.57
Subordinated liabilities	354.87	4,232.06	4,586.93	532.50	4,586.69	5,119.19
Trade payables	1,452.12	-	1,452.12	1,157.46	-	1,157.46
Other payables	639.32	-	639.32	353.64	-	353.64
Other financial liabilities	902.89	518.10	1,420.99	795.05	397.39	1,192.44
	91,667.98	171,105.65	262,773.63	74,799.08	118,600.31	193,399.39

48 Risk management objectives and policies (Contd.)

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

(₹ in crore)

Particulars	As at 31 March 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	1,550.75	-	1,550.75	3,381.44	-	3,381.44
Bank balances other than cash and cash equivalents	1,481.46	1,272.31	2,753.77	164.84	134.02	298.86
Derivative financial instruments	148.88	-	148.88	121.90	-	121.90
Trade receivables	1,299.72	-	1,299.72	1,083.99	181.90	1,265.89
Loans	76,261.32	166,007.61	242,268.93	68,814.83	122,608.42	191,423.25
Investments	18,189.57	4,562.27	22,751.84	8,553.18	3,692.36	12,245.54
Other financial assets	643.68	175.96	819.64	660.58	61.41	721.99
Non-financial assets						
Current tax assets (net)	-	181.43	181.43	-	168.30	168.30
Deferred tax assets (net)	-	937.09	937.09	-	951.11	951.11
Property, plant and equipment	-	1,676.57	1,676.57	-	1,282.58	1,282.58
Capital work-in-progress	-	14.60	14.60	-	13.27	13.27
Intangible assets under development	-	65.24	65.24	-	20.87	20.87
Goodwill	-	3.27	3.27	-	3.27	3.27
Other intangible assets	-	627.78	627.78	-	430.45	430.45
Other non-financial assets	89.05	40.11	129.16	137.05	40.09	177.14
	99,664.43	175,564.24	275,228.67	82,917.81	129,588.05	212,505.86
LIABILITIES						
Financial liabilities						
Derivative financial instruments	4.01	-	4.01	140.02	-	140.02
Trade payables	1,452.12	-	1,452.12	1,157.46	-	1,157.46
Other payables	639.32	-	639.32	353.64	-	353.64
Debt securities	30,453.73	56,391.51	86,845.24	32,654.27	43,568.80	76,223.07
Borrowings (other than debt securities)	27,403.30	54,146.10	81,549.40	18,119.97	36,243.59	54,363.56
Deposits	21,137.90	23,527.66	44,665.56	15,040.71	15,758.42	30,799.13
Subordinate liabilities	238.05	3,392.24	3,630.29	405.10	3,440.67	3,845.77
Other financial liabilities	915.39	393.90	1,309.29	800.78	310.54	1,111.32
Non-financial liabilities						
Current tax liabilities (net)	139.21	-	139.21	100.06	-	100.06
Provisions	22.99	247.45	270.44	15.06	151.84	166.90
Other non-financial liabilities	315.24	36.57	351.81	475.83	56.41	532.24
	82,721.26	138,135.43	220,856.69	69,262.90	99,530.27	168,793.17

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

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.

(i) Interest rate risk

On investment book other than equity

The Group 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	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment at amortised cost	128.59	129.45	(3.09)	3.20
Investment at FVTPL	6,575.79	6,575.79	(14.31)	14.31
Investment at FVOCI (other than equity)	15,302.57	15,302.57	(152.85)	152.85

Sensitivity analysis as at 31 March 2022

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment at amortised cost	5,125.74	5,129.73	(15.01)	15.01
Investment at FVTPL	1,575.20	1,575.20	(2.35)	2.35
Investment at FVOCI (other than equity)	4,880.14	4,880.14	(58.81)	58.81

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 and Market Value of Equity (MVE) and Net Interest Income analysis. The same is monitored monthly by ALCO. Sensitivity of the market value of unquoted equity investments other than those in subsidiaries and associates assuming varied changes in interest rates is presented in note no. 47.

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Loans	242,268.93	241,855.01	(1,968.35)	2,027.46
Debt securities	86,845.24	87,168.55	1,153.68	1,239.11
Borrowings (other than debt securities)	81,549.40	81,549.40	-	-
Deposits	44,665.56	44,571.40	587.91	(605.24)
Subordinated liabilities	3,630.29	3,725.52	93.47	(97.22)

48 Risk management objectives and policies (Contd.)

Sensitivity analysis as at 31 March 2022

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Loans	191,423.25	191,974.76	(1,516.52)	1,561.83
Debt securities	76,223.07	77,351.06	981.41	(1,048.20)
Borrowings (other than debt securities)	54,363.56	54,363.56	-	-
Deposits	30,799.13	30,964.77	384.41	(395.31)
Subordinated liabilities	3,845.77	4,143.60	127.60	(133.79)

(ii) Price risk

The Group's quoted equity instruments and derivative instruments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, the Group periodically monitors the sectors it has invested in, performance of the investee companies, measures mark- to- market gains/ losses.

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment in equity shares (quoted)	215.62	215.62	21.56	(21.56)
Derivative financial instrument (future and options)	(3.48)	(3.48)	(0.35)	0.35

Sensitivity analysis as at 31 March 2022

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in statement of profit and loss	
			1% increase	1% decrease
Investment in equity shares (quoted)	55.73	55.73	5.57	(5.57)

(iii) Foreign currency risk

The Group is exposed to foreign currency fluctuation risk for its external commercial borrowing (ECB). The Group's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal & Coupon). As a matter of prudence, the Group has hedged the entire ECB exposure for the full tenure as per Board approved interest rate risk, currency risk and hedging policy.

The Group evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs for raising ECB. The Group manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved 'Interest rate risk, Currency risk and Hedging policy'.

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

48 Risk management objectives and policies (Contd.)

The Group's exposure of foreign currency risk at the end of the reporting period expressed in INR are as follows:

(₹ in crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	USD	JPY	USD	JPY
Hedged				
ECB	(1,299.50)	-	(3,964.19)	(1,417.97)
Derivative Financial Instrument*	1,299.50	-	3,964.19	1,417.97
Unhedged	-	-	0.23	-

*Represents the notional amount of the derivative financial instrument.

Hedging policy

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Impact of hedge on the Balance Sheet:

As at 31 March 2023

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	1,299.50	146.98	-
INR JPY CCIRS	-	-	-
INR - Interest rate Swap	100.00	1.37	-
INR - Futures and Options	338.37	0.53	(4.01)

As at 31 March 2022

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	3,964.19	121.90	(9.48)
INR JPY CCIRS	1,417.97	-	(130.54)

48 Risk management objectives and policies (Contd.)

(c) Credit risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Group. The Group has a diversified lending model and focuses on seven broad categories viz: (i) urban lending, (ii) two and three wheeler lending, (iii) SME lending, (iv) rural lending, (v) mortgages, (vi) loan against securities, and (vii) commercial lending. The Group assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Group 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. 3.4 (i)

Computation of impairment on financial instruments

The Group 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 Group 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 Group has redeveloped its ECL model and implemented the same with the approval of Audit Committee and the Board.

The Group follows simplified ECL approach under Ind AS 109 'Financial instruments' for trade receivables, pass through certificates ('PTC') and other financial assets.

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

48 Risk management objectives and policies (Contd.)

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

<table>
<tr><th rowspan="2">Lending verticals</th><th rowspan="2">Nature of businesses</th><th colspan="3">PD</th><th rowspan="2">EAD</th><th rowspan="2">LGD</th></tr>
<tr><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Urban Sales finance</td><td>Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends</td><td rowspan="6">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers and empirical default rates.</td><td rowspan="6">Empirical performance across different DPD (Days Past Due) ranges</td><td rowspan="3">100%</td><td rowspan="7">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%.</td><td rowspan="7">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.</td></tr>
<tr><td>Two and three wheeler finance</td><td>Two and three wheeler financing</td></tr>
<tr><td>Urban B2C</td><td>Personal loans to salaried and self employed individuals</td></tr>
<tr><td>SME lending</td><td>Unsecured and secured loans to SME's, self employed customers and professionals</td><td rowspan="3">100%</td></tr>
<tr><td>Rural Sales finance</td><td>Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends</td></tr>
<tr><td>Rural B2C</td><td>Personal loans to salaried, self employed customers, professionals and gold loans</td></tr>
<tr><td>Mortgages</td><td>Home loans, loans against property, developer finance and lease rental discounting</td><td colspan="2">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.</td><td>100%</td></tr>
<tr><td>Loans against securities</td><td>Loans against shares, mutual funds, deposits and insurance policies</td><td colspan="2">Determined basis empirical risk performance</td><td>100%</td><td>Determined basis empirical risk performance</td><td>Based on associated risk of the underlying securities</td></tr>
<tr><td>Commercial lending</td><td>Lending to auto component manufacturers, light engineering industry, financial institutions, specialty chemical, pharma, packaging and other mid-market companies.</td><td colspan="2">Internal evaluation/judgement applied at customer or industry segment.</td><td>100%</td><td>100%</td><td>Based on estimates of cash flows</td></tr>
</table>

48 Risk management objectives and policies (Contd.)

The table below summarises the gross carrying values and the associated allowances 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	139,973.06	1,627.61	1,236.82	101,316.90	1,405.30	1,075.99
Allowance for ECL	691.31	357.38	667.56	1,265.95	575.91	808.64
ECL coverage ratio	0.49%	21.96%	53.97%	1.25%	40.98%	75.15%

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	105,075.94	2,424.22	1,835.66	83,757.97	1,436.42	1,297.83
Allowance for ECL	592.43	580.99	937.57	914.33	498.42	881.05
ECL coverage ratio	0.56%	23.97%	51.08%	1.09%	34.70%	67.89%

Collateral valuation

The Group 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 Group'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 Group'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 Group's credit risk.

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

Product group	Nature of securities
Urban sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture, digital products etc.
Two and three wheeler finance	Hypothecation of underlying two and three wheeler
Rural sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Rural B2C - Gold loans	Pledge of gold jewellery.
SME lending (Secured)	Hypothecation of underlying product e.g. used car and medical equipment etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loans against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies.
Commercial lending	Plant and machinery, book debts etc.

The Group periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Group exercises its right of repossession across all secured products and primarily in its two wheeler and three wheeler financing business. 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. For its loan against securities business, the Group recoups shortfall in value of securities through part recall of loans or additional securities from the customer, or sale of underlying securities. The Group does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

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

48 Risk management objectives and policies (Contd.)

Guarantee Cover taken on loans

To secure its eligible pool, the Parent Company takes guarantee cover for its portfolios across B2C, MSME and three-wheeler financing business under Credit Guarantee Fund Scheme for NBFCs (CGS-II) from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) governed by the SIDBI. As on 31 March 2023, the Parent Company has covered ₹ 3,711 crore of its loan assets under this scheme. This has helped the Group to offset ₹ 171 crore worth of credit losses during the current year with further claims maturing over FY2024 and FY2025.

Further, the Parent Company has also granted loans under RBI's Emergency Credit Line Guarantee Scheme (ECLGS) to its qualifying customers, as of 31 March 2023 ₹ 447 crore of loans are outstanding under ECLGS.

Analysis of concentration risk

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

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 Group 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 Group 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 Group 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 Group 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 Group has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators.

48 Risk management objectives and policies (Contd.)

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 Group has considered that the current unemployment rate of 7.69% may move towards an average of 7.4% over the next few years.
- For the downside scenario, the Group 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 7.4% within next three years.
- For the upside scenario, the Group 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 3.4% by the end of June 2024 but may come back to an historical (excluding COVID period) 4-year average of 7.4%.

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 and Feb'23, it crossed 6%. The inflation as at Mar'23 has moderated to 5.7%, which is within the RBI comfort level. MPC is taking appropriate 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 Group considers a persistent inflation around 6.2% in Q4 FY2023. We have, however, seen higher levels of inflation in the first half of FY2023 and the Group expects inflation to come down in FY2024, which is in line with the Central bank's projection. However, keeping a conservative approach, the Group expects inflation to range between 6.3% 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 9.66% in Q2 FY2024, and subsequently normalise to around 5.94% 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 level of around 2.2% before averaging back to the average of 5.94%.

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.

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

48 Risk management objectives and policies (Contd.)

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Gross carrying amount of loans	246,635.68	195,828.04
Reported ECL on loans	4,366.75	4,404.79
Reported ECL coverage	1.77%	2.25%
Base ECL without macro overlay	3,406.74	3,344.79
Add : Management overlay	797.00	853.00
ECL before adjustment for macro economic factors	4,203.74	4,197.79
ECL amounts for alternate scenario		
Central Scenario (80%)	4,352.44	4,375.90
Downside Scenario (10%)	5,437.38	5,112.90
Upside scenario (10%)	3,410.46	3,927.79
Reported ECL	4,366.75	4,404.79
Management and Macro economic overlay	960.00	1,060.00
-Management overlay	797.00	853.00
-Overlay for macro economic factors	163.00	207.00
ECL coverage ratios by scenario		
Central scenario (80%)	1.76%	2.23%
Downside scenario (10%)	2.20%	2.61%
Upside scenario (10%)	1.38%	2.01%

(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 Group's business activities, as well as in the related support functions. The Group 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 Group 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 Group 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 Group 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.

49 Employee stock option plan

(A) Employee stock option plan of Bajaj Finance Ltd.

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the then issued equity capital of the Parent Company aggregating to 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Parent Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Parent Company under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 677,313 stock options i.e. from 1,829,803 to 2,507,116 options of the face value of ₹ 10 each under the stock options scheme of the Company i.e. Employee Stock Option Plan 2009.

Pursuant to the sub-division of each equity share of face value of ₹ 10 into five equity shares of face value of ₹ 2 on 10 September 2016 and allotment of bonus equity share in the proportion of one equity share of face value of ₹ 2 for every one equity share on 14 September 2016, the aggregate number of equity shares which would be available for future grants under the Employee Stock Option Plan, 2009 were adjusted from 2,507,116 equity shares of face value of ₹ 10 to 25,071,160 equity shares of face value of ₹ 2 each.

Further, vide the Special Resolution passed by the members of the Parent Company through postal ballot on 19 April 2021, the aforesaid limit of options was enhanced by 10,000,000 options. The maximum limit under the scheme now stand revised from 25,071,160 options to 35,071,160 options.

The options issued under the ESOP Scheme vest over a period not less than 1 year and not later than 5 years from the date of grant with the vesting condition of continuous employment with the Parent Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of the Parent Company has approved the following grants to select senior level executives of the Parent Company in accordance with the Stock Option Scheme. Details of grants given up to the reporting date under the scheme, duly adjusted for sub-division of shares and issue of bonus shares thereon, 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
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-
15-May-13	138.04	3,949,300	-	-	3,096,300	853,000	-
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	81,500	-	2,393,750	340,750	81,500
20-May-15	448.16	1,935,000	158,800	-	1,406,700	369,500	158,800
24-May-16	765.37	1,430,000	302,800	-	901,825	225,375	302,800
17-May-17	1,347.75	1,120,750	355,494	-	623,893	141,363	355,494
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-
01-Feb-18	1,677.85	120,000	21,702	-	49,334	48,964	21,702
17-May-18	1,919.95	1,273,416	511,235	-	555,967	206,214	511,235
16-May-19	3,002.75	1,123,900	477,036	244,897	316,936	85,031	721,933
19-May-20	1,938.60	2,054,250	569,830	912,853	405,973	165,594	1,482,683
27-Apr-21	4,736.55	936,643	180,681	659,013	48,915	48,034	839,694
26-Apr-22	7,005.50	1,003,756	-	986,280	-	17,476	986,280
25-Jul-22	6,258.25	19,349	-	19,349	-	-	19,349
		29,940,214	2,659,078	2,822,392	20,446,573	4,012,171	5,481,470

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

49 Employee stock option plan (Contd.)

As on 31 March 2022

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-
15-May-13	138.04	3,949,300	75,500	-	3,020,800	853,000	75,500
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	285,255	-	2,189,995	340,750	285,255
20-May-15	448.16	1,935,000	315,145	-	1,250,355	369,500	315,145
24-May-16	765.37	1,430,000	403,375	-	801,250	225,375	403,375
17-May-17	1,347.75	1,120,750	440,307	-	539,080	141,363	440,307
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-
01-Feb-18	1,677.85	120,000	27,126	-	43,910	48,964	27,126
17-May-18	1,919.95	1,273,416	404,417	244,912	416,510	207,577	649,329
16-May-19	3,002.75	1,123,900	343,451	501,778	198,595	80,076	845,229
19-May-20	1,938.60	2,054,250	311,196	1,411,314	197,334	134,406	1,722,510
27-Apr-21	4,736.55	936,643	2,401	905,273	773	28,196	907,674
		28,917,109	2,608,173	3,063,277	19,305,582	3,940,077	5,671,450

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

(₹ in crore)

Particulars	FY2023		FY2022
Grant date	25-Jul-22	26-Apr-22	27-Apr-21
No. of options granted	19,349	1,003,756	936,643
Weighted average fair value (₹)	2,683.83	3,212.49	2,108.92

49 Employee stock option plan (Contd.)

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

As on 31 March 2023

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	5,671,450	138.04-4,736.55	2,219.04	4.49
Granted during the year	1,023,105	6,258.25-7,005.5	6,991.37	
Cancelled during the year	72,094	1919.95-7,005.5	4,010.24	
Exercised during the year	1,140,991	138.04-4,736.55	1,385.83	
Outstanding at the end of the year	5,481,470	219.66-7,005.5	3,259.66	4.42
Exercisable at the end of the year	2,659,078	219.66-4,736.55	1,959.63	2.66

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	6,633,275	87.61-3,002.75	1,560.95	4.49
Granted during the year	936,643	4,736.55	4,736.55	
Cancelled during the year	184,252	1,677.85-4,736.55	2,584.37	
Exercised during the year	1,714,216	87.61-4,736.55	1,008.80	
Outstanding at the end of the year	5,671,450	138.04-4,736.55	2,219.04	4.49
Exercisable at the end of the year	2,608,173	138.04-4,736.55	1,374.30	2.59

The weighted average market price of equity shares for options exercised during the year is ₹ 6,564.81 (Previous year ₹ 6,473.87).

Method used for accounting for share based payment plan:

The Parent 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 (₹)*	Options granted	Vesting period
27-Apr-21	5.65%	3.5 -6.5 years	42.51%	0.21%	4,736.55	936,643	4 years on SLM basis
26-Apr-22	6.52%	3.5 - 6.5 years	42.12%	0.29%	7,005.50	946,983	4 years on SLM basis
26-Apr-22	6.95%	7.5 years	39.54%	0.29%	7,005.50	56,773	5 year bullet
25-Jul-22	7.09%	3.5 - 6.5 years	42.20%	0.32%	6,258.25	7,544	4 years on SLM basis
25-Jul-22	6.91%	3.5 years	44.71%	0.32%	6,258.25	8,202	1 year bullet
25-Jul-22	6.99%	4 years	44.15%	0.32%	6,258.25	3,603	18 month bullet

*Adjusted for sub-division of share and issue of bonus shares thereon.

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

49 Employee stock option plan (Contd.)

For the year ended 31 March 2023, the Group has accounted expense of ₹ 224.41 crore as employee benefit expenses (note no.35) on the aforesaid employee stock option plan (Previous year ₹ 161.23 crore). The balance in employee stock option outstanding account is ₹ 555.46 crore as of 31 March 2023 (Previous year ₹ 397.56 crore).

(B) Employee stock option plan of Bajaj Finserv Limited

The Nomination and Remuneration Committee of the Holding Company has approved grant of 230,390 stock options at an exercise price of ₹ 1,482.64, adjusted for split and bonus, having a bullet vesting of 5 years to select employees of the Group in accordance with the Stock Option Scheme of the Holding Company. Of the options granted, no option has vested, cancelled or exercised during the year. The weighted average fair value of the option granted is ₹ 689.20.

The Holding 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 (₹)
28-Apr-22	6.75%	6 years	34.19%	0.02%	1,482.64

For the year ended 31 March 2023, the Group has accounted expense of ₹ 2.94 crore as employee benefit expenses (note no. 35) on the aforesaid employee stock option plan (Previous year ₹ Nil)

50 Ultimate beneficiary

No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group 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, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

No funds (which are material either individually or in the aggregate) have been received by the Parent Company and its subsidiary viz BFinsec from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Parent Company and BFinsec shall, 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.

One of the subsidiary viz BHFL has received fund from entities (funding party) with the understanding that the BHFL shall directly or indirectly lend to other entities.

50 Ultimate beneficiary (Contd.)

Details of transaction in FY 2022-23

(₹ in crore)

Name of Funding Party	Date of fund received	Amount of fund received	Name of other intermediaries or ultimate beneficiaries	Date of fund advanced or loaned	Amount of fund advanced or loaned
J.V.N Exports Pvt. Ltd.	29-Aug-22	6.00	Radiant Equity Management Pvt. Ltd.	31-Aug-22	6.00
Address: No B05, 5th Floor, Solus Jain Heights, J C Road, 1st Cross Road, Bangalore - 560027, Karnataka CIN: U07010KA1993PTC014766	14-Sep-22	0.30	Address: No 255-B, Bommasandra Industrial Area, Bommasandra Village Anekal T K, Bangalore - 560099, Karnataka CIN: U63090KA1994PTC143382	17-Sep-22	0.30
	18-Nov-22	0.30		19-Nov-22	0.30
	18-Jan-23	0.50		19-Jan-23	0.50
Chayadeep Properties Pvt. Ltd.	14-Sep-22	26.45	Karuna Ventures Pvt. Ltd.	22-Sep-22	157.00
Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 CIN: U45203KA2003PTC094179	15-Sep-22	38.58	Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 CIN: U74110KA2009PTC05057		
	19-Sep-22	29.76			
	21-Sep-22	40.78			
	22-Sep-22	29.76			

Details of transaction in FY 2021-22

(₹ in crore)

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

BHFL 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).

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

51 Relationship with struck off companies

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck-off company	Relationship with the struck off company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022
1	Abhilash Global Corporation Pvt. Ltd.	Loan receivables	No	0.09	0.12
2	Aditya Infocom Pvt. Ltd.	Loan receivables	No	-	0.04
3	Alpic Formulations Pvt. Ltd.	Loan receivables	No	0.06	0.06
4	Asquare Events and Production Pvt. Ltd.	Loan receivables	No	0.13	0.13
5	Astor Metal Industries Pvt. Ltd.	Loan receivables	No	0.17	0.17
6	Attract Force Management Service Pvt. Ltd.	Loan receivables	No	0.05	0.07
7	Ayuh Meditech Solutions Pvt. Ltd.	Loan receivables	No	-	0.02
8	Balsam Publishing House Pvt. Ltd.	Loan receivables	No	-	0.20
9	Bhandari Hotels Pvt. Ltd.	Loan receivables	No	0.09	0.09
10	Cse Computer Solutions East Pvt. Ltd.	Loan receivables	No	0.50	0.91
11	Daffodils Daily Opc Pvt. Ltd.	Loan receivables	No	0.12	0.12
12	Dheer Software Solutions Pvt. Ltd.	Loan receivables	No	-	0.04
13	First Office Solutions India Pvt. Ltd.	Loan receivables	No	0.07	0.03
14	First Paper Idea India Pvt. Ltd.	Loan receivables	No	0.11	0.11
15	Fortuner Con Serve Pvt. Ltd.	Loan receivables	No	-	0.03
16	Gayathri Technocrats Pvt. Ltd.	Loan receivables	No	-	0.15
17	Gintara Pvt. Ltd.	Loan receivables	No	-	0.08
18	Grastance Techonologies Pvt. Ltd.	Loan receivables	No	0.03	0.05
19	Green Way Super Market Pvt. Ltd.	Loan receivables	No	0.11	0.11
20	Hyper Collective Creative Technologies Pvt. Ltd.	Loan receivables	No	-	-
21	Indira Smart Systems Pvt. Ltd.	Loan receivables	No	0.09	0.10
22	Indochin Electrotech Pvt. Ltd.	Loan receivables	No	0.13	0.13
23	Invision Entertainment Pvt. Ltd.	Loan receivables	No	2.06	1.83
24	Jamson Pharmaceutical Pvt. Ltd.	Loan receivables	No	-	0.11
25	Kool Gourmet Pvt. Ltd.	Loan receivables	No	0.10	-
26	Koolair Systems Pvt. Ltd.	Loan receivables	No	-	0.10
27	Mankut Facility Management Service Pvt. Ltd.	Loan receivables	No	0.09	-
28	Maxin Hydro Dynamic India Pvt. Ltd.	Loan receivables	No	0.14	0.06
29	Mazda Agencies Pvt. Ltd.	Loan receivables	No	0.11	0.11
30	Mechwing Engineering & Services Pvt. Ltd.	Loan receivables	No	0.10	0.10
31	Multi Tech System Industrial Automation Pvt. Ltd.	Loan receivables	No	-	-
32	Multiton Equipments Pvt. Ltd.	Loan receivables	No	-	0.11
33	Nur Automation Pvt. Ltd.	Loan receivables	No	0.07	-
34	R R Movers And Logistics Pvt. Ltd.	Loan receivables	No	0.13	0.13
35	Relied Staffing Solution Pvt. Ltd.	Loan receivables	No	0.12	0.12

51 Relationship with struck off companies (Contd.)

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck-off company	Relationship with the struck off company	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022
36	Shrine Infrastructure Pvt. Ltd.	Loan receivables	No	0.56	0.57
37	Singh Hindustan Marine Pvt. Ltd.	Loan receivables	No	-	-
38	Solaris People Solutions Pvt. Ltd.	Loan receivables	No	0.10	0.10
39	Sri Beera Barji Trading Co. Pvt. Ltd.	Loan receivables	No	0.06	0.07
40	Sri Sampurna Laxmi Spinning Mills Pvt. Ltd.	Loan receivables	No	0.18	0.23
41	Suzal-Whole Sale Marketing Service Pvt. Ltd.	Loan receivables	No	-	0.08
42	Tejas India Buildtech Pvt. Ltd.	Loan receivables	No	0.14	0.13
43	Times Partner Pvt. Ltd.	Loan receivables	No	-	0.01
44	Tulsians Kharidiye Pvt. Ltd.	Loan receivables	No	-	-
45	Vijayasree Rearing and Processing Pvt. Ltd.	Loan receivables	No	-	0.04
46	Wave Aquatic Pvt. Ltd.	Loan receivables	No	-	0.11
47	Thakorlal Hiralal Exports Pvt. Ltd. (previous year outstanding ₹ 4,288.00)	Stock Trading	No	-	

The above disclosure has been prepared basis the relevant information compiled by the Group on best effort basis.

52 Disclosure pertaining to stock statement filed with banks or financial institutions

The Group has availed of the facilities (secured borrowings) from the lenders inter alia on the condition that, the Group shall provide or create or arrange to provide or have created, security interest by way of a first pari passu charge of the loans. Security interest is created by charge creation towards security and debenture trustee on behalf of security holders and debenture holders.

For the financial year ended 31 March 2023

The quarterly statements or returns of current assets filed by the Group with banks are in agreement with books of accounts.

For the financial year ended 31 March 2022

For Parent Company:

(a) Details of receivable reported in the quarterly stock statement and receivable as per books of account

(₹ in crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Name of bank	Trustees	Trustees	Trustees	Trustees
Particulars of securities provided	Loans	Loans	Loans	Loans
Amount as per books of accounts	117,372.02	121,243.87	130,731.63	144,276.25
Add : Impairment loss allowance	4,780.96	4,427.84	4,040.30	3,936.84
Add : Impact of EIR	1,334.84	1,468.39	1,663.25	1,742.64
Amount as per books of accounts (Gross)	123,487.82	127,140.10	136,435.18	149,955.73
Amount as reported in the quarterly return/statement	112,020.80	125,534.07	135,802.51	141,462.65

Amount as reported in quarterly return is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties.

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

52 Disclosure pertaining to stock statement filed with banks or financial institutions (Contd.)

(b) Summary of coverage required and available for secured borrowings

(₹ in crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Receivables as reported in the quarterly return/ statement (A)	112,020.80	125,534.07	135,802.51	141,462.65
Coverage required for secured borrowings (including interest accrued thereon) (B)	66,603.21	70,457.49	73,133.57	80,375.39
Charge free receivables =(A-B)	45,417.59	55,076.58	62,668.94	61,087.26
Asset cover ratio =(A/B)	1.68	1.78	1.86	1.76

For Subsidiaries:

Quarterly returns or statements of current assets filed by subsidiaries with banks or financial institutions or debenture trustees are in agreement with the books of accounts.

53 Amounts less than ₹ 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Statement containing salient features of the financial statement of subsidiaries/ associate companies/joint ventures

Form AOC- 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

			(₹ in crore)
1	Name of the subsidiary	Bajaj Housing Finance Ltd.	Bajaj Financial Securities Ltd.
2	The date since when subsidiary was acquired	01.11.2014	10.08.2018
3	Reporting period for the subsidiary concerned, if different from the Holding company's reporting period	NA	NA
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA	NA
5	Share capital	6,712.16	631.65
6	Other equity	3,791.03	71.96
7	Total assets	64,654.14	2,460.34
8	Total liabilities	54,150.95	1,756.73
9	Investments	2,000.91	209.79
10	Turnover	5,665.44	204.38
11	Profit before taxation	1,700.06	11.09
12	Provision for taxation (net)	442.26	2.87
13	Profit after taxation	1,257.80	8.21
14	Proposed dividend	NA	NA
15	% of shareholding	100%	100%

Part B: Associates and Joint Ventures –

		(₹ in crore)
1	Name of the associates	Snapwork Technologies Private Ltd.
2	Date on which the associate was associated	25.11.2022
3	Latest audited balance sheet date	31.03.2023
4	Shares of Associate held by the company on the year end	
	-Number	65,098*
	-Amount of investment in associate	92.74
	-Extend of holding %	41.5%*
5	Description of how there is significant influence	By way of shareholding
6	Reason why the associate is not consolidated	N.A
7	Net worth attributable to shareholding as per latest audited Balance Sheet	41.19
8	Profit/Loss for the year	
	-Considered	1.67
	-Not Considered	-

* On fully diluted basis

Note:
1. Name of subsidiaries/associate which are yet to commence operations: NIL
2. Name of subsidiaries/associate which have been liquidated or sold during the year: NIL

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 26 April 2023

Bajaj Finance Limited
Regd. Office: Akurdi, Pune - 411 035, India.
Tel: +91 20 7157 6403 | Fax: +91 20 7157 6364
www.bajajfinserv.in/corporate-bajaj-finance

/Designed and produced at AICL (hello@aicl.in)