CONSOLIDATED FINANCIAL STATEMENTS

BAJAJ FINSERV

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	As at 31 March 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
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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

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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
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Rajeev Jain
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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) 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 Group has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using behavioural analysis and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including 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	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	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			As at 31 March 2022		
	At amortised cost	**At fair value through OCI**	**Total**	**At amortised cost**	**At fair value through OCI**	**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 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**			
	(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)

Particulars	Gross block				Depreciation and amortisation				Net block
	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)

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)	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	For the year ended 31 March 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	For the year ended 31 March 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)

	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	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)

	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	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)

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										
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)

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										
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

Original maturity	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	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	As at 31 March 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 Nos.	As at 31 March 2023 ₹ in crore	As at 31 March 2022 Nos.	As at 31 March 2022 ₹ 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 Nos.	As at 31 March 2023 % Holding	As at 31 March 2022 Nos.	As at 31 March 2022 % 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 Nos.	As at 31 March 2023 % Holding	As at 31 March 2022 Nos.	As at 31 March 2022 % Holding	% Changes during the year	% Changes during the previous year
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	No. of Stock options/Equity shares as at 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	As at 31 March 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)

	For the year ended 31 March	
Particulars	**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	As at 31 March 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	As at 31 March 2022
Discount rate	7.45%	7.25%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100%	100%

Sensitivity analysis for significant assumptions

Particulars	As at 31 March 2023 Discount rate	As at 31 March 2023 Salary escalation rate	As at 31 March 2022 Discount rate	As at 31 March 2022 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	As at 31 March 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	As at 31 March 2022
Expected contribution to fund in the next year	31.50	32.50

(B) Compensated absences

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 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	As at 31 March 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	As at 31 March 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		FY2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	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)

		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 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		FY2021-22	
			Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	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)

Particulars	As at 31 March 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			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	
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)

	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	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)

	As at 31 March 2023		As at 31 March 2022	
Particulars	**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)

	Secured			Unsecured		
Particulars	**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)

	Secured			Unsecured		
Particulars	**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)

Particulars	As at 31 March 2023	As at 31 March 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

On behalf of the Board of Directors

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

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

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