

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report on the Consolidated Financial Statements

To the Members of **Bajaj Finserv Ltd.**

Opinion

1. We have audited the accompanying Consolidated Ind AS financial statements of Bajaj Finserv Ltd. 'the Holding Company' and its subsidiaries (Holding Company and its subsidiaries together referred to as 'the Group'), and its joint venture, which comprise the consolidated Balance Sheet as at 31 March 2022 and the consolidated Statement of Profit (including other comprehensive income), the consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').
2. 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 other auditors on separate financial statements of such subsidiaries and joint venture, as were audited by the other auditors, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its joint venture as at 31 March 2022, and its consolidated profit and other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group, and its joint venture 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

4. We draw attention to the note 46(4)(A)(j) to these consolidated financial statements, relating to the consolidated financial statements of Bajaj Finance Ltd., a subsidiary of the Holding company, which describes the continuing uncertainties arising from COVID pandemic.

Our opinion is not modified in respect of this matter.

Key audit matters

5. 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 year. 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.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

Key audit matter

How the matter was addressed in our audit

Allowances for expected credit losses ('ECL'):

Refer to the accounting policies in 'Note 46(5) to the consolidated Ind AS financial statements: expected credit loss';

The joint auditors of Bajaj Finance Ltd., a subsidiary of the Holding Company, have reported that 'As at 31 March 2022, the carrying value of loan assets measured at amortised cost, aggregated ₹ 191,423.25 crore (net of allowance of expected credit loss ₹ 4,404.79 crore) constituting approximately 90% of the Group's total assets. Significant judgment 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 judgment.

As part of risk assessment, 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 measured at amortised cost;
- Basis used for estimating Probabilities of Default ('PD'), Loss Given Default ('LGD') and exposure at default ('EAD') product level with past trends;
- Judgments 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.

'Auditors 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. 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 measured at amortised cost. Additionally, have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment been approved by the Audit Committee of the Board of Directors. Audit procedures related to the allowance for ECL included the following, among others:

Testing the design and operating effectiveness of the following:

- Completeness and accuracy of the Exposure at Default ('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.

Testing 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.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

Key audit matter

How the matter was addressed in our audit

Information technology system for the financial reporting and consolidation process

The joint auditors of Bajaj Finance Ltd., a subsidiary of the Holding Company, have reported that

'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 considered to be a key audit matter'

'With the assistance of IT specialists, the auditors 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:

- 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.
- 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 statement. Tests including testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.'

Other information

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

Management's and Board of Director's responsibility for the consolidated financial statements

9. The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements, that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities;

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.
11. The respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's responsibilities for the audit of the consolidated financial statements

12. 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 auditors' 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.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also
 - 13.1 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.
 - 13.2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies which are companies incorporated in India have adequate internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls.
 - 13.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - 13.4 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 joint venture 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 auditors' report.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

- 13.5 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.
- 13.6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of the Company. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits conducted by them. We remain solely responsible for our audit opinion.
- 13.7 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.
- 13.8 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.
14. We communicate with those charged with governance of the 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.
15. 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.
16. 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 year and are therefore the key audit matters. We describe these matters in our auditors' 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

17. The joint auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that 'the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2022 is the responsibility of the Company's Appointed Actuary (the 'Appointed Actuary'). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2022 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', guideline and norms, issued by IRDAI and Institute of Actuaries of India in concurrence with the Authority. BALIC's auditor's have relied upon the Company's Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in special purpose Ind AS financial statements of the Company'. Our opinion is not modified in respect of this matter based on the opinion expressed by the joint statutory auditors of BALIC.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

18. The joint auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that 'The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2022 has been duly certified by the Appointed Actuary. The Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with guidelines and norms, issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. BAGIC's auditor's have relied upon the Company's Appointed Actuary's certificate in this regard for forming our opinion on the financials statements of the Company'. Our opinion is not modified in respect of this matter based on the opinion expressed by the joint statutory auditors of BAGIC.
19. We did not audit the financial statements of six subsidiaries whose financial statements reflect total assets of ₹ 335,922.61 crore (before consolidation adjustments) as at 31 March 2022, total revenues of ₹ 68,721.13 crore (before consolidation adjustments), total net profit after tax of ₹ 8,693.41 crore (before consolidation adjustments), total comprehensive income of ₹ 8,113.57 crore (before consolidation adjustments) and net cash inflows amounting to ₹ 55.05 crore (before consolidation adjustments) 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 these subsidiaries and joint venture, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
20. The consolidated financial statements also include the total share of net loss after tax of ₹ 0.36 crore (before consolidation adjustments) and share of total comprehensive loss of ₹ 0.15 crore (before consolidation adjustments) for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements/financial information have not been audited by us. This financial statements/financial information 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 these entities, and our report in terms of section 143(3) of the Act in so far as it relates to the aforesaid entities, is based solely on such report of the other auditors.
21. Attention is drawn to the fact that the audited consolidated financial statements of the Company for the year ended 31 March 2021 were audited by erstwhile auditors whose report dated 28 April 2021, expressed an unmodified opinion on those audited consolidated financial statements. Our opinion is not modified in respect of these matters.
22. Our opinion on the consolidated financial statements, 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

23. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other matters' paragraph, we report, to the extent applicable, that
 - 23.1 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.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

- 23.2 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 and the reports of the other auditors.
- 23.3 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 Flow 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.
- 23.4 In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- 23.5 On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- 23.6 With respect to the adequacy of internal financial controls with reference to the consolidated financial statements of the Holding Company, its subsidiary companies, and its joint venture companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- 23.7 In our opinion and according to the information and explanation given to us and based on reports of the statutory auditors of such subsidiary companies and joint venture company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, subsidiaries and joint venture company incorporated in India to its directors is in accordance with the provisions of and the limits laid down under section 197 read with Schedule V of the Act.
24. 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as noted in the 'Other Matters' paragraph
- 24.1 The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group, Refer Note 42A to the consolidated financial statements.
- 24.2 Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 5 to the consolidated financial statements in respect of such items as it relates to the Group.
- 24.3 There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, joint venture companies incorporated in India.
- 24.4 The respective Managements of the Company and its subsidiaries and joint venture which are companies incorporated in India, have represented to us that to the best of their knowledge and belief that no funds (which are material either individually or in 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 Holding Company or any such subsidiary companies or joint venture to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any such subsidiary companies or joint venture ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

- 24.5 The respective Managements of the Company and its subsidiaries and joint venture which are companies incorporated in India, have represented to us to the best of their knowledge and belief that no funds (which are material either individually or in aggregate) have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any such subsidiary companies or joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- 24.6 Based on reasonable audit procedures adopted by us and those performed by the auditors of the subsidiaries and joint venture, incorporated in India, nothing has come to our notice or other auditors notice that has caused us to believe that the representation under clause (i) and (ii) of the Rule 11(e), as provided under 24.4 and 24.5 above, contains any material misstatement.
- 24.7 In our opinion and according to the information and explanations given to us, the dividend declared during the year the by the Holding Company is in compliance with provisions of Section 123 of the Act.
25. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditors' Report) Order, 2020 (the 'CARO') issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditors' report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and based on our consideration of CARO reports issued by the respective auditors of the Company's such subsidiaries as referred to in paragraph 19 above, we report that there are no qualifications or adverse remarks in these CARO reports .

For Khimji Kunverji & Co LLP
Chartered Accountants
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000
UDIN: 22044000AHYQPB6475

Pune: 28 April 2022

Annexure A to the Independent Auditors' Report

Annexure A to the Independent Auditors' report on the Consolidated Financial Statements of Bajaj Finserv Ltd. for the year ended 31 March 2022

(Referred to in paragraph 23.6 under 'Report on other legal and regulatory requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

1. In conjunction with our audit of the consolidated financial statements of Bajaj Finserv Ltd. as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of Bajaj Finserv Ltd. ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.
2. In our opinion, the Holding Company, and its subsidiary companies and its joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for internal financial controls

3. The respective company's Management and the Board of Directors of the Holding Company, its subsidiary companies, and its joint venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Holding Company, its subsidiaries, and its joint venture, which are companies incorporated in India, internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those SAs 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 the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk.

Annexure A to the Independent Auditors' Report (Contd.)

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 the consolidated financial statements.

Meaning of internal financial controls with reference to the consolidated financial statements

7. A company's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the 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;
 - (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 the consolidated financial statements

8. Because of the inherent limitations of internal financial controls with reference to the consolidated 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 the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other matters

9. The joint auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that 'the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the 'IRDA Financial Statements Regulations'), and has been relied upon by the joint auditors, as mentioned in 'Other Matter' para of their audit report on the financial statements of the BALIC as at and for the year ended 31 March 2022. Accordingly, their opinion on the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the Appointed Actuary and has been relied upon by them. Our opinion is not modified in respect of this matter.
10. The joint auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that 'the actuarial valuation for claims Incurred But Not Reported (IBNR) and claims Incurred But Not

Annexure A to the Independent Auditors' Report (Contd.)

Enough Reported (IBNER), has been duly certified by the Company's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'Authority') and the Institute of Actuaries of India in concurrence with the Authority, and has been relied upon by the joint auditors, as mentioned in 'Other Matter' paragraph of their audit report on the financial statements of the BAGIC as at and for the year ended 31 March 2022. Accordingly, their opinion on the internal financial controls with reference to financial statements does not include reporting on the design and operating effectiveness of internal controls over such actuarial liabilities. Our opinion is not modified in respect of this matter.

11. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the consolidated financial statements in so far as it relates to ten subsidiary companies, one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates incorporated in India.

For Khimji Kunverji & Co LLP
Chartered Accountants
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000
UDIN: 22044000AHYQPB6475

Pune: 28 April 2022

Consolidated Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2022	2021
ASSETS			
Financial assets			
Cash and cash equivalents	3	4,087.16	2,955.09
Bank balances other than cash and cash equivalents	4	315.87	455.40
Derivative financial instruments	5	136.63	4.14
Trade receivables	6	3,004.81	2,753.07
Loans	7	191,853.14	147,099.91
Investment in a joint venture	8	13.37	13.67
Shareholders' investments	9A	28,499.00	33,569.15
Policyholders' investments	9B	90,709.71	80,071.59
Other financial assets	10	2,738.45	2,538.58
		321,358.14	269,460.60
Non-financial assets			
Current tax assets (net)		311.60	236.55
Deferred tax assets (net)	11A	951.17	945.90
Investment properties	12	35.59	39.73
Property, plant and equipment	13A	1,718.88	1,564.83
Right-of-use assets	13B	592.78	488.70
Capital work-in-progress		53.64	49.57
Intangible assets under development		59.17	79.28
Goodwill on consolidation		689.34	689.34
Other intangible assets	14	548.99	399.50
Other non-financial assets	15	7,399.66	6,210.32
		12,360.82	10,703.72
Total		333,718.96	280,164.32

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March	
		2022	2021
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		22.03	13.41
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,986.91	4,164.58
Other payables	17		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		812.95	660.77
Derivative financial instruments	5	219.71	156.09
Debt securities	18	71,505.55	50,769.77
Borrowings (other than debt securities)	19	54,363.56	47,441.20
Deposits	20	30,799.52	25,803.43
Subordinated liabilities	21	3,845.77	3,898.61
Insurance contracts liabilities		85,593.46	75,230.06
Investment contracts liabilities		10,898.95	8,881.18
Lease liabilities	22	664.78	547.84
Other financial liabilities	23	917.90	760.31
		263,631.09	218,327.25
Non-financial liabilities			
Current tax liabilities (net)		312.40	568.30
Deferred tax liabilities (net)	11B	305.75	319.61
Provisions	24	233.59	226.38
Other non-financial liabilities	25	2,916.21	2,428.80
		3,767.95	3,543.09
EQUITY			
Equity share capital	26	79.57	79.57
Other equity	27	40,167.23	35,750.43
Non-controlling interest		26,073.12	22,463.98
		66,319.92	58,293.98
Total		333,718.96	280,164.32

Summary of significant accounting policies followed by the Group

2

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 Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial OfficerSanjiv Bajaj
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende
Company SecretaryMadhur Bajaj
Director

Pune: 28 April 2022

Consolidated Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2022	2021
Revenue from operations			
Interest income	28	31,318.91	26,933.22
Dividend income		108.16	87.50
Rental income		4.36	4.94
Fees and commission income	29	2,963.42	2,387.11
Net gain on fair value changes	30	1,058.02	4,828.31
Sale of services	31	340.49	283.78
Premium and other operating income from insurance business		31,429.84	25,759.83
Others	32	1,182.88	306.51
Total revenue from operations		68,406.08	60,591.20
Other income	33	32.90	0.37
Total income		68,438.98	60,591.57
Expenses			
Employee benefits expenses	34	6,559.58	4,698.34
Finance costs	35	9,498.26	9,141.28
Fees and commission expense	36	3,442.04	2,614.37
Impairment on financial instruments	37	4,889.85	5,978.85
Claims incurred pertaining to insurance business		16,384.73	11,864.43
Reinsurance ceded		5,969.74	4,854.81
Net change in insurance/investment contract liabilities		5,754.19	7,976.05
Depreciation, amortisation and impairment	38	562.73	498.46
Other expenses	39	4,106.92	3,102.46
Total expenses		57,168.04	50,729.05
Share of profits/(loss) of joint venture		(0.36)	(0.18)
Profit before tax		11,270.58	9,862.34
Tax expense			
Current tax		2,847.31	2,322.24
Deferred tax		109.74	172.72
Total tax expense	40	2,957.05	2,494.96
Profit after tax		8,313.53	7,367.38
Profit attributable to non-controlling interests		3,756.76	2,896.92
Profit for the year		4,556.77	4,470.46

Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)

For the year ended 31 March

Particulars	Note No.	For the year ended 31 March	
		2022	2021
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses of defined benefit plans		(21.34)	(35.42)
Tax impacts on above		4.77	9.55
Changes in fair value of equity instruments carried at FVTOCI		33.02	37.63
Tax impacts on above		(8.22)	(17.15)
Items that will be reclassified to profit or loss			
Changes in fair value of debt securities carried at FVTOCI		(787.65)	(159.22)
Tax impacts on above		152.05	13.35
Derivative instruments in cash flow hedge relationship		64.37	(20.52)
Tax impacts on above		(18.25)	5.25
Other comprehensive income for the year (net of tax)		(581.25)	(166.53)
Total comprehensive income for the year		7,732.28	7,200.85
Profit attributable to			
Owners of the company		4,556.77	4,470.46
Non-controlling interests		3,756.76	2,896.92
Total comprehensive income attributable to			
Owners of the company		4,118.82	4,360.32
Non-controlling interests		3,613.46	2,840.53
Basic Earnings per share (in ₹)	41	286.3	280.9
Diluted Earnings per share (in ₹)	41	286.3	280.9
(Nominal value per share ₹ 5)			

Summary of significant accounting policies followed by the Group 2

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 Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial OfficerSanjiv Bajaj
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende
Company SecretaryMadhur Bajaj
Director

Pune: 28 April 2022

Consolidated Statement of Changes in Equity

A Equity share capital

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2022	2021
At the beginning of the year		79.57	79.57
Changes in equity share capital during the year		-	-
At the end of the year	26	79.57	79.57

Consolidated Statement of Changes in Equity (Contd.)

B Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus					Other comprehensive income			Total non-controlling interest	Total			
		Securities premium	General reserve	Reserve fund in terms of section 45-1C(i) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 29C of the National Housing Bank Act, 1987	Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	Share based payments reserve	Treasury shares	Retained earnings			Equity instruments through other comprehensive income	Debt and hedge instruments through other comprehensive income	
Balance as at 1 April 2020	27	9,355.72	2,078.76	1,835.96	41.56	22.00	142.56	(200.17)	7,254.91	(36.40)	726.78	31,221.68	19,560.15	50,781.83
Profit for the year		-	-	-	-	-	-	-	4,470.46	-	-	4,470.46	2,896.92	7,367.38
Other comprehensive income (net of tax)		-	-	-	-	-	-	-	(12.94)	12.03	(109.23)	(110.14)	(56.39)	(166.53)
Total comprehensive income for the year ended 31 March 2021		-	-	-	-	-	-	-	4,457.52	12.03	(109.23)	4,360.32	2,840.53	7,200.85
Issue of equity share capital		64.49	-	-	-	-	-	-	-	-	-	64.49	74.17	138.66
Transfer to Reserve Fund in terms of section 45(C)(i) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act, 1987		-	-	417.72	37.60	-	-	-	(455.32)	-	-	-	-	-
Transfer to Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		-	-	-	-	22.15	-	-	(22.15)	-	-	-	-	-
Interim dividend, declared and paid during the year		-	-	-	-	-	-	-	-	-	-	-	(81.64)	(81.64)
Recognition of share based payments to employees		-	-	-	-	-	113.92	-	-	-	-	113.92	60.69	174.61
Transfer on exercise of option		18.29	-	-	-	-	(18.29)	-	-	-	-	-	(16.39)	(16.39)
Realisation from treasury shares held by ESOP trust		-	-	-	-	-	-	15.95	-	-	-	15.95	-	15.95
Transfer on cancellation of stock options		-	0.28	-	-	-	-	-	-	-	-	0.28	0.26	0.54
Adjustment because of change in shareholding in subsidiary		(13.31)	(0.62)	(2.82)	(0.06)	(0.03)	(0.17)	-	(9.26)	0.05	0.01	(26.21)	26.21	-
Balance as at 31 March 2021	27	9,425.19	2,078.42	2,250.86	79.10	44.12	238.02	(184.22)	21,225.70	(24.32)	617.56	35,750.43	22,463.98	58,214.41

Consolidated Statement of Changes in Equity (Contd.)

B Other equity (Contd.)

(₹ In Crore)

Particulars	Note No.	Reserves and surplus				Other comprehensive income				Total non-controlling interest	Total	
		Reserve fund in terms of section 45-IC(i) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 29C of the National Housing Bank Act, 1987	Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	Share based payments reserve	Equity instruments through other comprehensive income	Debt and hedge instruments through other comprehensive income	Total attributable to equity holders of the parent				
Profit for the year		-	-	-	4,556.77	-	-	-	4,556.77	-	3,756.76	8,313.53
Other comprehensive income (net of tax)		-	-	-	(11.89)	-	-	-	(445.94)	-	(143.50)	(581.25)
Total comprehensive income for the year ended 31 March 2022		-	-	-	4,544.88	-	-	-	(445.94)	-	3,613.46	7,732.28
Issue of equity share capital		235.19	-	-	-	-	-	-	-	-	209.29	444.48
Share issue expenses		(0.01)	-	-	-	-	-	-	-	-	(0.01)	(0.02)
Transfer to Reserve Fund in terms of section 45(i) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act, 1987		-	667.20	43.01	(710.21)	-	-	-	-	-	-	-
Transfer to infrastructure Reserve in terms of section 36 (1) (viii) of the Income tax Act, 1961		-	-	-	(31.50)	-	-	-	-	-	-	-
Final dividend, declared and paid during the year		-	-	-	(47.74)	-	-	-	(47.74)	-	(353.55)	(401.29)
Recognition of share based payments to employees		-	-	-	-	-	182.12	-	-	-	182.12	260.13
Transfer on exercise of option		(6.20)	-	-	6.20	-	(41.33)	-	-	-	(41.33)	(75.29)
Realisation from treasury shares held by ESOP trust		-	-	-	-	-	64.25	-	-	-	64.25	64.25
Transfer on cancellation of stock options		-	-	-	-	-	-	-	-	-	0.08	0.15
Adjustment of dividend to ESOP trust		-	-	-	0.66	-	-	-	-	-	0.66	1.25
Adjustment because of change in shareholding in subsidiary		(42.25)	(10.82)	(0.37)	(38.20)	(0.21)	(1.68)	-	0.13	0.11	(95.24)	95.24
Balance as at 31 March 2022	27	9,611.92	2,907.24	121.74	24,949.79	75.41	377.13	(119.97)	(4.31)	171.73	26,073.12	66,240.35

Summary of significant accounting policies followed by the Group

2

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 Khimji Kunverji & Co LLP
Chartered Accountants

Sanjiv Bajaj

S Sreenivasan
Chief Financial Officer

Chairman & Managing Director

ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner

ICAI Membership Number: 044000

Madhur Bajaj

Director

Uma Shende
Company Secretary

Pune: 28 April 2022

Consolidated Statement of Cash Flows

(₹ In Crore)

For the year ended 31 March

Particulars	2022	2021
I. Operating activities		
Profit before tax	11,270.58	9,862.34
Adjustments for		
Interest income	(31,318.91)	(26,933.22)
Dividend income	(108.16)	(87.50)
Rental income	(4.36)	(4.94)
Unwinding of discount on security deposit	(0.69)	(0.45)
Realised gain on sale of investment	(369.65)	(235.43)
Depreciation and amortisation	562.73	498.46
Share of (profit)/loss of joint venture	0.36	0.18
Impairment on financial instruments	4,889.85	5,978.85
Net (gain)/loss on disposal of property, plant and equipment	(7.53)	7.90
Finance costs	9,498.26	9,141.28
Share based payment to employees	255.84	177.91
Net gain on financial instruments at fair value through profit or loss	(1,058.02)	(4,828.31)
Interest from loans (other than financing activity)	(44.22)	(35.24)
Remeasurement gain/(loss) on defined benefit plans	0.91	3.38
Service fees for management of assigned portfolio of loans	(74.96)	(157.53)
Provision for doubtful debts	(0.09)	(1.44)
Cash inflow from service asset	86.25	73.65
Cash inflow from interest on loans under financing activity	27,605.27	21,342.24
Cash outflow towards finance cost	(8,961.17)	(9,099.15)
Cash from operation before working capital changes	12,222.29	5,702.98
Working capital changes		
(Increase)/decrease in trade receivables	(424.55)	251.85
(Increase)/decrease in loans	(49,594.36)	(9,007.33)
(Increase)/decrease in other financial assets	(216.53)	(637.78)
(Increase)/decrease in other non-financial assets	(179.39)	(81.85)
(Increase)/decrease in re-insurance assets	(787.12)	(721.95)
Increase/(decrease) in trade payables	780.30	336.01
Increase/(decrease) in other payables	(714.88)	805.49
Increase/(decrease) in other financial liabilities	185.11	90.72
Increase/(decrease) in provisions	0.29	19.14
Increase/(decrease) in other non-financial liabilities	508.29	122.14
Increase/(decrease) in insurance contract liabilities	7,726.06	9,788.49
Income tax paid (net of refunds)	(3,175.50)	(2,120.51)
Net cash flows from/(used in) operating activities	(33,669.99)	4,547.40

Consolidated Statement of Cash Flows (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
II. Investing activities		
Purchase of property, plant and equipment	(651.18)	(293.02)
Proceeds from sale of property, plant and equipment	159.86	19.03
Purchase of intangible assets	(258.62)	(177.83)
Purchase of investments measured at amortised cost	(111,465.51)	(97,444.32)
Proceeds from investments measured at amortised cost	101,027.25	87,499.87
Expenses related to investments	(9.88)	(6.81)
Purchase of investments measured at FVTOCI	(3,291.40)	(3,004.37)
Proceeds from sale of investments measured at FVTOCI	2,081.76	2,082.54
Purchase of investments measured at FVTPL	(226,925.43)	(234,628.04)
Proceeds from sale of investments measured at FVTPL	235,388.89	237,322.50
Loan against policies	(36.64)	(36.30)
Rent/interest/dividend received	4,968.61	4,770.00
Interest received on investment measured at FVTPL and FVTOCI	400.58	226.70
Fixed deposits placed during the year	(516.11)	(355.27)
Fixed deposits matured during the year	509.00	325.57
(Investment in)/realisation from treasury shares by ESOP trust	64.25	15.95
Net cash flows from/(used in) investing activities	1,445.43	(3,683.80)

Consolidated Statement of Cash Flows (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
III. Financing activities		
Issue of equity share capital (including securities premium)	172.90	103.22
Dividends paid	(400.30)	(82.50)
Deposits received, net	4,784.07	4,246.41
Short term borrowing availed (net)	4,702.39	4,937.14
Long-term borrowing availed	41,166.52	(7,142.32)
Long-term borrowing repaid	(17,889.57)	(228.72)
Payment of lease liability	(210.25)	(146.28)
Net cash flow from financing activities	32,325.76	1,686.95
Net change in cash and cash equivalents	101.20	2,550.55
Cash and cash equivalents at the beginning of the year	7,811.88	5,261.33
Cash and cash equivalents at year end *	7,913.08	7,811.88

* Cash and cash equivalents at year end

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Cash and cash equivalents as per note 3	4,087.16	2,955.09
Other short-term liquid investment	3,896.16	4,867.42
Temporary overdraft, units receivable and others	(70.24)	(10.63)
	7,913.08	7,811.88

Summary of significant accounting policies followed by the Group 2

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 Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende
Company Secretary

Madhur Bajaj
Director

Pune: 28 April 2022

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

1A Principles of consolidation and equity accounting

The consolidated financial statements include financial statements of the following subsidiaries and joint venture of Bajaj Finserv Ltd., consolidated in accordance with Ind AS 110 'Consolidated Financial Statements' and Ind AS 28 'Investments in Associates and Joint Ventures'. The consolidated financial statements comprise financial statements of Bajaj Finserv Ltd. (the 'Company', the 'Holding Company' or the 'Parent'), its subsidiaries and joint venture (collectively, the 'Group') for the year ended 31 March 2022.

Name of the company	Country of incorporation	% Shareholding of Bajaj Finserv Ltd.	Consolidated as
Bajaj Allianz General Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Allianz Life Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Finance Ltd. *	India	52.49%	Subsidiary
Bajaj Finserv Direct Ltd. #	India	80.10%	Subsidiary
Bajaj Finserv Health Ltd.	India	100%	Subsidiary
Bajaj Finserv Ventures Ltd.	India	100%	Subsidiary
Bajaj Finserv Mutual Fund Trustee Ltd.	India	100%	Subsidiary
Bajaj Finserv Asset Management Ltd.	India	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd. **	India	50%	Joint Venture

* The consolidated financial statements of Bajaj Finance Ltd. includes 100% interest in both, Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd. as a subsidiary.

** The consolidated financial statements of Bajaj Allianz Financial Distributors Ltd. include 100% interest in Bajaj Allianz Staffing Solutions Ltd.

The remaining 19.90% shareholding is held by Bajaj Finance Ltd.

i. Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated financial Statement of Profit and Loss and Balance Sheet respectively.

ii. Joint venture

Interests in joint ventures are accounted for using the equity method, after initially being recognised at the cost in the consolidated Balance Sheet. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

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

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1B Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying

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

amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

1C Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines / regulations to the extent applicable on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR, which is also the Group's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements to which these consolidated financial statements are attached.

The financial statements of the two insurance companies have been adjusted for giving effects of Ind AS (notified under Section 133 of the Companies Act, 2013); (the special purpose Ind AS Financial Statements) and hence, would vary from those prepared for statutory purposes under the Insurance Act, 1938 and IRDAI (Preparation of Financial Statements and Auditors Report) regulations, 2002.

However, no adjustments have been made to the financial statements of the two insurance subsidiaries on account of diverse accounting policies to the extent they are specific to insurance companies as and are required by regulations which are in contrast to that of Bajaj Finserv Ltd. and hence not practicable to do so. Also, differences in accounting policies followed by the other entities consolidated have been reviewed and adjustments have been made, only if these differences are material and significant.

Accounting Policies followed by the subsidiaries and joint ventures consolidated herein, to the extent they are different and unique are stated in note 2A below.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC)

Basis of preparation

The Special Purpose Ind AS Financial Statements ('Financial Statements') of the two Insurance subsidiaries have been prepared in accordance with the measurement and recognition principles of Ind AS framework (Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) prescribed under section 133 of the Companies Act, 2013), and other recognised accounting practices and policies including directions given in the Master circular on Preparation of Financial Statements and Filing of Returns of Life and General Insurance Business ('the Master circular') and other circulars issued by the IRDAI from time to time, to the extent they were not inconsistent with Ind AS.

The special purpose financial statements of the two insurance subsidiaries have been prepared on a historical cost basis except the following items, which are measured on alternative basis on each reporting date

- Certain financial assets and liabilities that are measured at fair value
- Insurance liabilities which are measured basis principles and methodologies specified by the regulator in existing regulations
- Employee share based payment obligation which is measured at fair value
- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation

1. Product classification

Insurance contracts are those contracts when the insurer has accepted significant insurance risk from the policyholders' by agreeing to compensate the policyholders' if a specified uncertain future event adversely affects the policyholders'. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid on the occurrence of an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Further, as suggested by IRDAI working committee report dated 29 December 2016, at least one of the below thresholds have been used to classify each Life Insurance product as 'Insurance' or 'Investment' contracts

- At least 5% of the Fund Value at any time during the life on the contract for unit linked products, or
- At least 5% of the annualised premium or single premium, as the case may be, at any time during the life on the contract for other than unit linked products, or
- Ratio of Expected Present Value (EPV) of death benefits to EPV of Other than death benefits is at least 5% measured at the inception of the policy.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Financial Instruments (investment contracts) are required to be separated from insurance contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

Life insurance and investment contracts are further classified as being either with or without Discretionary Participating Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing of which is contractually at the discretion of the issuer;
- That are contractually based on
 - The performance of a specified pool of contracts or a specified type of contract
 - Realised and or unrealised investment returns on a specified pool of assets held by the issuer
 - The profit or loss of the Company, fund or other entity that issues the contract.

2. Property, plant and equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight line basis over the estimated useful lives of the following classes of assets

Property	No. of years
Buildings	60 years
Electrical fittings *	10 years
Furniture and fittings	10 years
Information technology equipment (including computers)	3 years
Server and networks	6 years
Air conditioner	5 years
Vehicles (in common use)	8 years
Vehicles (in use by specified employees) **	4 years
Office equipment	5 years
Mobile phones/Tablets	2 years
Leasehold improvements	Over the balance period of lease

* Electrical fittings installed at leased premises are depreciated over an estimated useful life of 3 years

** Useful life of vehicle allotted to the employees is considered 4 years as per management estimation.

Lease hold improvements to leased properties are depreciated over the primary period of lease which is generally 3 years.

Assets costing individually less than ₹ 5,000 are depreciated fully in the year of acquisition.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

3. Investments – Life Insurance

Basis the Life Insurance Company's evaluation of the business model/segment to which the investments pertain, the financial assets are classified as follows

Particulars	ULIPs *	Participating funds	Non-participating funds	Shareholders' fund
• Debt securities		Designated as		
• Government securities	FVTPL	FVTPL	FVTOCI #	FVTOCI
• Fixed deposits				
• Tri-party Repo (TREP)			Amortised cost	
• Financial assets other than investments				
• Equity shares ##				
• ETF's				
• Mutual fund			FVTPL	
• AT1 Bonds				
• Security receipts				
• Venture capital fund/AIF				

* Unit Linked Insurance Plans

Effective from 1 April 2021, debt instruments held under Non-Par Group fund portfolio are being considered as 'Designated as FVTPL'

Certain equity investments in Shareholders' fund that are not held for trading have been classified as FVTOCI

4. Investments – General Insurance

Particulars	Policyholders' funds	Shareholders' fund
• Debt securities		
• Government securities	FVTOCI	FVTOCI
• Equity shares		
• Fixed deposits		
• Financial assets other than investments	Amortised cost	Amortised cost
• Equity shares		
• Mutual fund	FVTPL	FVTPL
• AT1 Bonds		

5. Financial assets at FVTOCI

Financial assets at FVTOCI – Debt instruments

Financial assets are measured at FVTOCI when both of the following conditions are met

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test.

Financial assets in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

FVTOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income are recognised in Statement of Profit and Loss in the same manner as for financial assets measured at amortised cost. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to Statement of Profit and Loss.

Financial assets at FVTOCI – Equity instruments

On initial recognition of equity instruments that is not held for trading, BAGIC/BALIC may irrevocably elect to present subsequent changes in the instrument's fair value in OCI (FVTOCI – equity investment). This election is made on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to Statement of Profit and Loss. Dividends are recognised in Statement of Profit and Loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

6. Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entity's own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

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

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

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

7. Derivative instruments

Interest rate derivative contracts for hedging of highly probable forecasted transactions on insurance contracts and investment cash flows in life, pension and annuity business, are accounted for in the manner specified in accordance with Ind AS 109.

A Forward Rate Agreement ('FRA') transaction is that whereby BALIC fixes the yield on the specific government bond for the period till the maturity of the contract. BALIC has entered in FRAs to hedge interest rate risk on highly probable forecasted cash flows. As on the date of entering into the FRA, BALIC locks in the yield of the reference security and thereby hedges the risk of lower yield in the future.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect Statement of Profit and Loss.

At the inception of the transaction, BALIC documents the relationship between the hedging instruments and hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction and the methods used to assess the hedge effectiveness. BALIC also documents its assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item.

Hedge effectiveness is the degree to which changes in cash flow of the hedged item that are attributable to a hedged risk are offset by changes in the cash flows of the hedging instrument. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter.

On each reporting date, FRA contract is valued at the difference between the market value of underlying bond at the spot reference yield taken from the Securities Exchange Board of India ('SEBI') approved rating agency and present value of contracted forward price of underlying bond including present value of intermediate coupon inflows from valuation date till FRA contract settlement date, at applicable INR-Overnight Index Swap (OIS) rate curve.

The portion of fair value gain/loss on the interest rate derivative that is determined to be an effective hedge is recognised in OCI within equity as 'Cash Flow Hedge Reserve'. The ineffective portion of the change in fair value of such instruments is recognised in the Statement of Profit and Loss in the period in which they arise. The accumulated gains or losses that were recognised directly in the cash flow hedge reserve are reclassified into Statement of Profit and Loss, in the same period during which the income from hedged forecasted cash flows affect the Statement of Profit and Loss (such as in the periods that income on the investments acquired from underlying forecasted cash flow is recognised in the Statement of Profit and Loss). If the hedging relationship ceases to be effective or it becomes probable that the expected forecast transaction will no longer occur, hedge accounting is discontinued and accumulated gains or losses that were recognised directly in the cash flow hedge reserve are reclassified into Statement of Profit and Loss. Costs associated with derivative contracts are considered as a point in time cost.

All derivatives are initially recognised in the Balance Sheet at their fair value, which usually represents their cost. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. The notional or contractual amount associated with derivative financial instruments are not recorded as assets or liabilities in the Balance Sheet as they do not represent the fair value of these transactions.

8. Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the appropriate effective interest rate. ECLs are measured in a three-stage approach on financial assets measured at amortised cost and FVTOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

- Significant financial difficulty of the issuer of security
- A breach of contract such as default or past due event
- Issuer of security may enter bankruptcy or financial reorganisation
- Disappearance of an active market for a security because of financial difficulties
- Downgrade of rating of the security.

ECL are a probability weighted estimate of credit losses measured by, determining the probability of default ('PD') and loss given default ('LGD'). For financial assets, PD has been computed by using a ratings based matrix. The loss allowance has been measured using ECL except for financial assets which are

- Government securities and other securities backed by GOI Securities
- Loans to policyholder since it is backed by the policy's surrender value
- Any receivable from stock exchanges like BSE/NSE since the exchange guarantees settlement
- Reinsurance assets as specified by the report of the Committee on Risk based capital.

The ECL for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the Balance Sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to Statement of Profit and Loss. The accumulated gain recognised in OCI is recycled to the Statement of Profit and Loss upon de-recognition of the assets.

9. Impairment of non-financial assets

At each balance sheet date, management assesses whether there is any indication, based on internal/external factors, that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An assessment is made at the balance sheet date to see if there is an indication that a previously assessed impairment loss no longer exists or may have decreased. If such indication exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount, subject to maximum of depreciable historical cost. After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

10. Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. After initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the Statement of Profit and Loss.

Insurance receivables are derecognised when the derecognition criteria for financial assets, have been met.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

11. Insurance contract liabilities

Insurance contract liabilities have been computed using a gross premium valuation method, as prescribed under the Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of Life Insurance Business) Regulations, 2016. Derivatives embedded in an insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as an insurance contract. In this case the entire contract is measured as described above.

12. Investment contract liabilities

Investment contracts are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities. Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged.

Investment contract liabilities other than unit-linked business are recorded at amortised cost.

The measurement of investment contracts without discretionary participation features is carried out in accordance with Ind AS 109 to reflect the deposit nature of the arrangement, with premiums and claims reflected as deposits and withdrawals and reflected in the balance sheet.

13. Undistributed participating policyholders' surplus (UPPS)

Undistributed participating policyholders surplus includes the amount of unappropriated profits held based on the recommendations of the Panel Actuary. Transfers to and from the fund reflect the excess or deficit of income over expenses respectively and appropriations in each accounting period arising in the Company's participating policyholders' fund. Any allocation of bonus to the participating policyholders would also give rise to a transfer to shareholders' profit and loss account in the required proportion. All UPPS at the end of the reporting period are held within insurance contract liabilities.

14. Revenue recognition

For life insurance business, premium is recognised on insurance contracts and investment contracts with DPF as income when due from policyholders. On unit linked policies, premium is recognised when associated units are created. In case of Variable Insurance Products (VIPs), premium income is recognised on the date when policy account value is credited. In accordance with the terms of insurance policies, uncollected premium on lapsed policies is not recognised as income until revived. Top Up/Lump sum contributions are accounted as a part of single premium and recognised as income when the associated units are created.

Income from unit linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, if any, are recovered from the unit linked funds in accordance with terms and conditions of policies issued and are recognised when due.

For General insurance business, premium (net of GST), including reinstatement premium on direct business and reinsurance accepted, is recognised as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for instalment cases, it is recognised on instalment due dates. Any subsequent revisions to premium are recognised in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

In case of long-term motor insurance policies, premium is recognised on a yearly basis as mandated by IRDAI. Crop insurance premium under government schemes are recognised in accordance with contractual obligations where there is reasonable certainty of its ultimate collectability.

Reinsurance premium in respect of proportional reinsurance is ceded at the commencement of the risk over the contract period or the period of risk. Non-proportional reinsurance premium is ceded when incurred and due.

Any subsequent revisions to, refunds or cancellations of premiums are recognised in the year in which they occur.

BAGIC cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Any subsequent revisions to, in case of General Insurance business, refunds or cancellations of premiums are recognised in the year in which they occur.

Gains or losses on buying reinsurance are recognised in the Statement of Profit and Loss immediately at the date of purchase and are not amortised.

Ceded reinsurance arrangements do not relieve BAGIC from its obligations to policyholders.

Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

Reinsurance accepted

Reinsurance inward acceptances are accounted for based on reinsurance slips accepted from the reinsurers.

BAGIC also assumes reinsurance risk in the normal course of business for insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

15. Investment income

Interest income is recognised in the Statement of Profit and Loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

16. Life insurance contract liabilities

For Life Insurance business, benefits paid comprise of policy benefits and claim settlement costs.

Death and rider claims are accounted for on receipt of intimation. Survival, maturity and annuity benefits are accounted when due as per the terms of the contract with the policyholder.

Withdrawals and surrenders under non-linked policies are accounted on the receipt of intimation.

Withdrawals and surrenders under unit linked policies are accounted when the associated units are cancelled. Surrender charges recovered, if any, are netted off against the claim expense incurred.

Reinsurance recoveries are accounted for in the same period as the related claims and are presented separately from the claim expense incurred. Repudiated claims disputed before judicial authorities are provided for based on the best judgment of the Management considering the facts and evidence in respect of each such claim.

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as reductions of the investment contract liabilities.

17. Non-life insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Unearned premiums

The provision for unearned premiums in general insurance business represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the Statement of Profit and Loss by setting up a provision for premium deficiency.

Reserve for unexpired risk (URR)

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of marine hull business and in case of other line of business based on net premium written on all unexpired policies at balance sheet by applying 1/365th method on the unexpired period of respective policies.

18. a. Claims incurred

For General Insurance business, claims are recognised as and when reported. Claims incurred comprises claims paid and includes survey fees, legal expenses and other costs directly attributable to claims.

Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) are charged to the respective revenue account when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognised at the time of sale.

Amounts received/receivable from the reinsurers and co-insurers, under the terms of the reinsurance and co-insurance arrangements respectively, are recognised together with the recognition of the claim under recoveries from reinsurers-claims.

b. IBNR and IBNER (Claims incurred but not reported and claims incurred but not enough reported)

Incurred But Not Reported (IBNR) reserve is a provision for all claims that have occurred prior to the end of the current accounting period but have not been reported to the Company. The IBNR reserve also includes provision for claims Incurred But Not Enough Reported (IBNER). The said liability is determined by Appointed Actuary based on actuarial principles. The actuarial estimate is derived in accordance with relevant IRDAI regulations and guidance note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

19. Leases

Where BAGIC/BALIC is the lessee

The Company's lease asset classes primarily consist of leases for office buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ('ROU') and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses (if any). Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Where the BAGIC/BALIC is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of the ownership of assets are classified as operating leases. Lease income of operating asset is recognised in the Statement of Profit and Loss on accrual basis and does not include any notional rent.

20. Employee benefits

Defined Contribution Plan

National Pension Scheme Contributions

For eligible employees, the Group makes contributions to National Pension Scheme. The contributions are charged to the Statement of Profit and Loss, as relevant, in the year the contributions are made.

21. Acquisition cost

Acquisition costs, defined as costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts viz., commission, policy issue expenses etc., are expensed in the year in which they are incurred. In case of long-term motor insurance policies, commission is expensed at the applicable rates on the premium allocated for the year.

22. Key assumptions made

a. Valuation of financial instruments

The fair value of financial instruments 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 another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgments and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

b. Valuation of life insurance contract liabilities

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect Management's best current estimate of future cash flows. The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

c. Valuation of investment contract liabilities without DPF

Fair values of unitised investment contracts are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund.

Fair values of non-unitised investment contract are determined by using valuation techniques, such as discounted cash flow methods and stochastic modelling. A variety of factors are considered in these valuation techniques, including time value of money, volatility, policyholder behaviour, servicing cost and fair value of similar instruments.

23. Foreign currency translation

For General Insurance business, transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

24. Net change in insurance contract liabilities

For General Insurance business, net change in insurance contract liabilities comprises of change in the outstanding provision of claims and estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER').

Provision is made for estimated value of outstanding claims at the balance sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid against each claim, as anticipated and estimated by the Management in light of past experience and subsequently modified for changes, as appropriate.

B. Bajaj Finance Ltd. and its subsidiaries (BFL)

1. Estimation of impairment allowance

Estimates and associated assumptions used for determining the impairment allowance on the BFL's financial assets, are based on historical experience and other emerging factors which may also influence the expected credit loss. BFL has used One Time Restructuring (OTR) and repayment moratorium on loans as early indicators suggesting higher flow rates and loss given default and accordingly accounted for commensurate expected credit loss. BFL believes that the factors considered are reasonable under the current circumstances and information available.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

2. Revenue recognition

a) Interest income

BFL recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVTOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or an 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.

BFL 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, BFL recognises interest income on the amortised cost net of impairment loss of financial assets at EIR. If financial asset is no longer credit-impaired, BFL reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments 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.

b) Fees and commission

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

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

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

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

c) Sale of services

BFL, on derecognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the Statement of Profit and Loss and, correspondingly creates a service asset in Balance Sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 - 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 - 'Revenue from contracts with customers'.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

d) Recoveries of financial assets written off

BFL 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.

3. Fees and commission expenses

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

4. Financial assets

Debt instruments at FVTPL

BFL classifies its debt instruments which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend 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 debt instruments are recognised on net basis through profit or loss.

BFL's investments into mutual funds, Government securities and certificate of deposits for trading and short term cash flow management have been classified under this category.

Debt instruments at FVTOCI

BFL classifies its financial assets as FVTOCI, 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 FVTOCI 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 FVTOCI is explained in subsequent notes in this section.

Debt instruments such as long-term investments in Government securities to meet regulatory liquid asset requirement of the BFL's deposit program and mortgage loans portfolio where the BFL periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVTOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from other comprehensive income to profit or loss.

Equity instruments at FVTOCI

All equity investments in scope of Ind AS 109 'Financial instruments' are measured at fair value. BFL 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, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVTOCI are not subject to an impairment assessment.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

5. Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entity's own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

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

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

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

Finance costs

Borrowing costs on financial liabilities are recognised using the EIR explained above.

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

Measurement of lease liability

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

- increased by interest on lease liability;
- reduce by lease payments made; and
- remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Measurement of right-of-use assets

At the time of initial recognition, BFL measures 'Right-of-use assets' as present value of all lease payments discounted using the BFL'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 for low value assets and short-term leases has been adopted by BFL.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

6. Expected credit loss

Expected credit losses ('ECL') are recognised for financial assets held under amortised cost, debt instruments measured at FVTOCI, and certain loan commitments as approved by BFL board and internal policies for business model.

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 resulting from default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

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

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery. BFL may apply enforcement activities to certain qualifying financial assets written off.

Credit impaired (stage 3)

BFL 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

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation of period typically 12 months post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

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

Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

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.

Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. BFL has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behavioural score cards and other performance indicators, determined statistically.

Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

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

BFL recalibrates above components of its ECL model on a periodical basis (except in case of short-term abnormal scenarios) by using the available incremental and recent information as well as assessing changes to its statistical techniques for a granular estimation of ECL.

7. 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. BFL accounts for business combinations under common control as per the pooling of interest method.

The pooling of interest method involves the following

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- 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.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

- 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.

8. Derivative financial instruments

During the financial year ended 31 March 2020, BFL had entered into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by BFL are Cross Currency Interest Rate Swaps (CCIRS). Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. BFL has designated derivatives as cash flow hedges of a recognised liability and has no fair value hedges. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting

BFL makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, BFL applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, BFL formally designates and documents the hedge relationship to which BFL wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the BFL'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 BFL 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.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows

Cash flow hedge

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.

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

2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the Statement of Profit and Loss. 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.

9. Change in accounting estimates

- During the year ended 31 March 2022, BFL has revised its estimate with respect to write off for certain overdue positions based on assessment of recoverability. Had BFL applied the estimates followed in the previous year, the profit before tax for the period would have been higher by ₹ 98.52 crore.
- Pursuant to the RBI circular dated 12 November 2021 – 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications', the Group has aligned its definition of default from number of instalments outstanding approach to Days Past Due approach. On 15 February 2022, RBI allowed deferment till 30 September 2022 of para 10 of this circular pertaining to upgrade of non-performing accounts. However, the Group has not opted for this deferment and such alignment does not have any significant impact on the financial results for the year ended 31 March 2022.

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

3 Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Balances with banks	1,273.09	2,007.64
Cash on hand	54.27	57.44
Cash equivalents		
Cheques, drafts on hand	109.42	119.61
Deposits with original maturity for less than three months	2,650.38	770.40
	4,087.16	2,955.09

4 Bank balances other than cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	44.53	42.50
Deposits with original maturity for more than three months	271.34	412.90
	315.87	455.40

5 Derivative financial instruments

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Fair value assets		
Cross Currency Interest Rate Swaps [Notional amount - ₹ 5,382.16 crore (Previous year - ₹ Nil)]	121.90	-
Forward rate contracts [Notional amount - ₹ 1,766.85 crore (Previous year - ₹ 670.51 crore)]	14.73	4.14
	136.63	4.14
Fair value liabilities		
Cross Currency Interest Rate Swaps [Notional amount - ₹ 5,382.16 crore (Previous year - ₹ 5,382.16 crore)]	140.02	137.87
Forward rate contracts [Notional amount - ₹ 4,518.23 crore (Previous year - ₹ 1,796.00 crore)]	79.69	18.22
	219.71	156.09

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

6 Trade receivables

(Unsecured, considered good)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Interest subsidy receivables	677.16	450.65
Outstanding premiums	1,439.08	1,490.36
Others	888.57	812.06
	<u>3,004.81</u>	<u>2,753.07</u>

No trade receivable are due from directors or other officers of the group either severally or jointly with any other person nor from any firms or private companies respectively in which any director is a partner, a director or a member

Trade receivables are non-interest bearing.

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	
31 March 2022						
Undisputed trade receivables – considered good	878.49	1,779.25	255.66	8.10	54.30	2,975.80
Undisputed trade receivables – credit impaired	-	14.17	0.70	0.82	0.29	15.98
Unbilled dues	13.03	-	-	-	-	13.03
31 March 2021						
Undisputed trade receivables – considered good	856.90	1,820.80	14.79	53.49	0.30	2,746.28
Undisputed trade receivables – credit impaired	-	3.24	2.11	0.25	0.39	5.99
Unbilled dues	0.80	-	-	-	-	0.80

7 Loans

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Loans under financing activity [See note 46(5)]	191,338.19	146,633.88
Unsecured, considered good		
Loan against policies (at amortised cost)	520.27	470.80
Less: Impairment loss allowance	5.32	4.77
	<u>191,853.14</u>	<u>147,099.91</u>

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

8 Investment in a joint venture

Particulars	(₹ In Crore)
	At Cost
As at 31 March 2022	
Equity instruments	
joint venture	13.37
Total	13.37
As at 31 March 2021	
Equity instruments	
joint venture	13.67
Total	13.67

9A Shareholders' investments

Particulars	(₹ In Crore)				Total
	At amortised cost	At fair value			
		through other comprehensive income	through profit and loss	designated at fair value through profit and loss	
As at 31 March 2022					
Government and trust securities *	5,125.74	13,526.94	667.45	-	19,320.13
Debt securities	-	3,683.30	-	-	3,683.30
Mutual funds	-	-	1,932.05	-	1,932.05
Equity instruments	-	1,141.54	1,628.19	-	2,769.73
Certificate of deposit	618.91	-	-	-	618.91
TREPs (Tri-party Repo)	174.96	-	-	-	174.96
Total – gross	5,919.61	18,351.78	4,227.69	-	28,499.08
Less: Impairment loss allowance	0.02	0.06	-	-	0.08
Total – Net	5,919.59	18,351.72	4,227.69	-	28,499.00

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

9A Shareholders' investments (Contd.)

(₹ In Crore)

Particulars	At amortised cost	At fair value			Total
		through other comprehensive income	through profit and loss	designated at fair value through profit and loss	
As at 31 March 2021					
Government and trust securities *	-	11,708.93	2,097.11	-	13,806.04
Debt securities	-	2,410.80	10.22	-	2,421.02
Mutual funds	-	-	11,246.83	-	11,246.83
Equity instruments	-	237.63	1,812.98	-	2,050.61
Preference shares	-	281.20	-	-	281.20
Certificate of deposit	1,909.19	-	-	-	1,909.19
TREPs (Tri-party Repo)	1,854.41	-	-	-	1,854.41
Total – gross	3,763.60	14,638.56	15,167.14	-	33,569.30
Less: Impairment loss allowance	0.02	0.13	-	-	0.15
Total – Net	3,763.58	14,638.43	15,167.14	-	33,569.15

All investments in 9A and 9B above are within India
* includes investments in approved securities as per RBI Act.

9B Policyholders' investments

(₹ In Crore)

Particulars	At amortised cost	At fair value			Total
		through other comprehensive income	through profit and loss	designated at fair value through profit and loss	
As at 31 March 2022					
Government and trust securities	-	14,574.65	5,637.60	19,420.20	39,632.45
Debt securities	-	7,280.24	1,950.01	6,658.87	15,889.12
Mutual funds	-	-	698.40	-	698.40
Equity instruments	-	616.75	29,660.92	-	30,277.67
Preference shares	-	-	34.26	-	34.26
Certificate of deposit	387.79	-	-	-	387.79
TREPs (Tri-party Repo)	3,790.17	-	-	-	3,790.17
Total – gross	4,177.96	22,471.64	37,981.19	26,079.07	90,709.86
Less: Impairment loss allowance	0.03	0.12	-	-	0.15
Total – Net	4,177.93	22,471.52	37,981.19	26,079.07	90,709.71

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

9B Policyholders' investments (Contd.)

(₹ In Crore)

Particulars	At amortised cost	At fair value			Total
		through other comprehensive Income	through profit and loss	designated at fair value through profit and loss	
As at 31 March 2021					
Government and trust securities	-	15,793.30	6,269.84	12,925.51	34,988.65
Debt securities	-	10,806.97	1,982.80	4,230.34	17,020.11
Mutual funds	-	-	99.58	-	99.58
Equity instruments	-	83.71	24,250.52	-	24,334.23
Preference shares	-	-	34.83	-	34.83
Certificate of deposit	559.64	-	-	-	559.64
TREPs (Tri-party Repo)	3,035.07	-	-	-	3,035.07
Total – gross	3,594.71	26,683.98	32,637.57	17,155.85	80,072.11
Less: Impairment loss allowance	0.02	0.50	-	-	0.52
Total – Net	3,594.69	26,683.48	32,637.57	17,155.85	80,071.59

All investments in 9B above are within India

10 Other financial assets

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Credit receivable for windpower generated	1.49	2.17
REC receivable	0.01	0.01
Interest accrued on investments	1,436.37	1,374.00
Security deposits	143.18	142.25
Advances receivable in cash or kind	14.11	55.52
Receivable from brokers and counter parties	360.81	496.18
Others	782.48	468.45
	2,738.45	2,538.58

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

11A Deferred tax assets (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Deferred tax liabilities		
On account of timing difference in		
Changes in fair value of FVTOCI debt securities - OCI	-	2.33
Impairment of financial instruments	2.58	52.66
Other temporary differences	95.88	29.59
Gross deferred tax liabilities	98.46	84.58
Deferred tax assets		
On account of timing difference in		
Property, plant and equipment	-	0.52
Disallowance u/s 43B of the Income Tax Act, 1961	42.99	34.38
Impairment of financial instruments	974.74	946.15
Changes in fair value of FVTOCI hedge reserve	3.34	24.40
Changes in fair value of FVTOCI equity instruments	4.23	7.01
Other temporary differences	24.33	18.02
Gross deferred tax assets	1,049.63	1,030.48
Deferred tax assets (net)	951.17	945.90

11B Deferred tax liabilities (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Deferred tax liabilities		
On account of timing difference in		
Property, plant and equipment	5.75	6.82
Amortisation of premium/discount on acquisition of fixed income securities	0.35	1.06
Changes in fair value of investments	596.07	626.76
Other temporary differences	7.95	5.81
Gross deferred tax liabilities	610.12	640.45
Deferred tax assets		
On account of timing difference in		
Provision for compensated absences	0.69	0.67
Defined benefit plan provisions - OCI	1.73	1.19
Amortisation of premium/discount on acquisition of fixed income securities	0.91	0.37
Changes in fair value of insurance contract liability	301.04	318.61
Gross deferred tax assets	304.37	320.84
Deferred tax liabilities (net)	305.75	319.61

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

11B Deferred tax liabilities (net) (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Changes in deferred tax recorded in profit or loss		
Deferred tax relates to the following		
Property, plant and equipment	(3.68)	(3.97)
Impairment of financial instruments	4.22	(124.97)
Disallowance u/s 43B of the Income Tax Act, 1961	(3.01)	(4.64)
Financial instruments measured at EIR	3.72	28.22
Changes in fair value of investments	25.08	480.11
Changes in fair value of insurance contract liability	87.43	(155.92)
Other temporary differences	(4.02)	(46.11)
	109.74	172.72

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Changes in deferred tax recorded in other comprehensive income		
Deferred tax relates to the following		
Changes in fair value of FVTOCI debt securities	156.47	28.55
Changes in fair value of investments	(8.87)	(32.54)
Defined benefit plan provisions	3.81	9.64
Cash flow hedge reserve	(21.06)	5.35
	130.35	11.00

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

12 Investment properties

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Gross carrying amount		
Opening balance	45.17	41.83
Transfer from/to property, plant and equipment	(3.40)	3.34
Closing balance	41.77	45.17
Accumulated depreciation		
Opening balance	5.44	4.59
Depreciation charge	0.74	0.85
Closing balance	6.18	5.44
Net carrying amount	35.59	39.73

Fair value

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Investment properties	127.27	132.42

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Investment properties leased out by the Group are cancellable leases. The market rate for sale/purchase of such premises are representative of fair values. Group's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

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

13A Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block			Accumulated depreciation			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
Land freehold	317.11	158.40	-	475.51	-	-	-	-	475.51
Land leasehold	8.19	-	8.19	-	-	-	-	-	-
Buildings	747.63	54.27	46.02	755.88	154.49	1.98	12.35	164.86	591.02
Leasehold improvements	272.59	42.26	5.76	309.09	176.75	5.48	65.59	236.86	72.23
Freehold improvements	2.42	-	-	2.42	2.39	-	-	2.39	0.03
Information technology equipment	464.70	136.66	54.97	546.39	287.78	40.58	88.24	335.44	210.95
Waterpumps, Reservoirs and Mains	1.06	-	1.06	-	0.09	0.13	0.04	-	-
Electric installations	1.19	0.05	0.73	0.51	0.39	0.18	0.08	0.29	0.22
Office equipment	264.05	20.48	12.70	271.83	157.42	12.26	40.41	185.57	86.26
Furniture and fixtures	323.69	21.02	39.37	305.34	162.19	9.27	16.82	169.74	135.60
Electric fittings	10.03	0.38	8.09	2.32	3.42	1.98	0.57	2.01	0.31
Vehicles	129.18	79.64	21.78	187.04	46.28	12.08	20.28	54.48	132.56
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	2,825.56	513.16	198.67	3,140.05	1,260.73	83.94	244.38	1,421.17	1,718.88

Previous year

(₹ In Crore)

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
Land freehold	303.81	13.78	0.48	317.11	-	-	-	-	317.11
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings	750.12	3.07	5.56	747.63	143.56	1.15	12.08	154.49	593.14
Leasehold improvements	254.54	28.19	10.14	272.59	135.02	8.97	50.70	176.75	95.84
Freehold improvements	2.42	-	-	2.42	2.42	0.03	-	2.39	0.03
Information technology equipment	450.51	70.34	56.15	464.70	264.69	46.55	69.64	287.78	176.92
Waterpumps, Reservoirs and Mains	0.94	0.12	-	1.06	0.02	-	0.07	0.09	0.97
Electric installations	1.12	0.07	-	1.19	0.16	-	0.23	0.39	0.80
Office equipment	268.91	24.55	29.41	264.05	142.12	25.29	40.59	157.42	106.63
Furniture and fixtures	330.42	23.10	29.83	323.69	155.51	24.29	30.97	162.19	161.50
Electric fittings	10.61	0.18	0.76	10.03	3.21	0.76	0.97	3.42	6.61
Vehicles	109.02	33.16	13.00	129.18	42.86	9.33	12.75	46.28	82.90
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	2,774.33	196.56	145.33	2,825.56	1,159.10	116.37	218.00	1,260.73	1,564.83

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

13B Right-of-use assets

Current year

Particulars	Gross block				Accumulated depreciation			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
	Right-of-use assets	759.08	277.66	70.81	965.93	270.38	61.29	164.06	373.15

(₹ In Crore)

Previous year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
	Right-of-use assets	679.05	115.04	35.01	759.08	138.46	22.66	154.58	270.38

(₹ In Crore)

14 Other intangible assets

Current year

Particulars	Gross block				Accumulated depreciation			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
	Computer softwares	795.66	329.31	142.78	982.19	396.16	116.51	153.55	433.20

(₹ In Crore)

Previous year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
	Computer softwares	606.46	191.37	2.17	795.66	273.24	2.11	125.03	396.16

(₹ In Crore)

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

15 Other non-financial assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Capital advances	70.02	3.05
Indirect tax credits receivable	409.16	367.15
Reinsurance assets	6,451.74	5,664.60
Others	468.74	175.52
	<u>7,399.66</u>	<u>6,210.32</u>
Change in reinsurance assets		
At the beginning of the period	5,664.60	4,942.65
Add/(Less)		
Premium	4,727.11	4,902.80
Unwinding of the discount/interest credited	13.95	11.71
Insurance liabilities released	(3,916.31)	(4,182.25)
Others	(37.61)	(10.31)
	<u>6,451.74</u>	<u>5,664.60</u>

16 Trade payables

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Total outstanding dues of micro enterprises and small enterprises	22.03	13.41
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Sundry creditors and dues to policyholders	3,075.33	2,288.02
Balances due to agents and other intermediaries	144.19	123.59
Balances due to other insurers	767.39	1,752.97
	<u>3,986.91</u>	<u>4,164.58</u>

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

16 Trade payables (Contd.)

Trade payables ageing schedule

(₹ In Crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
31 March 2022						
MSME	3.33	18.70	-	-	-	22.03
Unbilled	1,369.68	-	-	-	-	1,369.68
Others	453.38	1,997.11	164.52	2.15	0.02	2,617.18
Disputed dues – other than MSME	-	-	0.05	-	-	0.05
31 March 2021						
MSME	0.48	12.93	-	-	-	13.41
Unbilled	881.09	-	-	-	-	881.09
Others	335.80	2,931.84	6.96	5.22	3.62	3,283.44
Disputed dues – other than MSME	-	0.05	-	-	-	0.05

17 Other payables

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	812.95	660.77
	812.95	660.77

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

18 Debt securities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
In India		
At amortised cost		
(I) Secured		
Privately placed redeemable non-convertible debentures/bonds secured by pari passu charge by mortgage of BFL's Chennai office, on loan receivables as stated in the respective information memorandum. Until 5 July 2018, BFL had mortgaged its residential property at Pune on pari passu charge against specific debentures [See note 46(6)]	54,301.45	37,286.85
	54,301.45	37,286.85
(II) Unsecured		
Privately placed partly paid redeemable non-convertible debentures [See note 46(6)]	6,081.48	4,671.58
Borrowings by issue of commercial papers [See note 46(6)]	11,122.62	8,811.34
	17,204.10	13,482.92
	71,505.55	50,769.77

19 Borrowings (other than debt securities)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
A. In India		
At amortised cost		
Term Loan [See note 46(7)]		
(i) from banks	45,801.25	41,249.00
(ii) from other parties	-	-
Cash Credit	290.71	153.59
Working capital demand loan [See note 46(7)]	750.00	270.00
External commercial borrowing [See note 46(7)]	5,522.44	5,468.64
Collateralised borrowing and lending obligation, against government securities held by the Group [See note 46(7)]	1,999.16	299.97
	54,363.56	47,441.20
B. Out of above		
Secured against hypothecation of assets under finance, book debts and other receivables	54,363.56	47,441.20
Unsecured	-	-
	54,363.56	47,441.20

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

20 Deposits

(Unsecured)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
At amortised cost		
Public deposits [See note 46(8)]	21,184.46	18,961.23
From others [See note 46(8)]	9,615.06	6,842.20
	30,799.52	25,803.43

21 Subordinated liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
In India		
At amortised cost		
Privately placed Subordinated (Tier II) redeemable non-convertible debentures (Unsecured) [See note 46(9)]	3,845.77	3,898.61
	3,845.77	3,898.61

22 Lease liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
At amortised cost		
As at 1 April	547.84	605.65
Add: Interest on lease liabilities	45.93	45.00
Additions/(Deletions)	71.01	(102.81)
	664.78	547.84

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

23 Other financial liabilities (at amortised cost)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Unclaimed dividend	2.22	2.50
Directors' remuneration and commission payable	12.22	8.77
Book overdraft	-	0.85
Employee benefits payable	48.37	29.19
Security deposits	144.75	138.60
Unsettled investment contract payables	-	140.29
Others	710.34	440.11
	917.90	760.31

24 Provisions

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Provision for employee benefits [See note 45]		
Provision for gratuity	121.37	94.16
Provision for compensated absences	58.10	47.71
Provision for long-term incentive plan	46.15	77.47
Others	7.97	7.04
	233.59	226.38

25 Other non-financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Taxes and duties payable	804.67	542.85
Solatium fund	19.52	16.69
Premiums received in advance	1,135.35	1,123.91
Unallocated premium	885.59	622.43
Other payables	71.08	122.92
	2,916.21	2,428.80

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

26 Equity Share capital

Particulars	As at 31 March	
	2022	2021
Authorised		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
Issued, subscribed and fully paid-up shares		
159,137,444 equity shares of ₹ 5 each	79.57	79.57
	79.57	79.57

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,137,444	79.57	159,137,290	79.57
Equity shares earlier held in abeyance, issued during the year [See note 26 d.]	-	-	154	-
Outstanding at the end of the year	159,137,444	79.57	159,137,444	79.57

b. Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the final dividend proposed 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 Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Holding Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,345,384	9.64%	15,345,384	9.64%

d. Shares reserved for issue at a subsequent date

14,417 equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter. In the previous year, the Holding Company had issued and allotted 154 of such equity shares at the offered price of ₹ 650, thereby collecting ₹ 0.01 crore as premium. During the year, the Holding Company did not issue any such equity shares.

e. Details of promoter shareholding

See note 16 e of standalone financial statements

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

27 Other equity

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
a. Reserves and surplus		
Securities premium		
Balance as at the beginning of the year	9,425.19	9,355.72
Add/(Less): Adjustment because of change in shareholding in subsidiary	(42.25)	(13.31)
Add: Received during the year	228.99	82.78
Less: Share issue expenses	0.01	-
Balance as at the end of the year	9,611.92	9,425.19
General reserve		
Balance as at the beginning of the year	2,078.42	2,078.76
Add/(Less): Adjustment because of change in shareholding in subsidiary	(1.95)	(0.62)
Add: Transfer on cancellation of stock options	0.08	0.28
Balance as at the end of the year	2,076.55	2,078.42
Share based payments reserve		
Balance as at the beginning of the year	238.02	142.56
Add/(Less): Adjustment because of change in shareholding in subsidiary	(1.68)	(0.17)
Add: charge for the year	182.12	113.92
Less: transfer on exercise of option	41.33	18.29
Balance as at the end of the year	377.13	238.02
Treasury shares		
Balance as at the beginning of the year	(184.22)	(200.17)
Add: Movement during the year	64.25	15.95
Balance as at the end of the year	(119.97)	(184.22)
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	2,250.86	1,835.96
Add/(Less): Adjustment because of change in shareholding in subsidiary	(10.82)	(2.82)
Add: Transferred from surplus in Statement of Profit and Loss	667.20	417.72
Balance as at the end of the year	2,907.24	2,250.86

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

27 Other equity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Reserve fund in terms of section 29C of the National Housing Bank Act, 1987		
Balance as at the beginning of the year	79.10	41.56
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.37)	(0.06)
Add: Transferred from surplus in Statement of Profit and Loss	43.01	37.60
Balance as at the end of the year	121.74	79.10
Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961		
Balance as at the beginning of the year	44.12	22.00
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.21)	(0.03)
Add: Transferred from surplus in Statement of Profit and Loss	31.50	22.15
Balance as at the end of the year	75.41	44.12
Retained earnings		
Balance as at the beginning of the year	21,225.70	17,254.91
Add/(Less): Adjustment because of change in shareholding in subsidiary	(38.20)	(9.26)
Add: Transfer on exercise of stock options	6.20	-
Profit for the year	4,556.77	4,470.46
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/losses of defined benefit plans	(11.89)	(12.94)
Less: Appropriations		
Final dividend, declared and paid during the year	47.74	-
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	667.20	417.72
Transfer to Reserve Fund in terms of section 29 C of the National Housing Bank Act, 1987	43.01	37.60
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	31.50	22.15
Adjustment of dividend to ESOP Trust	(0.66)	-
Total appropriations	788.79	477.47
Balance as at the end of the year	24,949.79	21,225.70

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

27 Other equity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Other reserves		
Debt instruments FVTOCI		
Balance as at the beginning of the year	655.36	756.69
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.07)	(0.03)
Add/(Less): Changes in fair value of FVTOCI debt securities	(466.60)	(101.30)
Balance as at the end of the year	188.69	655.36
Equity instruments FVTOCI		
Balance as at the beginning of the year	(24.32)	(36.40)
Add/(Less): Adjustment because of change in shareholding in subsidiary	0.13	0.05
Add/(Less): Changes in fair value of FVTOCI equity securities	19.88	12.03
Balance as at the end of the year	(4.31)	(24.32)
Hedge instruments FVTOCI		
Balance as at the beginning of the year	(37.80)	(29.91)
Add/(Less): Adjustment because of change in shareholding in subsidiary	0.18	0.04
Add/(Less): Changes in fair value of FVTOCI hedge instruments	20.66	(7.93)
Balance as at the end of the year	(16.96)	(37.80)
	40,167.23	35,750.43

b. Nature and purpose of reserve

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with section 52 and other provisions of the Companies Act, 2013.

General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

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.

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

27 Other equity (Contd.)

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.

Infrastructure reserve created under 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.

Share based payments reserve

Share based payments reserve is created as required by Ind AS 102 'Share Based Payments' on the employee stock option scheme operated by the Group.

Treasury shares

The reserve for shares of the Holding Company held by the BFS ESOP Trust (ESOP Trust). Holding Company has issued employees stock option scheme for its employees. The equity shares of the Holding Company have been purchased and held by ESOP Trust. Trust to transfer such shares to employees at the time of exercise of option by employees.

FVTOCI debt instruments

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 FVTOCI debt instruments 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.

FVTOCI equity instruments

The Group has elected to recognise changes in the fair value of certain instruments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Hedge instruments through other comprehensive income

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

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

28 Interest income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Interest income on		
Loans (at amortised cost)	24,429.85	20,990.30
Loans (at FVTOCI)	2,432.06	2,015.85
Investments (at amortised cost)	337.64	179.36
Investments (at FVTPL)	1,770.06	1,198.99
Investments (at FVTOCI)	2,307.39	2,506.67
Others	41.91	42.05
	31,318.91	26,933.22

29 Fees and commission income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Loan related charges	1,161.57	1,313.82
Non-loan related charges	375.76	316.22
Foreclosure income	226.92	144.56
Distribution income	1,199.17	612.51
	2,963.42	2,387.11

30 Net gain on fair value changes

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Net gain/(loss) on financial instruments at fair value through profit or loss		
Debt instruments at FVTPL	326.56	510.35
Equity investments at FVTPL	405.42	3,809.71
Profit on sale on investments	3.51	0.65
Others		
Gain on sale of debt instrument at amortised cost	0.30	0.07
Gain/(loss) on sale of debt FVTOCI instruments	322.23	507.53
Total net gain on fair value changes	1,058.02	4,828.31
Fair value changes		
Realised	1,374.92	2,050.62
Unrealised	(316.90)	2,777.69
	1,058.02	4,828.31

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

31 Sale of services

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Windpower income		
Income from power generation (within India)	22.59	21.76
Income from Renewable Energy Certificates (REC) (within India)	6.79	2.18
	29.38	23.94
Service income	33.02	2.03
Service fees for management of assigned portfolio of loans	278.09	257.81
	340.49	283.78

32 Others

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Bad debt recoveries	833.61	162.63
Miscellaneous charges and receipts	349.27	143.88
	1,182.88	306.51

33 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Business support service	0.20	0.32
Miscellaneous receipts	0.04	0.05
Surplus on sale of property, plant and equipment	32.55	-
Provision no longer required	0.11	-
	32.90	0.37

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

34 Employee benefits expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Salaries, wages and bonus to employees	5,911.79	4,211.33
Contribution to provident and other funds	270.94	208.43
Share based payments to employees	255.84	177.91
Staff welfare expenses	121.01	100.67
	6,559.58	4,698.34

35 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
On financial liabilities measured at amortised cost		
Interest on deposits	2,039.55	1,746.10
Interest on borrowings other than debt securities	3,098.03	3,766.33
Interest on debt securities	3,979.91	3,214.57
Interest on subordinated liabilities	326.14	335.64
Interest on lease liability	45.93	45.00
Other interest expenses	8.70	33.64
	9,498.26	9,141.28

36 Fees and commission expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Commission and incentives	80.67	40.03
Recovery costs	1,590.38	1,150.81
Commission, operating and other expenses pertaining to insurance business	1,639.90	1,359.38
Others	131.09	64.15
	3,442.04	2,614.37

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

37 Impairment on financial instruments

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Expected credit losses		
on loans measured at amortised cost	4,672.16	5,737.26
on loans measured at FVTOCI	130.96	206.02
on other financial assets measured at amortised cost	11.04	(32.46)
on other financial assets measured at FVTOCI	75.69	68.03
	4,889.85	5,978.85

38 Depreciation, amortisation and impairment

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Depreciation on property, plant and equipment	244.38	218.00
Depreciation on investment properties	0.74	0.85
Amount amortised/written off of intangible asset	153.55	125.03
Depreciation on right-of-use assets	164.06	154.58
	562.73	498.46

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

39 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Rent	94.87	75.99
Repairs to buildings	4.17	3.38
Repairs to machinery - windmill	15.55	8.68
Repairs to others	127.95	125.64
Energy generation expenses	5.31	9.08
REC registration, issuance and brokerage charges	0.20	0.24
Rates and taxes	3.03	2.47
Insurance	9.18	7.35
Payment to auditor	5.34	3.69
Directors' fees and travelling expenses	6.30	5.00
Commission to non-executive directors	1.55	1.07
Loss on sale/disposal of property, plant and equipment	24.84	6.92
Advertisement and publicity	806.87	581.11
Travelling (including foreign travel) expenses	179.15	83.61
Business support service expenses	6.21	8.69
Expenditure towards Corporate Social Responsibility (CSR) activities	170.49	151.00
Legal and professional charges	155.34	146.04
Communication expenses	214.93	156.44
Outsourcing/back office expenses	230.90	136.92
Marketing and support services	948.53	776.61
Bank charges	131.20	132.34
Information technology expenses	667.85	402.75
Miscellaneous expenses	297.16	277.44
	4,106.92	3,102.46
Payments to auditor		
As auditor		
Audit fee	3.45	2.35
Tax audit fee	0.32	0.21
Limited review	0.64	0.19
Other services (certification fees and other matters)	0.85	0.86
Reimbursement of expenses	0.08	0.08
	5.34	3.69

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

40 Tax expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Tax expense		
Current tax		
Current tax on profits for the year	2,847.31	2,318.51
Adjustments for current tax of prior periods	-	3.73
Total current tax expense	2,847.31	2,322.24
Deferred tax		
Decrease/(increase) in deferred tax assets	101.74	(165.08)
(Decrease)/increase in deferred tax liabilities	8.00	337.80
Total deferred tax expense/(benefit)	109.74	172.72
Tax expense	2,957.05	2,494.96

41 Earnings per share (EPS)

Particulars	For the year ended 31 March	
	2022	2021
	Profit for the year (₹ In Crore)	4,556.77
Weighted average number of shares outstanding during the year (Nos)	159,137,444	159,137,373
Weighted average number of shares outstanding during the year (Nos) - Diluted	159,186,958	159,168,792
Earnings per share (Basic) ₹	286.3	280.9
Earnings per share (Diluted) ₹	286.3	280.9
Face value per share ₹	5.0	5.0

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

42A Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
a. Claims against the Group not acknowledged as debts	65.65	62.36
b. Income-tax matters under dispute		
Appeal by Group	15.85	5.10
Appeal by Department	0.28	0.28
c. ESI matters under appeal	5.14	5.14
d. VAT and GST matters under appeal/dispute	8.79	5.52
e. Service tax matters under appeal		
On interest subsidy	2,034.72	1,905.44
On penal interest/charges	251.37	237.25
On others	579.95	6.42
f. Claims, under policies, not acknowledged as debts *		
Death repudiation cases pending	67.04	59.60
Cases pending against servicing failure	7.01	7.67
g. Guarantees given by or on behalf of the Group	3.41	0.41

* Pertains to litigations pending with various consumer forums/courts.

- 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 Bajaj Finance Ltd. ('BFL') in relation to the interest subsidy BFL 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 BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 787.26 crore. In accordance with legal advice, BFL filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. BFL, 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 BFL 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 BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 164.92 crore. In accordance with legal advice, BFL filed an appeal on 14 June 2021 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai against the said demand. BFL, 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 7 September 2018, has confirmed the demand of service tax of ₹ 53.87 crore and penalties of ₹ 53.87 crore from Bajaj Finance Ltd. ('BFL') in relation to the penal interest/charges BFL received from the customers during the period 1 July 2012 to 31 March 2016. In addition, the Commissioner has

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

42A Contingent liabilities (Contd.)

demanded payment of interest on the service tax amount confirmed until the date the BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 67.62 crore. In accordance with legal advice, BFL filed an appeal on 26 December 2018 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. BFL, 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 BFL 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 BFL pays the demand, which as at 31 March 2022, amounted to ₹ 31.77 crore. In accordance with legal advice, BFL filed an appeal on 28 August 2020 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. BFL, 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 15 November 2021, has confirmed the demand of service tax of ₹ 188.37 crore and penalty of ₹ 188.37 crore from Bajaj Finance Ltd. ('BFL') 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 BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 168.73 crore. In accordance with legal advice, BFL filed an appeal on 17 February 2022 with the CESTAT Mumbai disputing the demands. BFL, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.
- v) It is not practicable for the Group to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

42B Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Capital commitments, net of capital advances	119.22	96.75
Commitments made for investments	29.58	42.94
Other commitments towards partially disbursed/un-encashed loans/future CSR Spend	4,692.32	2,988.45

BALIC holds investments with commitments outstanding as at 31 March 2022 of ₹ 1,565.30 crore (At 31 March 2021: ₹ 2,372.74 crore)

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

43 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2022

(a) Primary Segment : Business Segment

(₹ In Crore)

Particulars	Life insurance	General insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue						
External sales and other income	17,255.25	19,435.86	29.38	31,600.45	118.04	68,438.98
Inter segment sales and other income	213.34	176.27	-	39.96	877.49	1,307.06
Total revenue	17,468.59	19,612.13	29.38	31,640.41	995.53	69,746.04
Segment result	42.90	1,735.31	6.32	10,000.15	(514.10)	11,270.58
Tax expense	-	-	-	-	-	2,957.05
Non-controlling interest	-	-	-	-	-	3,756.76
Net profit	42.90	1,735.31	6.32	10,000.15	(514.10)	4,556.77
Segment assets	86,585.90	32,866.45	35.31	212,100.06	1,131.67	332,719.39
Unallocated corporate assets	-	-	-	-	-	48.40
Total assets	86,585.90	32,866.45	35.31	212,100.06	1,131.67	332,767.79
Segment liabilities	78,013.42	24,819.55	0.69	3,533.94	193.88	106,561.48
Unallocated corporate liabilities	-	-	-	-	-	17.41
Total liabilities	78,013.42	24,819.55	0.69	3,533.94	193.88	106,578.89
Capital employed	8,572.48	8,046.90	34.62	208,566.12	937.79	226,188.90

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Life Insurance, General Insurance, Windmill, Retail Financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

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

43 Segment information (Contd.)

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2021

(a) Primary Segment : Business Segment

(₹ In Crore)

Particulars	Life insurance	General insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue						
External sales and other income	16,060.62	17,838.89	23.94	26,654.21	13.91	60,591.57
Inter segment sales and other income	154.20	122.57	-	28.84	466.28	771.89
Total revenue	16,214.82	17,961.46	23.94	26,683.05	480.19	61,363.46
Segment result	1,383.22	2,392.32	4.91	6,386.64	(304.75)	9,862.34
Tax expense	-	-	-	-	-	2,494.96
Non-controlling interest	-	-	-	-	-	2,896.92
Net profit	1,383.22	2,392.32	4.91	6,386.64	(304.75)	4,470.46
Segment assets	76,141.23	30,894.55	33.89	171,254.66	847.24	279,171.57
Unallocated corporate assets	-	-	-	-	-	46.85
Total assets	76,141.23	30,894.55	33.89	171,254.66	847.24	279,218.42
Segment liabilities	66,651.70	23,931.41	0.69	2,919.01	117.50	93,620.31
Unallocated corporate liabilities	-	-	-	-	-	17.41
Total liabilities	66,651.70	23,931.41	0.69	2,919.01	117.50	93,637.72
Capital employed	9,489.53	6,963.14	33.20	168,335.65	729.74	185,580.70

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Life Insurance, General Insurance, Windmill, Retail Financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
A. Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra - group transactions.					
B. Joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party - holds 39.16% shares of Bajaj Finserv Ltd.)	Contribution to Equity (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	18.69	-	-	-
	Business support services received	10.10	(0.05)	15.84	-
	Business support services rendered	0.76	-	0.87	-
	Other payments	0.05	-	0.04	-
	Insurance premium received by BAGIC/BALIC	1.00	-	0.65	-
	Unallocated premium	-	(1.25)	-	(1.17)
	Billable expenses reimbursed on behalf	0.10	-	0.58	-
	Secured non convertible debentures redemption	150.00	-	-	-
	Secured non convertible debentures issued	-	(150.00)	-	(300.00)
	Interest paid on non convertible debentures	23.39	-	23.39	-
	Employee car transfer	0.06	-	-	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to Equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	1.94	-	1.72	-
	Insurance premium received by BAGIC/BALIC	0.02	-	0.01	-
	Insurance commission paid by BAGIC/BALIC	0.08	-	1.72	-
	Unallocated premium	-	*	-	(0.01)
	Security deposit received	-	(0.01)	-	(0.01)
Bajaj Allianz Staffing Solutions Ltd. (100% owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Insurance premium received by BAGIC/BALIC	1.30	-	1.00	-
	Unallocated premium	-	(0.07)	-	(0.05)
	Manpower supply charges	85.89	-	92.83	-
	Business support services received	0.10	-	0.08	-
	Other receipts	0.12	-	0.11	-
	Claims paid	-	-	0.05	-
	Security deposits received	-	(0.05)	-	(0.05)
Allianz Services Pvt. Ltd. (Previously Allianz Cornhill Information Services Privated Ltd.)	Insurance premium received	0.46	(0.10)	-	-
Allianz SE	Contribution to equity of BALIC including premium	-	(1,099.13)	-	(1,099.13)
	Contribution to equity of BAGIC including premium	-	(195.27)	-	(195.27)
	Dividend paid	67.76	-	81.79	-
	Reinsurance premium paid	37.39	(32.12)	-	-
	Claims recovery on reinsurance	5.27	-	-	-

* The amount is below the rounding off norm adopted by the Group.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Allianz Insurance Management Asia Pacific Pte.	Billable expenses incurred reversed	-	-	0.04	-
AGCS Marine Insurance Company	Claims recovery on reinsurance	0.14	0.14	*	-
Allianz Global Risks US Insurance Company	Reinsurance premium paid	260.52	(18.39)	157.85	(15.44)
	Commission on reinsurance premium	23.36	-	19.95	-
	Claims recovery on reinsurance	148.62	-	98.37	-
Allianz Global Corporate & Speciality SE, UK	Reinsurance premium paid	0.03	0.73	0.16	(0.23)
	Commission on reinsurance received	0.39	-	0.02	-
	Claims recovery on reinsurance	0.67	-	-	-
Allianz Global Corporate & Speciality SE, Italy	Commission on reinsurance received	-	-	0.01	-
Allianz Global Corporate & Speciality SE, Munich	Reinsurance premium paid	127.91	(43.38)	0.88	(2.51)
	Commission on reinsurance received	24.20	-	0.12	-
	Claims recovery on reinsurance	78.45	-	47.61	-
Allianz Global Corporate & Speciality SE, India Branch	Reinsurance premium paid	59.62	(6.13)	-	-
	Commission on reinsurance premium	7.67	-	-	-
	Claims recovery on reinsurance	3.88	-	-	-
Allianz SE Reinsurance, Branch Asia Pacific	Reinsurance premium paid	38.01	4.60	19.82	6.96
	Commission on reinsurance received	7.87	-	7.40	-
	Claims recovery on reinsurance	25.84	-	21.71	-
	CAT XOL premium paid	-	-	0.26	-
	CAT XOL claim recovered	-	-	-	-
Allianz Global Corporate & Speciality AG Singapore (Previously known as Allianz Insurance Company of Singapore - PTE)	Reinsurance premium paid	-	(1.02)	*	1.06
	Commission on reinsurance received	-	-	*	-
	Claim recovery on reinsurance	-	-	0.59	-
Allianz Global Corporate & Speciality SE, France	Reinsurance premium paid	0.07	(0.64)	-	-
	Commission on reinsurance received	0.01	-	-	-
	Claims recovery on reinsurance	0.64	-	0.06	-
Euler Hermes Europe, Singapore Branch	Reinsurance premium paid	10.78	(3.86)	11.63	(2.19)
	Commission on reinsurance received	1.33	-	1.02	-
	Claims recovery on reinsurance	1.26	-	4.21	-
	Billable expenses recovery	2.16	-	2.00	-
	Other receivables	-	2.59	-	2.07
Allianz Technology SE (Previously Allianz Managed Operations & Services SE)	Information technology expenditure	1.18	(1.77)	1.76	(2.90)
	License and maintenance fees paid	1.45	(2.84)	2.20	(5.86)
	Billable expenses recovery	0.10	-	0.25	-

* The amount is below the rounding off norm adopted by the Group.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Allianz Technology SE, India (Previously Allianz Managed Operations & Services SE India)	Insurance premium received	2.10	(0.23)	6.39	-
Allianz Fire and Marine Insurance Japan Ltd	Reinsurance premium paid	131.75	(75.85)	229.99	(70.53)
	Commission on reinsurance received	14.91	-	22.17	-
	Claims recovery on reinsurance	7.70	-	1.46	-
AWP Assistance India Pvt. Ltd. (Previously AGA Assistance (India) Pvt. Ltd.)	Insurance claims paid	8.63	-	9.69	-
	Premium received as an agent	-	(0.06)	-	(0.07)
	Insurance commission paid	0.55	-	0.30	-
	Billable expenses incurred on behalf	-	0.28	0.01	0.01
AWP Services India Pvt. Ltd. (Previously AGA Services (India) Pvt. Ltd.)	Insurance claims paid	11.59	-	17.95	-
	Other expenses paid	2.10	-	0.61	(0.01)
Euler Hermes Services India Pvt. Ltd.	Credit risk assessment fees paid	2.07	-	1.99	-
AWP P&C SA Saint Ouen Paris	Reinsurance premium received	79.04	(9.60)	103.04	(45.71)
	Commission on reinsurance paid	31.52	-	17.50	-
	Claims paid on reinsurance accepted	49.75	-	56.34	-
	Other expenses paid	10.62	-	5.65	-
C Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman Emeritus till 12 Feb 2022)	Sitting fees	0.01	-	0.06	-
	Commission	0.02	(0.02)	0.12	(0.11)
Madhur Bajaj	Sitting fees	0.13	-	0.12	-
	Commission	0.29	(0.27)	0.21	(0.20)
	Demat charges	*	-	-	-
Rajiv Bajaj	Sitting fees	0.10	-	0.11	-
	Commission	0.22	(0.21)	0.20	(0.19)
Niraj Bajaj	Demat charges	*	-	-	-
Siddhant Bajaj	Brokerage	*	-	-	-
	Demat charges	*	-	-	-
Deepa Bajaj	Demat charges	*	-	-	*
Kriti Bajaj	Demat charges	*	-	-	-
Kumud Bajaj	Demat charges	*	-	-	-
Minal Bajaj	Demat charges	*	-	-	-
Neelima Bajaj Swamy	Demat charges	*	-	-	-
Nirav Bajaj	Demat charges	*	-	-	-
Nimisha Jaipuria	Demat charges	*	-	-	-
Rishabh Bajaj	Demat charges	*	-	-	*

* The amount is below the rounding off norm adopted by the Group.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Shefali Bajaj	Deposit paid	0.41	0.41	-	-
	Rent paid	0.04	-	-	-
	Transaction charges	*	-	-	-
Sanjiv Bajaj (Chairman & Managing Director) (Also Key management personnel)	Short-term employee benefits (including Commission)	21.14	(11.20)	16.77	(8.04)
	Post-employment benefits	1.26	-	0.91	-
	Deposit paid	0.67	1.08	-	0.41
	Rent paid	0.77	-	0.43	-
	Sitting fees	0.42	-	0.25	-
	Sale of property, plant and equipment	90.94	-	-	-
	Brokerage	0.01	-	-	-
	Demat and other transaction charges	*	-	-	-
Sanjali Bajaj (Daughter of Sanjiv Bajaj, Chairman of the Company)	Remuneration	0.09	-	-	-
	Brokerage	*	-	-	-
	Demat charges	*	-	-	-
Tapan Singhel (MD & CEO - BAGICL)	Remuneration	15.37	-	13.27	-
Tarun Chugh (MD & CEO - BALICL)	Remuneration	10.06	-	8.22	-
Rajeev Jain (MD & CEO - BFL)	Remuneration	12.51	-	9.72	(1.50)
	Equity shares issued pursuant to stock option scheme	12.77	-	8.11	-
	Fair value of stock options granted	19.44	-	15.56	-
	Brokerage and service charges received	0.03	-	0.09	-
	Demat charges	*	-	-	-
Atul Jain (CEO - Bajaj Housing Finance Ltd)	Remuneration	6.80	(0.80)	7.51	-
	Fair value of stock options granted	4.46	-	3.23	-
Lila Poonawala	Sitting fees (Director of - Bajaj Housing Finance Ltd.)	0.17	-	0.07	-
Ajita Kakde (Director - Bajaj Financial Securities Ltd.)	Brokerage	*	-	-	-
	Demat charges and other transaction charges	*	-	-	-
Pramit Jhaveri (Director w.e.f. 1 Aug 2021)	Sitting fees	0.08	-	-	-
	Commission	0.20	(0.18)	-	-
Rakesh Bhatt (CEO - Bajaj Finserv Direct Ltd)	Remuneration	4.43	-	2.90	(0.74)
Devang Mody (CEO - Bajaj Finserv Health Ltd)	Remuneration	15.17	-	1.02	(0.05)
D Other entities/persons:					
Bajaj Auto Ltd.	Sale of windpower	6.81	-	11.40	-
	OA charges reimbursement	5.20	-	8.14	-
	Business support services received	27.34	-	20.71	(0.88)
	Business support services rendered	0.59	-	0.23	0.02
	Interest subsidy	11.02	-	1.72	-

* The amount is below the rounding off norm adopted by the Group.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
	Insurance premium received by BAGIC/BALIC	21.35	-	16.20	-
	Insurance claims paid by BAGIC/BALIC	13.56	-	0.55	-
	Security deposit paid	-	0.24	-	0.23
	Unallocated premium	-	(11.15)	-	(8.37)
	Dividend income	1.75	-	-	-
	Investments held	-	45.66	-	45.88
	Payment towards lease obligation	1.34	-	1.29	-
	Revenue expenses reimbursement paid	0.04	-	0.08	-
	Fixed deposit accepted	-	-	-	(100.00)
	Fixed deposit repaid	100.00	-	400.00	-
	Fixed deposit interest accrued	0.90	-	8.00	(10.23)
	Secured non-convertible debentures issued	-	(500.00)	-	-
Bajaj Electricals Ltd.	Purchase of property, plant and equipment	0.05	0.01	0.64	(0.12)
	Interest subsidy	0.06	0.02	0.02	0.02
	Insurance claims paid by BAGIC/BALIC	6.54	-	7.20	-
	Insurance premium received by BAGIC/BALIC	22.39	-	11.00	-
	Unallocated premium	-	(7.62)	-	(6.67)
	Other expenses	-	-	0.03	-
Bajaj Auto Holdings Ltd.	Shares of BFS held by BAHL (209,005 shares of ₹ 5 each)	-	(0.10)	-	(0.10)
	Dividend paid	0.06	-	-	-
Hind Musafir Agency Ltd.	Services received	15.74	(0.17)	3.64	(0.04)
	Service charges paid	0.13	-	0.06	-
	Insurance premium received by BAGIC/BALIC	0.03	(0.22)	0.04	-
	Advances	-	-	-	0.06
Hind Lamps Ltd.	Insurance premium received by BAGIC/BALIC	-	-	0.04	-
Mukand Ltd.	Sale of windpower	3.87	-	10.48	0.52
	OA charges reimbursement	-	-	0.55	-
	Insurance premium received by BAGIC/BALIC	6.82	-	5.85	-
	Insurance claims paid by BAGIC/BALIC	2.42	-	0.98	-
	Unallocated premium	-	(0.70)	-	(0.32)
	Security deposit paid	-	-	(0.10)	-
	Interest received	-	-	1.34	-
	Principal repayment received	-	-	25.14	-

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Mukand Engineers Ltd.	Insurance premium received by BAGIC/BALIC	0.50	-	0.72	-
	Insurance claims paid by BAGIC/BALIC	0.10	-	0.10	-
	Unallocated premium	-	(0.14)	-	(0.08)
Hercules Hoists Ltd.	Fixed deposits accepted	-	(6.50)	-	(6.50)
	Interest accrued on fixed deposits	0.58	(1.09)	0.54	(0.58)
	Dividend paid	0.03	-	-	-
Maharashtra Scooters Ltd.	Business support charges received	0.14	-	0.16	-
	Non-convertible debentures issued	-	(260.00)	-	(185.00)
	Secured non-convertible debentures redemption	-	-	5.00	-
	Interest on non-convertible debentures issued	12.92	-	7.51	-
	Contribution to equity of BFL (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
	Contribution to equity of BFS (3,725,740 shares of ₹ 5 each)	-	(1.86)	-	(1.86)
	Dividend paid	20.09	-	-	-
Sanjali Family Trust	Secured non convertible debentures redemption	-	-	-	-
	Rent paid	0.57	-	0.55	-
	Security deposit paid	-	0.14	-	0.14
Jamnalal Sons Private Ltd.	Revenue expenses reimbursement received	0.08	-	0.07	-
	Security deposit	0.03	0.32	-	0.29
	Rent and other expenses	0.87	-	0.76	(0.02)
D J Balaji Rao	Contribution to equity	-	(0.03)	-	(0.03)
	Dividend paid	0.13	-	-	-
	Sitting fees	0.22	-	0.19	-
Dr. Gita Piramal	Commission	0.46	(0.44)	0.32	(0.31)
	Sitting fees	0.20	-	0.21	-
Dr. Naushad Forbes	Commission	0.42	(0.40)	0.35	(0.34)
	Sitting fees	0.30	-	0.24	-
Manish Kejriwal	Commission	0.65	(0.62)	0.41	(0.40)
	Sitting fees	0.15	-	0.13	-
Anami Roy	Commission	0.29	(0.29)	0.20	(0.20)
	Sitting fees	0.39	-	0.17	-
Dipak Poddar	Commission	0.65	(0.60)	0.25	(0.24)
	Sitting fees	0.12	-	0.10	-
Ranjan Sanghi	Commission	0.29	(0.26)	0.20	(0.19)
	Sitting fees	0.13	-	0.14	-
Dr. Omkar Goswami (Director till 9 Jul 2021)	Commission	0.31	(0.28)	0.28	(0.26)
	Sitting fees	0.05	-	0.21	-
	Commission	0.08	(0.07)	0.34	(0.31)

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Radhika Singh (Spouse of Omkar Goswami , (director of BFL till 9 July 2021)	Fixed deposit accepted	-	(2.00)	-	(2.00)
	Fixed deposit interest accrued	0.04	-	0.16	-
	Fixed deposit interest paid	-	-	-	-
Ashwin Vijaykumar Jain (Brother of Sandeep Jain)	Loan given	-	-	0.15	(0.15)
	Interest Income	*	-	*	-
Bajaj Auto Ltd. Provident Fund	Unsecured non convertible debentures issued	-	(46.00)	-	(46.00)
	Unsecured non convertible debentures redemption	-	-	6.00	-
	Interest paid on non convertible debentures	4.35	-	4.92	-
	Provident fund contribution (Employer's share)	1.44	-	35.45	(10.99)
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	1.11	-	0.99	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	13.50	-	14.95	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity contribution	22.00	-	4.80	-
Bajaj Allianz Life Insurance Co Ltd. Employees	Insurance premium received	16.11	-	5.79	-
Group Gratuity Cum Life Assurance Trust	Benefits paid	3.57	-	3.61	-
	Fund reserve	2.03	-	1.96	-
	Provision for linked liabilities	-	(52.28)	-	(38.60)
Bachhraj Factories Private Ltd.	Contribution to equity (72,000 shares of ₹ 2 each)	-	(0.01)	-	(0.01)
	Dividend paid	0.07	-	-	-
Baroda Industries Private Ltd.	Contribution to equity (1,17,600 shares of ₹ 2 each)	-	(0.02)	-	(0.02)
	Dividend paid	0.12	-	-	-
CERG Advisory Private Ltd.	Business support charges paid	0.05	-	-	-
Suraj Sanghi Finance Ltd.	Contribution to equity (200 shares of ₹ 2 each)	-	-	-	*
Centre for Technology Innovation and Economic Research	Corporate social responsibility expenses	-	-	0.20	-
Poddar Housing and Development Ltd.	Loan given	-	-	-	13.00
	Loan repayment received	13.00	-	-	-
	Interest Income	1.07	-	1.71	0.02

* The amount is below the rounding off norm adopted by the Group.

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 para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Group.

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

45 Employee benefit plans

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

Funded schemes

Gratuity

The Group provides for gratuity payments to employees. 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 gratuity plan is a funded plan and the Group makes contributions to approved gratuity fund.

(₹ In Crore)

As at 31 March

Particulars	2022	2021
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	443.77	355.58
Fair value of plan assets	325.50	263.66
Net funded obligation *	121.37	94.16
Net funded assets *	(3.10)	(2.24)

* Entities having net asset or net obligation are consolidated for net asset or net obligation, respectively and shown in above disclosure

(₹ In Crore)

For the year ended 31 March

Particulars	2022	2021
Expense recognised in the Statement of Profit and Loss		
Current service cost	63.02	51.05
Past service cost	-	(6.27)
Interest on net defined benefit liability/(asset)	5.07	2.37
Total expense charged to Statement of Profit and Loss	68.09	47.15
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	116.04	85.74
Remeasurements during the period due to		
Changes in financial assumptions	(8.20)	5.75
Changes in demographic assumptions	(6.12)	11.52
Experience adjustments	37.93	11.43
Actual return on plan assets less interest on plan assets	1.40	1.58
Adjustment to recognise the effect of asset ceiling	(0.02)	0.02
Closing amount recognised in OCI outside Statement of Profit and Loss	141.03	116.04

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

45 Employee benefit plans (Contd.)**Funded schemes** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Movement in benefit obligation		
Opening of defined benefit obligation	355.58	274.85
Current service cost	63.00	51.04
Past service cost	1.02	(6.31)
Interest on defined benefit obligation	21.76	16.85
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	(8.20)	5.75
Actuarial loss/(gain) arising from change in demographic assumptions	(6.12)	11.52
Actuarial loss/(gain) arising on account of experience changes	36.93	11.49
Benefits paid	(20.49)	(11.81)
Liabilities assumed/(settled)	0.29	2.20
Closing of defined benefit obligation	443.77	355.58
Movement in plan assets		
Opening fair value of plan assets	263.66	221.59
Employer contributions	67.03	37.85
Interest on plan assets	17.44	14.43
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(2.16)	(1.52)
Benefits paid	(20.47)	(9.67)
Assets acquired/(settled) *	-	(0.65)
Assets distributed on settlements	-	1.63
Closing fair value of plan assets	325.50	263.66

* On account of inter group transfer.

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

45 Employee benefit plans (Contd.)

Funded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Disaggregation of assets		
Category of assets		
Insurer managed funds	325.50	263.66

Particulars	As at 31 March	
	2022	2021
Principal actuarial assumptions (expressed as weighted averages)		
Discount rate (p.a.)		
Bajaj Finserv Ltd.	7.25%	6.80%
Bajaj Allianz General Insurance Co. Ltd.	5.65%	5.10%
Bajaj Allianz Life Insurance Co. Ltd.	6.05%	5.85%
Bajaj Finance Ltd.	7.25%	6.80%
Bajaj Finserv Direct Ltd.	7.25%	6.80%
Bajaj Finserv Health Ltd.	6.80%	6.80%
Salary escalation rate (p.a.)		
Bajaj Finserv Ltd.	10.00%	10.00%
Bajaj Allianz General Insurance Co. Ltd.	9.50%	8.50%
Bajaj Allianz Life Insurance Co. Ltd.	6.75%	5.00%
Bajaj Finance Ltd.	11.00%	11.00%
Bajaj Finserv Direct Ltd.	11.25%	10.69%
Bajaj Finserv Health Ltd.	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Provident fund of BFL

A defined contribution plan is a post-employment benefit plan under which BFL pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the year, BFL recognised expense of ₹ 55.22 crore towards contribution made to provident fund under defined contribution plan.

With effect from 1 April 2021, BFL migrated to Employees' Provident Fund Organisation (EPFO). Till 31 March 2021 the provident fund contribution was made to Bajaj Auto Ltd. Provident Fund Trust. As required by the guidance note issued by the Institute of Actuaries of India, valuation of provident fund liability was obtained from the actuary based on the assumptions listed below. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are as set out below

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

45 Employee benefit plans (Contd.)

Provident fund of BFL (Contd.)

Particulars	(₹ In Crore) As at 31 March 2021
(i) Movement in defined benefit obligations	
Defined benefit obligations as at the beginning of the year	428.71
Current service cost	35.44
Interest on defined benefit obligation	30.83
Remeasurement due to	
Actuarial loss/(gain) arising from change in financial assumptions	5.10
Actuarial loss/(gain) arising on account of experience changes	10.68
Employees contribution	83.64
Benefits paid	(21.63)
Liabilities assumed/(settled)	3.93
Defined benefit obligation as at the end of the year	576.70
(ii) Movement in defined benefit plan	
Fair value of plan asset as at the beginning of the year	428.71
Interest on plan assets	30.83
Remeasurements due to	
Actual return on plan assets less interest on plan assets	10.68
Employer contribution	35.44
Employees contribution	83.64
Benefits paid	(21.63)
Assets acquired/(settled)	3.93
Fair value of plan asset as at the end of the year	571.60
(iii) Reconciliation of net liability/asset	
Net defined benefit liability/(asset) as at the beginning of the year	-
Expense charged to Statement of Profit and Loss	35.44
Amount recognised outside profit and loss account	5.10
Employer contributions	(35.44)
Net defined benefit liability/(asset) as at the end of the year	5.10

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

45 Employee benefit plans (Contd.)

Provident fund of BFL (Contd.)

Particulars	(₹ In Crore)
	For the year ended 31 March 2021
(iv) Expenses charged to the Statement of Profit and Loss	
Current service cost	35.44
Total	35.44
(v) Remeasurement gains/(losses) in Other Comprehensive Income	
Opening amount recognised in OCI	-
Changes in financial assumptions	5.10
Experience adjustments	10.68
Actual return on plan assets less interest on plan assets	(10.68)
Closing amount recognised in OCI	5.10

Particulars	(₹ In Crore)
	As at 31 March 2021
(vi) Amount recognised in Balance Sheet	
Present value of funded defined benefit obligation	576.70
Fair value of plan assets	571.60
Net funded obligation	5.10
Amount not recognised due to asset limit	-
Net defined benefit liability/(asset) recognised in Balance Sheet	5.10

(vii) Key actuarial assumptions

Discount rate (p.a.)	6.80%
Future derived return on assets (p.a.)	8.67%
Discount rate for the remaining term to maturity of the investment (p.a.)	6.25%
Average historical yield on the investment portfolio (p.a.)	8.12%
Guaranteed rate of return (p.a.)	8.00%

(viii) Category of plan assets

Government debt securities	299.48
Other debt instruments	206.39
Others	65.73
	571.60

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

45 Employee benefit plans (Contd.)

Provident fund of BFL (Contd.)

(ix) A quantitative sensitivity analysis for significant assumptions as at 31 March 2021 is as shown below

The following table summarizes the impact in absolute terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the difference between the rate earned and the guaranteed rate.

Particulars	As at 31 March 2021	
	0.5% increase	0.5% decrease
Impact on defined benefit obligation	1.77%	(0.88%)

Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	58.10	46.15	47.71	77.47
Discount rate (p.a.)	5.65% ~ 7.25%		5.45% ~ 7.70%	
Salary escalation rate (p.a.)	6.75% ~ 11.00%		5.00% ~ 11.00%	

Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2022	2021
Defined contribution plans		
Provident fund paid to Government authorities	49.44	38.28
Superannuation paid to trust	0.73	0.57
Pension fund paid to Government authorities	1.16	0.83
Others	6.99	4.57
Defined benefit plans		
Gratuity	67.99	47.15
Others	35.47	35.51
Total	161.78	126.91

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

46 Other disclosures

1. Capital

BFL 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 BFL's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

BAGIC and BALIC maintain an actively managed capital base to cover risks inherent in their respective businesses and meeting the solvency ratio required by IRDAI. The adequacy of the BAGIC and BALIC's capital is monitored using, among the other measures, the regulation issued by IRDAI.

The cash surpluses are currently invested in equity shares, mutual funds, debt instruments and money market instruments depending upon the economic conditions and is in line with guidelines set out by IRDAI.

Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

No changes were made in the objective, policies and processes of capital management during the year. Both BAGIC and BALIC do not have any borrowings and do not borrow funds.

a) Capital management (BFL)

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

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

BFL monitors its capital to risk-weighted asset ratio (CRAR) on a monthly basis through its Assets Liability Management Committee (ALCO).

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

BFL's dividend distribution policy states that subject to profit, 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 profit after tax on standalone financials, to the extent possible.

BFL is also the provider of equity capital to its wholly owned subsidiaries and also provides them with non-equity capital where necessary. These investments are funded by BFL through its equity share capital and other equity which inter alia includes retained profits.

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

46 Other disclosures (Contd.)

2. Regulatory capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Bajaj Finance Ltd.		
Tier I capital	38,570.88	32,838.50
Tier II capital	3,850.54	4,179.83
Total capital	42,421.42	37,018.33
Risk weighted assets	155,832.47	130,767.50
Tier I CRAR	24.75%	25.11%
Tier II CRAR	2.47%	3.20%
Total CRAR	27.22%	28.31%

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Bajaj Housing Finance Ltd.		
Tier I capital	6,469.01	5,820.36
Tier II capital	259.95	178.68
Total capital (Tier I + Tier II)	6,728.96	5,999.04
Risk weighted assets	34,125.42	28,119.67
Tier I CRAR	18.96%	20.70%
Tier II CRAR	0.76%	0.63%
Total CRAR	19.72%	21.33%

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

46 Other disclosures (Contd.)

3. Quantitative disclosures

a. Quantitative disclosures of fair value measurement hierarchy for assets (BFL)

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

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-22	1,575.20	-	-	1,575.20
Equity instrument designated under FVTOCI (Unquoted)	31-Mar-22	-	-	608.73	608.73
Equity instrument designated under FVTOCI (Quoted)	31-Mar-22	55.73	-	-	55.73
Other investments designated under FVTOCI	31-Mar-22	4,880.14	-	-	4,880.14
Loans designated under FVTOCI	31-Mar-22	-	35,044.84	-	35,044.84
Derivative financial instrument	31-Mar-22	-	(18.12)	-	(18.12)
Total		6,511.07	35,026.72	608.73	42,146.52

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

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-21	13,291.70	-	-	13,291.70
Equity instrument designated under FVTOCI (Unquoted)	31-Mar-21	-	-	281.21	281.21
Equity instrument designated under FVTOCI (Quoted)	31-Mar-21	88.77	-	-	88.77
Other investments designated under FVTOCI	31-Mar-21	3,717.63	-	-	3,717.63
Loans designated under FVTOCI	31-Mar-21	-	25,178.92	-	25,178.92
Derivative financial instrument	31-Mar-21	-	(137.87)	-	(137.87)
Total		17,098.10	25,041.05	281.21	42,420.36

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

a. Quantitative disclosures of fair value measurement hierarchy for assets (BFL) (Contd.)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Opening balance	281.21	262.32
Acquisitions during the year	298.84	18.89
Disposals during the year	-	-
Fair value gains/losses recognised in profit or loss	-	-
Gains/(losses) recognised in other comprehensive income	28.68	-
Closing balance	608.73	281.21

Sensitivity analysis of significant unobservable input on the fair value of equity instrument classified under FVTOCI

Particulars	(₹ In Crore)	
	Sensitivity to fair value as at 31 March 2022	
	1% increase	1% increase
Discounting rate	(99.09)	120.27
Cash flows	71.68	(60.92)

Particulars	(₹ In Crore)	
	Sensitivity to fair value as at 31 March 2021	
	1% increase	1% increase
Discounting rate	(8.24)	8.81
Cash flows	6.79	(6.42)

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

b. Fair value of financial instruments measured at amortised cost (BFL)

Fair value of financial instrument 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					
Cash and cash equivalents	3,407.17	3,407.17	-	-	3,407.17
Bank balances other than cash and cash equivalents	273.13	273.13	-	-	273.13
Trade receivables	1,265.89	-	-	1,265.89	1,265.89
Loans	156,378.41	-	-	156,929.92	156,929.92
Investments	5,125.74	-	-	5,129.73	5,129.73
Other financial assets	721.49	-	-	721.49	721.49
	167,171.83	3,680.30	-	164,047.03	167,727.33
Financial liabilities					
Trade payables	1,169.32	-	-	1,169.32	1,169.32
Other payables	341.78	-	-	341.78	341.78
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	30,799.52	-	30,965.16	-	30,965.16
Subordinated debts	3,845.77	-	4,143.60	-	4,143.60
Other financial liabilities	1,110.43	-	-	1,110.43	1,110.43
	167,853.45	-	112,459.82	56,985.09	169,444.91

* fair value computed using discounted cash flow method.

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

b. Fair value of financial instruments measured at amortised cost BFL (Contd.)

Fair value of financial instruments measured at amortised cost as at 31 March 2021

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2) *	Significant unobservable inputs (Level 3) *	
Financial assets					
Cash and cash equivalents	1,849.33	1,849.33	-	-	1,849.33
Bank balances other than cash and cash equivalents	314.99	314.99	-	-	314.99
Trade receivables	1,096.86	-	-	1,096.86	1,096.86
Loans	121,507.95	-	-	121,843.34	121,843.34
Investments	1,017.60	-	-	1,017.60	1,017.60
Other financial assets	536.98	-	-	536.98	536.98
	126,323.71	2,164.32	-	124,494.78	126,659.10
Financial liabilities					
Trade payables	884.28	-	-	884.28	884.28
Other payables	213.82	-	-	213.82	213.82
Debt securities	54,502.14	-	56,382.22	-	56,382.22
Borrowings (other than debt securities)	47,429.36	-	-	47,429.36	47,429.36
Deposits	25,803.43	-	26,061.56	-	26,061.56
Subordinated debts	3,898.61	-	4,263.08	-	4,263.08
Other financial liabilities	945.12	-	-	945.12	945.12
	133,676.76	-	86,706.86	49,472.58	136,179.44

* fair value computed using discounted cash flow method.

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

c. Quantitative disclosures of fair value measurement hierarchy for assets (BALIC)

(₹ in Crore)

Particulars	Carrying amount				Total	Fair value hierarchy		
	Through P&L	Designated at P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
As at 31 March 2022								
Financial assets								
Financial assets measured at fair value								
Investments								
Government securities	5,637.60	19,420.20	10,846.67	-	35,904.47	35,904.47	-	-
Debt securities	1,924.79	6,658.87	5,957.90	-	14,541.56	14,541.56	-	-
Equity instruments	30,044.45	-	498.12	-	30,542.57	30,221.55	319.32	1.71
Financial assets not measured at fair value #								
Investments								
Fixed deposits-long term	-	-	-	859.54	859.54			
TREPs (Tri-party repo)	-	-	-	3,965.13	3,965.13			
Cash and cash equivalents	-	-	-	134.72	134.72		N/A	
Bank balances other than cash and cash equivalents	-	-	-	36.20	36.20			
Trade receivables	-	-	-	317.52	317.52			
Loans	-	-	-	514.95	514.95			
Other financial assets	-	-	-	1,397.89	1,397.89			
Derivative financial instruments	14.73	-	-	-	14.73	-	14.73	-
Total financial assets	37,621.57	26,079.07	17,302.69	7,225.95	88,229.28	80,667.58	334.05	1.71
Financial liabilities #								
Trade payables	-	-	-	1,885.51	1,885.51			
Deposits	-	-	-	4.86	4.86		N/A	
Lease obligation	-	-	-	97.39	97.39			
Derivative financial instruments	79.69	-	-	-	79.69	-	79.69	-
Total financial liabilities	79.69	-	-	1,987.76	2,067.45	-	79.69	-

BALIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payables because their carrying amounts are reasonable approximation of fair value.

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

c. Quantitative disclosures of fair value measurement hierarchy for assets (BALIC) (Contd.)

(₹ in Crore)

Particulars	Carrying amount				Total	Fair value hierarchy		
	Through P&L	Designated at P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
As at 31 March 2021								
Financial assets								
Financial assets measured at fair value								
Investments								
Government securities	6,269.84	12,925.51	13,054.86	-	32,250.21	32,250.21	-	-
Debt securities	1,825.13	4,230.34	5,988.38	-	12,043.85	12,043.85	-	-
Equity instruments	24,530.36	-	112.98	-	24,643.34	24,362.22	21.87	259.26
Financial assets not measured at fair value #								
Investments								
Fixed deposits-long term	-	-	-	1,011.54	1,011.54			
TREPs (Tri-party repo)	-	-	-	4,889.48	4,889.48			
Cash and cash equivalents	-	-	-	386.21	386.21		N/A	
Bank balances other than cash and cash equivalents	-	-	-	34.02	34.02			
Trade receivables	-	-	-	253.22	253.22			
Loans	-	-	-	466.03	466.03			
Other financial assets	-	-	-	1,337.66	1,337.66			
Derivative financial instruments	4.14	-	-	-	4.14	-	4.14	-
Total financial assets	32,629.47	17,155.85	19,156.22	8,378.16	77,319.70	68,656.28	26.01	259.26
Financial liabilities #								
Trade payables	-	-	-	1,387.99	1,387.99			
Deposits	-	-	-	4.74	4.74		N/A	
Lease obligation	-	-	-	104.98	104.98			
Derivative financial instruments	18.22	-	-	-	18.22	-	18.22	-
Total financial liabilities	18.22	-	-	1,497.71	1,515.93	-	18.22	-

BALIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payables because their carrying amounts are reasonable approximation of fair value.

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

c. Quantitative disclosures of fair value measurement hierarchy for assets (BALIC) (Contd.)

Valuation techniques used to determine fair value

Level 2

This level of hierarchy includes financial instruments, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

There have been no transfers from Level 1 to Level 2 and vice versa.

Level 3

This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). This level of hierarchy includes unlisted equity instruments.

There have been no transfers from Level 1 to Level 3 and vice versa.

Movements in Level 3 financial instruments

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Opening balance	259.26	247.50
Transfer to Level 2	(257.55)	(14.67)
Purchase	-	-
Net change in fair value (unrealised)	-	26.43
Closing balance	1.71	259.26

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

d. Quantitative disclosures of fair value measurement hierarchy for assets (BAGIC)

(₹ in Crore)

Particulars	Carrying amount			Total	Fair value		
	Through P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
As at 31 March 2022							
Financial assets measured at fair value							
Investments							
Government debt securities	-	12,374.79	-	12,374.79	12,374.79	-	-
Debt securities	-	8,687.24	-	8,687.24	8,687.24	-	-
Equity instruments	1,244.66	878.88	-	2,123.54	2,089.16	-	34.37
Fixed deposits	-	-	50.00	50.00	50.00	-	-
Mutual fund	1,105.99	-	-	1,105.99	1,105.99	-	-
Preference shares	34.26	-	-	34.26	34.26	-	-
AT 1 Bonds	25.22	-	-	25.22	25.22	-	-
Financial assets not measured at fair value #							
Cash and cash equivalents			469.05	469.05			
Bank balances other than cash and cash equivalents	-	-	6.11	6.11		N/A	
Trade receivables	-	-	1,377.20	1,377.20			
Other financial assets	-	-	559.92	559.92			
Total financial assets	2,410.13	21,940.91	2,462.28	26,813.32	24,366.66	-	34.37
Financial liabilities #							
Trade payables							
a) Total outstanding dues of MSME	-	-	18.42	18.42		N/A	
b) Other payables	-	-	1,464.05	1,464.05			
Other financial liabilities	-	-	171.14	171.14			
Lease contract liability	-	-	75.48	75.48	-	-	-
Total financial liabilities	-	-	1,729.09	1,729.09	-	-	-

BAGIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payable because their carrying amounts are reasonable approximation of fair value.

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

d. Quantitative disclosures of fair value measurement hierarchy for assets (BAGIC) (Contd.)

(₹ in Crore)

Particulars	Carrying amount			Total	Fair value		
	Through P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
As at 31 March 2021							
Financial assets measured at fair value							
Investments							
Government debt securities	-	10,729.74	-	10,729.74	10,729.74	-	-
Debt securities	-	10,282.28	-	10,282.28	10,282.28	-	-
Equity instruments	1,533.15	119.58	-	1,652.73	1,610.23	-	42.50
Fixed deposits	-	-	49.00	49.00	49.00	-	-
Mutual fund	99.58	-	-	99.58	99.58	-	-
Preference shares	34.83	-	-	34.83	34.83	-	-
AT 1 Bonds	167.89	-	-	167.89	167.89	-	-
Financial assets not measured at fair value #							
Cash and cash equivalents			677.69	677.69			
Bank balances other than cash and cash equivalents	-	-	5.70	5.70		N/A	
Trade receivables	-	-	1,348.97	1,348.97			
Other financial assets	-	-	628.41	628.41			
Total financial assets	1,835.45	21,131.60	2,709.77	25,676.82	22,973.55	-	42.50
Financial liabilities #							
Trade payables							
a) Total outstanding dues of MSME	-	-	12.66	12.66			
b) Other payables	-	-	2,402.48	2,402.48		N/A	
Other financial liabilities	-	-	158.14	158.14			
Lease contract liability	-	-	90.53	90.53			
Total financial liabilities	-	-	2,663.81	2,663.81	-	-	-

BAGIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payables because their carrying amounts are reasonable approximation of fair value.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures

A. Bajaj Finance Ltd.

A summary of the major risks faced by Bajaj Finance Ltd.(BFL), 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	<p>Liquidity risk arises from mismatches in the timing of cash flows.</p> <p>Funding risk arises from:</p> <ul style="list-style-type: none"> inability to raise incremental borrowings 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 appointed Risk Management Committee (RMC) and Asset Liability Committee (ALCO)	<p>Liquidity and funding risk is:</p> <ul style="list-style-type: none"> measured by <ul style="list-style-type: none"> identification of gaps in the structural and dynamic liquidity statements. assessment of incremental borrowings required for meeting the repayment obligation as well as BFL's business plan in line with prevailing market conditions. liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI. monitored by <ul style="list-style-type: none"> assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. a constant calibration of sources of funds in line with emerging market conditions in banking and money markets periodic reviews by ALCO relating to the liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by BFL. managed by BFL's treasury team under liquidity risk management framework through various means like liquidity buffers, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks and assignment of loans under the guidance of ALCO and Board.
Market risk	Market risk arises from fluctuation in the fair value of future cash flow of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.	Board appointed RMC and ALCO	<p>Market risk is:</p> <ul style="list-style-type: none"> measurement of market risks encompasses exposure to equity investments, foreign exchange rates which would impact our external commercial borrowings and Interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturities is measured using changes in equity prices, and sensitivities like movements in foreign exchange and using Valuation at Risk ('VaR'), basis point value (PV01), modified duration analysis and other measures to determine movements in our portfolios and impact on our income, including the sensitivity of net interest income; monitored by assessments of fluctuation in the equity price, unhedged foreign exchange exposures, if any, movements of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities; and managed by BFL's treasury team under the guidance of ALCO and Investment Committee .
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to BFL	Board appointed RMC and Chief Risk Officer (CRO)	<p>Credit risk is:</p> <ul style="list-style-type: none"> measured as the amount at risk due to repayment default of a customer or counterparty to BFL. Various metrics such as EMI default rate, overdue position, EMI moratorium, restructuring, collection efficiency, credit bureau information, non performing loans etc. are used as leading indicators to assess credit risk. monitored by RMC and CRO using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer, portfolio concentration risks; and assessment of any major change in the business environment including economic, political as well as natural calamity/pandemic. managed by a robust control framework by the risk and collection department. This is achieved by continuously aligning credit and collection policies and resourcing, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed RMC.
Operational risk	Operational risk is the risk arising from inadequate or failed internal processes or controls, its people and system and also from external events	Board appointed RMC / Senior Management and Audit Committee (AC)	<p>Operational risk is:</p> <ul style="list-style-type: none"> measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud. monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework. managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

a. Liquidity and funding risk

BFL's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet.

BFL maintains a judicious mix of borrowings from banks, money markets, foreign market, public deposits 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 BFL maintain a healthy asset liability position and interest rate during the financial year 2021-22 (FY2022). The weighted average cost of borrowing was 6.81% versus 7.84% despite highly uncertain market conditions. The overall borrowings including debt securities, deposits and subordinated debts stood at ₹ 165,231.92 crore as of 31 March 2022.

BFL continuously monitors liquidity in the market; and as a part of its ALM strategy, BFL maintains a liquidity buffer through an active investment desk to reduce this risk. BFL endeavours to maintain liquidity buffer of 5% to 8% of its overall borrowings in normal market scenario. BFL continued to maintain significantly higher amount of liquidity buffer to safeguard itself against any significant liquidity risk emanating from economic volatility owing to continued Covid pandemic. The average liquidity buffer for FY2022 was ₹ 13,297.90 crore. With easing of economic volatility, BFL has brought down its liquidity buffer in a calibrate manner to ₹ 10,110.32 crore as on 31 March 2022.

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

BFL exceeds the regulatory requirement of LCR which mandated maintaining 50% of expected net cash outflows for a stressed scenario in high quality liquid assets (HQLA) by December 2020; which has to be increased to 100% by December 2024 in a phased manner. Currently, the LCR requirement is at 60% for BFL, which will move to 70% from 1 December 2022. As of 31 March 2022, BFL maintained a LCR of 134.32%, well in excess of the RBI's stipulated norm of 60%.

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

The table below summarises the maturity profile of the undiscounted contractual cashflow of the BFL's financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	34,901.72	56,049.08	90,950.80	17,552.27	47,928.53	65,480.80
Borrowings (other than debt securities)	20,880.22	39,782.07	60,662.29	14,926.31	38,844.55	53,770.86
Deposits	16,178.49	17,785.08	33,963.57	13,532.03	15,268.60	28,800.63
Subordinated debts	532.50	4,586.69	5,119.19	380.26	5,119.54	5,499.80
Trade payables	1,169.26	-	1,169.26	894.86	-	894.86
Other payables	341.78	-	341.78	213.82	-	213.82
Other financial liabilities	681.01	397.39	1,078.40	671.36	299.83	971.19
Total	74,684.98	118,600.31	193,285.29	48,170.91	107,461.05	155,631.96

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

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

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,407.17	-	3,407.17	1,849.33	-	1,849.33
Earmarked balances with banks	139.11	134.02	273.13	291.86	23.13	314.99
Derivative financial instruments	121.90	-	121.90	-	-	-
Trade receivables	1,083.99	181.90	1,265.89	964.13	143.11	1,107.24
Loans	68,814.83	122,608.42	191,423.25	53,203.59	93,483.28	146,686.87
Investments	8,553.18	3,692.36	12,245.54	15,587.73	2,809.18	18,396.91
Other financial assets	660.08	61.41	721.49	527.75	9.43	537.18
Non-financial assets						
Current tax assets (net)	-	168.30	168.30	-	159.77	159.77
Deferred tax assets (net)	-	951.11	951.11	-	945.90	945.90
Property, plant and equipment	-	1,282.58	1,282.58	-	1,041.69	1,041.69
Capital work-in-progress	-	13.27	13.27	-	7.07	7.07
Intangible assets under development	-	20.87	20.87	-	43.99	43.99
Goodwill	-	3.27	3.27	-	3.27	3.27
Other intangible assets	-	430.45	430.45	-	270.74	270.74
Other non-financial assets	137.05	40.09	177.14	95.75	20.08	115.83
Total	82,917.31	129,588.05	212,505.36	72,520.14	98,960.64	171,480.78
LIABILITIES						
Financial liabilities						
Derivative financial instruments	140.02	-	140.02	137.87	-	137.87
Trade payables	1,169.32	-	1,169.32	894.86	-	894.86
Other payables	341.78	-	341.78	213.82	-	213.82
Debt securities	32,654.27	43,568.80	76,223.07	16,018.42	38,483.72	54,502.14
Borrowings (other than debt securities)	18,119.97	36,243.59	54,363.56	12,206.01	35,223.35	47,429.36
Deposits	15,041.10	15,758.42	30,799.52	12,442.57	13,360.86	25,803.43
Subordinated liabilities	405.10	3,440.67	3,845.77	252.79	3,645.82	3,898.61
Other financial liabilities	799.89	310.54	1,110.43	642.75	255.55	898.30
Non-financial liabilities						
Current tax liabilities (net)	100.06	-	100.06	180.17	-	180.17
Provisions	15.06	151.84	166.90	18.25	119.44	137.69
Other non-financial liabilities	475.83	56.41	532.24	358.97	107.15	466.12
Total	69,262.40	99,530.27	168,792.67	43,366.48	91,195.89	134,562.37

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (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.

c. Interest rate risk

On investment book

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

Sensitivity analysis as at 31 March 2022

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at 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 FVTOCI (other than equity)	4,880.14	4,880.14	(58.81)	58.81

Sensitivity analysis as at 31 March 2021

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	1,017.60	1,017.60	-	-
Investment at FVTPL	13,291.70	13,291.70	(16.28)	16.28
Investment at FVTOCI (other than equity)	3,717.63	3,717.63	(41.00)	41.00

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

Sensitivity analysis as at 31 March 2022

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			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	30,799.52	30,965.16	384.41	(395.31)
Subordinated debts	3,845.77	4,143.60	127.60	(133.79)

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

Sensitivity analysis as at 31 March 2021

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	146,686.87	147,022.26	(1,291.09)	1,328.58
Debt securities	54,502.14	56,382.22	879.92	(934.75)
Borrowings (other than debt securities)	47,429.36	47,429.36	-	-
Deposits	25,803.43	26,061.56	340.41	(350.32)
Subordinated debts	3,898.61	4,263.08	156.12	(164.95)

d. Price risk

BFL's equity investments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, BFL 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 2022

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			10% increase	10% decrease
Investment in equity shares (quoted)	55.72	55.72	5.57	(5.57)

Sensitivity analysis as at 31 March 2021

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			10% increase	10% decrease
Investment in equity shares (quoted)	88.77	88.77	8.88	(8.88)

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

e. Foreign currency risk

BFL is exposed to foreign currency fluctuation risk for its foreign currency borrowing (FCB). BFL'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 and coupon). BFL hedges its entire ECB exposure for the full tenure of the ECB as per Board approved interest rate risk, currency risk and hedging policy.

BFL for its FCB, evaluates the foreign currency exchange rates, tenure of FCB and its fully hedged costs. BFL manages its currency risks by entering into derivative contracts as hedge positions and the same are being governed through the Board approved interest rate risk, currency risk and hedging policy.

BFL's exposure of foreign currency risk at the end of the reporting period expressed in INR are as follows

(₹ in Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	USD	JPY	Pound	USD	JPY	Pound
Hedged						
ECB	(3,964.19)	(1,417.97)	-	(3,964.19)	(1,417.97)	-
Derivative financial instrument *	3,964.19	1,417.97	-	3,964.19	1,417.97	-
Unhedged	0.23	-	-	0.01	-	-

* represents the notional amount of the derivative financial instrument

f. Hedging policy

BFL'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. BFL 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

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	3,964.19	-	(71.07)
INR JPY CCIRS	1,417.97	-	(66.55)

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

g. Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to BFL. It has a diversified lending model and focuses on six broad categories viz: (i) consumer lending, (ii) SME lending, (iii) rural lending, (iv) mortgages, (v) loan against securities, and (vi) commercial lending. BFL assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

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

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

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) or one instalment overdue on the reporting date and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

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

Computation of impairment on financial instruments

BFL calculates impairment on financial instruments by applying 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.

BFL recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. The incremental information of the portfolio performance, in both FY2021 and FY2022, was not considered appropriate for recalibration of ECL model. This was due to continued distortion caused by multiple waves of Covid pandemic leading to lockdowns which resulted in very low economic activity, distortion of customers financial position and volatile repayment behaviour, leading to RBI announcing EMI moratorium and OTR. Given the temporary distortion of input variables, BFL has not recalibrated components of its ECL model.

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

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

The table below summarises the approach adopted by BFL for various components of ECL viz. PD, EAD and LGD across major product lines using empirical data where relevant

Lending verticals	Nature of businesses	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Consumer lending - B2B	Financing for products such as two wheeler, three wheeler, consumer durable, digital, lifecare and furniture etc.	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.		100%	EAD is ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period.	LGD is ascertained using past trends of recoveries for each set of portfolios and discounted using a reasonable approximation of the original effective rates of interest.
Consumer lending - B2C	Personal loans to salaried and self employed individuals					
SME lending	Unsecured and secured loans to SME's, self employed customers and professionals					
Rural Lending - B2B	Financing for products such as consumer durable, digital and furniture etc.					
Rural Lending - B2C	Personal loans to salaried, self employed customers, professionals and gold loans					
Mortgages	Home loans, loans against property, developer finance and lease rental discounting	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/ judgment for wholesale loans.		100%		
Loans against securities	Loans against shares, mutual funds, deposits and insurance policies	Determined on evaluation of time to sell in event of defaults		100%	EAD is computed based on assessment of time to default considering customer profile and time for liquidation of securities	Based on associated risk of the underlying securities
Commercial lending	Working capital and term loans to small and mid sized corporates	Internal evaluation/judgment by customer or industry segment.		100%	EAD is computed taking into consideration the time to default based on historic trends across rating profile	Based on estimates of cash flows

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 2022

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	105,075.94	2,424.22	1,835.66	83,757.97	1,436.42	1,297.83
Allowance for ECL	592.43	580.99	937.57	914.33	498.42	881.05
ECL coverage ratio	0.56%	23.97%	51.08%	1.09%	34.70%	67.89%

As at 31 March 2021

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	80,921.89	4,008.79	1,861.99	60,617.49	2,715.93	868.78
Allowance for ECL	507.61	705.50	922.56	638.47	861.54	672.32
ECL coverage ratio	0.63%	17.60%	49.55%	1.05%	31.72%	77.39%

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

h. Collateral valuation

BFL 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, BFL'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 BFL'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 BFL's credit risk.

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

Product group	Nature of securities
Consumer lending - B2B	Hypothecation of underlying product financed e.g. two wheeler, three wheeler and consumer durable etc.
SME lending (Secured)	Hypothecation of underlying product e.g. used car and medical equipment etc.
Rural lending - B2B	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products 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.

BFL periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. BFL 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, BFL recoups shortfall in value of securities through part recall of loans or additional securities from the customer, or sale of underlying securities. BFL does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

Security cover taken on loans

To secure its eligible pool, BFL takes guarantee cover for its portfolios across B2C, MSME and three-wheeler financing business under Credit Guarantee Fund Scheme for NBFCs (CGS-II) from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) governed by the SIDBI. As on 31 March 2022, BFL has covered ₹ 5,266 crore of its loan assets under this scheme.

Further, BFL has also granted loans under RBI's Emergency Credit Line Guarantee Scheme (ECLGS) to its qualifying customers. As of 31 March 2022 ₹ 692.65 crore of loans are outstanding under ECLGS.

This has helped BFL to offset ₹ 148 crore worth of credit losses till FY2022 with further claims maturing over FY2023 and FY2024.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

i. Analysis of concentration risk

BFL continues to grow its granularity of its loans portfolio by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

j. Measurement uncertainty and sensitivity analysis of ECL estimates

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

Methodology

The global as well as the Indian economy has passed through a difficult phase in FY2022. The macro numbers have been a reflection of the impact which multiple waves of Covid-19 had on the industry, prices, employment and economy as a whole. BFL has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. BFL 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.

BFL use multiple economic factors and tested their correlations with past loss trends witnessed. These were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, unemployment rate, crude oil prices and policy interest rates. Based on past correlation trends, CPI (inflation) and unemployment rate were the two factors with acceptable correlation with past loss trends which were in line with management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

During the year, the macro variables have been tested for their resilience in the difficult operating conditions of lockdown, loss of business on account of continued Covid-19 scare and social distancing norms. The first half of the year saw the second Covid wave hitting the country. While the GDP numbers on a y-o-y basis might not be a correct indicator due to the Covid base impact of FY2021, the Q-o-Q GDP growth registered a decline of 16.9% in Q1 FY2022. The unemployment rate which had touched a peak of 23% in April 2020, again went up to double digit in 2nd Covid wave and touched a high of 12% in May 2021 and remained elevated in June 2021 as well. For these two months, the consumer price index (CPI or inflation) crossed the RBI comfort level of 6%. Later again in January 2022, it crossed 6%. Even IIP, which due to base effect of FY2021, remained positive, in double digits till August 2021 moved to a marginal growth of just 1% from November 2021 to February 2022. While FY2021 could be considered as a period of immense stress, the current year too was a period of low recovery.

The central scenario taken by BFL takes into account the stress and the downside risk prevalent during most part of the year, by capturing the macro variables numbers of the most difficult period of Covid-19 pandemic.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

Amongst the list of macro indicators, unemployment and inflation are the two variables which are very critical from the perspective of individual and corporates financial health. Unemployment has a direct relation with the income levels and thus the growth of the economy from the expenditure side. Inflation and inflationary expectations affect the disposable income of people. Both these macro-variables directly and indirectly impact the disposable income of the people, which eventually drives the economy.

For unemployment, BFL has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators. The unemployment rate, which after removing the extreme Covid impact of first quarter from FY2021 and FY2022, shows an increase from 7.2% to 7.44%. In the current scenario, while due to multiple factors including the ongoing Ukraine-Russia stand-off and the situation has become uncertain, forecasting these numbers could lead to biased outcomes. It is acknowledged that there is no reliably ascertainable direct impact of these crisis on the Indian economy and accordingly the estimates have been arrived at.

While formulating the central scenario, BFL has considered that the unemployment number may see an increase in the immediate short run and may remain at an average of 7% over the next few years. The geo-political uncertainty has to be watched closely for evaluating its impact on the macro fundamental in the long run.

For the downside scenario, BFL believes that the downside risks might have passed, however, there are uncertainties creeping in and that may take the current expected levels of 6.7% cross the double digit by the first half of next financial year, which would be the peak unemployment rate. Going forward, however, the downside scenario assumes it to fall from the peak and normalise to around 7% within next three years.

For the upside scenario, BFL acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. While forecasting, a cautious stance is adopted that the unemployment levels after reaching the peak in June 2022 quarter, though may improve to a best case of 4% by the end of June 2023 but may come back to a historical (excluding Covid period) 4 year average of 7.1%. The unemployment numbers as such captured the impact of potential disruption that multiple waves of Covid may cause in short run.

CPI had started to improve significantly in Q4 FY2021 ranging from 4.06% to 5.52%, soared significantly to nearly 6.3% for two successive months of May and June 2021 owing to the advent of second wave of Covid-19. Post decline of second wave, CPI normalised to 4.5% to 5% corridor between September to November 2021. CPI again went up to upwards of 6% in Q4 FY2022 and closed at a high of 6.95% in March 2022. Elevated level of inflation poses significant challenges from credit risk perspective.

While the central scenario assumed by the BFL considers the high inflation in Q4 FY2022. Considering RBI projections, disruption on the supply side, and possible impact of future Covid-19 waves, BFL expects inflation to range between 5.1% to 6.35% during FY2023, suggesting inflation to remain moderately elevated compared to pre-covid long term average.

For the downside scenario, BFL considers that the inflation risk still remains and, therefore, assumes the inflation to see an increase on account of demand-supply imbalances and touch a peak of around 8.88% in Q1 FY2023, before easing off to the average of pre-covid period in the eight year time horizon.

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

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

Risk management amidst Covid-19

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

In a calibrated manner throughout the year, BFL continued to relax the underwriting norms it had tightened during the first wave. It has brought back its underwriting norms to pre-covid standards from the second half of the year. The gradual relaxation of underwriting and sharp vigilance on portfolio quality have ensured that risk performance of portfolio remains in line or better than the pre-covid metrics. Further, this agile, calibrated and closely monitored approach to credit risk and timely investment in deepening of debt management services have enabled BFL to weather the pandemic well.

The third wave which started in mid-December 2021 had no significant impact on risk metrics both for new business and the overall portfolio.

BFL carried out multiple risk simulations to assess the potential impact of the second and third wave of the pandemic on portfolio risk and absorbed additional credit costs based on these simulations. BFL saw elevated level of loan losses of ₹ 4,622.06 crores in FY2022 owing to the disruption caused by the second and third waves. Given the risk of potential future waves of pandemic and other factors which could impact BFL's risk performance, BFL has created management overlay for macro economics factors and Covid-19 of ₹ 1,060 crore as on 31 March 2022 to account for any tail risk which may emerge from the pandemic and other uncertainties.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Gross carrying amount of loans	195,828.04	150,994.87
Reported ECL	4,404.79	4,308.00
Reported ECL coverage	2.25%	2.85%
Assumptions for central scenario		
Base ECL without macro overlay (based on empirical evidences)	3,344.79	3,468.00
Add : Management overlay for Covid-19	853.00	663.00
ECL before management overlay for macro economic factors	4,197.79	4,131.00
ECL amounts for alternate scenario		
Central scenario (80%)	4,375.90	4,131.00
Downside scenario (10%)	5,112.90	6,649.94
Upside scenario (10%)	3,927.79	3,382.10

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

(₹ In Crore)

As at 31 March

Particulars	As at 31 March	
	2022	2021
Reported ECL	4,404.79	4,308.00
Management overlay for Macro economic factors and Covid-19	1,060.00	840.00
Management overlay representing Covid-19 stress	853.00	663.00
Management overlay for macro economic factors	207.00	177.00
ECL coverage ratios by scenario		
Central scenario (80%)	2.23%	2.74%
Downside scenario (10%)	2.61%	4.40%
Upside scenario (10%)	2.01%	2.24%

k. Operational risk

Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. BFL manages operational risks through comprehensive internal control systems and procedures laid down around various key activities in BFL viz. loan acquisition, customer service, IT operations, finance function etc. Internal audit also conducts a detailed review of all the functions at least once a year, this helps to identify process gaps on timely basis. Further IT and Operations have a dedicated compliance and control units within the function who on continuous basis review internal processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis.

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

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC)

a. Risk management framework

BAGIC sees Enterprise Risk Management (ERM) as a means value of optimisation. This is achieved through a better understanding of the balance between risk and return in the implementation and achievement of entity's objectives. Enterprise Risk Management framework of BAGIC covers all risk categories independent of the assessment methodology: quantifiable, assessable and non-quantifiable risks. The ERM of large entails the following

(i) Risk mitigation and risk culture

It is BAGIC's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. BAGIC manages risk as culture which encompasses across the organisation.

Our rewards programs across the organisation ensure the sufficient weightage is given to both top line and bottom line hence ensuring well-balanced and ideal risk reward structure.

BAGIC's Risk Management framework essentially operates at two levels which includes

- (i) Risk Operations and Monitoring which includes a. Risk Identification, b. Risk Assessment and Control, c. Risk Treatment and Management Action Plan and d. Monitoring and reviewing and
- (ii) Risk controls and compliance which includes a. Standard operating procedures, b. Internal audit, c. External audits, and d. Periodic risk management review.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

(ii) Risk measurement and reporting systems

BAGIC's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the possible financial impact and likelihood of occurrence. The measurement framework includes

(i) Risk categorisation, (ii) Setting risk appetite, (iii) Setting risk limits and lastly (iv) Assigning risk ratings including identification of residual risk, if any. The rating of risks makes use of probabilities derived from historical experience, adjusted to reflect the economic environment. Company has established limits for monitoring and controlling the risks.

The reporting systems include (i) Top risk assessment, (ii) Risk control assessments (RCAs)/ Risk management development plan (RMDP) and (iii) Committee presentations.

(iii) Governance structure

The ERM governance structure includes (i) Board Risk Management Committee, (ii) Supervisory Level – Risk Committee (RiCo) and (iii) Functional Risk owners.

b. Non-life insurance contracts and Insurance Risk

BAGIC issues the following main types of general insurance contracts: motor, household, commercial, health and crop. Risks under non-life insurance policies usually cover twelve months duration. Coverages provided to policyholders are not guaranteed as renewable.

For general insurance contracts, the most significant risks arise from

- (a) Inadequacy of premiums collected for risks underwritten,
- (b) Accepting or poor risks with high probability of heavy losses ignoring prudent underwriting guidelines,
- (c) Failure to settle claims of policyholders (inadequacy of reserves),
- (d) Credit default of investment instruments or by reinsurer,
- (e) Higher expenses,
- (f) Operational frauds.

These risk exposures are mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Robust underwriting and reinsurance guidelines prevent any over-exposure to a single loss event and exposure to claim payments for perils that were never intended to be insured. BAGIC maintains a very effective multi-layer reinsurance program which seeks to optimize the retention of risk at each policy level as well as at the level of lines of business. The limits under the treaties are set based on accumulation of risks by location and category, after considering the exposure based on Probable Maximum Loss, where applicable, and the expected frequency of claim events. Any catastrophe risk is mitigated by a separate non-proportional reinsurance treaty, which limits BAGIC's exposure to any single covered event. The reinsurers chosen are most highly rated and rated few notches above the

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

regulatory mandate. Detailed reserving guidelines are in place and the adequacy of reserves is tested from time to time and monitored by the Reserving Committee.

Sensitivities of claim liabilities

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

(₹ In Crore)

Particulars	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
31 March 2022					
Average claim cost or number of claims	10%	927.36	567.60	(567.60)	(424.75)
Average claim cost and number of claims	5%	950.54	581.79	(581.79)	(435.36)
Average claim cost or number of claims	(10%)	(927.36)	(567.60)	567.60	424.75
Average claim cost and number of claims	(5%)	(904.18)	(553.41)	553.41	414.13

c. Liquidity risk and asset liability management (ALM)

ALM risk is the risk of a negative impact on the entity's net asset value and the risk of entity's inability to meet financial obligations when they fall due. This can arise due to a duration mismatch of assets and liabilities, corresponding different interest rate sensitivities between assets and liabilities, an unfavourable development of interest rates and the lack of liquid assets. Liquidity risk is defined as the risk that BAGIC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that BAGIC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stressed circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to BAGIC on acceptable terms.

These risks are mitigated by, asset liability matching methodology that develops optimal asset portfolio maturity structures to ensure cash flows are sufficient to meet liabilities. ALM and Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

BAGIC also maintains the highest level of Solvency in the Industry at 344% as against the regulatory norm of 150%.

The table below summarises the expected utilisation or settlement of assets and liabilities

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 March 2022						
Financial assets						
Cash and cash equivalents	469.05	-	-	-	-	469.05
Bank balances other than cash and cash equivalents	-	-	6.11	-	-	6.11
Trade receivables	-	-	1,377.20	-	-	1,377.20
Investments	3,229.52	1,864.42	2,189.00	10,866.25	6,251.86	24,401.04
Other financial assets	-	559.92	-	-	-	559.92
Total	3,698.57	2,424.33	3,572.31	10,866.25	6,251.86	26,813.32
Financial liabilities						
Trade payables						
a) Total outstanding dues of MSME	-	18.42	-	-	-	18.42
b) Other payables	-	1,464.05	-	-	-	1,464.05
Other financial liabilities	-	171.14	-	-	-	171.14
Lease contract liabilities	-	5.70	14.71	51.80	3.27	75.48
Total	-	1,659.31	14.71	51.80	3.27	1,729.09

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 March 2021						
Financial assets						
Cash and cash equivalents	677.69	-	-	-	-	677.69
Bank balance other than cash and cash equivalents	-	-	5.70	-	-	5.70
Trade receivables	-	-	1,348.97	-	-	1,348.97
Investments	1,710.00	662.00	2,142.00	12,641.00	5,860.41	23,015.41
Other financial assets	-	628.41	-	-	-	628.41
Total	2,387.69	1,290.41	3,496.67	12,641.00	5,860.41	25,676.18

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities						
Trade payables						
a) Total outstanding dues of MSME	-	12.66	-	-	-	12.66
b) Other payables	-	2,402.48	-	-	-	2,402.48
Other financial liabilities	-	158.14	-	-	-	158.14
Lease contract liabilities	-	5.53	15.15	51.40	18.45	90.53
Total	-	2,578.81	15.15	51.40	18.45	2,663.81

Maturity analysis:

The table below also shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to non-financial assets and liabilities, BAGIC uses the same basis of expected repayment behaviour based on past experience

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	469.05	-	469.05	677.69	-	677.69
Bank balances other than cash and cash equivalents	6.11	-	6.11	5.70	-	5.70
Trade receivables	1,377.20	-	1,377.20	1,348.97	-	1,348.97
Investments	7,282.93	17,118.11	24,401.04	4,514.00	18,501.41	23,015.41
Other financial assets	559.92	-	559.92	628.41	-	628.41
Non-financial assets						
Current tax assets (net)	-	91.32	91.32	-	28.37	28.37
Property, plant and equipment	-	361.24	361.24	-	364.92	364.92
Capital work in progress	-	20.21	20.21	-	24.93	24.93
Intangible assets (other than goodwill)	-	42.71	42.71	-	37.22	37.22
Other non-financial assets	287.22	6.28	293.50	235.13	-	235.13
Re-insurance assets	3,288.25	2,857.80	6,146.05	2,483.50	2,966.44	5,449.94
Right to use asset	20.29	41.31	61.60	21.71	57.82	79.53
Total assets	13,290.97	20,538.98	33,829.95	9,915.11	21,981.11	31,896.22

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Trade payable						
a) Total outstanding dues of MSME	18.42	-	18.42	12.66	-	12.66
b) Other payables	1,464.05	-	1,464.05	2,402.48	-	2,402.48
Other financial liabilities	171.14	-	171.14	158.14	-	158.14
Lease contract liabilities	20.41	55.07	75.48	20.68	69.85	90.53
Insurance contract liabilities	11,371.64	9,883.04	21,254.68	8,957.19	10,699.01	19,656.20
Non-financial liabilities						
Provisions	25.05	-	25.05	41.74	-	41.74
Deferred tax liabilities (net)	-	-	135.81	-	-	102.76
Other non-financial liabilities	1,354.57	515.93	1,870.50	1,063.52	547.82	1,611.34
Total liabilities	14,425.28	10,454.04	25,015.13	12,656.41	11,316.68	24,075.85
Net	(1,134.31)	10,084.94	8,814.82	(2,741.30)	10,664.43	7,820.37

d. Credit risk

Credit risk is the risk that the BAGIC will incur a loss because its counterparties fail to discharge their contractual obligations. This comprises of risk of loss arising due to default by counter parties and investment instrument issuers. BAGIC's credit risk exposure mainly arises from its investments in financial instruments. Concentrations of credit risk are managed by setting limits on asset class, investee company, investee company group and industry exposure. Norms include those prescribed under the investment regulations and those set as internal limits based on the risk appetite of the Company. The BAGIC monitors changes in credit risk by tracking published external credit ratings.

For any insurance company, the biggest counterparty is a reinsurer. BAGIC has bought reinsurance protection from reinsurers with good credit rating (A- and above). Higher the credit rating lower is risk of default. Moreover, risks are passed to multiple reinsures in order to avoid accumulation of risk.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

B. Bajaj Allianz General Insurance Co. Ltd. (BAGIC) (Contd.)

The following table presents an analysis of credit quality of financial assets at amortised cost and FVTOCI.

(₹ In Crore)

Ratings	As at 31 March 2022			As at 31 March 2021		
	Amortised cost	FVTOCI	Total	Amortised cost	FVTOCI	Total
A1+	-	249.66	249.66	-	194.84	194.84
AA	-	55.17	55.17	-	-	-
AA(SO)	-	24.87	24.87	-	-	-
AA+	-	-	-	-	22.94	22.94
AAA	50.00	8,420.63	8,470.63	49.00	10,352.57	10,401.57
AAA(SO)	-	43.63	43.63	-	558.38	558.38
BBB+	-	72.30	72.30	-	-	-
BBB	-	-	-	-	70.26	70.26
D	-	-	-	-	18.75	18.75
Equity	-	878.88	878.88	-	119.58	119.58
Sovereign	-	12,195.98	12,195.98	-	9,794.28	9,794.28
Unrated	-	-	-	-	-	-
Total	50.00	21,941.12	21,991.12	49.00	21,131.60	21,180.60
ECL (12 months and life time)	-	(0.20)	(0.20)	-	(0.63)	(0.63)
Net carrying amount	50.00	21,940.92	21,990.92	49.00	21,130.97	21,179.97

Following table indicates whether financial assets carried at amortised cost or FVTOCI were subject to a 12-months credit loss (ECL) and life time ECL.

(₹ In Crore)

Ratings	As at 31 March 2022			As at 31 March 2021		
	Amortised cost	FVTOCI	Total	Amortised cost	FVTOCI	Total
Opening balance	-	0.63	0.63	-	4.14	4.14
Changes during the current period	-	-	-	-	-	-
Loss allowance at 12-month ECL	-	(0.43)	(0.43)	-	(3.51)	(3.51)
Loss allowance at life time ECL	-	-	-	-	-	-
For credit impaired instruments	-	-	-	-	-	-
For not credit impaired instruments	-	-	-	-	-	-
Closing balance	-	0.20	0.20	-	0.63	0.63

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

e. Market risk

Market risk arises from unfavourable movement in interest rates, currency rates and equity and property prices. BAGIC has very limited exposure to equity and foreign currency. Majority of BAGIC's investments comprise of fixed interest securities. The assets and liabilities of BAGIC are well matched based on duration to address the interest rate risk. BAGIC has no exposures to any financial options and guarantees that are embedded in contracts.

f. Operational risk

This comprises of risk of loss due to losses arising from failure of internal systems, process and personnel or external events. BAGIC has identified various risks under this category and has put in place appropriate controls and disaster recovery plans to mitigate or minimize the risk.

g. Potential impact of uncertainties relating to Covid-19

In preparing the accompanying financial statements, BAGIC's management has been required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income and expenses. These estimates and associated assumptions, at the date of adopting the financial statements, are based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances.

Business impact

Covid-19 outbreak has been declared as a Pandemic by World Health Organisation in March 2020. Since the outbreak, Covid-19 spread across the globe leading to economic slowdown and significant volatility in global and Indian financial markets. The Government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors.

The extent to which Covid-19 pandemic will impact BAGIC depends on future spread of the virus, new variants of the virus emerging and related developments, which are highly uncertain, including, among other things, lockdowns and its repercussions on the economy, proportion of population vaccinated, government intervention to provide financial support to the stressed sections, etc. BAGIC will continue to closely monitor developments as they unfold.

The regional lockdowns announced by the government from time to time required BAGIC to facilitate Work from Home (WFH). WFH has been enabled by the Company since Q1 FY2021 through use of portable devices through the BAGIC's Virtual Private Network (VPN) ensuring requisite data security controls. Accordingly, the operations of the BAGIC intermittently continue to be partially performed from remote locations (WFH) through secured servers.

As the processes of BAGIC are mostly automated/system driven, WFH has not led to any material change in the controls or processes. BAGIC has an Internal Financial Control framework that has been independently tested covering all the material controls over financial reporting and found them to be operating effectively at 31 March 2022.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC)

a. Risk management framework

Effective risk management is based on a common understanding of risks, clear organisational structures and comprehensively defined risk management processes. The management establishes and adheres to a risk strategy and associated risk appetite for BALIC's business, which is derived from and consistent with the business strategy. There is a defined risk governance framework in place to address the risk management objectives of BALIC. The risk governance structure of BALIC consists of the Risk Management Committee (RMC) of the Board and the Executive Risk Committee (ERC). There are then the various lines of defenses which include the Heads of each department which act as a self-defense mechanism through the Internal Financial Control and Compliance certification framework. Internal Audit, Risk, Fraud and Compliance teams act as the next line of defense finally followed by statutory and concurrent Auditors which act as the final line of defense.

b. Credit risk

Credit risk is the risk that BALIC will incur a loss because its counterparties fail to discharge their contractual obligations. The carrying amount of financial assets represent maximum credit risk exposure.

BALIC's credit risk exposure mainly arises from its investments in financial instruments. Concentrations of credit risk are managed by setting limits on asset class, investee company, investee company group and industry exposure. Norms include those prescribed under the investment regulations and those set as internal limits based on the risk appetite of BALIC. BALIC monitors changes in credit risk by tracking published external credit ratings.

The following table presents an analysis of credit quality of financial assets at amortised cost and FVTOCI. It indicates whether financial assets carried at amortised cost or FVTOCI were subject to a 12-months credit loss (ECL) and life time ECL.

(₹ In Crore)

CRISIL ratings	As at 31 March 2022			As at 31 March 2021		
	FVTOCI	Amortised cost	Total	FVTOCI	Amortised cost	Total
12-months ECL						
Highly rated including AAA #	16,731.23	4,817.11	21,548.34	18,998.26	5,829.32	24,827.58
AA	73.33	7.57	80.90	44.98	71.70	116.68
Financial assets other than investments	-	2,401.28	2,401.28	-	2,477.14	2,477.14
Total (a)	16,804.56	7,225.96	24,030.52	19,043.24	8,378.16	27,421.40
ECL (12 months and life time)	(0.23)	(5.44)	(5.67)	(0.56)	(4.93)	(5.49)
Net carrying amount (c)	16,804.33	7,220.52	24,024.85	19,042.68	8,373.23	27,415.91

Includes investments in Government securities and treasury bill

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

Reconciliation of credit loss

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTOCI	Amortised cost	Total	FVTOCI	Amortised cost	Total
Opening balance	0.56	4.93	5.49	59.12	131.19	190.31
Less: ECL reversal on asset written off	-	-	-	-	(127.10)	(127.10)
Changes during the current period						
Loss allowance at 12-month ECL	(0.33)	0.51	0.18	(1.81)	0.84	(0.97)
Loss allowance at life time ECL	-	-	-	(56.75)	-	(56.75)
Closing balance	0.23	5.44	5.67	0.56	4.93	5.49

c. Liquidity risk

Liquidity risk is defined as the risk that BALIC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that BALIC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to BALIC on acceptable terms. The risk is mitigated by, asset liability matching methodology that develops optimal asset portfolio maturity structures to ensure cash flows are sufficient to meet liabilities. Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

The table below summarises the expected utilisation or settlement of assets and liabilities

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 March 2022						
Financial assets						
Investments						
Amortised cost	-	4,076.35	748.27	-	-	4,824.62
FVTPL	37,606.84	-	-	-	-	37,606.84
Designated as FVTPL	-	235.51	576.82	4,549.83	20,716.90	26,079.06
FVTOCI	498.12	75.24	3,112.94	3,207.69	10,408.71	17,302.70
Cash and cash equivalents	134.72	-	-	-	-	134.72
Bank balances other than cash and cash equivalents	-	-	-	36.20	-	36.20
Trade receivables	-	317.52	-	-	-	317.52
Loans	-	0.01	0.04	179.09	335.81	514.95
Other financial assets	-	678.17	681.88	4.68	33.15	1,397.88
Derivative financial instruments	-	-	-	7.99	6.74	14.73
	38,239.68	5,382.80	5,119.95	7,985.48	31,501.31	88,229.22
Financial liabilities						
Trade payables	204.61	1,680.90	-	-	-	1,885.51
Lease obligations	-	6.04	23.38	40.59	27.38	97.39
Deposits	-	-	-	4.86	-	4.86
Derivative financial instruments	-	-	-	70.38	9.31	79.69
	204.61	1,686.94	23.38	115.83	36.69	2,067.45

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 March 2021						
Financial assets						
Investments						
Amortised cost	-	4,892.01	268.47	740.18	0.31	5,900.97
FVTPL	32,625.33	-	-	-	-	32,625.33
Designated as FVTPL	-	375.50	270.19	1,512.20	14,997.97	17,155.86
FVTOCI	112.99	7.32	343.89	3,888.88	14,803.14	19,156.22
Cash and cash equivalents	386.21	-	-	-	-	386.21
Bank balances other than cash and cash equivalents	-	-	-	34.02	-	34.02
Trade receivables	-	253.22	-	-	-	253.22
Loans	-	4.86	43.49	152.70	264.98	466.03
Other financial assets	-	416.82	98.21	149.57	673.06	1,337.66
Derivative financial instruments	-	-	0.17	1.98	1.99	4.14
	33,124.53	5,949.73	1,024.42	6,479.53	30,741.45	77,319.66
Financial liabilities						
Trade payables	294.41	1,093.58	-	-	-	1,387.99
Lease obligations	-	6.01	17.73	54.30	26.93	104.97
Deposits	-	-	-	4.74	-	4.74
Derivative financial instruments	-	2.05	3.26	11.66	1.25	18.22
	294.41	1,101.64	20.99	70.70	28.18	1,515.92

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

Maturity analysis

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to non-financial assets and liabilities, BALIC uses the same basis of expected repayment behavior based on past experience

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	134.72	-	134.72	386.21	-	386.21
Bank balances other than cash and cash equivalents	-	36.20	36.20	-	34.02	34.02
Trade receivables	317.52	-	317.52	253.22	-	253.22
Loans	0.05	514.90	514.95	48.35	417.68	466.03
Investments	46,930.09	38,883.13	85,813.22	38,895.70	35,942.68	74,838.38
Derivative financial instrument	-	14.73	14.73	0.17	3.97	4.14
Other financial assets	1,360.06	37.83	1,397.89	515.03	822.63	1,337.66
Non-financial assets						
Investment property	-	30.35	30.35	-	34.36	34.36
Property, plant and equipment	-	312.36	312.36	-	302.17	302.17
Capital work-in-progress	-	16.08	16.08	-	15.28	15.28
Intangible assets under development	-	49.33	49.33	-	32.50	32.50
Intangible assets (other than goodwill)	-	16.76	16.76	-	14.77	14.77
Right to use of asset	-	82.62	82.62	-	93.45	93.45
Reinsurance assets	37.78	267.91	305.69	29.64	185.02	214.66
Other non-financial assets	259.73	0.86	260.59	157.11	5.10	162.21
Total	49,039.95	40,263.06	89,303.01	40,285.43	37,903.63	78,189.06
LIABILITIES						
Financial liabilities						
Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	1.00	-	1.00	0.08	-	0.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,321.90	-	1,321.90	848.11	-	848.11
Other payables						
(i) Total outstanding dues of other than micro enterprises and small enterprises	562.61	-	562.61	539.80	-	539.80
Derivative financial instrument	79.69		79.69	18.22		18.22
Deposits	0.12	4.74	4.86	-	4.74	4.74
Lease obligation	29.42	67.97	97.39	23.75	81.23	104.98
Investment contract liabilities	10,498.25	400.70	10,898.95	8,542.37	338.81	8,881.18
Insurance contract liabilities	11,220.57	53,118.21	64,338.78	9,317.64	46,256.22	55,573.86
Non-financial liabilities						
Current tax liabilities (net)	194.93	-	194.93	370.72	-	370.72
Provisions	4.20	20.27	24.47	20.14	16.46	36.60
Deferred tax liabilities (net)	166.15	-	166.15	210.23	-	210.23
Other non-financial liabilities	496.33	-	496.33	282.99	-	282.99
Total	24,575.17	53,611.89	78,187.06	20,174.05	46,697.46	66,871.51

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

d. Market risk

Market risk arises from unexpected losses arising due to changes in market prices or parameters influencing market prices, as well as the resultant risk from financial options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. The risk is mitigated by maintaining a desired mix between debt and equity subjected to investment regulations by IRDAI, setting up risk appetite set to overall market risk under the strategic asset allocation, ensuring active asset management based on the ALM output, asset and liability duration matching limits impact of interest rate changes and actions taken to manage guarantee risk, holding adequate reserves for the cost of guarantee and managing policyholders' expectation on returns through an active portfolio management strategy undertaken by our most experienced investments team.

e. Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

f. Equity risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on total comprehensive income (before tax) (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the Statement of Profit and Loss).

(₹ In Crore)

Particulars	Change in variable	Investments for without DPF insurance/investment contract		Investments for shareholders' fund	
		Impact on total comprehensive income (before tax)	Impact on equity	Impact on total comprehensive income (before tax)	Impact on equity
For the year ended 31 March 2022					
Interest rate	50 bps up	(334.16)	(285.51)	(149.01)	(127.32)
	50 bps fall	334.16	285.51	149.01	127.32
Nifty 50	5% rise	21.92	18.72	87.65	74.88
	5% fall	(21.92)	(18.72)	(87.65)	(74.88)
For the year ended 31 March 2021					
Interest rate	50 bps up	(228.43)	(195.17)	(110.87)	(94.57)
	50 bps fall	228.43	195.17	110.87	94.57
Nifty 50	5% rise	21.04	17.97	73.37	63.13
	5% fall	(21.04)	(17.97)	(73.37)	(63.13)

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

g. Insurance risk

The principal risk BALIC faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of BALIC is to ensure that the sufficient reserves are available to cover these liabilities.

The main risk that BALIC is exposed are as follows

- i. Mortality risk: Risk of loss due to policyholder death experiences being different than expected.
- ii. Longevity risk: Risk of loss arising due to annuitant living longer than expected.
- iii. Persistency risk: Risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.
- iv. Morbidity risk: Risk of loss arising due to policyholder health experiences being different than expected.
- v. Expenses risk: Risk of loss arising due to expense experiences being different than expected.
- vi. Investment risk: Risk of loss arising due from actual returns being different than expected.

The risk exposure is mitigated by diversification across a large portfolio of insurance contract and geographical areas. The variability of the risk is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the reinsurance arrangement.

The actuarial department has set up system to continuously monitor BALIC's experience with regards to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal. Many products offered by BALIC also have an investment guarantee. BALIC has additional reserve to cover this risk.

Key assumptions

The assumption plays vital role in calculating insurance liabilities for BALIC. Material judgment is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, initial data, some judgment and as per guidance notes/actuarial practice standard. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumption know as MFAD (margin for adverse deviation). BALIC keeps adequate MFAD, as prescribed in APS 7 issued by the Institute of Actuaries of India (IAI), in all assumptions over best estimate value.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows

i. Mortality and morbidity rates

Assumptions are based on historical experience and for new product based on industry/reinsurance data. As appropriate, but not excessive allowance may be made for expected future improvements. Assumptions may vary by type of product, distribution of channel, gender etc. An increase in mortality/morbidity rates will usually lead to a larger number/amounts of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profit for shareholders.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

ii. Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect BALIC's own risk experience. As appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are normally differentiated by gender, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for shareholders.

iii. Investment return and discount rate

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return could lead to an increase in the profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on investment strategy of BALIC, current industry risk rates adjusted of BALIC's own risk exposure.

Decrease in a discount rate will increase the value of insurance liability and therefore reduce profits for the shareholders.

iv. Expense and inflation

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expense is taken as appropriate expense base, adjusted for expected expense inflation if appropriate. As increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

v. Lapse, surrender and partial withdrawal rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on BALIC's experience and usually vary by product type, policy duration and sales trends. As increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increase are broadly neutral in effect.

The best estimate assumptions that have the greatest effect on the statement of financial position and Statement of Profit and Loss of BALIC are listed below.

Particulars	Insurance and investment contract with DPF		Insurance contract without DPF	
	As at 31 March		As at 31 March	
	2022	2021	2022	2021
Mortality rates	90% - 350 % of IALM 2012-14	90% - 450 % of IALM 2012-14	24% - 515% of IALM 2012-14	24% - 625% of IALM 2012-14
Investment returns	6.84%	6.18%	5.25% - 7%	4.5% - 7%
Lapse	PY1: 7%-24.5%, PY2: 8%-10.5%, PY3+: 0%-1%	PY1: 7%-25%, PY2: 8%-12%, PY3+: 0%-1%	PY1: 5.6% - 39.2%, PY2: 3.5%-21%, PY3+: 0% - 14%	PY1: 5.6% - 39.2%, PY2: 3.5%-21%, PY3+: 0% - 14%

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

46 Other disclosures (Contd.)

C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

h. Sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities

Particulars	Insurance and investment contract with DPF		Insurance contract without DPF	
	As at 31 March		As at 31 March	
	2022	2021	2022	2021
Mortality/longevity +10%	84.03	82.13	169.60	156.73
Mortality/longevity -10%	(84.58)	(82.65)	(155.06)	(154.56)
Expense +10%	56.06	59.22	36.94	29.84
Expense -10%	(55.58)	(58.94)	(36.69)	(29.74)
Lapse and surrenders + 10%	(45.29)	(49.19)	(119.87)	(64.37)
Lapse and surrenders - 10%	46.50	50.56	128.96	70.35
Discount rate +1%	(1,420.61)	(1,372.72)	(1,110.54)	(563.52)
Discount rate -1%	1,669.74	1,599.86	1,716.47	816.02

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

46 Other disclosures (Contd.)**5. Loans under financing activity (before inter-company eliminations)**

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	At amortised Cost	At fair value through OCI	Total	At amortised Cost	At fair value through OCI	Total
A. Term loans	160,443.29	35,384.75	195,828.04	125,532.41	25,462.46	150,994.87
Less: Impairment loss allowance	4,064.88	339.91	4,404.79	4,024.46	283.54	4,308.00
Total (A)	156,378.41	35,044.84	191,423.25	121,507.95	25,178.92	146,686.87
B. Out of above						
(I) Secured						
Against hypothecation of automobiles, equipments, durables and plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	73,951.07	35,384.75	109,335.82	61,330.21	25,462.46	86,792.67
Less: Impairment loss allowance	1,771.08	339.91	2,110.99	1,852.13	283.54	2,135.67
Total (I)	72,179.99	35,044.84	107,224.83	59,478.08	25,178.92	84,657.00
(II) Unsecured	86,492.22	-	86,492.22	64,202.20	-	64,202.20
Less: Impairment loss allowance	2,293.80	-	2,293.80	2,172.33	-	2,172.33
Total (II)	84,198.42	-	84,198.42	62,029.87	-	62,029.87
Total (B) = (I + II)	156,378.41	35,044.84	191,423.25	121,507.95	25,178.92	146,686.87
C. Out of above						
(I) Loans in India						
(i) Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Sub-total (i)	-	-	-	-	-	-
(ii) Others	160,443.29	35,384.75	195,828.04	125,532.41	25,462.46	150,994.87
Less: Impairment loss allowance	4,064.88	339.91	4,404.79	4,024.46	283.54	4,308.00
Sub-total (ii)	156,378.41	35,044.84	191,423.25	121,507.95	25,178.92	146,686.87
Total (I)	156,378.41	35,044.84	191,423.25	121,507.95	25,178.92	146,686.87
(II) Loans outside India	-	-	-	-	-	-
Total (C) = (I+II)	156,378.41	35,044.84	191,423.25	121,507.95	25,178.92	146,686.87

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

46 Other disclosures (Contd.)

5. Loans under financing activity (before inter-company eliminations) (Contd.)

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	188,833.91	3,860.64	3,133.49	195,828.04	141,539.38	6,724.72	2,730.77	150,994.87
Less: Impairment loss allowance	1,506.76	1,079.41	1,818.62	4,404.79	1,146.08	1,567.04	1,594.88	4,308.00
	187,327.15	2,781.23	1,314.87	191,423.25	140,393.30	5,157.68	1,135.89	146,686.87

Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowances (ECL) is as follows

(₹ 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 year								
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 (additional disbursement net of repayments)	(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

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

46 Other disclosures (Contd.)

5. Loans under financing activity (before inter-company eliminations) (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 2020	139,589.01	1,712.34	3,148.40	586.80	2,363.00	1,425.22	145,100.41	3,724.36
Transfers during the period								
transfers to stage 1	279.51	43.54	(233.80)	(28.32)	(45.71)	(15.22)	-	-
transfers to stage 2	(5,118.12)	(64.51)	5,151.23	75.95	(33.11)	(11.44)	-	-
transfers to stage 3	(5,590.18)	(87.90)	(1,568.14)	(325.84)	7,158.32	413.74	-	-
	(10,428.79)	(108.87)	3,349.29	(278.21)	7,079.50	387.08	-	-
Impact of changes in credit risk on account of stage movements	-	(934.34)	-	1,129.56	-	4,785.47	-	4,980.69
Changes in opening credit exposures (additional disbursement net of repayments)	(64,049.58)	(118.01)	(829.44)	(184.14)	(2,101.92)	(188.98)	(66,980.94)	(491.13)
New credit exposures during the year, net of repayments	76,428.74	594.96	1,056.47	313.03	944.64	740.54	78,429.85	1,648.53
Amounts written off during the year	-	-	-	-	(5,554.45)	(5,554.45)	(5,554.45)	(5,554.45)
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

Details of impairment of financial instruments disclosed in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2022	2021
(i) Net impairment loss allowance charge/ (release) for the year	96.79	583.64
(ii) Amounts written off during the year	4,807.32	5,554.45
Impairment on loans	4,904.11	6,138.09
Less: Claimable amount under CGTMSE scheme	101.55	195.60
Add: Impairment on other assets	0.84	26.09
Impairment on financial instruments	4,803.40	5,968.58

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

46 Other disclosures (Contd.)

6. Debt securities - Terms of repayment (before inter-company eliminations)

Terms of repayment of non convertible debentures as at 31 March 2022

(₹ In Crore)

Original maturity of loan (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 730	3,006.27	9,393.93	-	-	12,400.20
731-1095	6,532.32	3,404.20	2,432.96	-	12,369.48
1096-1460	3,416.75	270.23	6,449.62	330.00	10,466.60
More than 1460	337.00	1,989.71	4,225.00	13,434.38	19,986.09
Issued at discount and redeemable at par					
1096-1460	24.34	-	113.89	-	138.23
Issued at par and redeemable at premium					
731-1095	960.12	1,013.98	-	-	1,974.10
1096-1460	3,924.82	80.05	-	-	4,004.87
More than 1460	3.80	-	-	406.00	409.80
Interest accrued	3,347.29	38.73	6.33	3.22	3,395.57
Impact of EIR					(44.49)
Total					65,100.45

-Interest rate ranges from 4.66% to 9.36% as at 31 March 2022

-As at 31 March 2022, partly called and paid unsecured debentures are ₹ 6,081.48 crore

-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 Feb 2026

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

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

46 Other disclosures (Contd.)

6. Debt securities - Terms of repayment (before inter-company eliminations) (Contd.)

Terms of repayment of non convertible debentures as at 31 March 2021

(₹ In Crore)

Original maturity of loan (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 730	-	2,107.75	-	-	2,107.75
731-1095	758.06	7,280.06	2,325.00	-	10,363.12
1096-1460	504.51	2,627.27	1,345.40	1,500.06	5,977.24
More than 1460	1,118.50	1,297.00	1,994.79	12,110.29	16,520.58
Issued at discount and redeemable at par					
1096-1460	-	24.34	-	-	24.34
Issued at par and redeemable at premium					
366-730	428.29	-	-	-	428.29
731-1095	1,848.51	1,794.38	-	-	3,642.89
1096-1460	619.70	3,090.56	75.00	-	3,785.26
More than 1460	18.50	3.80	-	-	22.30
Interest accrued	1,915.33	973.34	2.79	-	2,891.46
Impact of EIR					(72.43)
Total					45,690.80

-Interest rate ranges from 4.66% to 9.36% as at 31 March 2021

-As at 31 March 2021, partly called and paid unsecured debentures of ₹ 4,671.59 crore.

-Amount to be called and paid is ₹ 200 crore in Jun 2021

-Amount to be called and paid is ₹ 915 crore each in Nov 2021 and Nov 2022

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

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

Terms of repayment of commercial paper as at 31 March 2022

(₹ In Crore)

Original maturity of loan (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	11,124.10	-	-	-	11,124.10
Interest accrued and impact of EIR					(1.48)
Total					11,122.62

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

-Face value of commercial paper is ₹ 11,255 crore as at 31 March 2022

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

46 Other disclosures (Contd.)

6. Debt securities - Terms of repayment (before inter-company eliminations) (Contd.)

Terms of repayment of commercial paper as at 31 March 2021

Original maturity of loan (In no.of days)					(₹ In Crore)
	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	8,812.63	-	-	-	8,812.63
Interest accrued and impact of EIR					(1.29)
Total					8,811.34

-Interest rate ranges from 3.65% to 4.60% p.a as at 31 March 2021

-Face value of commercial paper is ₹ 8,955 crore as at 31 March 2021

7. Borrowings (other than debt securities) - Terms of repayment (before inter-company elimination)

Terms of repayment of term loans from bank as at 31 March 2022

Original maturity of loan (In no.of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
Quarterly									
Up to 1095	14	1,381.82	10	1,090.91	-	-	-	-	2,472.73
1096-1460	10	213.75	9	321.25	13.00	790.00	-	-	1,325.00
More than 1460	154	4,383.75	144	4,244.42	90.00	2,357.57	95.00	2,866.97	13,852.71
Half yearly									
1096-1460	2	142.86	2	142.86	2	142.85	-	-	428.57
More than 1460	47	2,264.85	57	2,645.73	50	2,169.77	112	5,772.56	12,852.91
Yearly									
More than 1460	25	1,770.00	23	1,757.50	15	1,459.58	11	966.67	5,953.75
On maturity (Bullet)									
Up to 1095	4	50.00	3	925.00	-	-	-	-	975.00
1096-1460	1	211.25	3	1,461.25	10	4,670.00	-	-	6,342.50
More than 1460	2	465.00	3	650.00	-	-	1	500.00	1,615.00
Interest accrued	-	2.02	-	-	-	-	-	-	2.02
Impact of EIR									(18.94)
Total									45,801.25

-Interest rate ranges from 5% p.a to 7.12% p.a as at 31 March 2022

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

46 Other disclosures (Contd.)

7. Borrowings (other than debt securities) - Terms of repayment (before inter-company elimination) (Contd.)

Terms of repayment of term loans from bank as at 31 March 2021

Original maturity of loan (In no.of days)	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
Monthly									
Up to 1095	12	150.00	4	50.00	-	-	-	-	200.00
Quarterly									
Up to 1095	18	1,506.82	17	1,744.32	10	1,090.91	-	-	4,342.05
1096-1460	14	493.75	8	193.75	3	131.25	6	600.00	1,418.75
More than 1460	122	3,586.87	141	4,020.21	121	3,728.56	127	4,195.42	15,531.06
Half yearly									
1096-1460	1	125.00	-	-	-	-	-	-	125.00
More than 1460	35	1,917.62	33	1,792.62	33	1,792.62	52	2,367.67	7,870.53
Yearly									
1096-1460	1	33.32	-	-	-	-	-	-	33.32
More than 1460	19	1,236.25	23	1,570.00	21	1,557.50	13	1,176.25	5,540.00
On maturity (Bullet)									
Up to 1095	2	450.00	-	-	1	250.00	-	-	700.00
1096-1460	2	727.50	1	211.25	4	2,211.25	-	-	3,150.00
More than 1460	1	1,250.00	2	465.00	3	650.00	-	-	2,365.00
Interest accrued	-	1.41	-	-	-	-	-	-	1.41
Impact of EIR									(28.12)
Total									41,249.00

-Interest rate ranges from 5.10% p.a to 8.85% p.a as at 31 March 2021

7. Terms of repayment of working capital demand loans from bank

Original maturity of loan (In no.of days)	As at 31 March 2022		As at 31 March 2021	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
On maturity (Bullet)				
Up to 365	3	750.00	5	270.00
Total		750.00		270.00

-Interest rate ranges from 4.35% p.a to 7.05% p.a as at 31 March 2022 (Previous year 4.10% to 7.25%)

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

46 Other disclosures (Contd.)

7. Borrowings (other than debt securities) - Terms of repayment (before inter-company elimination) (Contd.)

Terms of repayment of TREPs

Original maturity of loan (In no.of days)	As at 31 March 2022		As at 31 March 2021	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
On maturity (Bullet)				
Up to 365	9	1,999.16	2	299.17
Total		1,999.16		299.17

- Interest rate ranges from 3.35% p.a to 3.85% p.a as at 31 March 2022 (Previous year 1.25%)

7. Terms of repayment of external commercial borrowing as at 31 March 2022

Original maturity of loan (In no.of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
On maturity (Bullet)									
731 to 1095	-	-	1	758.07	-	-	-	-	758.07
More than 1095	13	4,185.25	1	568.55	-	-	-	-	4,753.80
Interest accrued	-	23.24	-	-	-	-	-	-	23.24
Impact of EIR									(12.67)
Total									5,522.44

- Contracted interest rate ranges from 0.65% p.a to 1.22% p.a as at 31 March 2022

- Interest rate ranges from 5.85% to 7.68% p.a under cross currency interest rate swap (CCIRS) as at 31 March 2022

7. Terms of repayment of external commercial borrowing as at 31 March 2021

Original maturity of loan (In no.of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
On maturity (Bullet)									
731 to 1095	-	-	-	-	1	746.57	-	-	746.57
More than 1095	-	-	13	4,152.58	1	575.19	-	-	4,727.77
Interest accrued	-	23.87	-	-	-	-	-	-	23.87
Impact of EIR									(29.57)
Total									5,468.64

-Contracted interest rate ranges from 0.65% p.a to 1.25% p.a as at 31 March 2021

-Interest rate ranges from 5.85% to 7.68% p.a under cross currency interest rate swap (CCIRS) as at 31 March 2021

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

46 Other disclosures (Contd.)

8. Deposits - Terms of repayment

Terms of repayment of public deposits as at 31 March 2022

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365-730	3,272.40	1,239.11	-	-	4,511.51
731-1095	284.07	2,600.34	11.16	-	2,895.57
More than 1095	4,116.98	1,216.46	5,761.29	1,880.27	12,975.00
Interest accrued	505.41	187.64	143.24	42.15	878.44
Impact of EIR					(76.06)
Total					21,184.46

Terms of repayment of public deposits as at 31 March 2021

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365-730	3,462.08	1,080.58	-	-	4,542.66
731-1095	645.26	292.30	2,454.24	-	3,391.80
More than 1095	2,603.09	4,200.68	1,215.48	2,366.75	10,386.00
Interest accrued	331.00	260.77	68.88	59.60	720.25
Impact of EIR					(79.48)
Total					18,961.23

Terms of repayment of deposit from others as at 31 March 2022

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	659.33	-	-	-	659.33
366-730	5,923.01	2,089.53	-	-	8,012.54
731-1095	6.04	196.79	1.58	-	204.41
More than 1095	145.81	125.57	220.36	28.06	519.80
Interest accrued	153.56	74.27	7.43	1.09	236.35
Impact of EIR					(17.37)
Total					9,615.06

-Interest rates range from 4.00% p.a. to 9.35% p.a. as at 31 March 2022

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

46 Other disclosures (Contd.)

8. Deposits - Terms of repayment (Contd.)

Terms of repayment of deposit from others as at 31 March 2021

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	824.50	-	-	-	824.50
366-730	4,157.32	961.03	-	-	5,118.35
731-1095	256.81	6.24	87.70	-	350.75
More than 1095	53.81	151.78	129.95	44.51	380.05
Interest accrued	134.28	15.71	28.08	2.14	180.21
Impact of EIR					(11.66)
Total					6,842.20

-Interest rates range from 4.05% p.a. to 9.35% p.a. as at 31 March 2021

9. Subordinated debts - Terms of repayment

Terms of repayment of subordinated debts as at 31 March 2022

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	207.10	50.00	452.50	2,950.00	3,659.60
Interest accrued and impact of EIR	198.36	-	-	-	198.36
Impact of EIR					(12.19)
Total					3,845.77

-Interest rate ranges from 8.05% to 10.21% as at 31 March 2022

Terms of repayment of subordinated debts as at 31 March 2021

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	50.00	207.10	50.00	3,402.50	3,709.60
Interest accrued and impact of EIR	202.84				202.84
Impact of EIR					(13.83)
Total					3,898.61

-Interest rate ranges from 8.05% to 10.21% as at 31 March 2021

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

46 Other disclosures (Contd.)

10. Insurance contract liabilities

(₹ In Crore)

As at 31 March

Particulars	As at 31 March	
	2022	2021
Insurance contracts liabilities		
General insurance contract liabilities	21,254.68	19,656.20
Life insurance contract liabilities	62,840.02	54,291.92
Undistributed participating policyholders surplus	1,498.76	1,281.94
Total	85,593.46	75,230.06

Change in general insurance contract liabilities

At the beginning of the period	19,656.20	17,354.83
Add: Premium earned	6,485.79	7,682.78
Less: Premium written	(6,244.69)	(7,250.52)
Add: Claims incurred (including IBNR)	15,160.02	18,793.48
Less: Claim outstanding (including IBNR)	(13,802.64)	(16,924.37)
Total	21,254.68	19,656.20

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	With DPF	Without DPF	Total	With DPF	Without DPF	Total
Change in life insurance contract liabilities						
At the beginning of the period	20,753.10	33,538.82	54,291.92	17,444.01	22,970.16	40,414.17
Add/(Less)						
Premium	3,305.85	10,636.72	13,942.57	2,800.62	7,427.61	10,228.23
Insurance liabilities released	(2,867.59)	(7,215.55)	(10,083.14)	(2,337.76)	(5,055.42)	(7,393.18)
Unwinding of discount rate	1,044.67	4,826.03	5,870.70	944.85	8,516.68	9,461.53
Others	(373.33)	(808.70)	(1,182.03)	1,901.38	(320.21)	1,581.17
Total	21,862.70	40,977.32	62,840.02	20,753.10	33,538.82	54,291.92
Undistributed participating policyholders surplus						
Opening balance	1,281.94	-	1,281.94	1,003.95	-	1,003.95
Amount utilised during the period	-	-	-	-	-	-
Amount credited during the period	216.82	-	216.82	277.99	-	277.99
Total	1,498.76	-	1,498.76	1,281.94	-	1,281.94

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

46 Other disclosures (Contd.)

11. Investment contract liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Investment contract liabilities	10,898.95	8,881.18
	10,898.95	8,881.18
Reconciliation of investment contract liabilities		
At the beginning of the period	8,881.18	6,946.84
Additions		
Deposits	2,184.48	1,796.61
Interest credited to policyholders'	824.21	797.98
	3,008.69	2,594.59
Deductions		
Withdrawals	890.50	580.04
Fee income and other expenses	100.42	80.24
Others	-	(0.03)
	990.92	660.25
At the end of the period	10,898.95	8,881.18

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

46 Other disclosures (Contd.)

12. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation	As at 31 March	
		2022	2021
Bajaj Finance Ltd.	India	52.49%	52.74%
Bajaj Allianz General Insurance Company Ltd.	India	74.00%	74.00%
Bajaj Allianz Life Insurance Company Ltd.	India	74.00%	74.00%

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Information regarding non-controlling interest		
Accumulated balances of material non-controlling interest		
Bajaj Finance Ltd.	20,891.12	17,488.12
Bajaj Allianz General Insurance Company Ltd.	2,291.85	2,033.29
Bajaj Allianz Life Insurance Company Ltd.	2,890.15	2,942.57
Profit/(loss) allocated to material non-controlling interest		
Bajaj Finance Ltd.	3,323.80	2,087.95
Bajaj Allianz General Insurance Company Ltd.	355.44	481.35
Bajaj Allianz Life Insurance Company Ltd.	77.52	327.62

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

46 Other disclosures (Contd.)

12. Material partly owned subsidiaries (Contd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Profit and Loss for the year ended 31 March 2022

	(₹ In Crore)		
	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Revenue from operations	31,632.42	19,593.27	17,315.22
Other income	7.99	18.86	153.37
Total income	31,640.41	19,612.13	17,468.59
Employee benefits expenses	3,589.66	749.34	1,918.73
Finance costs	9,748.24	5.98	7.41
Fees and commission expense	1,745.55	878.85	915.54
Impairment on financial instruments	4,803.40	86.27	0.18
Claims incurred pertaining to insurance business	-	7,916.17	8,468.56
Reinsurance ceded	-	5,767.59	202.15
Net change in insurance/investment contract liabilities	-	918.92	4,835.27
Depreciation, amortisation and impairment	384.57	70.14	61.96
Other expenses	1,865.21	1,388.45	881.44
Total expenses	22,136.63	17,781.71	17,291.24
Profit before tax	9,503.78	1,830.42	177.35
Tax expense	2,475.55	463.36	(120.79)
Profit for the year	7,028.23	1,367.06	298.14
Total comprehensive income	7,062.50	1,116.60	(65.51)
Attributable to non-controlling interests	3,340.16	290.33	(17.03)
Dividends paid to non-controlling interests	287.60	32.10	35.67

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

46 Other disclosures (Contd.)

12. Material partly owned subsidiaries (Contd.)

Summarised Statement of Profit and Loss for the year ended 31 March 2021

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Revenue from operations	26,668.10	17,942.60	16,061.45
Other income	14.95	18.86	153.37
Total income	26,683.05	17,961.46	16,214.82
Employee benefits expenses	2,498.67	795.46	1,206.59
Finance costs	9,414.00	7.41	7.52
Fees and commission expense	1,246.48	801.37	634.18
Impairment on financial instruments	5,968.58	67.99	(57.72)
Claims incurred pertaining to insurance business	-	6,082.18	5,782.25
Reinsurance ceded	-	4,755.99	98.82
Net change in insurance / investment contract liabilities	-	1,682.18	6,293.87
Depreciation, amortisation and impairment	325.27	75.64	61.16
Other expenses	1,237.79	1,224.76	689.01
Total expenses	20,690.79	15,492.98	14,715.68
Profit before tax	5,992.26	2,468.48	1,499.14
Tax expense	1,572.44	617.13	239.07
Profit for the year	4,419.82	1,851.35	1,260.07
Total comprehensive income	4,362.81	1,901.52	1,096.65
Attributable to non-controlling interests	2,061.01	494.39	285.13
Dividends paid to non-controlling interests	-	38.69	43.10

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

46 Other disclosures (Contd.)

12. Material partly owned subsidiaries (Contd.)

Summarised Balance Sheet as at 31 March 2022

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Financial assets	209,458.37	26,813.31	88,229.23
Non-financial assets	3,046.99	7,016.64	1,073.78
Financial liabilities	167,993.47	1,729.09	12,966.40
Insurance contract liabilities	-	21,254.68	64,338.78
Non-financial liabilities	799.20	2,031.36	881.88
Equity	43,712.69	8,814.82	11,115.95
Attributable to			
Equity holders of the parent	22,821.57	6,522.97	8,225.80
Non-controlling interest	20,891.12	2,291.85	2,890.15

Summarised Balance Sheet as at 31 March 2021

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Financial assets	168,904.38	25,676.18	77,319.66
Non-financial assets	2,622.49	6,220.04	869.40
Financial liabilities	133,783.71	2,663.86	10,397.13
Insurance contract liabilities	-	19,656.20	55,573.86
Non-financial liabilities	824.75	1,755.84	900.53
Equity	36,918.41	7,820.32	11,317.54
Attributable to			
Equity holders of the parent	19,430.29	5,787.03	8,374.97
Non-controlling interest	17,488.12	2,033.29	2,942.57

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

46 Other disclosures (Contd.)

12. Material partly owned subsidiaries (Contd.)

Summarised cash flow information for the year ended 31 March 2022

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Operating	(37,028.62)	(0.88)	3,466.20
Investing	6,346.84	(69.95)	(4,528.08)
Financing	32,239.62	(197.43)	(160.87)
Net increase/(decrease) in cash and cash equivalents	1,557.84	(268.26)	(1,222.75)

Summarised cash flow information for the year ended 31 March 2021

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Operating	(880.95)	2,339.15	3,250.19
Investing	(428.54)	(1,864.10)	(1,314.15)
Financing	1,826.14	(200.98)	(188.72)
Net increase/(decrease) in cash and cash equivalents	516.65	274.07	1,747.32

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

46 Other disclosures (Contd.)

13. Derivatives (BALIC)

BALIC offers guaranteed products wherein the policyholders are assured of a fixed rate of return for premiums to be received in the future. These premiums are likely to be received over a longer tenure and the guaranteed rate of return is fixed at the beginning of the policy term. Any fall in interest rates would mean that each incremental investment of BALIC would earn a lower rate of return. Accordingly, a fall in interest rates would mean lower interest earnings for BALIC from future investments, thereby exposing BALIC to interest rate risk. IRDAI master circular for Investment Regulations, 2016 allows insurers to deal in rupee denominated interest rate derivatives to hedge the volatility of returns from future fixed income investments, due to variations in market interest rates.

BALIC has during the year, as part of its hedging strategy, entered into Forward Rate Agreement ('FRA') transactions to hedge the risk of movements in interest rates for highly probable forecasted transactions as permitted by the IRDAI circular on interest rate derivatives.

FRA is a forward contract to hedge the risk of movements in interest rates. In a FRA contract, BALIC fixes the yield on the government bond for the period till the maturity of the contract. As on the date of entering the FRA, BALIC fixes the yield on future investments in a government bond. BALIC is using FRA instruments to hedge the interest rate risk arising out of highly probable forecasted future cash inflows. These highly probable forecasted future cash inflows arise from already written policies or from interest income and redemption of investments.

BALIC has a well-defined Board approved derivative policy and process document setting out the strategic objectives, risk measures and functioning of the derivative transactions as per the hedging strategy. BALIC is following hedge accounting for all derivative transactions.

FRA undertaken by BALIC is solely for the purpose of hedging interest rate risks on account of following forecasted transactions:

- a) Reinvestment of maturity proceeds of existing fixed income investments;
- b) Investment of interest income receivable; and
- c) Expected policy premium income receivable on insurance contracts which are already underwritten in life and pension and annuity business.

a. Nature and terms of outstanding derivative contract

- i. Total notional principal amount of FRA undertaken during the year and outstanding at the year end

Sr. No.	Particulars	(₹ In Crore)	
		As at 31 March 2022	2021
i)	Total notional principal amount of Forward Rate Agreements undertaken during the year		
1	6.79% GOI (MD 26/12/2029)	-	319.45
2	7.88% GOI (MD 19/03/2030)	-	214.97
3	7.61% GOI (MD 09/05/2030)	-	206.48
4	8.97% GOI (MD 05/12/2030)	-	231.70
5	6.68% GOI (MD 17/09/2031)	30.55	167.32
6	8.32% GOI (MD 02/08/2032)	-	189.51
7	7.95% GOI (MD 28/08/2032)	238.37	524.57
8	8.24% GOI (MD 10/11/2033)	-	100.31
9	7.40% GOI (MD 09/09/2035)	460.05	651.52
10	6.67% GOI (MD 15/12/2035)	1,654.54	-
11	8.33% GOI (MD 07/06/2036)	672.77	-

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

46 Other disclosures (Contd.)

13. Derivatives (BALIC) (Contd.)

Sr. No.	Particulars	(₹ In Crore)	
		As at 31 March	
		2022	2021
12	8.30% GOI (MD 31/12/2042)	175.76	-
13	8.17% GOI (MD 01/12/2044)	57.42	-
14	8.13% GOI (MD 22/06/2045)	56.44	-
15	7.06% GOI (MD 10/10/2046)	50.08	-
16	7.72% GOI (MD 15/06/2049)	75.40	-
17	6.99% GOI (MD 15/12/2051)	71.82	-
18	7.72% GOI (MD 26/10/2055)	66.84	-
19	6.80% GOI (MD 15/12/2060)	59.00	-
20	6.76% GOI (MD 22/02/2061)	407.91	-
21	6.95% GOI (MD 16/12/2061)	424.40	-
	Total	4,501.35	2,605.83

Sr. No.	Particulars	(₹ In Crore)	
		As at 31 March	
		2022	2021
ii)	Total notional principal amount of Forward Rate Agreements outstanding at the year-end		
1	6.79% GOI (MD 26/12/2029)	319.45	319.45
2	7.88% GOI (MD 19/03/2030)	214.97	214.97
3	7.61% GOI (MD 09/05/2030)	206.48	206.48
4	8.97% GOI (MD 05/12/2030)	231.70	231.70
5	6.68% GOI (MD 17/09/2031)	197.86	167.32
6	8.32% GOI (MD 02/08/2032)	189.51	189.51
7	7.95% GOI (MD 28/08/2032)	534.95	524.57
8	8.24% GOI (MD 10/11/2033)	100.31	100.31
9	7.40% GOI (MD 09/09/2035)	556.25	512.20
10	6.67% GOI (MD 15/12/2035)	1,654.54	-
11	8.33% GOI (MD 07/06/2036)	672.77	-
12	8.30% GOI (MD 31/12/2042)	175.76	-
13	8.17% GOI (MD 01/12/2044)	57.42	-
14	8.13% GOI (MD 22/06/2045)	56.44	-
15	7.06% GOI (MD 10/10/2046)	50.08	-
16	7.72% GOI (MD 15/06/2049)	75.40	-
17	6.99% GOI (MD 15/12/2051)	71.82	-
18	7.72% GOI (MD 26/10/2055)	66.84	-
19	6.80% GOI (MD 15/12/2060)	44.01	-
20	6.76% GOI (MD 22/02/2061)	384.10	-
21	6.95% GOI (MD 16/12/2061)	424.40	-
	Total	6,285.06	2,466.51
iii)	Notional principal amount of outstanding and not 'highly effective' as at balance sheet date	-	-
iv)	Mark-to-market value of FRA and not 'highly effective' as at balance sheet date	-	-

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

46 Other disclosures (Contd.)

13. Derivatives (BALIC) (Contd.)

- II. The fair value gains or losses (MTM) with respect of FRAs outstanding as at the balance sheet date is stated below

Sr. No.	Particulars	(₹ In Crore)	
		As at 31 March	
		2022	2021
1	6.79% GOI (MD 26/12/2029)	4.24	2.68
2	7.88% GOI (MD 19/03/2030)	(0.82)	(1.67)
3	7.61% GOI (MD 09/05/2030)	1.19	0.12
4	8.97% GOI (MD 05/12/2030)	0.51	(0.93)
5	6.68% GOI (MD 17/09/2031)	(2.84)	(1.01)
6	8.32% GOI (MD 02/08/2032)	(0.86)	(0.11)
7	7.95% GOI (MD 28/08/2032)	(3.91)	(3.22)
8	8.24% GOI (MD 10/11/2033)	(1.05)	(0.70)
9	7.40% GOI (MD 09/09/2035)	(15.90)	(9.24)
10	6.67% GOI (MD 15/12/2035)	(20.87)	-
11	8.33% GOI (MD 07/06/2036)	(13.84)	-
12	8.30% GOI (MD 31/12/2042)	3.00	-
13	8.17% GOI (MD 01/12/2044)	(0.86)	-
14	8.13% GOI (MD 22/06/2045)	(1.03)	-
15	7.06% GOI (MD 10/10/2046)	(0.71)	-
16	7.72% GOI (MD 15/06/2049)	(1.24)	-
17	6.99% GOI (MD 15/12/2051)	0.80	-
18	7.72% GOI (MD 26/10/2055)	0.89	-
19	6.80% GOI (MD 15/12/2060)	(1.54)	-
20	6.76% GOI (MD 22/02/2061)	(9.74)	-
21	6.95% GOI (MD 16/12/2061)	(0.37)	-
	Total	(64.95)	(14.08)

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

46 Other disclosures (Contd.)

13. Derivatives (BALIC) (Contd.)

b. Movement in cash flow hedge reserve

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Balance at the beginning of the year	-	0.62	0.62	-	-	-
Add: Changes in the fair value during the year	(2.00)	(14.54)	(16.54)	-	0.62	0.62
Less: Amount reclassified from OCI to profit or loss	0.04	-	0.04	-	-	-
Balance at the end of the year (Net of tax)	(1.96)	(13.92)	(15.88)	-	0.62	0.62

An amount of ₹ 38.89 crore [Previous year ₹ (15.71) crore] was recognised in Statement of Profit and Loss on account of cash flow hedge.

c. Counterparty wise details

(₹ In Crore)

Name of counterparty	As at 31 March 2022		As at 31 March 2021	
	J.P. Morgan Chase/HSBC Ltd/ Standard Chartered Bank / Citibank NA/ BNP Paribas		J.P.Morgan Chase/HSBC Ltd./ Standard Chartered Bank	
Current credit exposure		14.73		4.14
Potential future credit exposure		187.18		71.95
Credit exposure		201.91		76.09

The credit exposure has been calculated on the basis of credit equivalent amount using the Current Exposure Method (CEM) which is sum of the following:

- The current credit exposure (gross positive mark to market value of the contract); and
- Potential future credit exposure which is a product of the notional principal amount across the outstanding contract and a factor that is based on the mandated credit conversion factors as prescribed under the IRDAI circular on interest rate derivatives, which is applied on the residual maturity of the contract

d. Price sensitivity of outstanding interest rate derivative contracts

(₹ In Crore)

Name of counterparty	As at 31 March	
	2022	2021
PV01 (Price value of one basis point)		
Hedge instrument	(4.03)	(1.24)
Hedge item	4.03	1.24

PV01 measures the change in the present value of the hedge instrument / item resulting from one basis point shift in the yield and OIS curve.

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

46 Other disclosures (Contd.)

14. Fair value of equity investments at FVTOCI

Particulars	As at 31 March	
	2022	2021
Aditya Birla Sun Life AMC	20.36	-
Ambuja Cements Ltd.	13.17	12.36
Asian Paints Ltd.	4.62	3.81
Axis Bank Ltd.	24.74	6.98
Bajaj Auto Ltd.	0.06	0.06
Bajaj Holdings & Investment Ltd.	0.02	0.02
Bayer CropScience Ltd.	10.44	-
Bharti Airtel Ltd.	38.98	21.72
Britannia Industries Ltd.	10.10	-
Cipla Ltd.	20.87	-
Divis Laboratories Ltd.	21.13	-
Dr Reddys Laboratories Ltd.	46.30	22.58
Godrej Consumer Products Ltd.	9.72	7.29
HCL Technologies Ltd.	5.82	-
HDFC Bank Ltd.	132.62	2.99
Hero Motocorp Ltd.	17.89	-
Hindalco Industries Ltd.	5.70	-
Hindustan Unilever Ltd.	46.71	-
Housing Development Finance Corporation	9.56	-
Housing Development Finance Corporation Ltd.	47.77	7.87
ICICI Bank Ltd.	41.04	5.82
ICICI Lombard General Insurance Co. Ltd.	9.96	-
ICICI Prudential Asset Management Co. Ltd.	113.71	-
Infosys Ltd.	62.93	-
ITC Ltd.	25.06	21.86
Kotak Mahindra Bank Ltd.	10.52	10.52
Larsen & Toubro Ltd.	30.05	11.35
Lupin Ltd.	1.87	-
Mahindra & Mahindra Ltd.	6.45	-
Marico Ltd.	5.04	-
Maruti Suzuki India Ltd.	16.63	3.43
MRF Ltd.	3.25	-
Nippon India Mutual Fund	81.91	-
NTPC Ltd.	3.04	-

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

46 Other disclosures (Contd.)

14. Fair value of equity investments at FVTOCI (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Oil & Natural Gas Corpn Ltd.	7.38	-
Pidilite Industries Ltd.	10.80	-
Power Grid Corporation of India Ltd.	15.72	-
RBL Bank Ltd.	55.72	88.70
Reliance Industries Ltd.	127.26	60.09
Sanofi India Ltd.	3.00	-
Siemens Ltd.	11.37	5.53
State Bank of India	24.18	-
Sun Pharmaceuticals Industries Ltd.	11.53	-
Tata Consultancy Services Ltd.	133.28	-
Tata Motors Ltd.	13.02	-
Tata Steel Ltd.	38.56	24.36
Tech Mahindra Ltd.	11.25	-
The Ramco Cements Ltd.	2.30	4.00
Titan Company Ltd.	18.26	-
UltraTech Cement Ltd.	40.60	-
Wipro Ltd.	10.54	-
Fair Value	1,432.81	321.34

15. 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 BFL 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 BFL 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.

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

46 Other disclosures (Contd.)

15. Ultimate beneficiary (Contd.)

Details of transaction

(₹ 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 Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 CIN: U74110KA2009PTC050575	7-Dec-21	65.00	Tenshi Kaizen Pvt. Ltd. Address: Plot no. 46, Higher pharmatech pvt. Ltd., 1st phase, KIADB industrial area, Harohalli, Ramanagar, Karnataka, 562112 CIN: U24230KA2007PTC042337	9-Dec-21	61.50
Premsagar Infra Realty Pvt. Ltd. Address: 191/A/2A/1/2, Tower E, tech Park One, Next to don bosco school, off airport road Yerwada pune 411006 CIN: U55701PN1991PTC134103	18-Nov-21	445.00	A2Z Online Services Pvt. Ltd. Address: Third floor Tower E Tech Park One, Next to Don Bosco School, Yerwada, Pune-411006 CIN: U74140PN2000PTC139217	29-Nov-21	420.00

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).

16. Relationship with Struck off Companies (BFL)

(₹ In Crore)					
S.No	Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the struck off company	Balance outstanding 31 March 2022	Balance outstanding 31 March 2021
1	Asquare Events And Production Private Limited	Loan receivables	No	0.13	0.13
2	Ayuh-Meditech Solutions Private Limited	Loan receivables	No	0.02	0.04
3	Bhandari Hotels Private Limited	Loan receivables	No	0.09	0.09
4	Dheer Software Solutions Private Limited	Loan receivables	No	0.04	0.04
5	First Paper Idea India Private Limited	Loan receivables	No	0.11	0.11
6	Fortuner Con-Serve Private Limited	Loan receivables	No	0.03	0.03
7	Grabstance Technologies Private Limited	Loan receivables	No	0.05	0.07
8	Green Way Super Market Private Limited	Loan receivables	No	0.11	0.11
9	Indira Smart Systems Private Limited	Loan receivables	No	0.10	0.10
10	Koolair Systems Private Limited	Loan receivables	No	0.10	0.10
11	Maxin Hydro Dynamic India Private Limited	Loan receivables	No	0.06	0.06
12	Mazda Agencies Private Limited	Loan receivables	No	0.11	0.11
13	R. R. Movers & Logistics Private Limited	Loan receivables	No	0.13	0.12
14	Shrine Infrastructure Private Limited	Loan receivables	No	0.57	0.56
15	Sri Beera Barji Trading Co. Private Limited	Loan receivables	No	0.07	0.07
16	Vijayasree Rearing And Processing Private Limited	Loan receivables	No	0.04	0.04
17	Wave Aquatic Private Limited	Loan receivables	No	0.11	0.11
18	Gayathri Technocrats Private Limited	Loan receivables	No	0.15	0.21
19	CSE Computer Solutions East Pvt Ltd	Loan receivables	No	0.37	0.38

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

46 Other disclosures (Contd.)

17. 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 Bajaj Finance Ltd.

(a) Details of receivable reported in the quarterly stock statement and receivable as per books of account

(₹ In Crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Name of bank	Trustees	Trustees	Trustees	Trustees
Particulars of Securities Provided	Loans	Loans	Loans	Loans
Amount as per books of accounts	117,372.02	121,243.87	130,731.63	144,276.25
Add : Impairment loss allowance	4,780.96	4,427.84	4,040.30	3,936.84
Add : Impact of EIR	1,334.84	1,468.39	1,663.25	1,742.64
Amount as per books of accounts (Gross)	123,487.82	127,140.10	136,435.18	149,955.73
Amount as reported in the quarterly return/statement	112,020.80	125,534.07	135,802.51	141,462.65

Amount as reported in quarterly return is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties.

(b) Summary of coverage required and available for secured borrowings

(₹ In Crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Receivables as reported in the quarterly return/statement (A)	112,020.80	125,534.07	135,802.51	141,462.65
Coverage required for secured borrowings (including interest accrued thereon) (B)	66,603.21	70,457.49	73,133.57	80,375.39
Charge free receivables =(A-B)	45,417.59	55,076.58	62,668.94	61,087.26
Asset cover ratio =(A/B)	1.68	1.78	1.86	1.76

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

47 Revenue from contracts with customers (BFL)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Type of services		
Service and administration charges	1,161.57	1,313.82
Fees on value added services and products	449.39	369.71
Foreclosure charges	226.92	144.56
Distribution income	1,199.17	612.48
Brokerage income	29.64	11.82
Total	3,066.69	2,452.39
Geographical markets		
India	3,066.69	2,452.39
Outside India	-	-
Total	3,066.69	2,452.39
Timing of revenue recognition		
Services transferred at a point in time	3,066.69	2,452.39
Services transferred over time	-	-
Total	3,066.69	2,452.39

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Contract balances		
Fees, commission and other receivable	359.07	415.84
Total	359.07	415.84

Impairment allowance recognised on contract balances is ₹ Nil (Previous year ₹ Nil)

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

48 Employee stock option plan

Bajaj Finance Ltd.

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the then issued equity capital of the Company aggregating to 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of BFL vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of BFL 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 BFL 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 BFL through postal ballot on 19 April 2021, BFL has approved the increase in the aforesaid limit of options by 10,000,000 options. The maximum limit under the scheme now stand revised from 25,071,160 options (adjusted for sub-division and bonus) to 35,071,160 options.

Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employment with BFL or subsidiaries of BFL except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of BFL has approved the following grants to select senior level executives of BFL in accordance with the Stock Option Scheme. Under the scheme, sixteen grants have been made as of 31 March 2022, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under

As at 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
1-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	-	-
1-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
Total		28,917,109	2,608,173	3,063,277	19,305,582	3,940,077	5,671,450

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

48 Employee stock option plan (Contd.)

Bajaj Finance Ltd. (Contd.)

As at 31 March 2021

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	62,050	-	2,953,700	579,250	62,050
15-May-13	138.04	3,949,300	329,225	-	2,767,075	853,000	329,225
1-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	637,500	-	1,837,750	340,750	637,500
20-May-15	448.16	1,935,000	474,060	-	1,091,440	369,500	474,060
24-May-16	765.37	1,430,000	584,351	-	620,274	225,375	584,351
17-May-17	1,347.75	1,120,750	384,021	232,526	362,840	141,363	616,547
16-Oct-17	1,953.05	16,350	-	4,088	12,262	-	4,088
1-Feb-18	1,677.85	120,000	24,926	14,914	32,071	48,089	39,840
17-May-18	1,919.95	1,273,416	318,972	530,655	232,903	190,886	849,627
16-May-19	3,002.75	1,123,900	207,880	807,957	66,171	41,892	1,015,837
19-May-20	1,938.60	2,054,250	-	2,020,150	-	34,100	2,020,150
Total		27,980,466	3,022,985	3,610,290	17,591,366	3,755,825	6,633,275

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

	Financial Year 2021-22	Financial Year 2020-21
Grant date	27-Apr-21	19-May-20
No. of options granted	936,643	2,054,250
Weighted average fair value (₹)	2,108.92	787.24

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

As at 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	1,206.35	4.51
Granted during the year	936,643	4,736.55	4,736.55	
Cancelled during the year	184,252	1,677.85-4,736.55	2,584.37	
Exercised during the year	1,714,216	87.61-4,736.55	1,008.80	
Outstanding at the end of the year	5,671,450	138.04-4,736.55	2,219.04	4.49
Exercisable at the end of the year	2,608,173	138.04-4,736.55	1,374.30	2.59

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

48 Employee stock option plan (Contd.)

Bajaj Finance Ltd. (Contd.)

As at 31 March 2021

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	6,267,030	70.52-3002.75	1,206.35	3.98
Granted during the year	2,054,250	1,938.60	1,938.60	
Cancelled during the year	68,871	1,347.75-3,002.75	2,270.91	
Exercised during the year	1,619,134	70.52-3,002.75	637.39	
Outstanding at the end of the year	6,633,275	87.61-3,002.75	1,206.35	4.51
Exercisable at the end of the year	3,022,985	87.61-3,002.75	875.50	2.40

The weighted average market price of equity shares for options exercised during the year is ₹ 2,532.25 (Previous year ₹ 4,093.17).

Method used for accounting for share based payment plan

BFL 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 (₹) *
12-Jan-10	6.70%	1-5 years	54.01%	0.62%	35.87
21-Jul-10	7.42%	3.5 -6.5 years	55.38%	1.28%	54.20
28-Jul-11	8.27%	3.5 -6.5 years	53.01%	1.42%	70.52
16-May-12	8.36%	3.5 -6.5 years	49.58%	1.37%	87.61
15-May-13	7.32%	1-5 years	29.97%	1.09%	138.04
1-Nov-13	8.71%	1-5 years	32.83%	1.11%	135.31
16-Jul-14	8.66%	1-5 years	38.01%	0.73%	219.66
20-May-15	7.76%	3.5 -6.5 years	34.88%	0.36%	448.16
24-May-16	7.38%	3.5 -6.5 years	33.13%	0.47%	765.37
17-May-17	6.89%	3.5 -6.5 years	34.23%	0.05%	1,347.75
16-Oct-17	6.69%	3.5 -6.5 years	34.51%	0.04%	1,953.05
1-Feb-18	7.42%	3.5 -6.5 years	34.05%	0.04%	1,677.85
17-May-18	7.91%	3.5 -6.5 years	33.65%	0.19%	1,919.95
16-May-19	7.09%	3.5 -6.5 years	34.03%	0.13%	3,002.75
19-May-20	5.58%	3.5 -6.5 years	40.30%	0.83%	1,938.60
27-April-21	5.65%	3.5 -6.5 years	42.51%	0.21%	4,736.55

* adjusted for sub-division of shares and issue of bonus shares thereon

For the year ended 31 March 2022, BFL has accounted expense of ₹ 161.03 crore as employee benefit expenses on the aforesaid employee stock option plan (Previous year ₹ 124.75 crore). The balance in employee stock option outstanding account is ₹ 397.56 crore as of 31 March 2022 (Previous year ₹ 303.25 crore).

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

48 Employee stock option plan (Contd.)

Bajaj Allianz General Insurance Company Ltd.

BAGIC has granted Employee Stock Option 2018 Tranche I (ESOP 2018), Employee Stock Option 2018 – Tranche II (ESOP 2019) and Employee Stock Option 2018 – Tranche III (ESOP 2020) to its eligible employees. These grants have a graded vesting over three years and the vested options have to be exercised by employees within eight years from the date of vesting subject to the norms prescribed by the Nomination and Remuneration Committee. The mode of settlement of the scheme is through equity shares of the Bajaj Finserv Ltd. (Holding Company). Details of each grant is as follows

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Date of grant	28 April 2021	22 May 2020	16 May 2019	19 July 2018
No. of option granted	149,200	176,675	45,200	16,625
Exercise price	₹ 10,091.34	₹ 4,702.05	₹ 7,454.70	₹ 6,365.75
Graded vesting period				
1st Year	34%	34%	34%	34%
2nd Year	33%	33%	33%	33%
3rd Year	33%	33%	33%	33%
Maximum term of option granted/contractual life (years)	8	8	8	8

BAGIC follows the fair value method of accounting for stock options granted to employees. A summary of status of ESOP schemes in terms of options forfeited, options exercised, options outstanding and options exercisable is as given below

Particulars	For the year ended 31 March 2022				For the year ended 31 March 2021		
	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018	ESOP 2020	ESOP 2019	ESOP 2018
Outstanding at the beginning of the year	-	173,250	43,458	17,861	-	44,375	17,313
Granted during the year *	149,200	-	-	-	176,675	-	1,175
Forfeited/lapsed during the year	7,525	3,794	740	-	3,425	775	325
Exercised during the year	-	18,834	11,024	9,513	-	142	302
Outstanding at the end of the year	141,675	150,622	31,694	8,348	173,250	43,458	17,861
Exercisable at the end of the year	-	40,099	18,462	8,348	-	14,703	5,740
Remaining contractual life (years)	6.07	5.24	4.26	3.39	7.14	6.12	5.29

* Including transfer within group companies

The fair value of options has been calculated using the Black-Scholes model. The fair value on the date of grant and the key assumptions used in Black-Scholes model for calculating fair value of each option are as follows

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Weighted average fair value on the date of grant	₹ 3,107.84	₹ 1,470.51	₹ 2,240.09	₹ 1,930.46
Risk-free interest rate	4.45% to 5.36%	6.35%	7.56%	8.07%
Expected life	One year after vesting	One year after vesting	One year after vesting	One year after vesting
Expected volatility *	34.97% to 40.80%	35.56%	30.40%	29.65%
Expected dividend yield	₹ 5.00	₹ 2.50	₹ 1.75	₹ 1.75

* Based on historical stock prices using annualised standard deviation of daily change in stock price.

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

48 Employee stock option plan (Contd.)

Bajaj Allianz Life Insurance Company Ltd.

BALIC has granted stock options under Employee Stock Option 2018-Tranche I (ESOP 2018), Employee Stock Option 2018 – Tranche II (ESOP 2019), Employee Stock Option 2018 – Tranche III (ESOP 2020) and Employee Stock Option 2018 – Tranche IV (ESOP 2021) to its eligible employees. These grants have a graded vesting over three years and the vested options must be exercised by employees within eight years from the date of last vesting, subject to the norms prescribed by the Nomination and Remuneration Committee. The mode of settlement of the scheme is through equity shares of the Bajaj Finserv Ltd. (Holding Company). Details of each option is as follows

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Date of grant	28 April 2021	21 May 2020	16 May 2019	19 July 2018
No. of option granted	127,250	124,925	42,250	23,825
Exercise price	₹ 10,091.35	₹ 4,702.05	₹ 7,454.70	₹ 6,365.70
Graded Vesting Period:				
1st Year	34%	34%	34%	34%
2nd Year	33%	33%	33%	33%
3rd Year	33%	33%	33%	33%

BALIC follows the fair value method of accounting for stock options granted to employees. A summary of status of ESOP schemes in terms of options forfeited, options exercised, options outstanding and options exercisable is as given below

Particulars	For the year ended 31 March 2022				For the year ended 31 March 2021			
	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Outstanding at the beginning of the year	-	118,575	30,618	12,645	-	-	35,500	16,858
Granted during the year	127,250	-	-	-	-	124,925	-	-
Forfeited/lapsed during the year *	2,900	790	1,102	544	-	6,350	3,230	2,169
Exercised during the year	-	16,389	11,193	6,638	-	-	1,652	2,044
Outstanding at the end of the year	124,350	101,396	18,323	5,463	-	118,575	30,618	12,645
Exercisable at the end of the year	-	23,828	8,692	5,463	-	-	9,452	7,880
Remaining contractual life (years)	6.07	5.31	4.43	3.33	-	6.13	5.12	4.29

The weighted average share price during the year was ₹ 14,609.67 (Previous year: ₹ 6,743.64).

* Including ESOP units of employee transferred within group companies.

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Average fair value on the date of grant	₹ 3,107.84	₹ 1,470.51	₹ 2,240.09	₹ 1,930.46
Risk-free interest rate	4.45% to 5.36%	6.35%	7.56%	8.07%
Expected life	One year after vesting	One year after vesting	One year after vesting	One year after vesting
Expected volatility *	34.97% to 40.80%	35.56%	30.40%	29.65%
Expected dividend per share	₹ 5.00	₹ 2.50	₹ 1.75	₹ 1.75

* Based on historical stock prices using annualised standard deviation of daily change in stock price.

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

49 Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ In Crore)

Particulars	Net assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1 Parent								
Bajaj Finserv Ltd.	10.85%	4,368.20	9.31%	424.23	0.37%	(1.60)	10.26%	422.63
2 Subsidiaries (Indian)								
Bajaj Allianz General Insurance Company Ltd.	21.90%	8,814.82	30.00%	1,367.06	57.19%	(250.46)	27.11%	1,116.60
Bajaj Allianz Life Insurance Company Ltd.	27.62%	11,115.95	6.54%	298.14	83.03%	(363.65)	(1.59%)	(65.51)
Bajaj Finance Ltd. (Consolidated)	109.33%	43,996.95	154.25%	7,028.23	(7.83%)	34.27	171.47%	7,062.50
Bajaj Finserv Direct Ltd.	1.62%	652.96	(1.92%)	(87.59)	(0.21%)	0.91	(2.10%)	(86.68)
Bajaj Finserv Health Ltd.	0.10%	35.13	(2.84%)	(129.45)	0.16%	(0.72)	(3.16%)	(130.17)
Bajaj Finserv Ventures Ltd.	0.22%	87.51	0.00%	0.01	-	-	0.00%	0.01
Bajaj Finserv Mutual Fund Trustee Ltd.	0.00%	0.03	0.00%	(0.02)	-	-	0.00%	(0.02)
Bajaj Finserv Asset Management Ltd.	0.14%	57.22	(0.06%)	(2.78)	-	-	(0.07%)	(2.78)
(Less) : Minority interests in all subsidiaries	(64.78%)	(26,073.12)	(82.44%)	(3,756.76)	(32.71%)	143.30	(87.72%)	(3,613.46)
(Less) : Inter-company eliminations	(7.03%)	(2,821.02)	(12.82%)	(583.94)	-	-	(14.19%)	(583.94)
3 Joint ventures (as per equity method) (Indian)								
Bajaj Allianz Financial Distributors Ltd.	0.03%	13.37	(0.02%)	(0.36)	-	-	(0.01%)	(0.36)
(Less) : Inter-company eliminations	-	(1.20)	-	-	-	-	-	-
Total	100.00%	40,246.80	100.00%	4,556.77	100.00%	(437.95)	100.00%	4,118.82

50 Events after reporting date

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

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

51 Miscellaneous

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

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 Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director

Ketan Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende
Company Secretary

Madhur Bajaj
Director

Pune: 28 April 2022

Salient features of the financial statements of subsidiaries for the year ended 31 March 2022

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries is given below

Part A : Subsidiaries

(₹ In Crore)

Particulars	Bajaj Allianz General Insurance Co. Ltd.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Finance Ltd.	Bajaj Housing Finance Ltd.	Bajaj Financial Securities Ltd.	Bajaj Finserv Direct Ltd.	Bajaj Finserv Health Ltd.	Bajaj Finserv Ventures Ltd.	Bajaj Finserv Mutual Fund Trustee Ltd.	Bajaj Finserv Asset Management Ltd.
a The date since when subsidiary was acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	1 November 2014	1 November 2014	7 February 2014	5 July 2019	27 September 2021	11 October 2021	18 October 2021
b Reporting period for the subsidiary	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	27 September 2021 to 31 March 2022	11 October 2021 to 31 March 2022	18 October 2021 to 31 March 2022
c Paid-up share capital	110.23	150.71	120.66	4,883.33	631.65	3.12	2.50	2.50	0.05	60.00
d Reserves and surplus	8,704.59	10,965.24	41,935.22	1,858.03	63.69	649.85	32.62	85.01	(0.02)	(2.79)
e Total assets	33,829.95	89,303.01	168,016.08	48,527.08	1,830.19	731.25	101.16	87.57	0.03	60.60
f Total liabilities	33,829.95	89,303.01	168,016.08	48,527.08	1,830.19	731.25	101.16	87.57	0.03	60.60
g Investments	24,401.04	85,813.22	16,371.82	1,248.27	323.83	527.56	2.61	11.99	-	55.19
h Turnover	19,612.13	17,468.59	27,871.48	3,767.13	124.32	207.34	88.21	0.09	-	0.27
i Profit before tax	1,830.42	177.35	8,586.39	959.86	22.64	(87.59)	(129.45)	0.01	(0.02)	(2.85)
j Provision for tax	463.36	(120.79)	2,235.90	250.24	5.80	-	-	-	-	(0.07)
k Profit after tax	1,367.06	298.14	6,350.49	709.62	16.84	(87.59)	(129.45)	0.01	(0.02)	(2.78)
l Proposed dividend **	210%	300%	1000%	-	-	-	-	-	-	-
m % of shareholding	74.00%	74.00%	52.49%	100.00% *	100.00% *	80.10% *	100.00%	100.00%	100.00%	100.00%

* Held by Bajaj Finance Ltd.

The remaining 19.90% shareholding is held by Bajaj Finance Ltd.

** Includes interim dividend paid

Name of subsidiary sold during the year : Nil

Part B : Joint venture

(₹ In Crore)

Particulars	Bajaj Allianz Financial Distributors Ltd.	Bajaj Allianz Staffing Solutions Ltd.
a Date on which the associate or joint venture was associated or acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	16 March 2015
b Latest audited Balance Sheet date	31 March 2022	31 March 2022
c Shares of joint venture held by the company on the year end		
Number	1,200,000	950,000
Amount of investment in joint venture	1.20	0.95
Extent of holding %	50.00%	100.00% *
d Description of how there is significant influence	By way of shareholding	By way of shareholding
e Reason why associate/joint venture is not consolidated	N.A.	N.A.
f Networth attributable to shareholding as per latest audited Balance Sheet	12.54	1.31
g Profit/(loss) for the year		
Considered in consolidation	0.02	(0.38)
Not considered in consolidation	-	-

* Held by Bajaj Allianz Financial Distributors Ltd.

On behalf of the Board of Directors

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director

Uma Shende
Company Secretary

Madhur Bajaj
Director

Pune: 28 April 2022