



FINSERV

16th ANNUAL REPORT 2022-2023



BAJAJ FINSERV LIMITED

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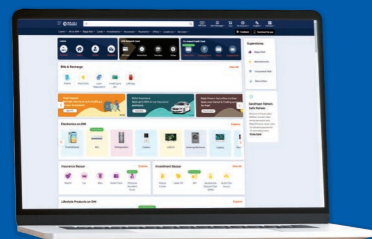
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For more information visit our website: www.bajajfinserv.in/corporate-bajaj-finserv

Who We Are

Innovating Finance. Transforming India.

Everyday, Bajaj Finserv serves crores of people, enabling them to meet their life's goals through simple financial solutions, enriching the lives of communities and creating value for shareholders. To be able to deepen our reach and serve our stakeholder universe better, we are accelerating digital transformation, innovating financial solutions and entering new lines of business.



Financing, Deposits, Investments

Bajaj Finance Limited

Leading NBFC, committed to continuous innovation. Uses technology and analytics to transform customer experience

Home Finance

Bajaj Housing Finance Limited

A subsidiary of Bajaj Finance Ltd, it is amongst the fastest growing housing finance companies

Asset Management

Bajaj Finserv Asset Management Limited

Aims to be a full stack AMC with active & passive products, across debt, equity & hybrid, for retail, HNI & institutional investors with a unique behavioural finance-based investment philosophy

Protection

Bajaj Allianz General Insurance Company Limited

Leading private insurer in terms of gross premium, with strong underwriting, product innovation, driven by technology

Digital Financial Marketplace

Bajaj Finserv Direct Limited

Digital marketplace for financial services; cloud based digital native architecture leveraging API ecosystem, Big Data, modern web and app technologies

Digital Stockbroker

Bajaj Financial Securities Limited

All-in-one digital platform combining demat, broking, margin trade financing for retail and HNI clients

Life Goals

Bajaj Allianz Life Insurance Company Limited

One of India's leading and fastest growing private life insurers

Health-Tech

Bajaj Finserv Health Limited

A health-tech company for preventive and cashless healthcare

Who We Serve

Finance for Bharat



Individuals

Loans, Deposits, Insurance, Preventive Healthcare, Investments, Payments



Self Employed & Professionals

Loan Against Property, Business loans, Equipment financing, Payments



HNI

HNI broking



Society

Children, Youth, Women: Education, Health, Skilling, Protection



Families

Affordable Home loans, Health insurance, Life insurance



Rural residents

Gold loans, Crop insurance, Home loans, Full suite of financial products & services



SMEs & Corporates

Working capital loans, Vendor financing, ESOP financing, Technology platforms, Insurance

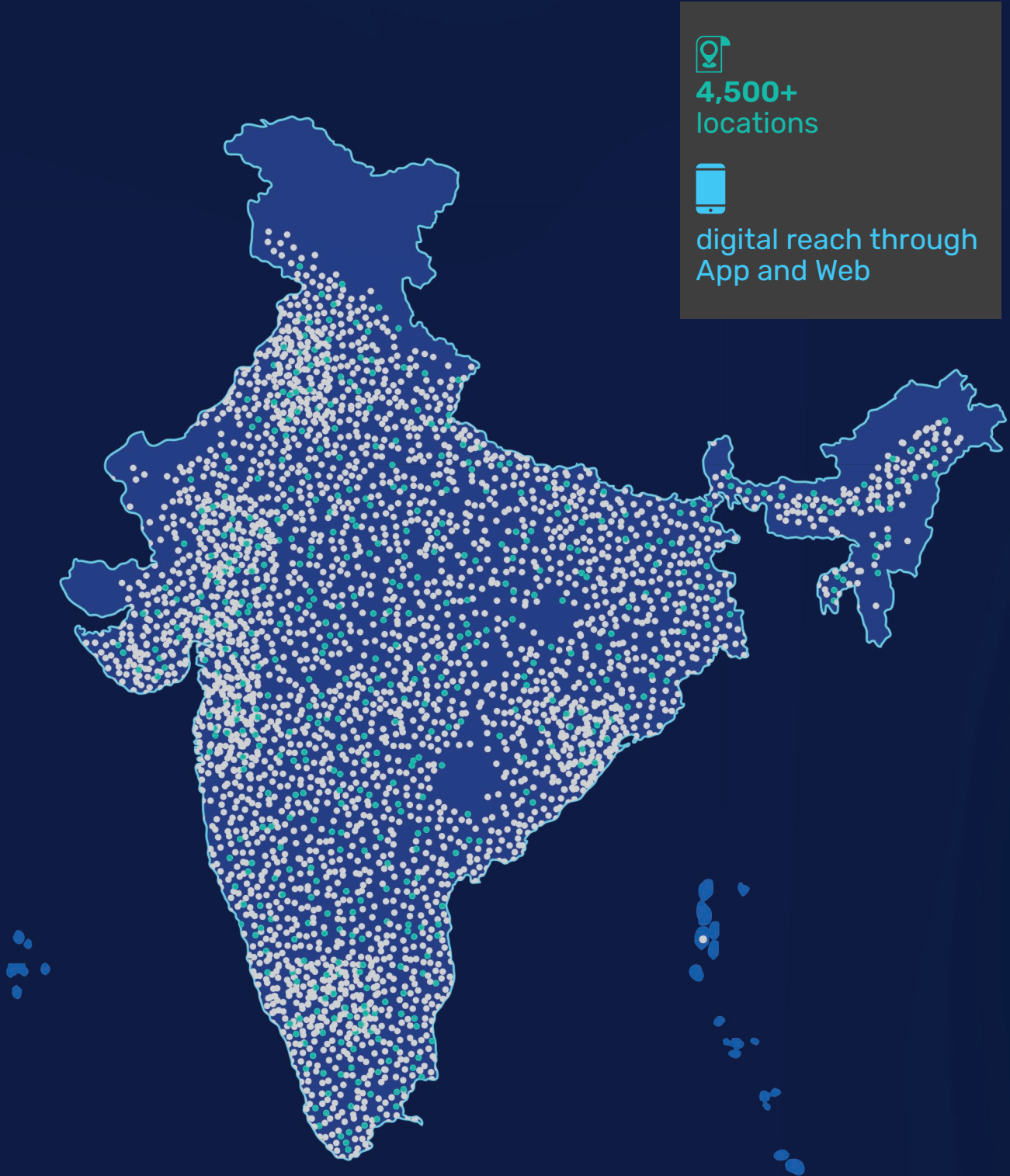


Environment

Renewable energy, Eco-friendly practices at workplace, Usage & financing of Electric Vehicles

Our Footprint

Expanding our Presence



Note: Map not to scale. For illustrative purposes only

Our 16-year Journey

Financial Strength Built on Customers' Trust



20 crore
Indian families
served



73,000
colleagues



35.5 million
Number of customers on
Bajaj Finserv App



₹ 247,379 crore
AUM of Bajaj
Finance Ltd.



Over 28 million policies
sold by Bajaj Allianz
General Insurance
Company



₹ 90,584 crore
AUM of Bajaj Allianz
Life Insurance
Company



81%
AUM 6-year CAGR of
Bajaj Housing Finance



48 partners
Bajaj Finserv Direct



Bajaj Finserv Health
Digital cashless healthcare
with 120,000+ doctors,
6,000+ lab touch points,
1,800+ hospitals on network



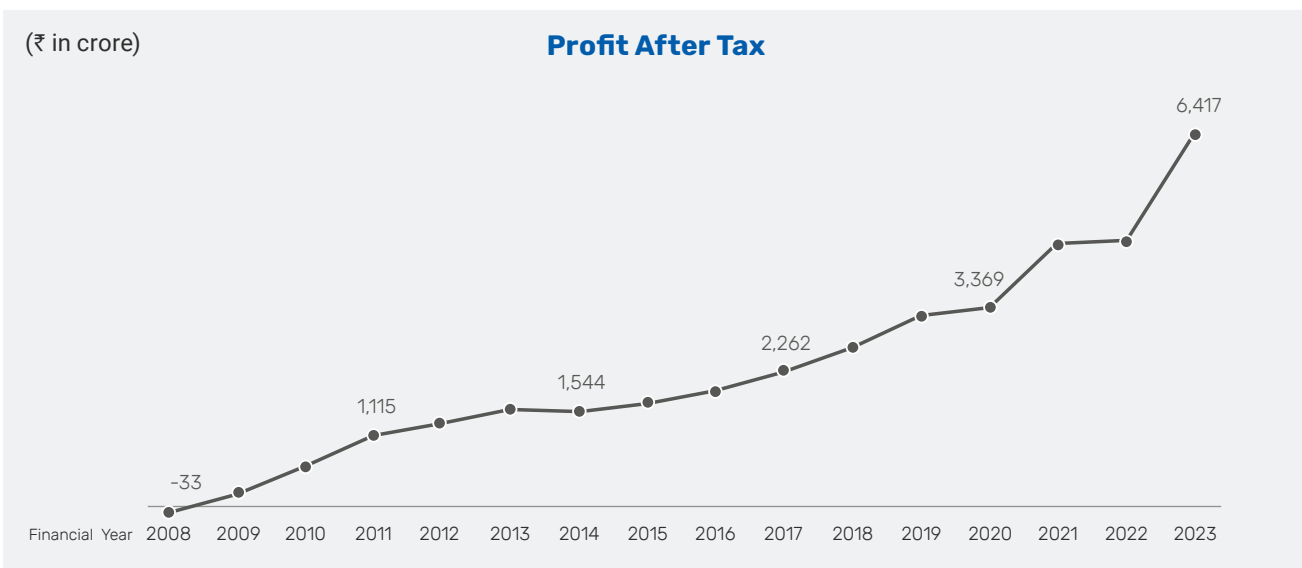
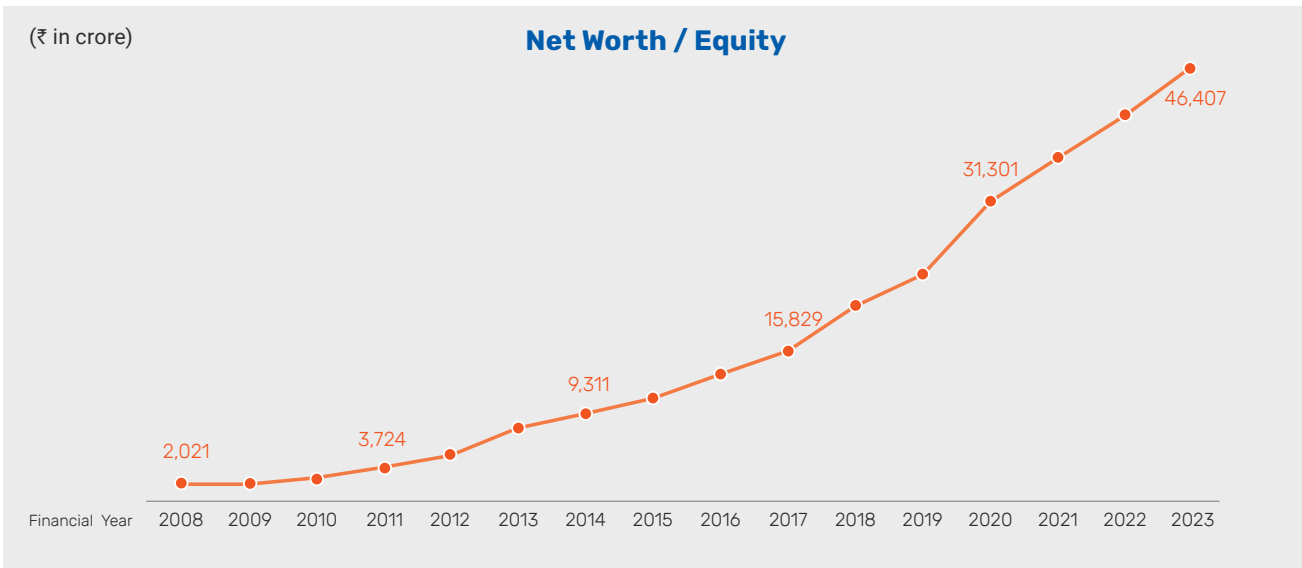
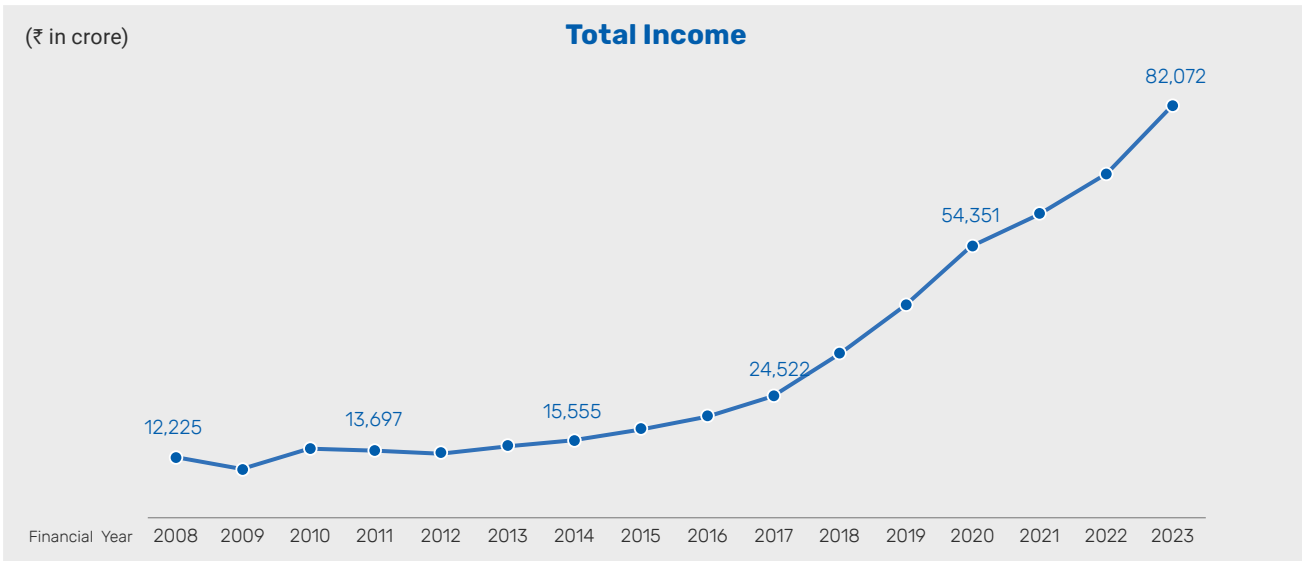
2 million lives touched
through corporate
social responsibility
programmes



643
CSR projects



Skilling & livelihoods
provided: 30,000
students to date under
self-implemented CPBFI
programme



All figures till FY2017 are as per previous GAAP. All figures from FY2018 onwards are as per Ind AS.

Corporate Information

Board of Directors

Sanjiv Bajaj

Chairman & Managing Director

D J Balaji Rao

Dr. Naushad Forbes

Anami N Roy

Pramit Jhaveri

Radhika Haribhakti

Madhur Bajaj

Rajiv Bajaj

Manish Kejriwal

Risk Management Committee

Dr. Naushad Forbes

Chairman

Pramit Jhaveri

Sanjiv Bajaj

Anish Amin

President (Group Risk, Assurance & Human Resources)

Corporate Social Responsibility Committee

Dr. Naushad Forbes

Chairman

Anami N Roy

Sanjiv Bajaj

Duplicate Share Certificate Issuance Committee

Sanjiv Bajaj

Chairman

Rajiv Bajaj

Manish Kejriwal

Audit Committee

Dr. Naushad Forbes

Chairman

D J Balaji Rao

Pramit Jhaveri

Anami N Roy

(w.e.f. 1 April 2023)

Manish Kejriwal

(up to 31 March 2023)

Stakeholders Relationship Committee

Dr. Naushad Forbes

Chairman

Radhika Haribhakti

Sanjiv Bajaj

Nomination and Remuneration Committee

D J Balaji Rao

Chairman

Anami N Roy

Dr. Naushad Forbes

Radhika Haribhakti

Sanjiv Bajaj

Manish Kejriwal

Senior Management Team**Ranjit Gupta**

President (Insurance)

V Rajagopalan

President (Legal & Taxation)

Anish Amin

President (Group Risk, Assurance & Human Resources)

Purav Jhaveri

President (Investments)

Dr. N Srinivasa Rao

Chief Economist & President (Corporate Affairs)

Ajay SatheGroup Head - Customer Experience & CSR
(up to 31 May 2023)**Kurush Irani**President (CSR)
(w.e.f 1 June 2023)**Rajeev Jain**

Managing Director, Bajaj Finance Ltd.

Tapan SinghelManaging Director & CEO, Bajaj Allianz
General Insurance Company Ltd.**Tarun Chugh**Managing Director & CEO,
Bajaj Allianz Life Insurance Company Ltd.**Atul Jain**

Managing Director, Bajaj Housing Finance Ltd.

Anup SahaExecutive Director, Bajaj Finance Ltd.
(w.e.f. 1 April 2023)**Rakesh Bhatt**Executive Director, Bajaj Finance Ltd.
(w.e.f. 1 April 2023)**Devang Mody**Whole Time Director & CEO, Bajaj Finserv Health Ltd.
& Group Head-Strategy, Bajaj Finserv Ltd.**Manish Jain**

CEO, Bajaj Financial Securities Ltd.

Ganesh MohanWhole Time Director & CEO, Bajaj Finserv Asset
Management Ltd.**Ashish Panchal**

Whole Time Director & CEO, Bajaj Finserv Direct Ltd.

Chief Financial Officer**S Sreenivasan****Company Secretary****Uma Shende****Statutory Auditor****KKC & Associates LLP**

(earlier known as Khimji Kunverji & Co LLP)

Secretarial Auditor**Shyamprasad D Limaye**

Practising Company Secretary

Cost Auditor**Dhananjay V Joshi & Associates**

Cost Accountants

Bankers**Deutsche Bank****Citibank N A****HDFC Bank****Registered Office**Bajaj Auto Ltd. Complex,
Mumbai - Pune Road,
Pune - 411 035**CIN: L65923PN2007PLC130075****Corporate Office**Bajaj Finserv House
Viman Nagar, Pune - 411 014**Registrar and Share Transfer Agent****KFin Technologies Ltd.**

Unit: Bajaj Finserv Ltd.

Selenium Building, Tower-B,
Plot No 31 & 32, Financial District,
Nanakramguda, Serilingampally,

Hyderabad, Rangareddy, Telangana, India - 500 032

Toll free no.1800 309 4001

Email ID: einward.ris@kfintech.com

Our Leadership



Standing (L to R):

Anup Saha
Executive Director, Bajaj Finance Ltd.

Kurush Irani
President (CSR), Bajaj Finserv Ltd.

Devang Mody
Whole Time Director & CEO, Bajaj Finserv Health Ltd. & Group Head- Strategy, Bajaj Finserv Ltd.

Ashish Panchal
Whole Time Director & CEO, Bajaj Finserv Direct Ltd.

Rakesh Bhatt
Executive Director, Bajaj Finance Ltd.

Dr. N Srinivasa Rao
Chief Economist & President (Corporate Affairs), Bajaj Finserv Ltd.

Seated (L to R):

Tarun Chugh
Managing Director & CEO, Bajaj Allianz Life Insurance Company Ltd.

Tapan Singhel
Managing Director & CEO, Bajaj Allianz General Insurance Company Ltd.

Sanjiv Bajaj
Chairman & Managing Director, Bajaj Finserv Ltd.

Standing (L to R):

Manish Jain
CEO, Bajaj Financial Securities Ltd.

Anish Amin
President (Group Risk, Assurance & Human Resources), Bajaj Finserv Ltd.

Ganesh Mohan
Whole Time Director & CEO, Bajaj Finserv Asset Management Ltd.

Purav Jhaveri
President (Investments), Bajaj Finserv Ltd.

S Sreenivasan
CFO, Bajaj Finserv Ltd.

Atul Jain
Managing Director, Bajaj Housing Finance Ltd.

Seated (L to R):

Rajeev Jain
Managing Director, Bajaj Finance Ltd.

V Rajagopalan
President (Legal & Taxation), Bajaj Finserv Ltd.

Ranjit Gupta
President (Insurance), Bajaj Finserv Ltd.

Chairman's Letter



“
Bajaj Finserv strives to
be an entity where the
whole is greater than
the sum of its parts.
”

Sanjiv Bajaj
Chairman & Managing Director

Dear Shareholder,

For a while, I have been aware that many of you as well as some institutional investors have viewed Bajaj Finserv as if it was a *de facto* 'holding company' – one that owns significant shares of its various key subsidiaries such as Bajaj Finance, Bajaj Allianz General Insurance, Bajaj Allianz Life Insurance as well as its relatively smaller entities such as Bajaj Finserv Direct, Bajaj Finserv Health, Bajaj Financial Securities and Bajaj Finserv Asset Management Company. And that the profit and loss of Bajaj Finserv is nothing else but an aggregation of the financial performance of its parts.

At one level it could look like that. But the fact is that it is not.

I don't see Bajaj Finserv as a sort of holding company. Instead, I see it as a completely different corporate entity.

One that leverages the strengths, the overall IT calibre of the group and people resources to sustain businesses and create aggregate business value that is greater than the sum of its parts. Bajaj Finserv represents an interactive space, where we leverage the knowledge, practices, processes and benefits of one company to expand the business of others in the group.

Has this value magnifying interdependence occurred across the board? Frankly, not fully yet. But it is happening, and occurring at an accelerated daily basis. When all the nuts and bolts are in place, you too will see Bajaj Finserv as I see it today. As an integrated yet diversified financial services entity with a pan-India presence that offers life-cycle financial solutions for its customers.

These are not 'big words'. The financial life-cycle needs of all customers involve five phases:

1. **Asset acquisition:** We facilitate these through loans and credit cards.
2. **Asset protection:** This occurs through general insurance policies.
3. **Family health and income protection:** These are done using general, health and life insurance, guaranteed savings and digital access to the health ecosystem.
4. **Investment and wealth management:** These are carried out through unit-linked investment products, fixed deposits and shares.
5. **Retirement:** These are met by annuities.

I am glad to inform you that your Company has received the licence to operate the mutual fund business through Bajaj Finserv Asset Management Ltd., which is expected to launch its first suite of products in Q2 of FY2024. This will further the Company's offerings to its customers for their investment and wealth management needs.

Over the last few years your Company has invested in two emerging, digital-first platforms that offer immense prospects while supporting the established businesses that the Company offers. These are

- **Bajaj Finserv Direct (or Bajaj Markets)**, which operates a BFSI marketplace on an open architecture platform digitally offering loans, credit cards, investments and insurance. It is a platform where the customer has a choice of providers as well as products. Bajaj Markets has also started a technology services division called SKALEUP offering digital technology services in the BFSI space.
- **Bajaj Finserv Health**, which is a health-tech venture that connects providers of healthcare such as hospitals, doctors, labs, pharmacies and wellness providers with retail and corporate users of health care, through a seamless digital platform, offering comprehensive healthcare services.

I am personally excited at the prospects of these start-ups.

Taken together, then, Bajaj Finserv is the 'umbrella' that offers all of these, either through itself, or through its constituent parts.

This is how your Company's Management and I see the *raison d'être* of Bajaj Finserv. We are creating a financial ecosystem. I urge you see it this way.

Having said so, I must now report the financial results of your Company's key subsidiaries. For brevity, I will focus on (i) Bajaj Finance Ltd. (BFL), (ii) Bajaj Housing Finance Ltd. (BHFL), (iii) Bajaj Allianz General Insurance Company Ltd. (BAGIC), (iv) Bajaj Allianz Life Insurance Company Ltd. (BALIC), and (v) the consolidated financials of your Company.

Bajaj Finance Ltd., BFL (consolidated)

- Number of new loans booked: 29.6 million.
- Customer franchise: grew by 20% to 69.1 million.
- Number of customers on Bajaj Finserv App: 35.5 million.
- Assets under management (AUM): increased by 25% to ₹ 247,379 crore.
- Total income: up 31% to ₹ 41,406 crore.
- Net interest income (NII): rose by 32% to ₹ 28,846 crore.
- Pre-impairment operating profit: increased by 31% to ₹ 18,716 crore.
- Profit before tax (PBT): increased by 63% to ₹ 15,528 crore.
- Profit after tax (PAT): increased by 64% to ₹ 11,508 crore.
- Capital adequacy ratio as of 31 March 2023: 24.97%, which is well above the RBI norms. Tier I adequacy was 23.20%.

Bajaj Housing Finance Ltd. (BHFL)

- Total income: up 50% to ₹ 5,665 crore.
- Net interest income: up 52% to ₹ 2,454 crore.
- PBT: up 77% to ₹ 1,700 crore.
- PAT: up 77% to ₹ 1,258 crore.
- AUM: up 30% to ₹ 69,228 crore.

Bajaj Allianz General Insurance Company Ltd. (BAGIC)

- Gross written premium (GWP): ₹ 15,487 crore, a growth of 12%.
- Market share in the industry: 6.4%.
- Net earned premium: ₹ 8,019 crore.
- Combined ratio: 100.5%.
- PAT: ₹ 1,348 crore.
- New policies issued in FY2023: approximately 28 million.
- Claims reported: 4.38 million.

Bajaj Allianz Life Insurance Company Ltd. (BALIC)

- Gross written premium (GWP): grew by 21% ₹ 19,462 crore. BALIC registered its highest ever GWP during the year.
- Individual rated new business (IRNB) premium: grew by 41% to ₹ 5,214 crore.
- New business premium: grew by 18% to ₹ 10,738 crore.
- Renewal premium: grew by 25% to ₹ 8,724 crore.
- PAT: ₹ 390 crore.
- 13th month persistency: improved to 83.2%.
- Embedded value: stood at ₹ 18,584 crore.
- AUM: ₹ 90,584 crore.

Bajaj Finserv Ltd. (consolidated)

- Total income: grew by 20% to ₹ 82,072 crore.
- Profit before mark-to-market gains: grew by 48% to ₹ 6,745 crore.
- Profit after mark-to-market gains: grew by 41% to ₹ 6,417 crore.

You will agree with me that these are very creditable results.

Before closing let me share with you something that is very dear to my heart. It is an employability initiative, which aims to upskill first-generation graduates from small towns and villages to gain the right aptitude and attitude for building a career in the financial services industry. The programme started in 2015 and has thus far benefited more than 30,000 fresh graduates across the country.

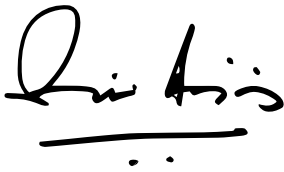
Under the financial skilling initiative, your Company conducts a customised 100-hour Certificate Programme in Banking, Finance and Insurance (CPBFI) for final-year undergraduate students. CPBFI comprehensively covers key aspects of employability, such as attitudes, skills and knowledge. Unlike conventional skilling programmes, it prepares students for more than 10 roles in the financial services industry.

I see this as the minimum that your Company can do to give some returns to society. We will continue with it, and take it further ahead in the years to come.

To get back to what I started: your Company is not an aggregator. It strives to be an entity where the whole is greater than the sum of its parts.

Thank you for your good wishes. These matter a great deal to all of us.

Yours sincerely,



Sanjiv Bajaj

Chairman & Managing Director

Our Philosophy

Transforming Lives through Business

Be a one-stop for all financial services, by using tech-led innovation and harnessing the best talent, to provide sustainable long-term returns for a better tomorrow



One-stop financial access for India

We provide financial solutions for everyday needs of our customers – through their life-cycle – enabling individuals and businesses to save, access finance for life's needs, pay with ease, invest to grow wealth and cover risks to health, life and assets



Tech-led innovation

We continue to innovate for the future, which is why our new businesses are building a financial ecosystem which embraces emerging technologies and the India digital stack



Harnessing the best talent

Our people make up the universe that serves our customers and stakeholders. We are committed to harnessing the best talent, rewarding performance, imbibing the entrepreneurial spirit in them and making Bajaj Finserv not just one of the best workplaces, but an opportunity for career growth.



Sustainable long-term returns

Our business model is proven and agile to respond real-time to changes in the business environment, helping us grow our customer franchise, deliver better customer experience, explore new markets, sustain profitability, optimize capital, strengthen the balance sheet and create shareholder value



Towards a better tomorrow: Environment, Social, Governance

We are deeply connected to local communities and work to transform lives of people, especially children and youth, through self-implemented programmes and by partnering non-profits.





One-stop Financial Access for India

Relentless customer focus

We offer access to credit to India’s millions – individuals and SMEs – for life cycle needs - from finance for consumption, to personal and home. Our insurance products range from pocket insurance for OPD and post treatment, to motor, home, and life insurance.

100+
Products

Bajaj Allianz General Insurance Company is among the

best claims

Settlements general and health insurer, AAA rated by ICRA for claims paying ability

Bajaj Finance Fixed Deposits program

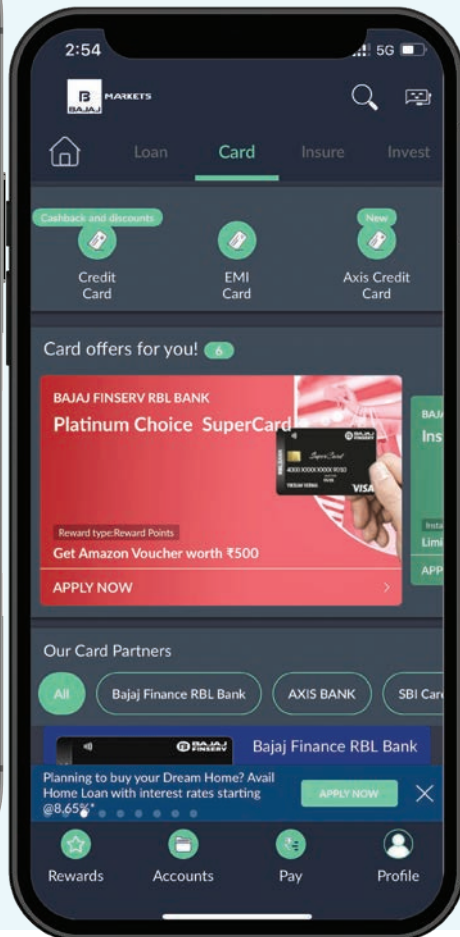
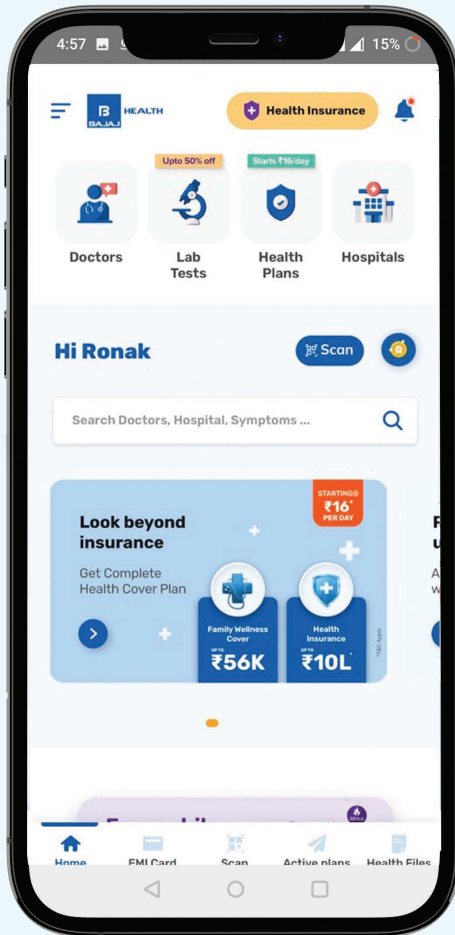
AAA

Stable, highest stability ratings by CRISIL AAA (Stable) by ICRA

30 million

New loans booked in FY2023

Our soon-to-launch asset management business completes our suite of financial solutions for retail customers and is an opportunity to leverage the group’s strengths and network. The first suite of mutual fund products is expected to launch during Q2 FY2024.





Tech-led Innovation

Even as we continue to build capabilities in products, network and people, we are continuously investing in a tech-driven financial ecosystem for our existing and potential customers, be it in lending, insurance or investments. It is heartening to see the number of new consumers who are entering and spending time in Bajaj Finserv's open architecture financial ecosystem.





Harnessing the Best Talent

We strive to inculcate a sense of ownership in our employees. This makes our employees architects of their own career progression. They own their development with guidance and support from immediate managers and the organisation. In selecting between a 'develop versus hire' talent model, we emphasise on developing talent through capability building, led by our Group Learning Academy (GLA). Various other workshops and skill upgradation programmes help us build capabilities and enable business growth and excellence.

The One Finserv Group Talent mobility

A platform which enables job mobility across companies within Bajaj Finserv.

Group Young Leaders Programme

Top talent from tier 1 institutes is hired and groomed for leadership roles by moving them across roles in Bajaj Finserv companies.

30 Under 30 Programme

This junior management talent acceleration program is targeted at identifying and grooming high potential talent below the age of 30.

Group Finance Associate Programme

A program focused on developing our leadership depth and bench in the finance function across Bajaj Finserv companies by grooming Chartered Accountants for future roles.

Diversity & Inclusion initiative

Our Diversity and Inclusion council is a critical driver in fostering real organizational change. The Council ensures dedicated focus on diversity and inclusion priorities and is actively involved in introducing changes where needed.





Sustainable Long-term Returns

Balancing growth and profitability

We are committed to sustaining the trust of our stakeholders. Our diversified strategy enables optimal mix of risk and sustainable profit. Multiple levers for growth result in effective use of capital, consistent earnings growth and meaningful market share in each business.

Bajaj Finance Ltd. (BFL)

- 11.6 million crore new customers in FY2023, BFL's highest-ever customer franchise addition in a year

Bajaj Allianz General Insurance Company Ltd. (BAGIC)

- Focus on strong underwriting, excellent reinsurance capacity for covering large risks, strong selection of risk & prudent underwriting
- Among the most profitable general insurance businesses in the industry

Bajaj Housing Finance Ltd. (BHFL)

- Dedicated to drive domain expertise, scalability and operating leverage

Bajaj Allianz Life Insurance Company Ltd. (BALIC)

- 3-year CAGR is industry highest
- Balanced mix between institutional and proprietary retail channels





Towards a Better Tomorrow: Environment, Social, Governance

We believe that growth needs to be inclusive and equitable. Our businesses have imbibed this philosophy since inception. From making formal finance available to the unbanked sections of our population to reducing carbon footprint and improving the lives of children and youth – we have leveraged innovation to address challenges and make a meaningful impact on society and the environment.

How we positively impact the environment

- Digitisation reduced paper consumption by 400 crore sheets, saving approximately 4,80,000 trees in 3 years
- Bajaj Finance funded 15,790 e-scooters in the last 3 years
- Bajaj Allianz General Insurance insured over 1,800 renewable power generation facilities in FY2023

Creating meaningful social impact

- Enabled 66,000 life-transforming cleft surgeries for children
- Livelihood and skilling programmes include Certificate Programme in Banking Finance and Insurance, and partnerships with non-profits

Advancing financial inclusion

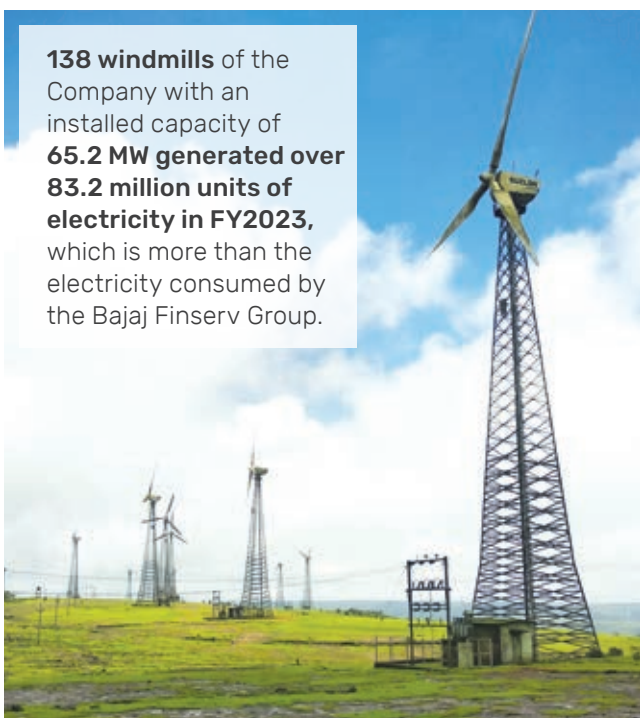
- Bajaj Finance extended financing to 17 million new-to-credit customers over the past 5 years
- The SME lending book grew by 36% to ₹ 33,628 crore in FY2023
- Bajaj Allianz General Insurance has increased its insurance coverage to MSMEs and paid claims worth ₹ 151 crore to more than 2,600 MSMEs in FY2023

Corporate Governance

- The materiality assessment exercise was conducted through survey-based forms and engagement with diverse stakeholders to identify relevant sustainability issues
- We are committed to strong corporate governance, which reflects in the highest standards of disclosure



Transforming Lives, One Smile at a Time: Empowering underprivileged cleft patients through free reconstructive surgeries.



138 windmills of the Company with an installed capacity of **65.2 MW generated over 83.2 million units of electricity in FY2023**, which is more than the electricity consumed by the Bajaj Finserv Group.

Management Discussion and Analysis

Bajaj Finserv Ltd. ('Bajaj Finserv', 'BFS' or 'the Company') is an unregistered core investment company (CIC) under RBI regulations 2020 and the holding company for the various financial services businesses under the Bajaj group. **Its vision is to be a diversified financial services group with a pan-India presence and, thus, offer life-cycle financial solutions for its various customers.**

Financial life-cycle needs of all customers ideally involve five phases:

- 1. Asset acquisition:** These are facilitated through loans and credit cards.
- 2. Asset protection:** This is carried out through general insurance policies.
- 3. Family health and income protection:** These are done using general, health and life insurance, guaranteed savings and digital access to the health ecosystem.
- 4. Investment and wealth management:** Through unit-linked investment products (ULIPs), fixed deposits and shares.
- 5. Retirement:** Met by annuities.

In turn, these needs are provided by companies providing (i) products and solutions, and (ii) digital platforms. Within Bajaj Finserv, these are:

a) Products and solutions, provided by:

- i. Bajaj Finance Ltd. (BFL), a large, listed, well-recognised and significantly profitable consumer finance and lending business in which BFS holds 52.49% stake and its unlisted 100% subsidiary, Bajaj Housing Finance Ltd. (BHFL), which is a profitable and fast growing enterprise engaged in various aspects of housing finance and development;
- ii. Bajaj Allianz General Insurance Company Ltd. (BAGIC); and Bajaj Allianz Life Insurance Company Ltd. (BALIC) which are unlisted joint ventures with Allianz SE of Germany, the global insurance and asset management company and in which BFS holds 74% stake;
- iii. Bajaj Finserv Asset Management Ltd. (BFSAMC), an unlisted wholly-owned subsidiary of BFS was incorporated in October 2021. It has been set up to function in all aspects as an asset management company.

b) Platforms, offered via:

- i. Bajaj Finserv Direct Ltd. (BFDL) an unlisted subsidiary in which BFS holds 80.13% stake with the remaining 19.87% held by BFL;
- ii. Bajaj Finserv Health Ltd. (BFHL) in which BFS holds 100% stake; and
- iii. Bajaj Financial Securities Ltd. (BFinsec), another wholly-owned subsidiary of BFL.

What is the role of Bajaj Finserv across all these ventures listed above?

The role of BFS is to regularly monitor and engage with its companies with the objective of long-term sustainable profit, meaningful market share, and effective use of capital – thereby delivering superior shareholder returns. We do this by driving companies to create institutionalised frameworks through accountable empowerment and by the encouragement of disruptive thinking. The monitoring and engaging roles are under five heads:

- 1. Businesses:** Rigorous engagement in long range planning and annual operating plans; regular review of all businesses and their SBUs; and periodic analysis of new business opportunities as well as strategic investments.
- 2. Risks:** Harmonisation of risk policies and framework; regular engagement with the Chief Risk Officers of the businesses; periodic review of top enterprise risks including credit, business, financial, operational, reputational, as well as the mitigation actions planned; and driving risk-related projects across the group such as operational risk management.
- 3. Collaboration and best practices:** These involve group knowledge forums covering analytics, technology, investments, governance, etc.; cross-company projects on data, innovation and digital

strategy; and cross-group stress identification forum to identify any cross-functional view on investment risks.

4. **People/HR:** The notion of 'One Finserv' which translates to group talent mobility; group young leader management trainee programmes; 30 under 30 programme; and a three-tier merit based remuneration plan combining fixed cash, annual bonus and ESOPs.
5. **Customer experience, investments and ESG:** To define customer service protocols for businesses; to review and standardise investment processes; and to provide oversight and monitoring of ESG policy and its implementation across the group.

As an unregistered core investment company (CIC), Bajaj Finserv is required to invest at least 90% of its net assets in group companies, of which at least 60% should be in the form of equity investments. Investments outside the group can only be made in specified short-term securities like money market instruments.

Bajaj Finserv also has investments in renewable energy through 138 windmills in Maharashtra with an aggregate installed capacity of 65.2 MW.

As required by regulation, the standalone and consolidated financial results of Bajaj Finserv are compliant with Indian Accounting Standards (Ind AS). The insurance companies are not covered under Ind AS. They prepare Ind AS financials only for the purpose of consolidation. Accordingly, the financials in the sections on BAGIC and BALIC in this chapter are as per Indian Generally Accepted Accounting Principles (Indian GAAP) and the regulations laid down by the Insurance Regulatory and Development Authority of India (IRDAI).

Macroeconomic Overview

Financial Year 2022-23 (FY2023) began on a mixed note. On the positive side, after two years, the impact of the Covid-19 pandemic on lives and livelihoods started receding – thanks to a successful mass immunisation programme and the advent of a less virulent variant called Omicron. However, the impact of inflationary trends, supply chain disruptions emanating from China, and the Russia-Ukraine conflict have been impacting commodity prices.

In FY2023, the Indian economy faced multiple challenges. The country's retail inflation indicator, consumer price inflation (CPI) went above the RBI's tolerance range of 6% in January 2022. It remained above this range for almost ten months, right up to October 2022. Rising international crude prices coupled with inimical domestic weather conditions kept food prices high, fuelling retail inflation. The government cut excise and customs duties and restricted exports to cool off inflation. Like other central banks, the RBI raised the monetary policy rates and reduced excess systemic liquidity. Major areas of concern were elevated commodity prices, higher retail inflation, depreciation of the Indian rupee and a rising current account deficit (CAD).

However, despite these challenges, India emerged as the fastest growing major economy in the world. The second advance estimate of national income released by the Central Statistics Office (CSO) on 28 February 2023 expects real GDP growth in FY2023 to be 7.0%. Table 1 gives the data on real GDP and gross value added (GVA) and growth over the last four financial years.

Table 1: Real GDP and GVA and growth, India

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

Source: Government of India, Central Statistics Office. AE denotes advance estimate, and RE denotes revised estimate.

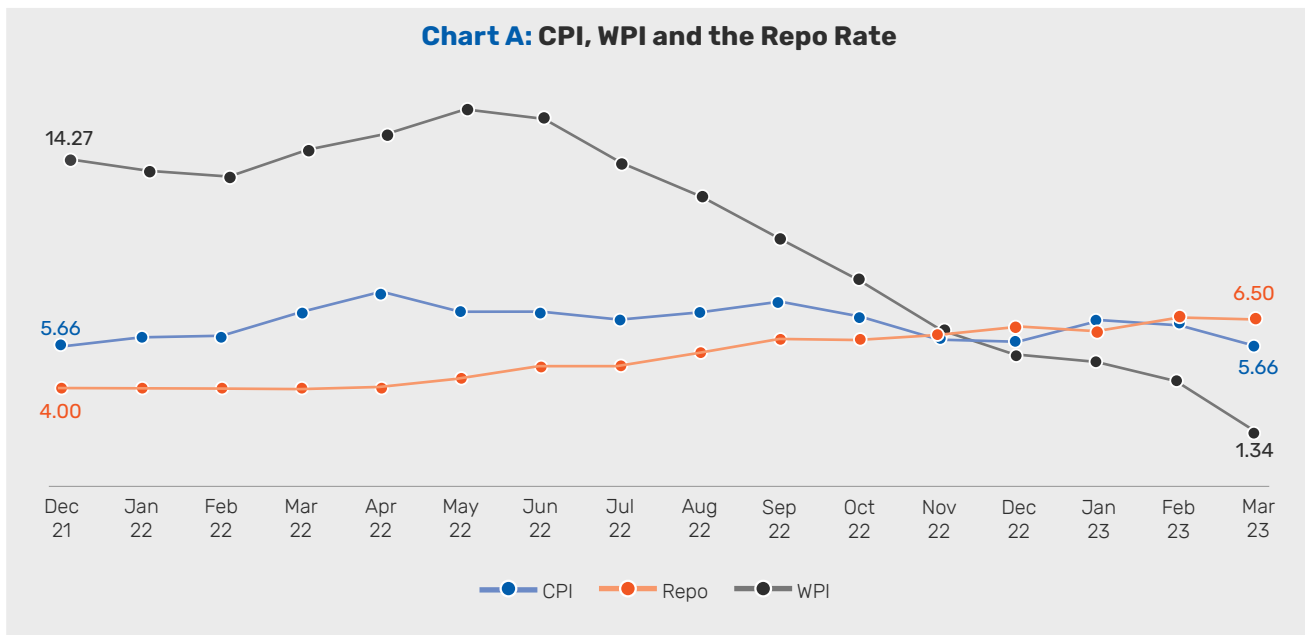
Private consumption has showed some signs of slowdown. However, the Central Government led capital expenditure has continued to be an important driver of the economy with gross fixed capital formation (GFCF) expected to contribute to 34.0% of the GDP in FY2023 versus 32.7% of the GDP in FY2022.

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

Consumer price inflation (CPI) remained at elevated levels during the year. In May 2022, the RBI increased the policy repo rate by 40 basis points (bps); and thereafter continued to increase policy repo rates by 50 bps in June 2022, August 2022 and September 2022. This was followed by smaller increases of 35 bps in December 2022 and 25 bps in February 2023. The cumulative increase in FY2023 was 250 bps. This was preceded by the introduction of the standing deposit facility (SDF) at a rate 40 bps higher than the fixed rate reverse repo. Thus, the effective rate hike since April 2022 has been 290 bps.

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

Chart A below depicts the movement of consumer price index (CPI), wholesale price index (WPI) and the repo rate since December 2021.



Non-food credit growth of the scheduled commercial banks was 15.9% as of 24 February 2023 over 25 February 2022 against 9.1% for the same period in the previous year. This was largely driven by services industry and personal loans which recorded a growth of 20.7% and 20.4% respectively as of 24 February 2023 versus 6.2% and 12.5% for the same period in the previous year.

Fortnightly data released by the RBI on 5 April 2023 reflected non-food credit growth of the scheduled commercial banks which remained strong at 15.4% as on 24 March 2023.

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

On balance, we believe that the Indian economy has weathered the external shocks reasonably well. The proof of it is that the country has emerged as the fastest growing major economy in the world. The general expectation is that India's GDP for FY2024 would record a growth in excess of 6%. There are some potential headwinds. First, the world saw yet another set of banking turmoils in the USA and Switzerland, and the global financial sector remains jittery. Second, much depends on monsoons in FY2024. The risk of monsoon falling below normal levels (after four consecutive years of normal rainfall) remains a wildcard and could hit agricultural production and impact food prices.

Overview of the Insurance Sector

The external environment was generally favourable for the insurance sector although there were some challenges to growth. There were significant and positive regulatory developments in the insurance sector in India. The announcement of the Insurance Regulatory and Development Authority of India's (IRDAI) Vision of 'Insurance for All' by 2047 marks the cornerstone for initiating the transformation for the Indian Insurance market. This was followed with various significant regulatory changes including, *inter alia*, introduction of know your customer norms at policy issuance stage for general and health insurance, opening of the corporate agency tie-ups to 27 insurance companies and moving all the general and health insurance products to the use and file regime. IRDAI has replaced its earlier individual cap on commission payments on individual insurance products with an overall cap on expenses of management of insurers, allowing the Boards of the insurers to define the payments through commission and expense policies. This is expected to benefit the insurance industry by making compliance less onerous, enhancing insurance penetration, allowing flexibility in business models and providing insurers with more options in terms of managing their expenses. These changes are effective from 1 April 2023.

Furthermore, in a move to transition from rule-based to principle-based regulatory framework for insurance in India, IRDAI, through the Life Insurance Council and General Insurance Council, set up a regulation review committee (RRC) with an objective of optimizing, simplifying and consolidating the existing regulatory landscape while benchmarking with global best practices. With a view to simplifying products and access, the IRDAI conceptualised an electronic insurance marketplace (Bima Sugam), a comprehensive life, general and health insurance product for the lower income segments (Bima Vistaar) and a new distribution channel, the Bima Vaahak, which is a women-centric initiative focused at increasing insurance distribution in the rural markets. Considering much of this is work in progress, FY2023 and FY2024 may prove to be significant years for the insurance industry in terms of new opportunities as well as risks.

After two challenging years affected by unprecedented Covid-related claims for both the general and life insurance sectors, FY2023 was a year of return to normalcy. On the back of higher interest rates, demand for fixed-rate and guaranteed savings remained strong. In the wake of falling equity markets across the developed world, India's markets were relatively robust and among the best performing ones. Overall, conditions for life insurance sector were excellent.

The general insurance sector benefitted from growth in sales of private cars which, towards the end of the year, had exceeded the pre-pandemic levels. Two-wheeler sales growth, however, remained below expectations. Price competition in motor insurance, consequently, became more intense. Health insurance grew more moderately while commercial insurances of SMEs, MSMEs and corporates showed good traction. Due to resurgence of travel on roads and increase in traffic density, the industry witnessed a spike in the frequency of motor claims as people started travelling extensively and of health claims other than Covid as customers availed treatments held in abeyance due to the pandemic. Inflationary pressures resulted in higher severity of claims in respect of motor and health insurance.

Consumer Finance and Lending

Bajaj Finance Ltd. (BFL)

BFL is one of India's largest non-banking financial companies (NBFCs), with the strategy and structure of a bank. It seeks to transform itself into a customer-centric, digital first enterprise through omnipresence across physical, mobile and web mediums led by payments platform combining different payment instruments. Focusing on India's mass affluent customers and above in both urban and rural, it uses a strategy of cross-selling with the smart use of state-of-the-art data, innovations and analytics delivered through marketplaces to transform customer experience and create growth opportunities. It offers diversified financial services and optimizes the mix of risk so as to regularly generate significant and sustainable profits.

BFL: Consolidated Performance Highlights for FY2023

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

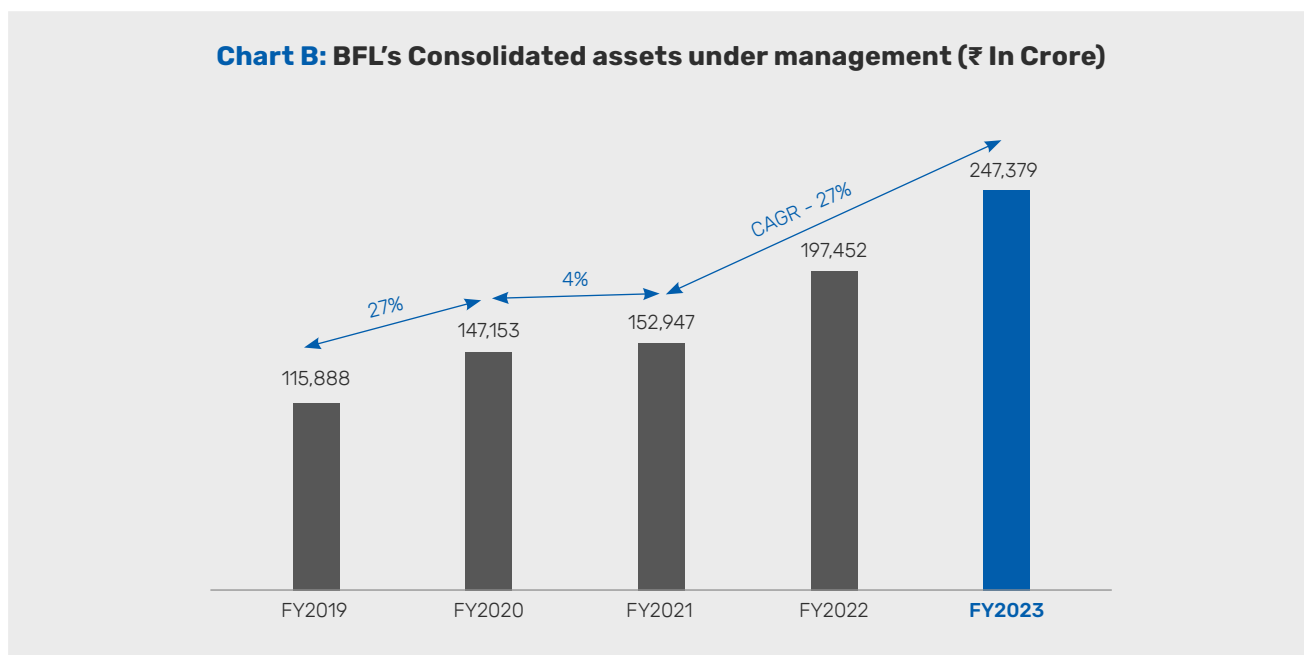
Business update

In FY2023, BFL disbursed 29.6 million loans – its highest ever, representing a growth of 20% over FY2022. Operating in 3,733 locations across the country across over 154,650 distribution points, it acquired a record 11.6 million new customers in FY2023 taking its existing customer franchise to 69.1 million as on 31 March 2023, a growth of 20% over 31 March 2022.

- As part of its product strategy, BFL continued to expand its product offering for customers. Some of these new launches were: (i) issuing co-branded credit cards in association with DBS Bank (India) Ltd. in April 2022; (ii) financing of all two-wheelers; and (iii) restarting loan against property (LAP) for its MSME clients.
- BFL is the largest lender for financing of discretionary spends across consumer electronics, furniture, and digital products in India – both urban and rural. The volumes under the two verticals in FY2023 were: (i) urban, 20 million transactions, or a growth of 19% over the previous year; and (ii) rural, 6.1 million transactions or a growth of 22%.
- BFL's existing member identification (EMI) card financed over 1 million purchases across all sales finance categories.
- Bajaj Finance is the largest financier of Bajaj Auto motorcycles and three wheelers. In FY2023, it financed over 713,400 two-wheelers of Bajaj Auto (12% growth); and more than 128,100 three-wheelers of Bajaj Auto (78% growth over the previous year). BFL commenced financing of all two-wheelers from June 2022.

- The personal loan cross-sell (PLCS) business is a pre-approved loan origination programme for existing customers of BFL. In FY2023, Bajaj Finance offered PLCS to over 1.15 million customers and the AUM for the business grew by 35% to ₹ 28,955 crore.
- BFL offers salaried personal loans (SPL) to affluent salaried customers. AUM of the SPL business grew by 22% over FY2022 to ₹ 19,515 crore.
- SME lending offers unsecured and secured loans to SMEs, MSMEs and professionals. The SME lending book grew by 36% to ₹ 33,628 crore in FY2023. BFL also offers unsecured SME loans to businesses across India. Its AUM in FY2023 grew by 33% to ₹ 18,939 crore. The AUM of secured and unsecured loans to doctors, chartered accountants, and other professionals grew by 27% over FY2022 to ₹ 11,926 crore.
- BFL offers all its lending and deposits products in small towns and villages through its rural lending business. At the end of FY2023, it was present in 2,341 locations across 23 states and union territories in India. Overall, the rural lending business closed FY2023 with AUM of ₹ 24,260 crore, registering a growth of 25% over the previous year.
- Commercial lending consists of lending to auto component manufacturers, light engineering industry, financial institutions, specialty chemical, pharma, packaging and other mid-market companies. This business closed FY2023 with AUM of ₹ 15,834 crore, recording a growth of 38%.
- Loan against securities to relatively affluent and HNI customers and promoters grew strongly in FY2023 and closed the financial year with AUM of ₹ 14,028 crore, recording a growth of 43%.
- BFL accepts deposits from retail and corporate clients. As on 31 March 2023, the deposit book stood at ₹ 44,666 crore, representing a growth of 45% y-o-y. BFL's deposit book now contributes to 28% of its standalone borrowings and 21% of its consolidated borrowings.
- In partnership with RBL Bank, BFL's co-branded credit card business continued to grow well in FY2023. The number of cards-in-force stood at over 3.25 million as on 31 March 2023, registering a growth of 19% over the previous year. In addition, Bajaj Finance received approval from the RBI to issue co-branded credit cards in association with DBS Bank (India) Ltd. The Company launched co-branded credit card with DBS Bank on 5 April 2022.
- Assets Under Management (AUM): In FY2023, BFL crossed a milestone of ₹ 200,000 crore of consolidated AUM and closed FY2023 with AUM of ₹ 247,379 crore – representing a 25% growth over the previous period. Core AUM growth – after netting of ₹ 5,365 crore of short-term IPO financing receivables – was 29%.

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



Financial performance

Table 2 gives BFL's consolidated financial performance for FY2023. Table 3 gives the key ratios.

Table 2: BFL's standalone and consolidated financial performance

(₹ In Crore)

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

Table 3: BFL's key ratios on a consolidated basis

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

* These ratios are on a standalone basis.

Bajaj Housing Finance Ltd. (BHFL)

A 100% subsidiary of BFL, BHFL is a key player in the housing finance business. It offers the following products to its customers: (i) home loans; (ii) loan against property; (iii) lease rental discounting; and (iv) developer financing. It also has a dedicated vertical offering home loans and loan against property to rural individuals and MSME customers.

Its net interest income in FY2023 increased by 52% to ₹ 2,454 crore; pre-impairment operating profit grew by 60% to ₹ 1,824 crore; PBT rose by 77% to ₹ 1,700 crore; and PAT increased by 77% to ₹ 1,258 crore. BHFL's assets under management increased by 30% to an impressive ₹ 69,228 crore.

Table 4 gives BHFL's standalone financials.

Table 4: BHFL's standalone financial performance

Particulars	(₹ In Crore)		
	FY2023	FY2022	Change
Total income	5,665	3,767	50%
Interest and finance charges	3,211	2,155	49%
Net interest income	2,454	1,612	52%
Total operating expenses	630	471	34%
Pre-impairment operating profit	1,824	1,141	60%
Impairment on financial instruments	124	181	(32%)
Profit before tax (PBT)	1,700	960	77%
Profit after tax (PAT)	1,258	710	77%
Other comprehensive income/(expenses)	4	(1)	
Total comprehensive income	1,262	709	78%
Earnings per share (EPS) basic, in ₹	1.88	1.45	30%

Bajaj Financial Securities Ltd. (BFinsec)

BFinsec, another 100% subsidiary of BFL, is a digital stockbroker offering a full suite of investment products and services to retail customers and customers of Bajaj Finance Ltd. who have availed Loan against securities (LAS). It has an all-in-one digital platform that combines demat, broking, margin trade financing for both retail clients and high networth individuals (HNIs) on a predominantly B2C platform.

With a base of some 565,100 customers as of 31 March 2023, BFinsec offers HNI demat and broking services, retail demat and broking, and margin trade financing for both HNI and retail clients. In FY2023, BFinsec generated total income of ₹ 204 crore and profit after tax of ₹ 8 crore.

Protection and Savings

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

BAGIC is one of India's leading composite general insurers offering all types of general insurance including motor, health, crop, marine and various forms of commercial lines of insurance. It has built a strong retail franchise and retained a leading position among private insurers. Its business is built on the foundation of a quality product portfolio, supported by strong underwriting, multi-channel distribution and prudent financial management. In a market where many peers continue to chase market share, BAGIC has differentiated itself by focusing on a profitable and diversified portfolio, and balancing growth with profitability. With a positioning of 'Caringly Yours', it remains one of the most respected brands in general insurance.

Industry update

The general insurance industry (private and public multi-line players) recorded GDPI (Gross Direct Premium Income) growth of 16.2% for FY2023. The growth rates in gross direct premium in India (Gross written premium less reinsurance accepted) for the industry and for BAGIC, are shown in Table 5.

Table 5: Gross direct premium in India – the general insurance industry*

(₹ In Crore)

Particulars	Gross direct premium		Gross direct premium ex tender driven government schemes	
	FY2023	FY2022	FY2023	FY2022
BAGIC	15,337	13,689	12,387	10,761
Private sector	131,941	109,753	114,635	94,412
Public sector	82,887	75,133	74,323	68,809
Industry	214,829	184,886	188,958	163,221
Standalone health insurers (SAHI)	26,242	20,867	26,242	20,867
Industry including SAHI	241,071	205,753	215,201	184,088
Growth rates				
BAGIC	12.0%	8.9%	15.1%	9.1%
Private sector	20.2%	12.0%	21.4%	14.6%
Public sector	10.3%	4.6%	8.0%	7.4%
Industry	16.2%	8.8%	15.8%	11.5%
Standalone health insurers (SAHI)	25.8%	32.4%	25.8%	32.4%
Industry including SAHI	17.2%	10.8%	16.9%	13.5%

Source: GI Council figures, IRDA website and IRDA, Handbook of Insurance Statistics.

* excluding specialised insurers.

Business update

- BAGIC posted a gross written premium (GWP) growth rate of 12.3% in FY2023, which was lower than the industry growth rate of composite insurers mainly on account of lower booking of the tender-driven business of government health and crop insurance.
- Excluding the volatile tender-driven business of crop insurance and government health, BAGIC posted a GWP growth rate of 15.4%. This was slightly lower than the industry largely on account of lower motor segment growth due to BAGIC's focus on profitability.

- It continued to do well on commercial lines (fire, marine, engineering and liability), where the growth rate was 15.2%. During the year, BAGIC also wrote premium of ₹ 2,755 crore under the government crop insurance schemes and ₹ 191 crore under the Ayushman Bharat Government health scheme.
- BAGIC continues to be among the more profitable general insurers vis-a-vis peers in the public and private sectors of comparable size. Its combined ratio of 100.5% in FY2023 is expected to be among the best in the industry, reflecting a sound balance between growth and profitability. BAGIC continues to achieve this by: (a) robust and prudent underwriting practices; (b) generation of cash flows through strong retention of premium and judicious investments of the proceeds; and (c) focus on high quality customer service.
- BAGIC has a diversified multi-channel distribution network consisting of banks, NBFCs, individual agents, motor insurance service providers, point of sales persons, web-sales and its proprietary virtual sales offices. It continued to expand the network of bancassurance partners including private banks, public sector banks, regional banks, small finance banks and cooperative banks. BAGIC has one of the largest network of bancassurance partners in general insurance.
- BAGIC introduced a unique health insurance 'Respect-Senior Care Rider', a health insurance rider that provides timely assistance to senior citizens making caretaking smarter and easier from anywhere. It provides all-round coverage for the ageing population by offering them health assistance and addressing the common worries of senior citizens.
- BAGIC launched India's first ever surety bonds insurance product. Surety bond insurance will act as a security arrangement for infrastructure projects and will insulate the contractor as well as the principal. The product will cater to the requirements of a diversified group of contractors, many of whom are operating in today's increasingly volatile environment.
- BAGIC continued its push towards enhanced digital services with capabilities like AI enabled BOT (BOING), which serviced more than 0.7 million unique customers with over 28 million conversations. Its customer facing mobile app, Caringly Yours, crossed 2.4 million downloads. Its innovative mobile app for the farming community, Farmitra, saw more than 0.66 million downloads; some 0.29 million farmer claims were intimated through the app. Also, it enabled KYC for policy issuance process for more than 1.9 million customers in three month's time and implemented a new CRM providing 360 degree view at enterprise level and managed total service request of more than 4.13 million during the year.
- Core policy administration system is being transformed to enhance agility. During the year, travel, retail health and motor third party products went live. Motor own damage products are currently at UAT stage followed by other products in upcoming year.

BAGIC: Performance Highlights for FY2023

- Gross written premium (GWP) stood at ₹ 15,487 crore in FY2023, a growth of 12.3%. Excluding tender driven business of crop and government health insurance, BAGIC's growth was 15.4%.
- BAGIC's market share in the industry, including standalone insurers, stood at 6.4% in FY2023.
- Net earned premium was ₹ 8,019 crore.
- The combined ratio was 100.5%.
- Profit after tax for FY2023 was ₹ 1,348 crore - which was mainly impacted due to overall higher claims on account of high inflation in motor and health segments.
- Some 28 million policies were issued in the year, versus about 22 million in FY2022.
- 4.38 million claims were reported in the year, versus 4.56 million in FY2022.

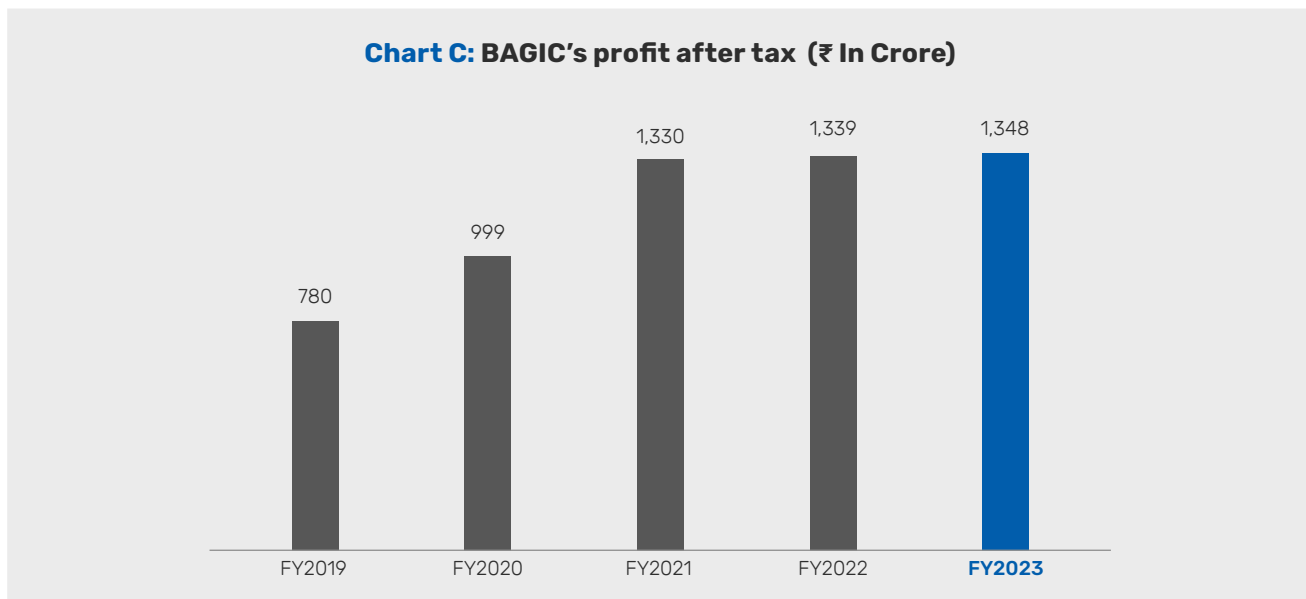
Financial performance

BAGIC's financial performance for FY2023 is summarised in Table 6. Chart C plots BAGIC's PAT over the last five years.

Table 6: BAGIC's financial performance

Particulars	(₹ In Crore)		
	FY2023	FY2022	% Change
Gross written premium (GWP)	15,487	13,788	12%
GWP ex. crop and government health	12,539	10,862	15%
Net earned premium	8,019	7,779	3%
Underwriting result	(121)	33	
Profit before tax	1,803	1,793	1%
Profit after tax	1,348	1,339	1%
Claims ratio	72.9%	73.0%	
Combined ratio*	100.5%	99.6%	
Return on average equity	15.0%	17.3%	

* Combined ratio is calculated according to the Master Circular on 'Preparation of Financial Statements of General Insurance Business' issued by the IRDAI effective from 1 April 2013.



Cash and investments

- BAGIC's cash and investments as on 31 March 2023 were ₹ 27,809 crore, versus ₹ 24,633 crore in the previous year. Cash flow generation continued to be strong.

Capital and solvency

- Paid-up capital, including share premium, stood at ₹ 277 crore as at 31 March 2023. No fresh capital was infused in the year.
- BAGIC completed 15 consecutive years since the last capital infusion and continues to be one of the most efficient users of capital in the private sector – as measured by the ratio of GWP to share capital and by GWP to shareholders' equity.
- Shareholders' equity of BAGIC was ₹ 9,806 crore as on 31 March 2023, versus ₹ 8,822 crore a year earlier.
- As on 31 March 2023, BAGIC's solvency margin was at 391%, which is well above the normal regulatory requirement of 150%.

Life Insurance, Savings and Retirement: Bajaj Allianz Life Insurance Company Ltd. (BALIC)

BALIC considers itself as a life goals enabler, offering a complete bouquet of differentiated savings, protection and retirement products for individual and group customers via well diversified and strong multi-channel distribution footprint spread across India. It uses a customer-centric approach to deliver a seamless, simplified and personalised insurance experience backed by investments in innovation and data analytics.

Industry update

The life insurance industry recorded a growth of 19% in individual rated new business (IRNB) premium in FY2023. Within the industry, private sector grew by 24%, while LIC grew by 9%. BALIC recorded strong growth in IRNB of 41% for FY2023. Guaranteed savings and annuities led the growth.

Table 7 gives the industry-wide data, along with BALIC.

Table 7: New business premium in India – the life insurance industry

(₹ In Crore)

Particulars	Individual rated new business		New business (NB)	
	FY2023	FY2022	FY2023	FY2022
BALIC	5,214	3,686	10,738	9,136
Private sector	68,378	55,077	138,644	115,503
LIC	35,578	32,496	231,899	198,760
Industry	103,956	87,573	370,543	314,263
Growth rates				
BALIC	41.4%	49.4%	17.5%	44.7%
Private sector	24.2%	21.9%	20.0%	22.7%
LIC	9.5%	6.7%	16.7%	7.9%
Industry	18.7%	15.7%	17.9%	12.9%
Market share				
Private industry	65.8%	62.9%	37.4%	36.8%
LIC	34.2%	37.1%	62.6%	63.2%

Source: Life Council statistics. Note: Individual rated new business premium = (100% of first year premium and 10% of single premium excluding group products).

Business update

BALIC recorded its highest ever gross written premium (GWP) of ₹ 19,462 crore and an AUM of ₹ 90,584 crore in FY2023.

In terms of individual rated new business (IRNB) premium, BALIC registered a growth of 41%, which was significantly higher than the industry growth rate of 19%. It was the second fastest growing life insurer amongst top 10 life insurance companies on individual rated new business (IRNB) premium basis. The growth of BALIC is evident in the chart D, with a CAGR of 32% over four years.

Chart D: BALIC's individual rated new business (IRNB) premium (₹ In Crore)



- BALIC registered increase in market share from 4.2% in FY2022 to 5.0% in FY2023 on IRNB basis. Within the private industry, its market share grew from 6.7% in FY2022 to 7.6% in FY2023.
- BALIC continued with its emphasis on a balanced and sustainable product mix, with an objective to de-risk its business from extreme volatile market movements. As a result, the proportion of unit-linked insurance plans (ULIPs), in the product mix measured on IRNB, stood at 31% in FY2023, versus 39% FY2022. Its share of non-participating guaranteed savings, annuity and protection products increased to 52% for FY2023 versus around 41% in FY2022.
- BALIC has a robust risk management framework. All policies carrying financial guarantees are hedged against interest-rate and cash flow risk through forward rate agreements with reputed banks within the framework of a Board-approved policy.
- Some of the other key achievements of FY2023 for BALIC are:
 - An increase in persistency across different vintages and improvement in claims settlement ratios.
 - Enhancement of product portfolio with revamped product portfolio like Bajaj Allianz Assured Wealth Goal in the guaranteed space, Flexi Income Goal in the participating segment, e-Touch and Smart Protect Goal in the retail term space, etc.
 - Continued strengthening of Agency via an 'Add and Grow' strategy through new initiatives with higher variable cost channels to drive efficiencies and specific customer segments.
 - Channel-in-a-channel strategy to enter new cities, customer segments including a dedicated vertical for defense personnel.
 - Addition of new bancassurance partners covering DBS Bank, J&K Bank, Punjab & Sindh Bank, Tamilnad Mercantile Bank, City Union Bank, and others.
 - Launch of green channel to enable top insurance consultants provide segmented services to customers for faster policy issuance and enhanced servicing; enhancement of branch QR code to drive self-servicing during customer walk-ins; revamp of UI UX features of life assist customer portal, making it simpler for customers to navigate.
 - Continued to reinforce the brand essence of 'Life Goal Enabler', BALIC launched various initiatives anchoring on video and vernacular themes while leveraging social media influencers and customer-engaging initiatives including Plankathon and Marathon.

BALIC: Performance Highlights for FY2023

- Individual rated new business (IRNB) premium grew by 41% in FY2023 to ₹ 5,214 crore.
- Group protection new business premium grew by 4% to ₹ 2,371 crore.
- New business premium grew by 18% to ₹ 10,738 crore.
- Renewal premium grew by 25% to ₹ 8,724 crore.
- Gross written premium (GWP) increased by 21% in FY2023 to ₹ 19,462 crore. BALIC registered its highest ever GWP during the year.
- Profit after tax (PAT) grew by 20% to ₹ 390 crore.
- New business value (NBV), a key metric used to measure profitability of life insurance businesses, increased by 53% to ₹ 950 crore.
- 13th month persistency* saw an improvement to 83.2% in FY2023, from 81.6% in FY2022, and 49th month persistency* improved to 63.6% in FY2023 from 62.0% in FY2022.
- Customer grievances were at 44 grievances per 10,000 new policies issued.
- The embedded value of BALIC at FY2023 stood at ₹ 18,584 crore up from ₹ 17,249 crore at FY2022.
- AUM was ₹ 90,584 crore.
- Over last 5 years, BALIC is the fastest growing life insurer on IRNB basis beating market handsomely.

*Policies issued in the March to February period of the relevant years.

Financial performance

BALIC's financial performance for FY2023 is summarised in Table 8.

Table 8: BALIC's financial performance

Particulars	(₹ In Crore)		
	FY2023	FY2022	% Change
Gross written premium (GWP)	19,462	16,127	21%
New business premium	10,738	9,136	18%
- Individual rated new business premium	5,214	3,686	41%
- Group protection new business premium	2,371	2,287	4%
Renewal premium	8,724	6,991	25%
Policyholders' surplus	(368)	(355)	
Shareholders' profit after tax	390	324	20%
New business value (NBV)	950	621	53%

Investments

As on 31 March 2023, BALIC's AUM was ₹ 90,584 crore – up by 6% from ₹ 85,623 crore on 31 March 2022. Table 9 provides the data.

Table 9: BALIC's assets under management

Particulars	(₹ In Crore)	
	FY2023	FY2022
Shareholders' funds	10,821	11,001
Policyholders' linked funds	33,782	33,427
Policyholders' non-linked funds	45,981	41,195
Total	90,584	85,623

Capital and solvency

- Paid up capital, including share premium, stood at ₹ 1,211 crore as at 31 March 2023. No fresh capital was infused in FY2023.
- Including accumulated profit of ₹ 9,338 crore and mark-to-market profit on equity investments of ₹ 181 crore as on 31 March 2023, the shareholders' net worth was ₹ 10,785 crore. For the previous year, accumulated profits were ₹ 9,264 crore, and shareholders' net worth was ₹ 10,939 crore.
- BALIC has a strong solvency ratio of 516% as on 31 March 2023, which is well in excess of the minimum regulatory requirement of 150%.

Emerging Businesses

Bajaj Finserv Direct Ltd. (Bajaj Markets)

Bajaj Finserv Direct Ltd. attracts new-to-Finserv customers by creating awareness and discovery of the Finserv brand through the digital medium.

It started its journey in July 2018 and operates at the leading edge of finance and technology. It operates under two divisions, as explained below.

BFSI Marketplace (Bajaj Markets)

- Has two customer facing digital assets: (i) the 'Bajaj Markets Website' – which attracts over 14 million monthly visits, and (ii) the 'Bajaj Markets mobile app' which is available on android and iOS with total installs of over 14 million.
- Partners with some of the leading companies in the BFSI sector. It has onboarded 48 partners, providing a range of products across retail banking (loans and credit cards), life insurance, general insurance and investments (fixed deposits, mutual funds, national pension scheme etc.).
- Is a corporate agent for distribution of insurance products. It has currently eight partnerships across general, life and health insurance including BAGIC and BALIC.
- It also holds RIA license for distribution of mutual fund's direct schemes.
- Offers credit cards on the platform with 4 credit card partners.

Technology services division (SKALEUP)

- Offers digital technology services primarily in the BFSI domain with a portfolio of six specialisations and over 30 functional offerings across lending, insurance and investments.

Offers digital technology services and solutions to Bajaj group companies, as well as to external clients.

Bajaj Markets recorded a revenue of ₹ 391 crore and a loss of ₹ 52 crore during FY2023 (₹ 207 crore and ₹ 87 crore respectively in FY2022). BFS and BFL have so far infused capital of ₹ 809 crore in this venture.

Bajaj Finserv Health Ltd. (Bajaj Finserv Health)

Bajaj Finserv Health is health tech venture that aims to transform the healthcare sector in India. It offers a range of healthcare solutions and services. The mission is to provide platform for customers to manage their health 360°, which includes wellness, OPD and IPD. In India, insurers only provide IPD coverage which is not value creating for customers as well as insurers.

The Company has started servicing retail as well as corporate employees and has 0.9 million paid users, which includes employees of 353 large corporates.

It has built a network of over 120,000 doctors, more than 6,000 diagnostic points and over 1,800 hospitals where Outpatient (OP) transactions can be done on cashless basis. It has already done over 0.34 million health claims in FY2023. It has also developed a consumer facing app which allows customers to manage their plans, access network of healthcare providers, book appointments and store their health records for future reference. Bajaj Finserv Health is also a Wave 1 partner of the Digital Health Mission of the NHA.

Bajaj Finserv Health recorded a revenue of ₹ 185 crore and a loss of ₹ 188 crore during FY2023 (₹ 88 crore and ₹ 129 crore respectively in FY2022). Bajaj Finserv has so far infused capital of ₹ 460 crore in this health tech venture.

Renewable Energy and Conservation of Environment

Bajaj Finserv owns and operates 138 windmills in Maharashtra with total installed capacity of 65.2 MW. During FY2023, the Company continued generating green energy, thereby contributing to conservation of the environment. Apart from revenue from sale of power generated by these wind farms, BFS also earns revenue from renewable energy certificates (RECs).

Due to favourable winds, the windmills generated 8.32 crore units in FY2023, which was 9% higher than the FY2022 generation of 7.64 crore units. Revenue generated from renewable energy in FY2023 was ₹ 23 crore versus ₹ 29 crore in the previous year. The reduction is mainly due to limited REC trade during FY2023.

Bajaj Finserv ESG

We, as an organisation and group of companies, are more resolute than ever, to embed our environmental, social and governance (ESG) priorities into the DNA of our core operations across people, practices and processes because real sustainability for us lies in staying committed to responsible and inclusive growth for all, for now and tomorrow. We have mapped our business responsibility strategy towards the realisation of a vision that inspires us to grow responsibly and commit towards effectively implementing our ESG objectives.

Our ESG initiatives are founded upon eight key pillars. These are:

- **High standards of corporate governance**

Conduct and govern business with integrity in a manner that is ethical, transparent, fair and accountable is at the heart of a successful business. We have built the foundations of the organisation on these principles. The Bajaj group's commitment to the highest standards of corporate governance practices predates the provisions of the SEBI listing regulations. It is also reflected in the strong culture of responsible business conduct for building long-term businesses and providing sustainable growth and meeting the interests of its stakeholders. Besides adopting high standards of governance, the group remains committed to prudent business practices in order to ensure that businesses are not exposed to undue risks.

- **Deliver financial services to millions of Indians**

Provide access to relevant financial products and services that meet the needs of larger society in a fair and transparent manner. Through our pan-India presence and vast network of offices and points of presence, we embrace financial inclusion as a core value to be driven across our businesses.

- **Preserve and protect the environment**

While as a financial services group, we do not produce harmful effluents, we strive to adopt environmental practices and processes that minimise the adverse impact of our operations on the environment. Further, we also provide financial product offerings that assist in the preservation and protection of the environment.

- **Empowering society**

Through our CSR activities, we endeavour to promote social welfare activities for inclusive growth, equitable development, and well-being of society, through focus in the areas of skilling, health, education, environment, women empowerment, infrastructure, rural development, community development and response to natural calamities. Our flagship programme, CPBFI, seeks to make graduates, especially first-generation graduates from small towns, employable in the financial services industry.

- **Customer centricity**

We constantly seek to innovate/invest in products, technologies and processes that enhance customer experience and promote professional, fair and transparent dealings.

- **Human capital management**

We aim to create a thriving, safe and inclusive workplace for its employees and providing merit based opportunities for professional development and growth while providing equal opportunity for employment across gender or ethnic background.

- **Information and cyber security including fraud management**

We adopt robust information security, cyber security and fraud controls to overcome various challenges and threats that can disrupt our business operations and endanger customer data.

- **Stakeholders' engagement**

We seek regular engagement with relevant stakeholders for enhancing the sustainable and responsible business practices.

Full details of the progress that we have made in these areas can be found in our Business Responsibility and Sustainability Report which is uploaded on our website at www.bajajfinserv.in

One Finserv – A Group-wide Platform for Human Capital Development

One Finserv is a major initiative adopted by us across our group companies to provide our employees with opportunities for growth and career development across our businesses. Started a few years ago, the development of One Finserv has entailed:

- Creating a common job evaluation structure so that jobs can be easily compared or ported across our businesses.
- Creating a platform for internal job postings under which almost all vacancies are advertised across the group; and employees in the group are free to apply if they are eligible.
- Identifying the leadership mindsets viz. founder's mindset, customer obsession, being responsible and talent building. These, along with leadership behaviours comprising dream to deliver, innovate to simplify, delegate and develop and doing the right thing form the basis of our talent management. All middle and senior management employees aspiring to be leaders are evaluated on these dimensions.
- Preparation of talent cards for each employee which identifies potential growth opportunities for employees within the group and also potential internal successors within the group.
- Creating learning and development journeys based on output of the talent assessment process, focused on the leadership mindsets and behaviours.
- Annual review of talent cards and assessments across the group.

Through the One Finserv initiative we seek to create a strong succession planning framework while addressing the growth and development needs of individuals.

CPBFI: The Flagship Skilling Programme of Bajaj Finserv

Our employability initiative, CPBFI, aims to upskill first-generation graduates from smaller towns and rural areas to gain the right aptitude and attitude for building a strong career in the financial services industry. The employability programme started in 2015, which we conduct in collaboration with our partner institutes, has thus far enrolled more than 30,000 fresh graduates across the country. FY2023 was another record year for CPBFI, with annual enrolments crossing 10,781.

The Company conducts a customised 100-hour certificate programme, viz. certificate programme in banking, finance and insurance (CPBFI) for graduate and post-graduate students. CPBFI comprehensively covers all aspects of employability, i.e. attitude, skills and knowledge. Unlike conventional skilling programmes, it prepares the students for more than 10 roles in the financial services industry. The programme also produces a unique talent pool of 'industry trained graduates' for the entire BFSI industry, which offers an excellent balance between cost and productivity compared to their traditional target segments.

With a certified alumni base of close to 16,000 graduates (of which 6,000 were certified in FY2023), a placement division has now been set up to provide career opportunities to CPBFI alumni.

Complete details of CPBFI and other CSR initiatives are elaborated in our CSR report which forms part of this annual report.

Financials of Bajaj Finserv

BFS: Consolidated Performance Highlights for FY2023

All-time high

- Consolidated revenue of ₹ 82,072 crore.
- Consolidated profit after tax of ₹ 6,417 crore.
- BFL consolidated profit after tax of ₹ 11,508 crore.
- BAGIC gross written premium of ₹ 15,487 crore.
- BALIC gross written premium of ₹ 19,462 crore.

Standalone financials

Standalone financials of the Company are given in Table 10 and the significant ratios in Table 11.

Table 10: Standalone financials of Bajaj Finserv

Particulars	(₹ In Crore)	
	FY2023	FY2022
A. Income from wind farm activity	23	29
Administrative expenses	13	22
Profit from wind farm activity	10	7
B. Income from investments and others*	1,125	700
Other expenses	160	144
Profit before tax (PBT)	975	563
Tax expense	242	139
Profit after tax (PAT)	733	424

*Includes dividend received from subsidiaries of ₹ 949 crore (Previous year : ₹ 511 crore).

Table 11: Significant standalone ratios of Bajaj Finserv

Particulars	FY2023	FY2022
Current ratio	1.5	1.8
Operating profit margin %	85.0%	77.2%
Net profit margin %	63.9%	58.2%
Return on equity %	15.2%	10.4%

Return on equity has changed significantly due to increase in profit.

Consolidated financials

The consolidated financials are given in Table 12. These include the results of subsidiaries and joint venture and are prepared in accordance with the Ind AS.

Note on consolidated profit after tax:

Under Ind AS, the insurance subsidiaries have chosen to hold a large part of equity securities portfolio as Fair Value Through Profit and Loss Account. Unrealised Mark-to-market (MTM) gain/(loss) on investments (post tax) included in consolidated profit are given below.

Table 12: Consolidated financials of Bajaj Finserv

(₹ In Crore)

Segment revenue			Segment results: profit after tax		
Particulars	FY2023	FY2022	Particulars	FY2023	FY2022
Life insurance	20,305	17,469	Life insurance	274	244
General insurance	20,563	19,612	General insurance	995	987
Windpower	23	29	Windpower	10	7
Retail finance	41,406	31,640	Retail finance	6,041	3,700
Investments and others	1,703	996	Investments and others	(575)	(383)
	84,000	69,746	Profit before MTM gain	6,745	4,555
Less: inter-segment	1,928	1,307	MTM gain/(loss)	(328)	2
Total	82,072	68,439	Profit after MTM gain	6,417	4,557

Internal control systems and their adequacy

The Company has effective internal control systems, which have been found to be adequate by the Management of the Company. The Internal Auditors periodically bring to the attention of the Audit Committee any deficiencies and weaknesses in the internal control systems, if any. The Audit Committee reviews and monitors the remedial actions to ensure its overall adequacy and effectiveness.

Awards and Recognition

During the year, the Company, its subsidiaries and key personnel received several prestigious awards, some of which are given below.

BFL

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

BAGIC

- 'General Insurance Company of the Year' at 26th Asia Insurance Industry Awards in Singapore.
- 'Best BFSI Brand – 2023' at the Economic Times Brand Best Brand Awards 2023.
- 'Best Health Insurance Coverage of the Year' and 'Best Risk Management Strategy' categories at the ICC Emerging Asia Insurance Awards.

BALIC

- Won under the 'Highest Growth' category at the ASSOCHAM 14th Global Insurance E-Summit and Awards.
- Kincentric 'Best Employer Award' 2022, second time in a row and 'India Best Employer Club 2023'.
- Recognised for the second consecutive year as a 'Great Place To Work® India' for September 2022-September 2023.
- Rated as 'No. 1 Top Riser Brand', as per Kantar's India's 75 Most Valuable Brands report.

Bajaj Markets

- Won Gold for the Best Traditional as well as Best Digital Campaign in BFSI category at AdWorld Showdown by Inkspell Media.
- Won Silver for Excellence in Recruitment and Hiring in Freshers/Campus Hire category at the ET Human Capital Awards by ET HR World.

Bajaj Finserv Health

- ET Human Capital Awards for BYTE recruitment programme.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global economy, political stability, stock performance on stock markets, changes in government regulations, tax regimes, economic developments and other incidental factors. Except as required by law, the Company does not undertake to update any forward-looking statements to reflect future events or circumstances. Investors are advised to exercise due care and caution while interpreting these statements.

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Report on Corporate Governance

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

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

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

Philosophy

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

Bajaj Finserv is a conglomerate of different financial services businesses – lending, general and life insurance, digital distribution, digital healthcare platform, stock broking, asset management, investment and so on – operated through its subsidiaries and joint ventures. Through its representation on the Boards of the subsidiaries, Bajaj Finserv seeks adoption of key group principles of corporate governance across its subsidiaries.

Key elements of Bajaj Finserv's Corporate Governance

- Compliance with applicable laws.
- Proactive adherence to the regulations.
- Number of Board and Committee meetings more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans and risks.
- The Company's Board comprises of directors from diverse background and substantial experience, who are able to provide appropriate guidance to the executive management as required.
- Panel of independent directors with outstanding track record and reputation.
- Effective 1 April 2023, Audit Committee comprising of independent Board members.
- Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management who are the process owners.
- Separate meeting of independent directors without the presence of non-independent directors or executive management.
- Confidential Board evaluation process where each Board member evaluates the performance of every director, Committees of the Board, the Chairman of the Board and the Board itself.
- Presentations by key senior management team members of the Company and its subsidiaries to familiarise the directors with key elements of each of the businesses.
- Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions.
- Representation of the Company via non-executive and independent directors on the Board of its material subsidiaries which ensures an institutionalised structure of control over subsidiaries.
- Half-yearly communication from the Chairman to all shareholders of the Company giving an update on the Company's performance.
- Adoption of key governance policies and codes by the Board in line with best practices, which are made available to stakeholders for downloading/viewing from the Company's website. These *inter-alia* include:

- Whistle-Blower Policy/vigil mechanism;
 - Policy on Materiality of and dealing with Related Party Transactions;
 - Code of Conduct for directors and senior management;
 - Dividend Distribution Policy;
 - A gender neutral policy on Prevention of Sexual Harassment at workplace;
 - Charter of fair & responsible workplace guidelines for contract labour;
 - Corporate Social Responsibility Policy;
 - Remuneration Policy;
 - Policy for determining Material Subsidiaries;
 - Code of ethics and personal conduct;
 - Responsible and Sustainable Business Conduct Policy;
 - Employee Charter and Human Rights Statement; and
 - CII Code of Conduct.
- The weblinks of key policies are given as an annexure to this Report.

Board of Directors

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

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

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

Composition

In compliance with the SEBI Listing Regulations, the Company has an optimum combination of executive and non-executive directors with a woman independent director.

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

The Company is in compliance with the SEBI Listing Regulations.

Number of meetings of the Board

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

During FY2023, the Board of Directors met six times, viz., 28 April 2022, 28 July 2022, 13 September 2022, 21 October 2022, 30 January 2023 and 15 March 2023. The gap between any two consecutive meetings has been less than one hundred and twenty days.

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

Sr. No.	Name of director, DIN and capacity/ category	Director since	No. of Board Meetings		Remuneration (₹ in Crore)			No. of Shares held in the Company as on 31 March 2023
			Entitled to attend/ Attended	% of meetings attended in last 3 years	Salary and other compensation	Sitting Fee	Commission	
1.	Sanjiv Bajaj (DIN: 00014615) Chairman & Managing Director, Executive, Promoter	30 April 2007	6/6	100.00	23.32	-	-	4,144,040
2.	D. J. Balaji Rao# (DIN: 00025254) Independent	1 April 2014	6/6	100.00	-	0.14	0.28	Nil
3.	Dr. Naushad Forbes (DIN: 00630825) Independent	13 September 2017	6/6	94.74	-	0.18	0.36	500
4.	Anami N Roy (DIN: 01361110) Independent	1 January 2019	6/6	100.00	-	0.09	0.18	Nil
5.	Pramit Jhaveri* (DIN: 00186137) Independent	1 May 2022	5/5	100.00	-	0.12	0.24	Nil
6.	Radhika Haribhakti* (DIN: 02409519) Independent	1 May 2022	5/5	100.00	-	0.08	0.16	900
7.	Madhur Bajaj (DIN: 00014593) Non-executive, Promoter	10 May 2007	6/6	100.00	-	0.06	0.12	500,000
8.	Rajiv Bajaj (DIN: 00018262) Non-executive, Promoter	30 April 2007	6/6	84.21	-	0.06	0.12	701,715
9.	Manish Kejriwal (DIN: 00040055) Non-executive, non-independent	1 January 2019	6/6	100.00	-	0.13	0.26	Nil

Notes:

All Directors attended the AGM held on 28 July 2022.

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

No other directors are related interse.

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

* Appointed as independent directors of the Company w.e.f. 1 May 2022. Hence, % of meetings attended is calculated based on the number of Board meetings attended by them post their appointment.

The Company has not issued any convertible instruments and none of the Directors hold any convertible instrument.

Changes in composition of Board during FY2023

Details of change in composition of the Board during FY2023 are as below:

Sr. No.	Name of director	Capacity	Nature of change	Effective date
1.	Dr. Gita Piramal	Independent director	Resignation	30 April 2022*
2.	Pramit Jhaveri	Independent director	Appointment	1 May 2022
3.	Radhika Haribhakti	Independent director	Appointment	1 May 2022

*Close of business hours.

Resignation of Independent Director during FY2023

Dr. Gita Piramal, who was holding office for a second term till 15 July 2024, resigned due to health reason with effect from close of business hours on 30 April 2022.

She has confirmed that there was no other material reason for resignation other than that mentioned above.

A copy of her resignation letter dated 25 April 2022 which has been submitted to stock exchanges and can be accessed at <https://www.bseindia.com/xml-data/corpfiling/AttachHis/236c9bad-cb33-499e-a90b-9bbba07bd5c9.pdf>

Board diversity

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

A brief profile of directors is available on the website of the Company and can be accessed at <https://www.bajajfinserv.in/about-us-board-of-directors>

Core skills/ expertise/ competencies

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

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

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

Sr. No.	Name of the director	Core skills/ expertise/ competencies
1.	Sanjiv Bajaj	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Regulatory, Public policy and economics; Human Resources; and Business Transformation & Strategy
2.	D J Balaji Rao	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; and Business Transformation & Strategy

Sr. No.	Name of the director	Core skills/ expertise/ competencies
3.	Dr. Naushad Forbes	Management & Governance; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Regulatory, Public policy and economics; Human Resource; and Business Transformation & Strategy
4.	Anami N Roy	Management & Governance; Financial Services; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Regulatory, Public policy and economics; and Human Resource
5.	Pramit Jhaveri	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Regulatory, Public policy and economics; Human Resource; and Business Transformation & Strategy
6.	Radhika Haribhakti	Management & Governance; Financial Services; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Human Resource; and Business Transformation & Strategy
7.	Madhur Bajaj	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Regulatory, Public policy and economics; Human Resource; and Business Transformation & Strategy
8.	Rajiv Bajaj	Management & Governance; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Human Resource; and Business Transformation & Strategy
9.	Manish Kejriwal	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Regulatory, Public policy and economics; and Business Transformation & Strategy

Opinion of the Board

The Board hereby confirms that, in their opinion, the independent directors fulfil the conditions specified under the SEBI Listing Regulations and the Act and that they are independent of the management of the Company.

Non-executive directors' compensation

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

The members of the Company vide special resolution dated 22 June 2022, have approved the payment of commission up to a sum not exceeding one percent of the net profit of the Company, calculated in accordance with the provisions of section 198 of the Act, to be paid and distributed among the directors of the Company or some or any of them (other than the Managing Director and Whole-time Director, if any) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors from time to time during the period of five years commencing from 1 April 2022.

During FY2023, the NEDs of the Company are being paid commission at the rate of ₹ 200,000 per meeting of the Board and/or its Committees attended by them.

An independent benchmarking exercise was done on the compensation payable to NEDs vis-a-vis peers and other well governed companies. The Board, after taking into account the same and keeping in view the responsibilities that the NEDs are expected to bear in the interest of higher level of excellence in corporate governance on account of statutory and regulatory changes, enhanced the commission from ₹ 200,000 to ₹ 300,000 per meeting of the Board and/or Committee (except Duplicate Share Certificate Issuance Committee and Corporate Social Responsibility Committee) w.e.f. 1 April 2023. The total commission payable to all Directors, will be within the maximum permissible ceiling prescribed under the Act.

The Commission is paid to the directors post adoption of financial statements by the members at the annual general meeting.

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

The Company does not have a stock option programme for any of its directors.

Information placed before the Board

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

Since the Company operates through its subsidiaries in diverse businesses, special presentations are made on specific businesses and/or topics as part of governance oversight over subsidiaries.

In terms of quality and importance, the information supplied by Management to the Board is far ahead of the mandate under the Act and SEBI Listing Regulations. The independent directors of the Company met on 15 March 2023 and expressed their satisfaction on the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

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

- Business plans, forecast and strategic initiatives of the Group
- Internal financial controls
- Succession planning, organisational structure, and talent management framework
- Annual operating plans/ financial budget of subsidiaries
- Status of compliance with Act, SEBI Regulations and shareholder related matters
- Review of various policies framed by Company from time to time covering, amongst others, Code of Conduct for Directors and Senior Management, Whistle-Blower policy, Code of practice and procedure for fair disclosure and Risk Management policy, etc.
- Risk management system, risk management policy and strategy followed
- Minutes of meetings of various Committees of the Board
- Review of critical legal matters involving the Company and/or its subsidiaries
- Performance of subsidiaries

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

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

Orderly succession to Board and Senior Management

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

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

During the year under review, the Board was updated, *inter alia*, on the following:

- Framework to address anticipated, as well as unscheduled changes in leadership;
- Process of revising the succession plan;
- Several programmes through which high performing talents are identified;
- Series of interventions and experiential environments to develop their leadership qualities and skills;
- Keeping in line with the principles of governance, how the changes are planned from time to time in the Board of Directors, Board committees and the top management as part of succession planning.

Directorships and memberships of Board committees

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

Sr. No.	Name of director	No. of directorships	Directorships			Committee positions in listed and unlisted public companies	
			In equity listed companies	In unlisted public companies	In private limited companies	As member (including as chairperson)	As chairperson
1.	Sanjiv Bajaj	18	5	5	8	8	0
2.	D J Balaji Rao	4	4	0	0	4	2
3.	Dr. Naushad Forbes	14	5	1	8	7	2
4.	Anami N Roy	10	6	3	1	8	4
5.	Pramit Jhaveri	4	3	0	1	2	0
6.	Radhika Haribhakti	8	7	1	0	9	2
7.	Madhur Bajaj	7	4	0	3	0	0
8.	Rajiv Bajaj	11	5	2	4	0	0
9.	Manish Kejriwal	2	2	0	0	3*	1

* Resigned as member of Audit Committee of Bajaj Finserv Ltd. & Bajaj Holdings & Investment Ltd. w.e.f. close of business hours on 31 March 2023.

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

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

As per declarations received, no director serves as an independent director in more than seven equity listed companies or in more than three equity listed companies if he/ she is a whole-time director/ managing director in any listed company.

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

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

Directorship in listed companies (including debt listed companies)

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

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

Certificate on qualification of Directors

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

Review of legal compliance reports

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

Code of Conduct

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

The Company has a Board approved Code of Conduct for Board members and senior management of the Company. Based on the review, the Code of Conduct was revised in line with applicable regulations and approved by the Board at its meeting held on 15 March 2023. The updated Code has been placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-conduct-for-directors-and-senior-management-v1?scl=1&fmt=pdf>

All the Board members and senior management personnel have affirmed compliance with the Code for the year ended 31 March 2023. A declaration to this effect signed by the Chairman & Managing Director forms a part of this [Annual Report](#).

Maximum tenure of independent directors

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

Formal letter of appointment to independent directors

The Company has issued a formal letter of appointment/re-appointment to independent directors in the manner provided in the Act. As per regulation 46(2) of the SEBI Listing Regulations, the terms and conditions of appointment/re-appointment of independent directors are placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-terms-of-id-appointment-2018-v1pdf?scl=1&fmt=pdf>

Familiarisation programme

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

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

As a part of on boarding of independent directors during the year, they were familiarised about, *inter alia*, covering the following:

- Group and organisational structure
- Key highlights about the business and financials of subsidiaries
- Risk management process
- ESG approach, ESG journey so far and key outcomes
- CSR overview and process
- Assurance framework

Details of familiarisation programmes for FY2023 are placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/familiarisation-programme-for-independent-directors-v4?scl=1&fmt=pdf>

Whistle-blower policy/vigil mechanism

The Company has a whistle-blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the SEBI Listing Regulations. This mechanism enables directors and employees to report confidentially to the management, without fear of victimisation, any unacceptable and/or unethical behaviour, suspected or actual fraud, violation of the Company's Code of Conduct or ethics policy and instances of leak or suspected leak of unpublished price sensitive information which are detrimental to the organisation's interest. It provides safeguards against victimisation of directors/employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases.

The said policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website, which can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-website-v1pdf?scl=1&fmt=pdf>.

During FY2023, no employee was denied access to the Chairman of Audit Committee under this policy. During FY2023, 1 complaint was received by Company and the same has been resolved as on 31 March 2023.

Details of subsidiaries

a) Material subsidiaries

The Company has four material subsidiaries viz. Bajaj Finance Ltd. (BFL), Bajaj Allianz Life Insurance Company Ltd. (BALIC), Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Housing Finance Ltd. (BHFL).

The details of the same are as under:

Sr. No.	Particulars	BFL	BHFL
1.	Date of incorporation	25 March 1987	13 June 2008
2.	Place of incorporation	Pune	Pune
3.	Registered office	Akurdi, Pune - 411035	Bajaj Auto Ltd., Complex, Mumbai-Pune Road, Akurdi Pune - 411 035
4.	Name of the Auditor	Deloitte Haskins & Sells, Chartered Accountants and G. M. Kapadia & Co., Chartered Accountants, as Joint Statutory Auditors	Khandelwal Jain & Co., Chartered Accountants and G.D. Apte & Co., Chartered Accountants as Joint Statutory Auditors
5.	Date of appointment	17 November 2021	16 November 2021
6.	Period of appointment	3 years to hold office till the AGM scheduled in 2024 for audit of Financial Statements for FY 2022, 2023 and 2024 as per RBI Guidelines.	3 years to hold office till the AGM scheduled in 2024 for audit of Financial Statements for FY2022, 2023 and 2024 as per RBI Guidelines.
7.	Other details	<ul style="list-style-type: none"> – BFL is registered as a Non-Banking Finance Company with Reserve Bank of India ('RBI') (Registration No. A-13.00243). – It is also classified in the Upper Layer pursuant to RBI Scale Based Regulations. – The equity shares of the company are listed on BSE Ltd. and National stock Exchange of India Ltd. – Debentures issued by the company are listed on the whole sale debt market (WDM) segment of BSE Ltd. It is classified as a high value debt listed entity in terms of SEBI Listing Regulations. 	<ul style="list-style-type: none"> – BHFL is registered as a Housing Finance Company with National Housing Bank (Registration No. 09.0127.15). – It is also classified in the Upper Layer pursuant to RBI Scale Based Regulations. – Debentures issued by the company are listed on the whole sale debt market (WDM) segment of BSE Ltd. It is classified as a high value debt listed entity in terms of SEBI Listing Regulations.

Sr. No.	Particulars	BAGIC		BALIC	
1.	Date of incorporation	19 September 2000		12 March 2001	
2.	Place of incorporation	Pune		Pune	
3.	Registered office	Bajaj Allianz House Airport Road, Yerawada Pune – 411 006		Bajaj Allianz House Airport Road, Yerawada Pune – 411 006	
4.	Name of the Auditor	S R Batliboi & Co. LLP, Chartered Accountants	KKC & Associates LLP, Chartered Accountants (formerly Khimji Kunverji & Co. LLP)	S R Batliboi & Co. LLP, Chartered Accountants	Kalyaniwalla & Mistry LLP, Chartered Accountants
5.	Date of appointment	18 July 2018	5 May 2022	18 July 2018	5 May 2022
6.	Period of appointment	From the conclusion of 18th AGM till conclusion of 23rd AGM	From the conclusion of 22nd AGM till conclusion of 27th AGM	From the conclusion of 17th AGM till conclusion of 22nd AGM	From the conclusion of 21st AGM till conclusion of 26th AGM
7.	Other details	BAGIC is also a joint venture between Bajaj Finserv Ltd. and Allianz SE. The Company is registered as a General Insurer with IRDAI (Registration No. 113)		BALIC is also a joint venture between Bajaj Finserv Ltd. and Allianz SE. The Company is registered as Life Insurer with IRDAI (Registration No. 116)	

These material subsidiaries have eminent and professional Board of Directors comprising of highly qualified persons and the brief profile of those directors are uploaded on respective company's website.

The Company's policy for determination of material subsidiary has been placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-material-subidiaries-13marchpdf?scl=1&fmt=pdf>

b) Wholly-owned subsidiaries:

Sr. No.	Name of the Company	Date of incorporation	Place of incorporation	Particulars	
				Registered office	Other details
1.	Bajaj Finserv Health Ltd. ('BFS-Health')	5 July 2019	Pune	Bajaj Auto Ltd., Mumbai-Pune Road, Akurdi, Pune – 411 035.	BFS-Health provides a healthcare management platform that integrates various parts of the healthcare ecosystem and uses technology to improve the health outcomes of its customers.
2.	Bajaj Finserv Ventures Ltd. ('BFS-Ventures')	27 September 2021	Pune	Bajaj Finserv Ltd., S.No.208/1B, Lohagaon, Viman Nagar, Pune – 411 014.	<ul style="list-style-type: none"> – BFS-Ventures is engaged in the business of alternative investments in properties and start-ups. – In addition it also undertakes the business of debt management services, business process outsourcing, and all allied services related to the management of human resources.
3.	Bajaj Finserv Mutual Fund Trustee Ltd. ('BFS-Trustee')	11 October 2021	Pune	S. No. 208/1B, Lohegaon, Viman Nagar, Pune – 411 014.	BFS-Trustee is the Trustee for the Bajaj Finserv Mutual Fund. They are entrusted with the responsibility of supervising the activities of asset management company and mutual fund and discharging other obligations under the SEBI (Mutual Fund) Regulations, 1996
4.	Bajaj Finserv Asset Management Ltd. ('BFS-AMC')	18 October 2021	Pune	S. No. 208/1B, Lohegaon, Viman Nagar, Pune – 411 014.	BFS-AMC has received the license from SEBI to act as an asset management company for Bajaj Finserv Mutual Fund.

Other subsidiaries of the Company include Bajaj Finserv Direct Limited and Bajaj Financial Securities Limited (wholly owned subsidiary of BFL).

Details of material subsidiaries, including their performance, business, etc. is given in the [Management Discussion and Analysis](#).

Provisions under regulation 24 and 24A of SEBI Listing Regulations, with reference to the subsidiary companies were duly complied, to the extent applicable.

During FY2023, no company became or ceased to be our subsidiary or joint venture company. The Company does not have any associate company.

As on 31 March 2023, the combined market capitalisation of BFS and BFL, listed material subsidiary is approximately ₹ 541,785 crore.

Loans and advances

During FY2023, the Company and its subsidiaries have not provided any loans and advances in the nature of loans to firms/companies in which the directors are interested.

Share Capital

Keeping with the spirit of inclusion and to reward the members, the Board of Directors, at its meeting held on 28 July 2022, recommended sub-division of one equity share of face value of ₹ 5 into five equity shares of the face value of ₹ 1 and issue of bonus shares of face value of ₹ 1 for every 1 (one) fully paid-up equity share of face value of ₹ 1. The members vide their resolution dated 2 September 2022 approved the aforesaid proposals.

On 15 September 2022, the Company allotted 796,407,730 bonus equity shares of face value of ₹ 1 (after giving effect of stock split) in the ratio of 1:1 to all eligible shareholders holding shares on record date i.e. 14 September 2022.

As of 31 March 2023, the paid-up capital of the Company post sub-division of equity shares and bonus issue was ₹ 159.28 crore consisting of 1,592,815,460 equity shares of face value of ₹ 1 fully paid up.

The Company has not issued any convertible securities and there are no outstanding convertible securities as on 31 March 2023.

Utilisation of funds raised through Preferential Allotment/Qualified Institutions Placement

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

Related party transactions

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

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

During FY2023, there were no materially significant RPTs that may have had any potential conflict with the interest of the Company at large. The policy on materiality of RPTs stipulating the threshold limits and also on dealing with RPTs which has been approved by the Board has been placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions?scl=1&fmt=pdf>

Audit Committee

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

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

The terms of reference of the Committee are in accordance with the Act and SEBI Listing Regulations. These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions with related parties, review management letters/

letters of internal control weaknesses issued by the statutory auditors, if any, and review compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The detailed terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-audit-committeepdf?scl=1&fmt=pdf>

Meetings and attendance

During FY2023, the Audit Committee met five times, viz. 28 April 2022, 28 July 2022, 21 October 2022, 30 January 2023 and 15 March 2023. These meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two consecutive meetings.

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

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

Manish Kejriwal, stepped down as member of Committee with effect from close of business hours on 31 March 2023.

Further, the Board of Directors inducted Anami N Roy as member of the Committee effective 1 April 2023.

Dr. Naushad Forbes, Chairman of the Committee, was present at the AGM which was held through video conferencing (VC) on 28 July 2022 to answer members' queries.

Changes in composition of Audit Committee during FY2023

Details of change in composition of the Audit Committee during FY2023 is as given below:

Sr. No.	Name of director	Capacity	Nature of change	Effective date
1.	Dr. Gita Piramal	Member	Cessation as a member on account of resignation from the Board	30 April 2022*
2.	Pramit Jhaveri	Member	Appointment as a member	1 May 2022
3.	Manish Kejriwal	Member	Cessation as a member	31 March 2023*
4.	Anami N Roy	Member	Appointment as a member	1 April 2023

*Close of business hours.

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

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

Sr. No.	Name of director	Member of Committee since	Category	No. of meetings held during FY2023 (5)	
				Entitled to attend	Attended
1.	Dr. Naushad Forbes	13 September 2017	Chairman, non-executive, independent	5	5
2.	D J Balaji Rao	30 January 2008	Non-executive, independent	5	5
3.	Pramit Jhaveri	1 May 2022	Non-executive, independent	4	4
4.	Manish Kejriwal	17 March 2020	Non-executive, non-independent	5	4

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

Nomination and Remuneration Committee

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

The terms of reference of the Committee are in accordance with the Act and SEBI Listing Regulations. These broadly include formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and senior management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of independent directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed under the Act and SEBI Listing Regulations.

Detailed terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-terms-of-reference-nrc-28-april-2023pdf?scl=1&fmt=pdf>

The Committee acts as the Compensation Committee for administration of the Company's Employee Stock Option Scheme, 2018.

Meetings and attendance

During FY2023, the Committee met three times, viz. 28 April 2022, 13 September 2022 and 15 March 2023.

Consequent to resignation of Dr. Gita Piramal with effect from close of business hours on 30 April 2022 the Board of Directors inducted Radhika Haribhakti as the member of the Committee with effect from 1 May 2022.

D J Balaji Rao, Chairman of the Committee, was present at the AGM of the Company held through VC on 28 July 2022, to answer shareholders' queries.

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

Sr. No.	Name of director	Member of Committee since	Category	No. of meetings held during FY2023 (3)	
				Entitled to attend	Attended
1.	D J Balaji Rao	30 January 2008	Chairman, non-executive, independent	3	3
2.	Dr. Naushad Forbes	1 October 2021	Non-executive, independent	3	3
3.	Anami N Roy	1 October 2021	Non-executive, independent	3	3
4.	Radhika Haribhakti	1 May 2022	Non-executive, independent	2	2
5.	Sanjiv Bajaj	28 April 2021	Executive, non-independent	3	3
6.	Manish Kejriwal	17 May 2019	Non-executive, non-independent	3	3

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

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

The criteria is hosted on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/evaluation-criteriapdf?scl=1&fmt=pdf>

Risk Management Committee

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

The terms and reference of RMC, *inter alia*, include formulation of a detailed risk management policy, reviewing and guiding the management on reputational and market (investment) risk, ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company and its subsidiaries, monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems. To the Company risk mainly emanates from the subsidiaries. At the RMC meetings, these risk are discussed and reviewed in detail. The Chief Risk Officers (CROs)/Risk officers from the respective subsidiaries also participate at such meetings.

The detailed terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-risk-management-committeepdf?scl=1&fmt=pdf>.

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

Meetings and attendance

During FY2023, the Committee met three times, viz. 13 September 2022, 30 January 2023 and 15 March 2023.

The Board of Directors inducted Pramit Jhaveri as member of the Committee effective 1 May 2022.

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

Sr. No.	Name of director/ senior executive	Member of Committee since	Category	No. of meetings held during FY2023 (3)	
				Entitled to attend	Attended
1.	Dr. Naushad Forbes	17 March 2020	Chairman, non-executive, independent	3	3
2.	Pramit Jhaveri	1 May 2022	Non-executive, independent	3	3
3.	Sanjiv Bajaj	14 October 2014	Executive, non-independent	3	3
4.	Anish Amin	17 May 2019	Senior executive, President (Group Risk, Assurance & Human Resources)	3	3

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

Stakeholders Relationship Committee

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

The terms of reference of the Committee, *inter alia*, include review of measures taken for effective exercise of voting rights by shareholders and review of adherence to the service standards in respect of various services rendered by the Registrar and Share Transfer Agent ('RTA'). The terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-stakeholders-relationship-committeepdf?scl=1&fmt=pdf>

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

Meetings and attendance

During FY2023, the Committee met once on 30 January 2023, to review the status of investors' services rendered. The Secretarial Auditor as well as the Company Secretary were present at the said meeting.

The Committee was apprised of the major developments on matters relating to investors. In addition, the Committee also considered matters that can facilitate better investor services and relations. The Committee offered few suggestions for improvement in the shareholder services, which has been duly noted by the Company secretarial team.

Consequent to resignation of Dr. Gita Piramal, she ceased to be Chairperson and member of SRC with effect from close of business hours on 30 April 2022. The Board of Directors inducted Dr. Naushad Forbes as the Chairman and appointed Radhika Haribhakti as the member of the Committee effective from 1 May 2022.

Dr. Naushad Forbes, Chairman of the Committee, was present at the AGM of the Company held through VC on 28 July 2022, to answer shareholders' queries.

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

Sr. No.	Name of director	Member of Committee since	Category	No. of meetings held during FY2023 (1)	
				Entitled to attend	Attended
1.	Dr. Naushad Forbes	17 March 2020	Chairman, non-executive, independent	1	1
2.	Radhika Haribhakti	1 May 2022	Non-executive, independent	1	1
3.	Sanjiv Bajaj	30 January 2008	Executive, non-independent	1	1

Uma Shende, Company Secretary, acts as the Compliance Officer.

Table 7: Details of the investor complaints received during FY2023:

No. of complaints outstanding at the beginning of the year	No. of complaints received	No. of complaints not solved to the satisfaction of the shareholders	No. of complaints solved	No. of complaints pending at the end of the year
0	9	0	9	0

Duplicate Share Certificate Issuance Committee

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

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

Meeting and Attendance

During FY2023, the Committee met once on 15 March 2023.

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

Sr. No.	Name of director	Category	No. of meetings held during FY2023 (1)	
			Entitled to attend	Attended
1.	Sanjiv Bajaj	Chairman, executive, non-independent	1	1
2.	Rajiv Bajaj	Non-executive, non-independent	1	0
3.	Manish Kejriwal	Non-executive, non-independent	1	1

Remuneration of Directors

Pecuniary relationship/transaction with non-executive directors

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

Criteria of making payments to non-executive directors

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

The criteria of making payments to non-executive directors is placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-v2pdf?scl=1&fmt=pdf>

Details of Remuneration of directors

The details of remuneration payable to all non-executive directors are provided in the Form MGT-7 ('Annual Return') which is hosted on the website of the Company and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Chairman & Managing Director

The tenure of Sanjiv Bajaj, Chairman & Managing Director (CMD) of the Company is of five years up to 31 March 2027 with a notice period of ninety days and is governed by a service contract. The same is in compliance with the applicable provisions of the Act. Salary and perquisites include all elements of remuneration and is entitled for performance incentives.

The remuneration of CMD is determined after taking into account various factors including:

- The profile of CMD including his standing amongst external stakeholders;
- The overall performance of the Company at consolidated level as well as those of its subsidiaries and the leadership, vision and execution rigour shown by him;
- His leadership in steering the group;
- New initiatives which help the Company to move towards becoming a comprehensive provider of financial services;
- His significant contribution as Chairman to the performance of the finance and insurance businesses;
- Salary of other senior executives across the Company and its subsidiaries;
- Initiatives taken at the group level strengthening Risk management, Human Resources, ESG initiatives/ reporting and Corporate Social responsibility;

- The remuneration drawn by him as Managing Director & CEO from Bajaj Holdings & Investment Ltd., which has close linkage with the business of the Company; and
- The remuneration paid by other companies of comparable size and profile as the Company and benchmarked with the help of an independent consultant.

The Company has not issued any stock options to him. He is entitled to superannuation benefits payable in the form of an annuity from an approved life insurance company, which forms part of the perquisites allowed to him.

Further details pursuant to section 197(14) of the Act, are furnished in [Directors' Report](#).

Management

Management discussion and analysis

This is given as a separate section in the [Annual Report](#).

Disclosure of material transactions

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

Compliances regarding insider trading

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

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

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

The Audit Committee and the Board at its meeting held on 15 March 2023 had reviewed the compliance in terms of regulation 9A(4) of SEBI PIT Regulations and confirmed that the systems for internal control with respect to the SEBI PIT Regulations are adequate and are operating effectively.

Means of Communication

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

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

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

Green Initiatives

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

In compliance with the said provisions and as a continuing endeavour towards the 'Go Green' initiative, the Company proposes to send all correspondence/communications through email to those shareholders who have registered their email ID with their depository participant's/Company's RTA.

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

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

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

Sr. No.	Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM	Voting percentage of shareholders participated		
				Particulars	% Favour	% Against
1.	13th AGM – Through VC Deemed Venue: Registered office	21 July 2020 at 4.15 p.m.	NIL			
2.	14th AGM – Through VC Deemed Venue: Registered office	21 July 2021 at 12.15 p.m.	NIL		Not Applicable	
3.	15th AGM – Through VC Deemed Venue: Registered office	28 July 2022 at 12:15 p.m.	NIL			

The recording of last AGM is hosted on the website of the Company at <https://www.bajajfinserv.in/corporate-bajaj-finserv> and written transcript of the same can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-15th-e-agm-transcript-fy-2022pdf?scl=1&fmt=pdf>.

B. Details of resolutions passed through Postal Ballot during last year:

I. Postal ballot notice dated 28 April 2022:

a) Details of special resolutions and voting pattern:

Sr. No.	Particulars	Voting percentage of shareholders participated		
		Particulars	% Favour	% Against
1	Re-appointment of Sanjivnayan Rahulkumar Bajaj (DIN: 00014615) as Managing Director of the Company for a period of five years w.e.f. 1 April 2022	All shareholders	93.32	6.68
		Non-promoter category	70.38	29.62
2	Re-appointment of Dr. Naushad Darius Forbes (DIN: 00630825) as an Independent Director of the Company for a second term of five consecutive years w.e.f. 13 September 2022	All shareholders	97.71	2.29
		Non-promoter category	90.51	9.49
3	Appointment of Pramit Shashikant Jhaveri (DIN: 00186137) as an Independent Director for a term of five consecutive years w.e.f. 1 May 2022	All shareholders	99.82	0.18
		Non-promoter category	99.25	0.75
4	Appointment of Radhika Vijay Haribhakti (DIN: 02409519) as an Independent Director for a term of five consecutive years w.e.f. 1 May 2022	All shareholders	95.14	4.86
		Non-promoter category	78.47	21.53
5	Approval for payment of commission to Non-Executive Directors for a period of five years commencing from 1 April 2022	All shareholders	99.10	0.90
		Non-promoter category	96.02	3.98

b) Details of scrutiniser: Shyamprasad D. Limaye (FCS No. 1587, CP No. 572)

c) Date of scrutiniser's report: 24 June 2022

d) Date of passing the resolutions (last date of for voting): 22 June 2022

II. Postal ballot notice dated 28 July 2022:

a) Details of ordinary resolutions and voting pattern:

Sr. No.	Particulars	Voting percentage of shareholders participated		
		Particulars	% Favour	% Against
1	Sub-division of equity shares of the Company	All shareholders	100	0
		Non-promoter category	100	0
2	Alteration of Capital Clause of the Memorandum of Association of the Company	All shareholders	100	0
		Non-promoter category	100	0
3	Issue of Bonus Shares	All shareholders	98.73	1.27
		Non-promoter category	93.06	6.94

b) Details of scrutiniser: Shyamprasad D. Limaye (FCS No. 1587, CP No. 572)

c) Date of scrutiniser's report: 3 September 2022

d) Date of passing the resolutions (last date of for voting): 2 September 2022

The scrutiniser's report for the above postal ballot has been placed on the Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-stock-exchange-filings>

As on date of this report, no special resolution is proposed to be conducted through postal ballot.

Procedure for Postal Ballot

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot.

Postal ballot notices and forms are dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email addresses and through physical copy to the members who have not registered their email addresses.

The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.

Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman & Managing Director and the voting results are announced by the Chairman & Managing Director by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting.

In view of the relaxation granted by MCA, postal ballot notice for aforesaid matters are being sent only through email, to all those members who had registered their email addresses with the Company/depositories. Arrangements are also made for other members to register their email address to receive the postal ballot notice and cast their vote online.

Details of capital market non-compliance, if any

The Company has complied with all applicable legal requirements. No penalty or stricture has been imposed on the Company by any of the stock exchanges, SEBI or any other statutory authority, in any matter related to capital markets, during the last three years.

Compliance Certificate

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

Report on Corporate Governance

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

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

During FY2023, the Company has not received any complaint under this Act.

The Internal Complaint Committee was reconstituted on account of organisational changes during the year under review.

Fees paid to Statutory Auditors

KKC & Associates LLP (erstwhile Khimji Kunverji & Co. LLP) are the statutory auditors of the Company. Fees paid to KKC & Associates LLP, on a consolidated basis, to the statutory auditors including all entities in their network firm/entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (in ₹)
1	Audit Fees including Limited review fees	7,900,000
2	Fees for other services	2,659,293
	Total	10,559,293

Auditors' certificate on corporate governance

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

This certificate is annexed to the [Directors' Report](#).

Compliance of mandatory and discretionary requirements

Mandatory

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

Discretionary

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

1. Shareholder rights

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

2. Modified opinion(s) in audit report

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

[General shareholder information](#) containing requisite disclosures under Schedule V of SEBI Listing Regulations is annexed to this Report.

Declaration by Chief Executive Officer (CMD)

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

To,
The Board of Directors
Bajaj Finserv Ltd.

I, Sanjiv Bajaj, Chairman & Managing Director of Bajaj Finserv Limited hereby declare that all the board members and senior managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended 31 March 2023.

Sanjiv Bajaj
Chairman & Managing Director

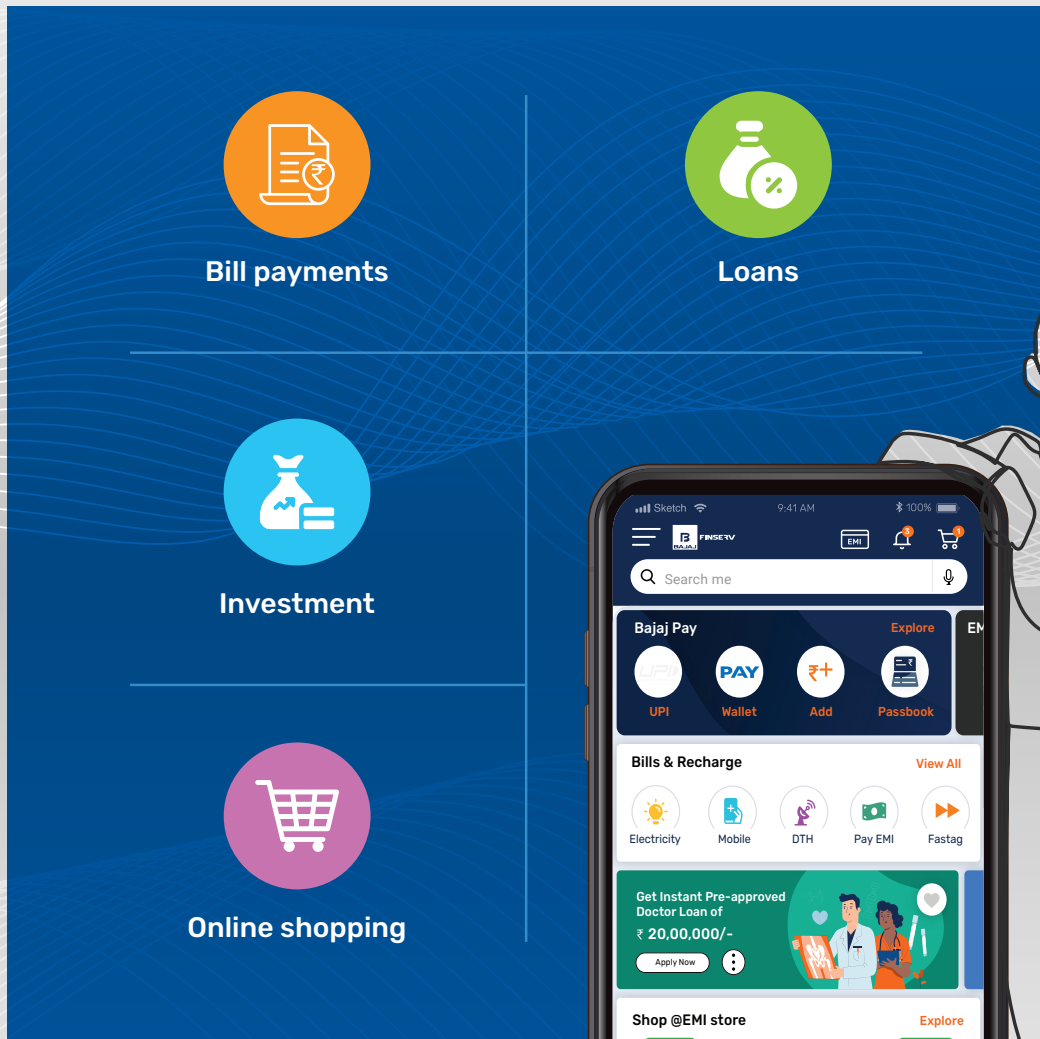
Pune: 24 April 2023

List of key policies of Bajaj Finserv Limited

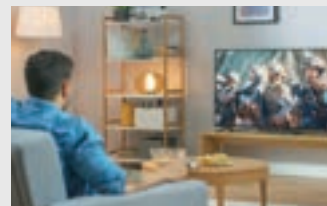
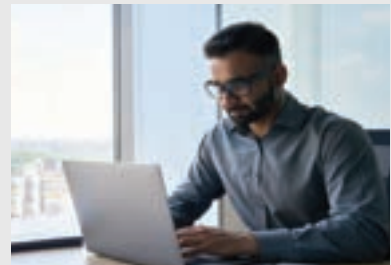
Sr. No.	Name of Policy	Website link
1.	Dividend Distribution Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-divident-policypdf?scl=1&fmt=pdf
2.	Disciplinary Actions and Grievance Redressal Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/dac-policypdf?scl=1&fmt=pdf
3.	Policy for determining material subsidiaries	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-material-subsidiaries-13marchpdf?scl=1&fmt=pdf
4.	Archival Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/archival-policypdf?scl=1&fmt=pdf
5.	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/evaluation-criteriapdf?scl=1&fmt=pdf
6.	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-signed-fair-disclosure-code-12-march-2019pdf?scl=1&fmt=pdf
7.	Code of Conduct	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-conduct-for-directors-and-senior-management-v1?scl=1&fmt=pdf
8.	Corporate Social Responsibility (CSR) Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&fmt=pdf
9.	Policy on Determination of Materiality for Disclosure of Events	https://cms-assets.bajajfinserv.in/is/content/bajajfinancestage/miscellaneous-policy-on-determination-of-materiality-for-disclosure-of-eventspdf?scl=1&fmt=pdf
10.	Prevention of sexual harassment at workplace	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-posh-version-1.3-gender-neutral-april-22-2023pdf?scl=1&fmt=pdf
11.	Whistle-Blower Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-website-v1pdf?scl=1&fmt=pdf
12.	Remuneration Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-v2pdf?scl=1&fmt=pdf
13.	Policy on Materiality of and dealing with Related Party Transactions	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions?scl=1&fmt=pdf
14.	Familiarisation Programme for Independent Directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/familiarisation-programme-for-independent-directors-v4?scl=1&fmt=pdf
15.	CII Code of Conduct	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/cii-code-of-conduct-signedpdf?scl=1&fmt=pdf
16.	CII Charters of Fair and Responsible workplace Guidelines contract labour	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/cii-charter-on-fair-and-responsible-workplace-guidelines-contract-labourpdf?scl=1&fmt=pdf
17.	Responsible and Sustainable Business Conduct Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/responsible-and-sustainable-business-conduct-policypdf?scl=1&fmt=pdf
18.	Employee Charter and Human Rights Statement	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/employee-charter-and-human-rights-statementpdf?scl=1&fmt=pdf
19.	Code of Ethics and personal conduct	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-code-of-ethics-and-personal-conduct-brochure-31-maypdf?scl=1&fmt=pdf

Manage, Invest, and Transact Seamlessly

Simplify Your Financial Journey
with the Bajaj Finserv App



To download the App scan QR code
or give a missed call on
+91 92121 30130



OVER
50 SMART
PRODUCTS
THAT SUIT
EVERY NEED



CONSUMER FINANCE

Consumer Durable Loan
Digital Product Loan
Lifestyle Product Loan
Lifecare Finance
2-Wheeler & 3-Wheeler Loan
Personal Loan
Home Loan
Loan Against Property
Gold Loan

PAYMENTS

EMI Network Card
Health EMI Network Card
Co-branded Credit Card
Co-branded Wallet
PPI, UPI, BBPS

SME FINANCE

Working Capital Loan
Loan to Self-employed & Professionals
Secured Enterprise Loan
Used-car Finance
Medical Equipment Finance

INSURANCE

Life, General & Health Insurance Distribution
Pocket Insurance

INVESTMENTS

Systematic Deposit Plan
Mutual Fund
Term Deposit

COMMERCIAL LENDING

Loan Against Securities
IPO Finance
ESOP Finance
Vendor Finance
Financial Institutions Lending
Light Engineering Lending
Specialty Chemicals Lending

SECURITIES

Trading Account
Depository Services
Margin Trading Finance
HNI Broking
Retail Broking

General Shareholder Information

16th Annual General Meeting (AGM)

Day and date	Thursday, 27 July 2023
Time	12:15 p.m. (IST)
Mode of AGM	Through Video Conferencing/OAVM
Deemed venue of the Meeting	Registered Office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Pune – 411 035
Link to participate through video Conferencing	https://emeetings.kfintech.com/
Remote e-voting starts	Monday, 24 July 2023 9:00 a.m. (IST)
Remote e-voting ends	Wednesday, 26 July 2023 5:00 p.m. (IST)
E-voting at AGM	Thursday, 27 July 2023
Financial Year ('FY')	1 April 2022 to 31 March 2023

Tentative meeting schedule for financial reporting

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

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

Sub-Division and Bonus Issue

Keeping with the spirit of inclusion and to reward the members, the Board of Directors ('Board'), at its meeting held on 28 July 2022, recommended sub-division of one equity share of face value of ₹ 5 into five equity shares of the face value of ₹ 1 and issue of bonus shares of face value of ₹ 1 for every 1 (one) fully paid-up equity share of ₹ 1. The members vide their resolution dated 2 September 2022, approved the aforesaid proposals.

The Company ('Bajaj Finserv', 'Bajaj Finserv Ltd.', 'BFS') received all the necessary regulatory approvals on 21 September 2022 and Bonus shares were tradable in the market w.e.f. 22 September 2022.

Registrar and Share Transfer Agent ('RTA')

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

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

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

Share transfer system

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

Dividend and date of payment

The Board of Directors have recommended a dividend of ₹ 0.80 per equity share (80%) of the face value of ₹ 1 for FY2023, subject to approval of the members at the ensuing AGM.

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

Payment of dividend

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

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

For enabling payment of dividend through electronic mode, members holding shares in physical mode are requested to send Form ISR-1 along with requisite documents to KFin.

The aforesaid form can be downloaded from the website of the Company at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange> and KFin at https://ris.kfintech.com/clientservices/isc/#isc_download_hrd

In case of members holding shares in demat mode, they are requested to update details with their respective depository participant.

Tax deducted at source ('TDS') on dividend

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

Unclaimed dividend

As per section 124(5) of Companies Act, 2013 (the 'Act'), any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund ('Fund' or 'IEPF') set up by the Central Government. Accordingly, unpaid/unclaimed dividends for FY2008 to FY2015 have already been transferred by the Company to the said Fund from FY2015 onwards.

The unpaid/unclaimed interim dividend for FY2016, shall be transferred to the Fund in May 2023. Members were requested to verify their records and send their claim, if any, for the said year, before such amount becomes due for transfer. Communication in this regard was sent to members, who had not claimed dividend, requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

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

Year	Dividend type	Date of declaration	Last date for claiming dividend	Date of transfer to Fund (on or before)
2015-2016	Interim (Confirmed as Final)	9 March 2016	13 April 2023	13 May 2023
2016-2017	Final	19 July 2017	18 August 2024	17 September 2024
2017-2018	Final	19 July 2018	18 August 2025	17 September 2025
2018-2019	Final	25 July 2019	24 August 2026	23 September 2026
2019-2020	Interim (Confirmed as Final)	21 February 2020	22 March 2027	21 April 2027
2020-2021	Final	21 July 2021	20 August 2028	19 September 2028
2021-2022	Final	28 July 2022	27 August 2029	26 September 2029

The Company has also hosted the details of unclaimed dividend, on its website at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange> and also on website specified by the Ministry of Corporate Affairs ('MCA') <https://www.iepf.gov.in/IEPFWebProject/services.html?jsessionId=3FE5C8F4DF3C7002359FA14EF4A19752>

Initiatives for reduction of unclaimed dividend

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

The Company will endeavour to undertake additional initiatives in this regard.

Transfer of shares to IEPF

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

Various steps are being taken on an ongoing basis to reach out to shareholders, through emails, and other means, whose shares are due to be transferred to IEPF on account of not claiming dividend for a consecutive period of seven years. In addition, the Company also publishes a notice in newspapers intimating the members regarding the said transfer. These details are also available on the Company's website at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange>

During FY2023, the Company transferred 60,485 equity shares of face value of ₹ 1 (previous year – 3,109 equity shares of face value of ₹ 5) in respect of 51 shareholders (previous year – 19 shareholders) to Demat Account of the IEPF Authority held with NSDL.

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

Dematerialisation/rematerialisation of shares and liquidity

During FY2023, 79,943,545 shares including 34,490 equity shares of face value of ₹ 5 were dematerialised (previous year - 104,210 shares of face value of ₹ 5). No shares were rematerialised during FY2023 (previous year - 50 shares). Shares held in physical and electronic mode as on 31 March 2023 are given in Table 1.

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

Table 1: Shares held in physical and electronic mode:

Particulars	Position as on 31 March 2023		
	No. of holders	No. of shares	% of total shareholding
Demat:			
NSDL	256,811	1,146,850,166	72.00
CDSL	508,349	434,325,194	27.27
Sub-Total	765,160	1,581,175,360	99.27
Physical	664	11,640,100	0.73
Total	765,824	1,592,815,460	100.00

Listing on Stock Exchanges and Stock Code

Name	Stock code for Equity shares	Address
BSE	532978	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
NSE	BAJAJFINSV	Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

The International Securities Identification Number ('ISIN') for Depositories (NSDL and CDSL) in respect of equity shares is INE918I01026.

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

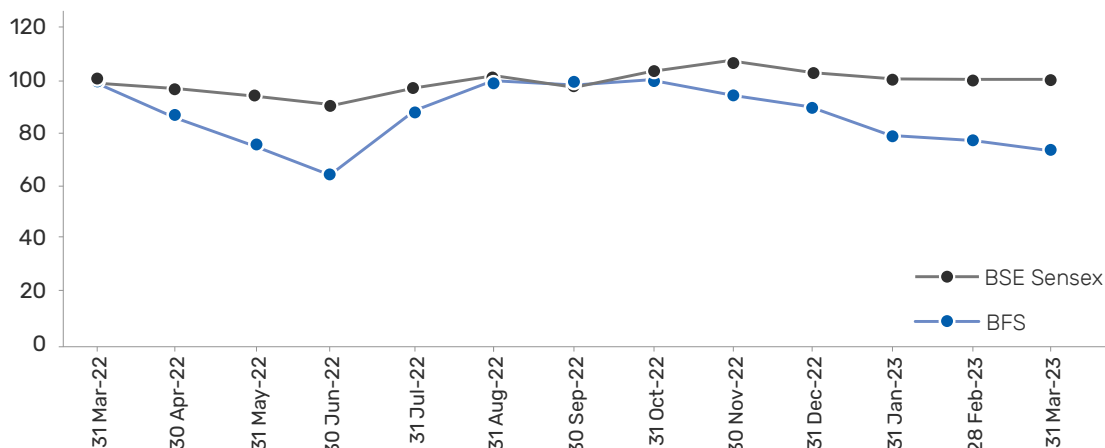
Market Price Data

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

Month	BSE		NSE		Closing BSE Sensex	Closing Nifty50
	High	Low	High	Low		
April 2022	17,482.00	14,660.85	17,480.00	14,660.65	57,060.87	17,102.55
May 2022	15,086.00	12,066.80	15,058.75	12,062.25	55,566.41	16,584.55
June 2022	13,220.20	10,908.00	13,220.00	10,909.00	53,018.94	15,780.25
July 2022	15,199.00	10,777.00	15,223.25	10,727.20	57,570.25	17,158.25
August 2022	17,145.35	14,860.30	17,141.50	14,861.35	59,537.07	17,759.30
September 2022 (Prior -corporate action)	17,837.10	16,800.00	17,845.00	16,804.50	57,426.92	17,094.35
September 2022 (Post - corporate action)	1,846.00	1,620.95	1,844.00	1,621.00	57,426.92	17,094.35
October 2022	1,740.00	1,620.70	1,740.40	1,621.00	60,746.59	18,012.20
November 2022	1,813.45	1,619.30	1,817.90	1,620.00	63,099.65	18,758.35
December 2022	1,655.00	1,485.00	1,655.00	1,483.15	60,840.74	18,105.30
January 2023	1,570.00	1,302.35	1,570.00	1,302.05	59,549.90	17,662.15
February 2023	1,435.15	1,247.00	1,435.00	1,246.85	58,962.12	17,303.95
March 2023	1,401.00	1,216.10	1,399.45	1,215.00	58,991.52	17,359.75

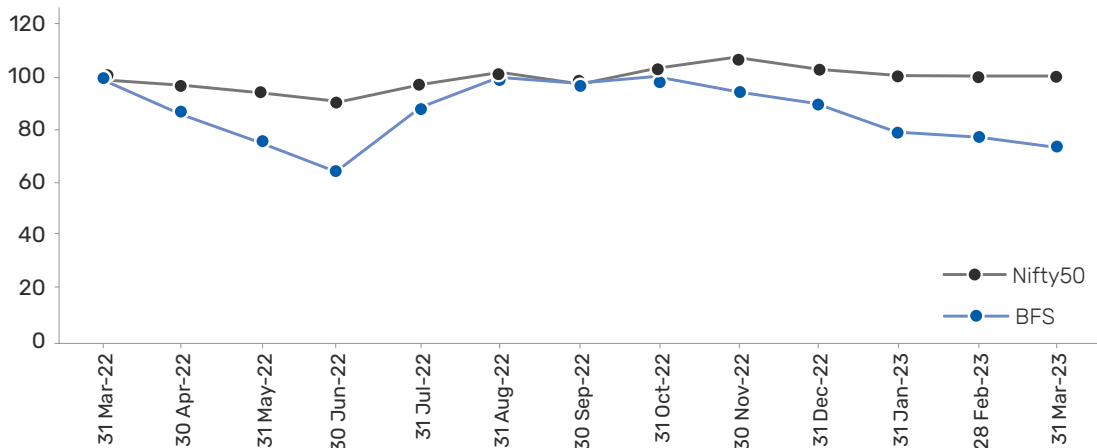
Chart: Performance in comparison

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



Note: The share prices for the period 31 March 2022 to 31 August 2022 have been adjusted for sub-division of shares and issue of bonus shares.

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

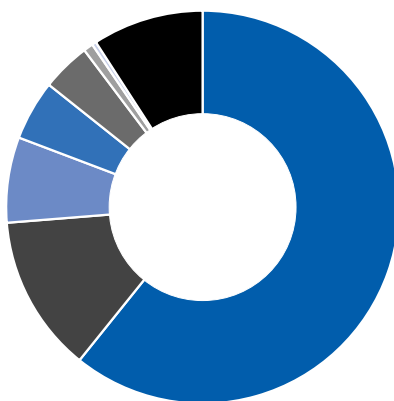


Note: The share prices for the period 31 March 2022 to 31 August 2022 have been adjusted for sub-division of shares and issue of bonus shares.

Distribution of Shareholding

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

Table 3: Distribution of shareholding across categories



Category	% to capital
Promoter and Promoter Group	60.78
Resident Individuals	12.95
Foreign Institutional Investor/ Foreign Portfolio Investor	7.03
Bodies Corporates/NBFC	4.94
Mutual Funds/Financial Institutions/Banks	4.02
Non-Resident Individuals/ Foreign National	0.79
Alternate Investment Funds	0.35
Others	9.14
Total	100.00

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

Category	No. of Members	% to total Members	No. of shares held	% to total capital
1 - 1000	749,241	97.83	47,096,971	2.96
1001 - 5000	11,548	1.51	25,048,489	1.57
5001 - 10000	1,842	0.24	13,348,701	0.84
10001 - 100000	2,566	0.34	73,979,217	4.64
100001 - 500000	409	0.05	90,244,121	5.67
500001 - 1000000	85	0.01	60,401,108	3.79
1000001 and above	133	0.02	1,282,696,853	80.53
Total	765,824	100.00	1,592,815,460	100.00

Credit rating

The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad. As such, there are no credit ratings to be disclosed under regulation 34 read with schedule V to SEBI Listing Regulations.

Shareholders' and investors' grievances

The Board of Directors of the Company have constituted a Stakeholders' Relationship Committee to specifically look into and resolve grievances of shareholders. The composition of the Committee and details on investor complaints received during the year are given in [Corporate Governance Report](#).

Update of PAN, KYC and Nomination: SEBI vide its circular dated 16 March 2023 (in supersession of circulars dated 3 November 2021 and 14 December 2021) has, *inter alia*, mandated furnishing of PAN, KYC details and nomination by holders of physical securities and also stated that any service request shall be entertained only upon registration of aforesaid details. The forms prescribed for these purposes are given below:

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

The aforesaid forms are available on Company's website under the 'Investors service request' drop down and can be accessed at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange>

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

The frozen folio(s) will then be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31 December 2025.

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

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

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

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

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

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

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

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

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

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

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

Demat suspense account for unclaimed shares

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

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

Sr No.	Particulars	No. of holders	No. of shares
1	At the beginning of the year	1	7
2	Transferred to IEPF	-	-
3	Claimed during the year	-	-
4	At the end of the year (4=1-2-3)	1	70*

* Adjusted for sub-division of shares and issue of bonus shares.

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

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

Certifications obtained from Practising Company Secretary

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

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

Live webcast of AGM

Pursuant to regulation 44(6) of the SEBI Listing Regulations, top 100 listed entities shall, provide one-way live webcast of the proceedings of their AGM. Accordingly, the Company has entered into an arrangement with KFin to facilitate live webcast of the proceedings of the ensuing AGM scheduled on 27 July 2023.

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

Pursuant to MCA Circulars, the Company will also provide two-way video conferencing facility to the members for participating in the 16th AGM. The modalities for participation in the AGM are spelt out in the [Notice of AGM](#).

Outstanding convertible instruments/ ADRs/ GDRs/ Warrants

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

Commodity price/foreign exchange risk and hedging activities

The Company, being a financial services company, is not directly exposed to commodity price/foreign exchange risk and hedging activities. Hence, no disclosure is required under regulation 34 of Schedule V of the SEBI Listing Regulations.

Plant Location

Bajaj Finserv Ltd. does not have any manufacturing plant.

Address for Correspondence

Sr. No.	Particulars	Address	Purpose	Contact details
1	Company	Corporate Office Extn. Secretarial Department 3rd Floor, Panchshil Tech Park, Viman Nagar, Pune – 411 014	General correspondence	Tel No.: (020) 7157 6064 E-mail ID: investors@bajajfinserv.in Website: https://www.bajajfinserv.in/corporate-bajaj-finserv
2	RTA	KFin Technologies Ltd. Unit: Bajaj Finserv Ltd. Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana - 500 032	Equity related matters TDS related queries or documents for shareholders	Toll Free No.: 1800 309 4001 E-mail ID: einward.ris@kfintech.com KFin Corporate Website: https://www.kfintech.com/ KFin RTA Website: https://ris.kfintech.com KPRISM (Mobile Application): https://kprism.kfintech.com/signin.aspx WhatsApp number: (91) 910 009 4099

Investor Support Centre

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

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

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

Directors' Report

Dear Members,

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

Company overview

Your Company ('Bajaj Finserv' or 'BFS' or the 'Company') was incorporated on 30 April 2007, (CIN: L65923PN2007PLC130075) and has its registered office at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Pune - 411 035.

Pursuant to demerger of Bajaj Auto Ltd. in 2008, the undertaking comprising of windmills and investment in financial services were transferred to the Company. The shares of the Company were listed on the BSE Ltd. ('BSE') and National Stock Exchange of India Ltd. ('NSE') in the year 2008. As on 31 March 2023, the Company stood at 23rd rank based on market capitalisation.

Bajaj Finserv is an unregistered Core Investment Company within the meaning of the RBI Regulations. It is one of India's leading promoters of financial services. BFS offers diversified portfolio through its various subsidiaries that helps to meet financial needs and build an individual's financial resilience. Its suite of financial solutions includes savings products, consumer and commercial loans, mortgages, auto financing, securities brokerage services, general and life insurance and investments.

Financial Results

The financial results of the Company are elaborated in the [Management Discussion and Analysis](#).

The highlights of the [standalone financial results](#) are as under:

Particulars	(₹ in Crore)	
	FY2023	FY2022
Total income	1,147.61	729.00
Total expenses	172.99	165.78
Profit before tax	974.62	563.22
Tax expense	242.10	138.99
Profit for the year	732.52	424.23
Basic and diluted earnings per share (₹)	4.6	2.7*

*The basic and diluted earnings per share have been computed for previous year on the basis of the adjusted number of equity shares in accordance with sub-division and bonus issue.

Closing balances in reserve/other equity:

Particulars	(₹ in Crore)	
	FY2023	FY2022
Securities premium account	959.59	941.27
General reserve	1,213.79	1,197.14
Share based payments reserve	313.57	219.04
Treasury shares	(117.48)	(119.97)
Retained earnings	2,719.34	2,051.15
Total	5,088.81	4,288.63

Note: Detailed movement of above reserves can be seen in 'Statement of Changes in Equity'.

The highlights of the consolidated financial results are as under:

Particulars	(₹ in Crore)	
	FY2023	FY2022
Total income	82,072.01	68,438.98
Total expenses	65,262.07	57,168.04
Profit before tax	16,811.13	11,270.58
Tax expense	4,601.59	2,957.05
Profit after tax	12,209.54	8,313.53
Profit attributable to non-controlling interests	5,792.26	3,756.76
Profit for the year	6,417.28	4,556.77
Basic earnings per share (₹)	40.3	28.6*
Diluted earnings per share (₹)	40.0	28.6*

*The basic and diluted earnings per share have been computed for previous year on the basis of the adjusted number of equity shares in accordance with sub-division and bonus issue.

Dividend Distribution Policy

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

Dividend

For FY2023, the Directors recommend, for consideration of members at the ensuing annual general meeting (AGM), payment of a dividend of ₹ 0.80 per equity share (80%) of face value of ₹ 1. The total amount of dividend for FY2023 is ₹ 127.43 crore.

The dividend recommended is in accordance with the principles and criteria set out in the dividend distribution policy of the Company.

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

Adoption of Confederation of Indian Industry (CII) charters

The Company has established several policies covering the Code of Conduct for its directors and employees including anti-corruption clauses, as well as policies for Fair and Responsible Workplace Practices.

These policies are integrated into business operations. The Company has also signed the following charters of CII in this regard, which further strengthens the Company's commitment to these policies.

1. Model Code of Conduct for Ethical Business Practices
2. Charter on Fair & Responsible Workplace Guidelines for Collaborative Employee Relations
3. Charter on Fair & Responsible Workplace Guidelines for Contract Labour

Further, details of these policies are available in the [Business Responsibility and Sustainability Reporting](#) which forms part of this [Annual report](#). The same is available on the website of the Company and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Operations

Detailed information on the operations of the different business lines and state of affairs of the Company and its subsidiaries are covered in the [Management Discussion and Analysis](#).

Subsidiaries, associates and joint venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2023:

Name of the Company	% of shareholding	Status
Bajaj Allianz Life Insurance Company Ltd. (BALIC)	74.00	Subsidiary
Bajaj Allianz General Insurance Company Ltd. (BAGIC)	74.00	Subsidiary
Bajaj Finance Ltd. (BFL)	52.49	Subsidiary
Bajaj Finserv Direct Ltd. (BFS-D)	80.13	Subsidiary
Bajaj Housing Finance Ltd. (BHFL) (100% subsidiary of BFL)	-	Subsidiary
Bajaj Financial Securities Ltd. (BFinsec) (100% subsidiary of BFL)	-	Subsidiary
Bajaj Finserv Health Ltd. (BFS-H)	100.00	Wholly-owned subsidiary
Bajaj Finserv Ventures Ltd. (BFS-Ventures)	100.00	Wholly-owned subsidiary
Bajaj Finserv Asset Management Ltd. (BFS-AMC)	100.00	Wholly-owned subsidiary
Bajaj Finserv Mutual Fund Trustee Ltd. (BFS-Trustee)	100.00	Wholly-owned subsidiary
Bajaj Allianz Financial Distributors Ltd. (BAFDL)	50.00	Joint venture
Bajaj Allianz Staffing Solutions Ltd. (BASSL) (100% subsidiary of BAFDL)	-	Joint venture

The Company does not have any associate. Further, during FY2023, no new subsidiary was incorporated/acquired. The Company has not entered into a joint venture with any other company.

During FY2023, no fresh investments were made by the Company into BFS-Direct. BFL holds the remaining 19.87%.

Information on the performance and financial position of subsidiary/joint venture of the Company are provided in Form AOC-1 of [consolidated financial statements](#).

The financial statements of the subsidiary companies are also available on the Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports> under the dropdown of Bajaj Finserv Subsidiaries.

The Company's policy for determination of material subsidiary, as adopted by the Board of Directors, in conformity with regulation 16 of the SEBI Listing Regulations, can be accessed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-material-subsidiaries-13marchpdf?scl=1&fmt=pdf>

In terms of the aforesaid Policy and as per SEBI Listing Regulations BFL, BAGIC, BALIC and BHFL are material subsidiaries of the Company.

Directors and Key Managerial Personnel

A. Change in directorate:

i) Appointments:

Prmit Jhaveri (DIN: 00186137):

On recommendation of Nomination and Remuneration Committee ('NRC'), the Board has appointed Prmit Jhaveri as an independent director of the Company for a period of five consecutive years effective from 1 May 2022. The same has been approved by the members vide their resolution dated 22 June 2022.

Prmit Jhaveri is exempted from requirements of clearing the online proficiency test pursuant to rule 6(4) of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

He is a member of Risk Management Committee and Audit Committee.

Radhika Haribhakti (DIN: 02409519):

On recommendation of NRC, the Board has appointed Radhika Haribhakti as an independent director of the Company for a period of five consecutive years effective from 1 May 2022. The same has been approved by the members vide their resolution dated 22 June 2022.

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

She is a member of Stakeholders' Relationship Committee and NRC.

Dr. Naushad Forbes (DIN: 00630825):

Pursuant to members approval vide their resolution dated 22 June 2022, Dr. Forbes has been re-appointed as an independent director for a second term of five years w.e.f. 13 September 2022.

The Board is of the opinion that aforesaid independent directors are persons of integrity, expertise, and proficiency to serve the Company as independent directors strengthening the overall composition of the Board.

ii) Resignation:

Further, as mentioned in Directors' Report presented for last year, Dr. Gita Piramal (DIN: 01080602), independent director, stepped down as director w.e.f. close of business hours of 30 April 2022.

iii) Directors liable to retire by rotation:

Rajiv Bajaj (DIN: 00018262), retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment. Brief details of Rajiv Bajaj, are given in the [Notice of AGM](#).

B. Key managerial personnel ('KMP'):

Members vide their resolution dated 22 June 2022, have approved the re-appointment of Sanjiv Bajaj as the Managing Director of the Company w.e.f. 1 April 2022, for a period of five years to hold office up to 31 March 2027.

Save and except as above there are no changes in KMP.

Declaration by independent directors

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

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

Policy on directors' appointment and remuneration

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

- a) The criteria for determining qualifications, positive attributes and independence of directors; and
- b) Broad guidelines of compensation philosophy and structure for non-executive directors, key managerial personnel and other employees.

The policy is directed towards a compensation philosophy and structure that will reward and retain talent and provides for a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The said policy can be accessed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-v2pdf?sci=1&fmt=pdf>

As per the requirements of the SEBI Listing Regulations, details of all pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company are disclosed in the [Corporate Governance Report](#).

Compliance with code of conduct

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

A declaration to this effect signed by the Chairman & Managing Director forms a part of this [Annual Report](#).

Annual return

In compliance with section 134(3)(a) of the Act, a copy of the annual return as provided under section 92(3) of the Act in the prescribed form, which will be filed with the Registrar of Companies/Ministry of Corporate Affairs ('MCA'), is available on the website of Company and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Number of meetings of Board

Six (6) meetings of the Board were held during FY2023. Details of the meetings and attendance thereat, form part of the [Corporate Governance Report](#).

Directors' responsibility statement

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

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

- i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for FY2023;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Audit committee

Manish Kejriwal, non-executive, non-independent director stepped down as member of the Committee w.e.f. close of business hours on 31 March 2023 and Anami N Roy, independent director, was inducted effective 1 April 2023.

The present composition of the Committee approved by the Board at its meeting held on 15 March 2023, is as follows: Dr. Naushad Forbes (DIN: 00630825), Chairman, D J Balaji Rao (DIN: 00025254), Pramit Jhaveri (DIN: 00186137) and Anami N Roy (DIN: 01361110).

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

All recommendations of the Audit Committee were accepted by the Board.

The brief terms of reference, number of meetings and attendance record of members for FY2023 are given in the [Corporate Governance Report](#).

Particulars of loans, guarantees or investments

Details of loans, guarantees and investments, if any, covered under the provisions of section 186 of the Act are provided in the notes to financial statements.

Employee stock option scheme

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

During FY2023, with a view to strengthen the orientation of senior leaders being part of the Bajaj Finserv group, a one time special grant of stock options of the Company was awarded to managing directors/chief executive officers ('CEO') / Deputy CEOs of Bajaj Finance Ltd., Bajaj Housing Finance Ltd., Bajaj Financial Securities Ltd. and Bajaj Finserv Health Ltd.

During FY2023, there has been no change in the Bajaj Finserv Ltd. Employee Stock Option Scheme (BFS ESOS). The same is in line with SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021.

A statement giving complete details as at the year ended 31 March 2023, in terms of regulation 14 of SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 is available on the Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Grant wise details of options vested, exercised and cancelled are provided in the notes to the standalone financial statements.

The Company has not issued any sweat equity shares or equity shares with differential voting rights during FY2023.

Increase in authorised share capital

During FY2023, the Company increased its authorised share capital from ₹ 100 crore consisting of 20 crore equity shares of face value of ₹ 5 to ₹ 200 crore consisting of 200 crore equity shares of face value of ₹ 1.

Share capital

Keeping with the spirit of inclusion and to reward the members, the Board of Directors, at its meeting held on 28 July 2022, recommended sub-division of one equity share of face value of ₹ 5 into five equity shares of the face value of ₹ 1 and issue of bonus shares of face value of ₹ 1 for every 1 (one) fully paid-up equity share of face value of ₹ 1. The members vide their resolution dated 2 September 2022 approved the aforesaid proposals.

Allotment of equity shares prior to corporate action:

- a) On 22 July 2022 - Allotment of 143,483 equity shares (face value of ₹ 5) at the respective grant prices to the trustees of Bajaj Finserv ESOP Trust under the BFS ESOS.
- b) On 10 August 2022- Allotment of 619 equity shares (face value of ₹ 5) in respect of the rights entitlement held in abeyance with respect to the rights issue made in 2012.

Allotment of equity shares post sub-division:

On 15 September 2022 - Allotment of 796,407,730 bonus equity shares of face value of ₹ 1 (post giving effect of stock split) in the ratio of 1:1 to all eligible shareholders holding shares on record date i.e. 14 September 2022.

The paid-up equity share capital as on 31 March 2023, was ₹ 159.28 crore consisting of 1,592,815,460 fully paid-up equity shares of face value of ₹ 1.

Related party transactions

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

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

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

The policy on materiality of related party transactions and on dealing with related party transactions is hosted on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions?scl=1&fmt=pdf>

Succession planning

The Company has in place a succession planning framework to address anticipated as well as unscheduled changes in leadership. The said framework is revisited, re-evaluated and updated every year. The Company has several programs through which high performing talent are identified. Series of journey of interventions and experiential environments are organised to develop their leadership qualities and skills. In line with the principles of Governance, changes are planned from time to time in the Board of Directors, Committees and Top management as part of succession planning.

Material changes and commitments

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

Conservation of energy and technology absorption

The Company being an unregistered Core Investment Company, does not manufacture products and therefore does not discharge effluents directly. However, the Company has windfarms in addition to its financial services activities which produce green energy. A summary of the performance of the wind power division is available in the [Management Discussion and Analysis](#).

(A) Conservation of energy -

- (i) Steps taken or impact on conservation of energy;
 - Optimum usage of parking and common area lights.
 - Elevator usage optimisation.
 - Installation of LED lamps in place of tube lights and CFL.

During FY2023, the energy consumption of the Company was reduced by ~61,000 units by taking above mentioned steps.

- (ii) Steps taken by the Company for utilising alternate sources of energy;

- The Company has installed a renewable energy (wind) project with a capacity of 65.2 MW.

During FY2023, it generated 832 lakh units, which it sold to third parties including the Maharashtra State Electricity Distribution Company Ltd.

However, pursuant to Electricity Act, 2003 read along with Distribution open access, Regulations, 2019, it is not permitted to make captive use of wind energy, where monthly demand is less than 700 KW.

- (iii) Capital investment on energy conservation equipments;

- The amount of capital investment made by the Company on energy conservation equipments during FY2023 was approximately ₹ 1.5 lakh.
- The Company implements various energy conservation measures and initiatives which are highlighted in the [Business Responsibility and Sustainability Report](#) which forms part of this Annual report. The same is available on the Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

(B) Technology Absorption -

Being essentially an investment company, no particulars regarding technology absorption are provided considering, the nature of operations of the Company to be given in this Report.

Foreign exchange earnings and outgo

During FY2023, the Company did not have foreign exchange earnings. The foreign exchange outgo in terms of actual outflow amounted to ₹ 0.46 crore, as against ₹ 0.28 crore in FY2022.

Risk management policy

Risk to the Company stems largely from its subsidiaries. Hence, the primary approach of the Company's risk management is monitoring the risks of material subsidiaries, which individually or in aggregate could culminate into a key capital or reputational risk for the Company. The Company engages with the subsidiaries on a continuous basis to understand the nature of risks, the assessment of risks as regards its criticality (severity and likelihood), mitigating actions and controls, monitoring and reporting of the same on a periodical basis to its Risk Management Committee.

Information on the development and implementation of a risk management policy for the Company including identification, assessment and control of elements of risk are given in the [Management Discussion and Analysis](#). Further, there are no elements of risk which in the opinion of the Board threaten the existence of the Company.

Corporate social responsibility ('CSR')

The CSR Committee comprises of three directors viz. Dr. Naushad Forbes (DIN: 00630825) as the Chairman, Sanjiv Bajaj (DIN: 00014615) and Anami N Roy (DIN: 01361110) as members.

During FY2023, the Committee met twice. Details of meetings and attendance thereat forms part of the [Annual Report on CSR activities](#).

The CSR obligation of the Company for FY2023 was ₹ 0.52 crore. As on 31 March 2023, total amount spent on CSR activities by Company was ₹ 0.56 crore.

In terms of the provisions of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the [Annual Report on CSR activities](#) is annexed to this Report.

Detailed information on CSR Policy, its salient features, details pertaining to spent and unspent amount, if any, forms part of [Annual Report on CSR activities](#).

The CSR policy is hosted on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&fmt=pdf>

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

Formal annual evaluation

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

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

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

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

- The NRC at its meeting held on 21 May 2020, reviewed the criteria for performance evaluation. The criteria is available on the website of the Company at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/evaluation-criteriapdf?scl=1&fmt=pdf>
- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking confidential feedback of the directors with regards to the performance of the Board, its Committees, the Chairperson and individual directors.
- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, its Committees, Chairperson and individual directors for the year 2022-23 and a consolidated report thereof were arrived at.
- The report of performance evaluation so arrived at was then discussed and noted by the Board at its meeting held on 15 March 2023.

- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 15 March 2023.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 15 March 2023, determined that the term of appointment of all independent directors may continue.
- Details on the evaluation of Board, non-independent directors and Chairperson of the Company as carried out by the independent directors at their separate meeting held on 15 March 2023, have been furnished in a separate paragraph elsewhere in this Report.
- During FY2023, the criteria and process followed by the Company were reviewed by the NRC at its meeting held on 15 March 2023 which opined these to be in compliant with applicable provisions and found it to be satisfactory. Additionally, the Committee advised enhancement to the feedback mechanism by introducing few qualitative aspects to the criteria.

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

Significant and material orders

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

Internal financial controls

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

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

Internal Control Systems and their adequacy has been discussed in more detail in [Management Discussion and Analysis](#).

Independent directors' meeting

Pursuant to the Act and SEBI Listing Regulations, the independent directors must hold at least one meeting in a year without the presence of non-independent directors and members of the management.

Accordingly, independent directors of the Company met on 15 March 2023 and:

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

The independent directors present elected Radhika Haribhakti as the Chairperson for the meeting. All independent directors were present at the meeting.

Whistle-blower policy/vigil mechanism

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

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

The whistle-blower policy is uploaded on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-website-v1pdf?scl=1&fmt=pdf>

More details whistle-blower policy/vigil mechanism are given in [Corporate Governance Report](#).

Corporate governance

Pursuant to the SEBI Listing Regulations, a separate section titled [Report on Corporate Governance](#) has been included in this [Annual Report](#), along with the [Management Discussion and Analysis](#) and report on [General Shareholder Information](#).

The Chairman & Managing Director and Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations.

A certificate from the statutory auditors of the Company regarding compliance of conditions of corporate governance is annexed to this Report.

Business Responsibility and Sustainability Report ('BRSR')

Pursuant to amendment in SEBI Listing Regulations, top 1,000 listed entities based on market capitalisation are required to submit a BRSR with effect from FY2023.

Accordingly, the Company has adopted a Policy for Responsible and Sustainable Business Conduct. The BRSR in the format prescribed by SEBI is annexed to the [Annual Report](#).

A detailed ESG report describing various initiatives, actions and process of the Company towards the ESG endeavor has been hosted on Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Maintenance of cost records

Provisions relating to maintenance of cost records as specified by the Central Government under section 148 of the Act, as applicable to the Company have been complied with for FY2023.

Secretarial standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of Directors (SS-1) and General Meetings (SS-2) read with the MCA circulars.

Internal audit

The internal audit is an integral part of corporate governance. The objective of Internal Audit is to identify, assess and mitigate risks as well as to evaluate and contribute to the systems of internal controls and governance processes followed by the Company. Key elements of Internal Audit are assurance on Controls, Governance and Compliance, Business Risk Assessment and its Mitigation and Process Optimisation.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee.

The Audit Committee regularly reviews the internal audit reports and the adequacy and effectiveness of internal controls. Significant audit observations, corrective and preventive actions thereon are discussed by the Audit Committee on a quarterly basis.

Auditors

Statutory Auditors

KKC & Associates LLP (earlier known as Khimji Kunverji & Co LLP) (FRN 105146W/ W100621) continues to be the Statutory Auditors of the Company. They hold office for a period of 4 years upto the 19th AGM scheduled in the year 2025.

The statutory audit reports for FY2023, is unmodified i.e. does not contain any qualification, reservation or adverse remark or disclaimer.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Shyamprasad D. Limaye, Practising Company Secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

A report from the secretarial auditor in the prescribed Form MR-3 is annexed to this Report.

As per regulation 24A(1) of the SEBI Listing Regulations, a listed company is required to annex a secretarial audit report of its material unlisted subsidiary to its Directors Report.

In line with the same, the secretarial audit report of BHFL (Debt listed), BALIC and BAGIC for the FY2023 is placed on Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Pursuant to regulation 24A(2) of the SEBI Listing Regulations, a report on secretarial compliance for FY2023 has been issued by Shyamprasad D. Limaye and the same will be submitted with the stock exchanges within the given timeframe. The report will also be made available on the website of the Company.

The secretarial audit report for FY2023, is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

Cost Auditor

Pursuant to section 148 of the Act, and the rules made thereunder, the Board of Directors, on the recommendation of the Audit Committee, have re-appointed Dhananjay V Joshi & Associates (firm registration no. 000030), Cost Accountants, to audit the cost records of the Company for FY2024 on a remuneration of ₹ 70,000 plus taxes, out-of-pocket, travelling and living expenses, subject to ratification by the shareholders at the ensuing AGM.

Accordingly, a resolution seeking members' ratification for the remuneration payable to the Cost Auditor is included in the Notice convening the AGM.

Other Statutory Disclosures

- The financial statements of the Company and its subsidiaries are placed on the Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>
- Details as required under section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended containing, *inter alia*, the ratio of remuneration of directors and key managerial personnel to median remuneration of employees, percentage increase in the median remuneration, are annexed to this Report.
- Disclosure as required under section 197(14):

Sanjiv Bajaj (DIN: 00014615), who is also the non-executive, Chairman of Bajaj Finance Ltd. ('BFL') and Bajaj Housing Finance Ltd. ('BHFL') has been paid sitting fees and commission as follows, in the same manner as is paid for the other non-executive directors:

(₹ in lakh)

Sr. No.	Particulars	Sitting Fees		Commission	
		FY2023	FY2022	FY2023*	FY2022
1.	BFL	23	25	60.50	57.50
2.	BHFL	14	17	6.75	-

*will be payable post adoption of financial statements for FY2023.

He is entitled for sitting fees and commission in line with the remuneration policy and as determined by NRC / Board from time to time in BHFL and BFL. He does not draw any remuneration from any other subsidiary of which he is a non-executive director.

- Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, containing details prescribed under rule 5(3) of the said Rules, which form part of this Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.

- The auditors, i.e. statutory auditor, secretarial auditor and cost auditor have not reported any matter under section 143(12) of the Act and therefore, no details are required to be disclosed under section 134(3)(ca) of the Act.
- The Directors' Responsibility Statement, as required by section 134(5) of the Act, forms a part of this Report.
- The Company has a policy on prevention of sexual harassment at the workplace. The Board, at its meeting held on 27 April 2023, reviewed the policy and approved amendments to make it gender neutral. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no case reported during FY2023.
- There is no change in the nature of business of the Company during FY2023.
- The securities of the Company were not suspended from trading during the year on account of corporate actions or otherwise.
- A Cash Flow Statement for the FY2023 is attached to the Balance Sheet.
- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during FY2023 against the Company.
- The Company has not accepted any deposits covered under Chapter V of the Act during the year under review nor has ever accepted.

Acknowledgement

The Board places its gratitude and appreciation for the support and co-operation from its members and other regulators.

The Board of Directors also places on record its sincere appreciation for the commitment and hard work put in by the Management and the employees of the Company, its subsidiaries and joint ventures and thanks them for yet an excellent year of performance.

On behalf of the Board of Directors

Sanjiv Bajaj

Chairman & Managing Director

DIN: 00014615

Pune: 27 April 2023

Annual Report on CSR activities for the financial year ended 31 March 2023

1. Brief outline of Company's CSR Policy

Introduction

The vision and philosophy of late Shri Jamnalal Bajaj, the founder of Bajaj Group, guide the Corporate Social Responsibility (CSR) activities of the Group. He embodied the concept of trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

Bajaj Group believes that true and full measure of growth, success and progress lies beyond balance sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people.

Through its social investments, Bajaj Group addresses the needs of India's next generation, mainly, in the areas of skilling, health and education. Additionally, the Group supports creation of healthcare and other infrastructure and relief efforts in response to natural calamities and pandemics. For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment and the reason behind the smiles that light up a million faces.

It is this goodwill that has made us work towards 'Activating Lives'.

Guiding principles:

The Company believes that social investments should:

- **Benefit Generations:** 'Investment in resource creation' for use over generations. The Company tries to identify sustainable projects which will benefit the society over long periods.
- **Educate for Self-Reliance and Growth:** To usher in a growth-oriented society and thereby a very strong and prosperous nation, by educating each and every Indian.
- **Promote Health:** The Company believes good health is a pre-requisite for both education and productivity.
- **Encourage for Self Help:** To guide and do hand holding for self-help, individually and collectively to create excellence for self and for the team.
- **Be Focused:** Activities should be focused around locations where it has a presence and hence can effectively guide, monitor and implement specific projects.
- **Target those who need it most:** Care for the sections of the society, which are socially at the lowest rung irrespective of their religion or caste or language or colour.

Brief contents of CSR Policy

Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021. Accordingly, the CSR Policy which was approved and adopted by the Board of Directors in its meeting held on 28 April 2021. The Policy, *inter alia*, covers the following:

- Philosophy, Approach & Direction;
- Guiding Principles for selection, implementation and monitoring of activities; and
- Guiding Principles for formulation of an Annual Action Plan.

2. Composition of CSR Committee:

During FY2023, the Committee met two times on 31 May 2022 and 25 October 2022:

Sr. No.	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Naushad Forbes	Chairman	2	2
2.	Sanjiv Bajaj	Member	2	2
3.	Anami N Roy	Member	2	2

3. Web-link where the following are disclosed on the website of the Company
- Composition of CSR Committee : <https://www.bajajfinserv.in/finserv-board-committees>
- CSR Policy : <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&fmt=pdf>
- CSR projects approved by the Board : <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange>
4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable : Not Applicable
5. (a) Average net profit of the Company as per sub-section (5) of section 135 : ₹ 26.20 crore
- (b) Two percent of average net profit of the Company as per sub-section (5) of section 135 : ₹ 0.52 crore
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
- (d) Amount required to be set-off for the financial year, if any : Nil
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)] : ₹ 0.52 crore
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹0.54 crore
- (b) Amount spent in Administrative Overheads : ₹0.02 crore
- (c) Amount spent on Impact Assessment, if applicable : Not Applicable
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹0.56 crore
- (e) CSR amount spent or unspent for the financial year

Amount Unspent (in ₹)

Total Amount Spent for the financial year (Amount in crore)	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 0.56	Not applicable, since there is no unspent amount				

- (f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	0.52
ii.	Total amount spent for the Financial Year	0.56
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	0.04
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years : Not Applicable
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : Not Applicable
9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135 : Not Applicable

Sd/-

Sanjiv Bajaj

Chairman & Managing Director

DIN: 00014615

Date: 27 April 2023

Sd/-

Dr. Naushad Forbes

Chairman of CSR Committee

DIN: 00630825

Our Social Impact Initiatives: Action for Inclusion

Children and youth hold the key to a resilient society. And yet, in a world impacted by climate change, pandemic and social issues, this section of our society is the most impacted.

At Bajaj Finserv, we strive to build an equitable and inclusive world for children and youth from vulnerable and marginalized backgrounds. This is in line with the Bajaj Group’s principles for social investments – that of addressing the most pressing needs of society.

We are committed to providing skilling, healthcare, protection, education, employment opportunities and comprehensive support to people with disabilities (PWD), to help strengthen their financial standing and secure their future.

Our Priorities



Skilling

Enabling financial self-sufficiency for future changemakers of society

We are committed to bridging the skilling gap in our country and helping youth and women from disadvantaged backgrounds to adapt to a fast-changing world of work. Our interventions aim to equip them with relevant skills and enable their transition from learning to employment. This opens opportunities to employment, entrepreneurship and development.



Children

Helping them achieve their full potential

We have been making concerted efforts to provide a safe, healthy and inclusive environment for children from underprivileged backgrounds. Our interventions in the areas of protection, education, healthcare and PWD, enable them to confront barriers, participate in a world that was hitherto inaccessible to them, and lead fulfilling lives.



Fostering youth employability at a CPBFI event



Enabling Children with disabilities to thrive

Skilling for Youth

- **Certificate Programme in Banking, Finance and Insurance (CPBFI)**
Our flagship corporate social responsibility programme, which is conceptualised and implemented by our internal teams, aims to upskill first-generation graduates from smaller towns and rural areas, enabling them to build a career in the financial services industry. Majority of students are first-generation graduates and about half of them belong to socially weaker sections of society. The programme has helped thousands of students gain employment and improve their financial lives.

30,000

Fresh graduates benefited by CPBFI programme across India; presence in 140 towns in 30 states

- **Sustainable Livelihoods**
Our livelihood enhancement programmes focus on creating opportunities for youth in rural locations and the hinterland, especially those from underprivileged and marginalised backgrounds. Interventions are in the areas of goat and sheep rearing, crop enhancement, livestock management, and enterprise creation.
- **Employment / Self-employment**
Several of our projects, in collaboration with non-profits, provide skill training in tailoring, data entry, general duty assistant roles, food processing, retail, and being finance agents.

11,250

First-time job seekers had access to employment



Shefali Bajaj, Chairperson of the CSR Steering Committee, presents a certificate of appreciation to a student for academic excellence, as part of the Sweetlings initiative for diabetic children by Hirabhai Cowasji Jehangir Medical Research Institute, supported by Bajaj Finserv

Fostering an inclusive environment for children

- **Protection**
We work closely with non-profits to provide protection to children from socially weaker sections of society, who do not have adequate support from their families or are victims of trafficking, abuse, child labour, are in conflict with law or are juvenile delinquents etc.
- **Education**
A significant part of our initiatives for betterment of children align with government programmes and schemes, with a specific focus on enhancing education, skills, access to improved infrastructure and building staff capacity.
- **Health**
We undertake initiatives in partnership with non-profits to provide comprehensive care for children battling diseases and disorders such as cancer, diabetes, cleft reconstruction, cardiac disorders, epilepsy etc. These interventions include early screening, medical support, diagnostics, nutrition and counselling, ensuring holistic support.
- **Prevention of infant mortality**
These programmes are implemented to enhance the health of adolescents, mothers and children by creating awareness. Interventions included improved access to healthcare services, comprehensive antenatal and post-natal care, child health services as well as effective management of malnourishment.
- **Inclusive environment for children with intellectual and developmental disability**
We work to enable children with disabilities integrate into mainstream life. Our interventions primarily focus on intellectual, developmental, physical and locomotor disabilities. It includes early identification, medical and educational rehabilitation, social inclusion and skilling-livelihood opportunities.

311,976

Children benefited from education-related initiatives

372,686

Beneficiaries of interventions for reducing infant mortality

175,130

Children supported through health interventions

Note: These are cumulative numbers for Bajaj Finserv Ltd. and subsidiary companies, Bajaj Finance, Bajaj Allianz General Insurance Company, Bajaj Allianz Life Company

Annexure to Directors' Report: FY2023

Remuneration details under Rule 5 (1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31 March 2023.

Name of the Director/KMP	Ratio of remuneration of director to median remuneration of employees	% change in the financial year
(A) Whole-time Director/Managerial Personnel		
Sanjiv Bajaj-Chairman & Managing Director	67.61	7.47
(B) Non-Executive Directors¹		
D J Balaji Rao	0.80	-8.20
Dr. Naushad Forbes	1.03	16.13
Anami N Roy	0.52	16.13
Radhika Haribhakti	0.46	Not comparable*
Pramit Jhaveri	0.69	Not comparable*
Madhur Bajaj	0.34	-11.11
Rajiv Bajaj	0.34	26.32
Manish Kejriwal	0.74	-8.77
(C) Key Managerial Personnel		
Sanjiv Bajaj, Chairman & Managing Director		7.47
S Sreenivasan-CFO ²		17.21
Uma Shende, Company Secretary		38.97
(D) % Increase in Median Remuneration of employees other than whole-time director		18.47
(E) Number of permanent employees as on 31 March 2023³	105	

* Not comparable since appointed as independent director w.e.f. 1 May 2022.

Note:

- Remuneration payable to non-executive directors is based on the number of meetings of the Board and its Committees attended by them as members during the year. The amount of commission payable to non-executive directors is fixed at ₹ 200,000/- per meeting.
 - Remuneration to directors does not include sitting fees paid to them for attending Board/ Committee meetings.
- % increase over FY2022 is derived excluding perquisite value of stock options exercised in FY2022.
- 'Permanent employees' do not include trainees, probationers and contract employees.
- The variation reflected in column '% change in remuneration in FY2023' is on account of number of Board/ Committee meetings, attendance of directors thereat and change in committee positions.
- Details of remuneration for Dr. Gita Piramal is not shown above since she did not attend any meeting during the year under review.

Notes on Disclosures under Rule 5

- Average percentage increase in salary of employees other than whole time director is 15.50%
- Percentage increase in remuneration of managerial personnel has been determined keeping in view his duties and responsibilities, the performance of the Company and trend of remuneration in industry.
- The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial Audit Report (Form MR-3)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31 March 2023

To,
The Members,
Bajaj Finserv Ltd.
(CIN: L65923PN2007PLC130075)
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Pune-411035.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Bajaj Finserv Ltd. (hereinafter called as "the Company"). The secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

- 1) The Companies Act, 2013 and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
- 6) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NBFC / Core Investment Company which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

During the period under review, the Company has complied with the provisions of the Act, rules, regulations, directions, guidelines, standards, etc. mentioned above, wherever applicable.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including one woman independent director.

Adequate notices were given to all directors for the Board Meetings, including Committees thereof, along with agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors. The decisions were carried unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period the Company has

- a. allotted 143,483 Equity shares of ₹ 5/- each on 22 July 2022 under ESOP.
- b. allotted 619 Right Equity shares of ₹ 5/ each, which were kept in abeyance, on 10 August 2022.
- c. subdivided its each equity share of ₹ 5/- each into 5 equity shares of ₹ 1/- each vide ordinary resolution passed by Postal Ballot on 2 September 2022.
- d. allotted 796,407,730 equity shares of ₹ 1/- each as Bonus shares in proportion of 1:1 on 15 September 2022.

I further report that during the audit period, there was no other event/action having major bearing on affairs of the Company.

Shyamprasad D. Limaye

FCS 1587 CP 572

UDIN: F001587E000204341

Place: Pune

Date: 27 April 2023

Annexure to Secretarial Audit Report (Form MR-3)

To,
The Members,
Bajaj Finserv Ltd.
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Pune 411035.

My Secretarial Audit Report for Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Shyamprasad D. Limaye

FCS 1587 CP 572

Place: Pune

Date: 27 April 2023

Independent Auditor's Certificate on Corporate Governance

To the Members of
Bajaj Finserv Ltd.

We have examined the compliance of conditions of Corporate Governance by Bajaj Finserv Ltd. (the 'Company'), for the year ended 31 March 2023, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation, and maintenance of internal control procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements

Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KKC & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 105146W/W100621

Ketan S Vikamsey
Partner
Membership No: 044000
ICAI UDIN: 23044000BGYKEJ9822

Place: Pune
Date: 27 April 2023

Certificate by Practising Company Secretary

[Pursuant to Schedule V read with regulation 34(3) of the SEBI Listing Regulations (as amended)]

In the matter of Bajaj Finserv Ltd. (CIN: L65923PN2007PLC130075) having its registered Office at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Pune - 411035.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company.

I certify that the following persons are Directors of the Company (during 1 April 2022 to 31 March 2023) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Sanjivnayan Rahulkumar Bajaj	00014615	Chairman & Managing Director
2	Madhur Ramkrishnaji Bajaj	00014593	Non-executive director
3	Rajivnayan Rahulkumar Bajaj	00018262	Non-executive director
4	Balaji Rao Jagannathrao Doveton	00025254	Independent director
5	Naushad Darius Forbes	00630825	Independent director
6	Anami Narayan Prema Roy	01361110	Independent director
7	Manish Santoshkumar Kejriwal	00040055	Non-executive director
8	Pramit Shashikant Jhaveri	00186137	Independent director
9	Radhika Vijay Haribhakti	02409519	Independent director

1. Dr. Gita Piramal ceased to be a director of the Company w.e.f. 1 May 2022.

Shyamprasad D. Limaye

FCS. 1587 CP No. 572

UDIN: F001587E000204394

Pune: 27 April 2023

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65923PN2007PLC130075						
2.	Name of the Listed Entity	Bajaj Finserv Limited						
3.	Year of incorporation	2007						
4.	Registered office address	Bajaj Auto Limited Complex Mumbai - Pune Road, Pune - 411035						
5.	Corporate address	6th Floor, Bajaj Finserv Corporate office, Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411014						
6.	E-mail	investors@bajajfinserv.in						
7.	Telephone	020 7157 6064						
8.	Website	https://www.bajajfinserv.in/corporate-bajaj-finserv						
9.	Financial year for which reporting is being done	2022-23						
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited						
11.	Paid-up Capital	₹159.28 Crore						
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	<table border="1"> <tr> <td>Name of the person</td> <td>Ms. Uma Shende</td> </tr> <tr> <td>Telephone number</td> <td>020 7157 6064</td> </tr> <tr> <td>Email ID</td> <td>investors@bajajfinserv.in</td> </tr> </table>	Name of the person	Ms. Uma Shende	Telephone number	020 7157 6064	Email ID	investors@bajajfinserv.in
Name of the person	Ms. Uma Shende							
Telephone number	020 7157 6064							
Email ID	investors@bajajfinserv.in							
13.	Reporting boundary	Consolidated basis collectively referred to as 'BFS Group' (For more details on entities considered for consolidation refer #21 below)						

II Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Group
1.	Financial and Insurance Services	Non-Banking Finance Company engaged in lending and allied activities	52%
2.		Non-life Insurance Business	24%
3.		Life Insurance	24%

15. Products/Services sold by the Group (accounting for 90% of the Group's Turnover):

S. No.	Product/Service	NIC Code	Percentage of Total Turnover contributed
1.	Other Financial activities: Non-Banking Finance Company engaged in lending and allied activities	65923	52%
2.	Non-life Insurance Business	65120	24%
3.	Life Insurance	65110	24%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants*	Number of offices #	Total
National	NA	4517	4517
International		NA	NA

* Bajaj Finserv Group provides financial services and does not undertake any manufacturing activity.

Includes branches and corporate offices as at 31st March 2023.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	28 States and 4 Union Territories (UTs)
International (No. of Countries)	NIL

b. What is the contribution of exports as a percentage of the total turnover of the entity?
Nil. BFS Group doesn't have export business operations.

c. A brief on types of customers:

Bajaj Finserv Group provides financial products and services to meet lifecycle needs of its customers.



Finance and Lending

- BFS participates in lending business through its 52.49% subsidiary – Bajaj Finance Limited (BFL). BFL also participates in savings business by offering fixed deposits, mutual funds and the like to its customers.
- As of 31 March 2023, BFL's customer franchise stood at 69.1 million, with a strong focus on mass affluent and above clients and has strong geographic presence across 3,733 locations and 1,54,650 distribution points.
- BFL operates mortgage business through a 100% subsidiary – Bajaj Housing Finance Limited, which is engaged in various aspects of housing finance and development. BFL also has another 100% unlisted subsidiary called Bajaj Financial Securities Limited, which is registered with the SEBI as a stockbroker and depository participant providing its clients a full suite of investment products and services in an all-in-one digital platform.

Insurance

- BFS's insurance participation is through (i) Bajaj Allianz General Insurance Company Limited (BAGIC) – general insurance (including health insurance); and (ii) Bajaj Allianz Life Insurance Company Limited (BALIC) – life insurance and retirement plans (together 'Insurance subsidiaries'). Both are unlisted joint ventures with Allianz SE, one of the world's leading composite insurers.

Non-Life insurance

- BAGIC, our non-life insurance subsidiary, is focussed on retail segments (mass, mass affluent and HNI) and commercial segments (SME and MSMEs (Micro, Small & Medium Enterprises)), while maintaining strong position in large corporate and government business.
- It uses a strong multi-channel distribution network encompassing multiline agents, bancassurance, broking, direct, and ecommerce network serving all segments of customers.

Life Insurance

- In life insurance, BALIC's strong agency channel and pan-Indian distribution network of 500+ branches, combined with an array of innovative products and features, has enabled it to create a strong retail customer franchise.
- Its strong focus on service and customer obsession has helped BALIC witness a solid growth in their number of customers, especially in the mass affluent and above segments.

Others

- BFS through its subsidiary, Bajaj Finserv Direct Limited (BFS-D/ Bajaj Markets), has created a digital marketplace which offers range of financial products including loans, insurance, mutual funds, investments, lifestyle products, payments and e-commerce. Through SKALEUP, its digital technology services business, BFDL will also offer end-to-end services including design, development, implementation & support for Digital technology solutions needs of customers.
- Bajaj Finserv Health Ltd. (BFS-H)- BFS-Health provides a healthcare management platform that integrates various parts of the healthcare ecosystem and uses technology to improve the health outcomes of its customers.
- Bajaj Finserv Asset Management Ltd.(BFS-AMC) - BFS-AMC has received the license from SEBI to act as an asset management company for Bajaj Finserv Mutual Fund.
- Bajaj Finserv Ventures Ltd. (BFS-Ventures) - BFS-Ventures is engaged in the business of alternative investments in properties and start-ups. In addition, it also undertakes the business of debt management services, business process outsourcing, and all allied services related to the management of human resources.
- Bajaj Finserv Mutual Fund Trustee Ltd. ('BFSTrustee') : BFS-Trustee is the Trustee for the Bajaj Finserv Mutual Fund. They are entrusted with the responsibility of supervising the activities of asset management company and mutual fund and discharging other obligations under the SEBI (Mutual Fund) Regulations, 1996

IV. Employees

18. Details as at the end of Financial Year 2022-23:

a. Employees (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	73,340	65,193	89%	8,147	11%
2.	Other than Permanent (E)*	26,686	16,712	63%	9,974	37%
3.	Total employees (D + E)	1,00,026	81,905	82%	18,121	18%

* Refers to fixed term employees

The Company does not have any 'worker'.

b. Differently abled Employees:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	24	20	83%	4	17%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	24	20	83%	4	17%

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	1	11%
Key Management Personnel*	3	1	33%

Note: The above data pertains to the Company as on 31 March 2023.

*Key Managerial Personnel are as defined under section 203(1) of the Companies Act, 2013 (KMP)

Section A

Section B

Section C

20. Turnover rate for permanent employees

	FY2023			FY2022			FY2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	25%	40%	26%	31%	44%	33%	23%	30%	23%
Permanent Worker	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA: BFS Group is engaged in financial services businesses which does not require services of workers.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ subsidiary/ Associate/ Joint Venture	% of shares held by Bajaj Finserv Limited as at 31-Mar-2023'	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Bajaj Finserv Limited (BFS)	Holding	–	Refer Note
2	Bajaj Allianz Life Insurance Company Limited (BALIC)	Subsidiary	74	
3	Bajaj Allianz General Insurance Company Limited (BAGIC)	Subsidiary	74	
4	Bajaj Finance Limited (BFL)	Subsidiary	52.49	
5	Bajaj Finserv Direct Limited (Balance 19.87% shares are held by BFL) (BFS-D)	Subsidiary	80.13	
6	Bajaj Finserv Health Limited (BFS-H)	Wholly - owned subsidiary	100	
7	Bajaj Housing Finance Limited (100% Subsidiary of Bajaj Finance Limited) (BHFL)	Subsidiary	–	
8	Bajaj Financial Securities Limited (100% Subsidiary of Bajaj Finance Limited) (BFSL)	Subsidiary	–	
9	Bajaj Finserv Mutual Fund Trustee Limited (BFS-Trustee)	Wholly - owned subsidiary	100	
10	Bajaj Finserv Asset Management Limited (BFS-AMC)	Wholly - owned subsidiary	100	
11	Bajaj Finserv Ventures Limited (BFS-Ventures)	Wholly - owned subsidiary	100	
12	Bajaj Allianz Financial Distributor Limited (BAFDL)	Joint Venture	50	
13	Bajaj Allianz Staffing Solutions Limited (100% subsidiary of Bajaj Allianz Financial Distributor Limited) (BASSL)	Joint Venture	–	

Note: Keeping in mind that the nature and conduct of the businesses across the Group companies are distinct, to the extent relevant, the Company through its [Responsible and Sustainable Business Conduct Policy](#) (i) engages with and enjoins upon its Group companies to participate in the responsible and sustainable business conduct and (ii) requires its material subsidiaries to embody a similar policy. Accordingly, the business responsibility initiatives of the subsidiaries and joint ventures could either be similar or distinct depending on the business responsibility initiative under consideration and nature of their respective businesses.

BFL, BAGIC, BALIC and BHFL are the material subsidiaries of BFS.

VI. CSR Details

22.

Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/ No)	Yes
Turnover (In ₹Crore)	82,071.24
Net worth (including non controlling interest) (In ₹Crore)	77,598.08

VII. Transparency and Disclosures Compliances

23 Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY2023			FY2022		
		Number of complaints		Remarks	Number of complaints		Remarks
		Filed during the year	Pending resolution at close of the year		Filed during the year	Pending resolution at close of the year	
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	33	0	0	17	1	The complaint has been suitably resolved
Employee and workers	Yes	0	0	BFS Group does not have workers	0	0	BFS Group does not have workers
Customers	Yes	11,951	7	Pending complaints as on 31 March 2023 have been suitably addressed by 7 April, 2023	10,492	-	-
Value Chain Partners	Yes	-	-	-	-	-	-
Others (Government and Regulators)	Yes	-	-	-	-	-	-

As a principle, in line with their policies, practices and processes, each of the Company in the Group engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and if warranted takes corrective measures. There are certain policies which are internal documents and are not accessible to public, in addition to the policies available on respective company's website, regarding conduct with stakeholders, including grievance mechanisms.

24. Overview of the entity’s material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material identified issue	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications -Positive or Negative
1	Climate change	Risk and Opportunity	<p>Risks Climate change can result in claim frequency / severity (non-life insurance) and mortality (life insurance) being higher than expected. Reputational risk emerges in case the Group is unable to meet the stakeholder expectations on climate related disclosures and initiatives.</p> <p>Opportunities Increased awareness about climate change has accelerated the adoption of environment friendly products such as renewable power, electric vehicles etc, thereby creating an opportunity to finance and insure these class of assets.</p>	<p>Underwriting policies and procedures are in place to assess and manage the risks. Periodic reviews of underwriting processes are conducted, and its effectiveness is assessed. Further, reinsurance programs seek to optimize the retention of risk based on risk retention appetite and capacity of the company. The Group’s ESG (Environment, Social & Governance) reporting is now beyond the minimum statutory reporting and is being enhanced year on year.</p>	<p>Negative Unpredictable adverse events can challenge our assumptions and impact profitability. Conforming with environment related standards and expectations could result in increased expenses.</p> <p>Positive Being relatively newer class of assets, the Group’s experience and depth of balance sheets could allow it to harness these opportunities.</p>
2	Customer experience	Risk	Given that the Group provides financial products and services, to millions of customers, any undesirable customer experience could result in the loss of customers or even reputational loss.	Listening to customers and driving continuous transformation to provide them with a frictionless experience is what the Group has always strived for. Ethics, transparency, fair practices, and accountability are deeply ingrained and practiced in daily operations, including in dealing with customers. Customer experience is enhanced by offering products and services which meet the needs of customers, as well as adaptation of innovative technology solutions to provide a seamless and an “on the go” customer journey through its digital platforms.	Negative Loss of reputation can result in loss of customer and thereby adversely impacting businesses of the Group.

S. No.	Material identified issue	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications -Positive or Negative
3	Financial inclusion	Opportunity	The reach of financial products and services is still shallow in India, especially in the mass segment and semi-urban / rural parts of India.	The Group's customer reach is achieved through rural distribution networks, adaptation of innovative technology solutions to provide a seamless customer journey through its digital platforms and customized product offering.	Positive Such distribution capabilities creates opportunity for the Group.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the NGRBC Principles (P1 – P9) and Core Elements.

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs (National Guidelines on Responsible Business Conduct). (Yes/No)	Yes. (Refer note below)								
b. Has the policy been approved by the Board? (Yes/No)	Yes, the Company has a policy covering all the principles named 'Responsible and Sustainable Business Conduct Policy'. The said Policy is approved by the Board. Further, the Policy is reviewed by the management periodically and the changes are put forth the Board for their approval.								
c. Web Link of the Policies, if available	https://www.bajajfinserv.in/policies-and-codes								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes. The Company has translated the policies and imbibed the same into procedures and practices of the Company, as applicable								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	The Company strives to influence its partners in the value chain to participate in the responsible and sustainable business conduct depending upon their means and resources.								
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	All policies have been developed based on industry/ best practices or as per the regulatory requirements and through appropriate consultation with relevant stakeholders.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	1. More than 90% applicable portfolio of insurance subsidiaries would be assessed for ESG by FY2025. 2. Implementation of Employee Health & Safety (EHS) Manual on a pilot basis during FY2024. 3. Environment restoration through tree plantation.								

Section A

Section B

Section C

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	As committed in FY2022 <ul style="list-style-type: none"> 50 Branches have been successfully opened and are operational in rural locations across the country in FY2023. More than 80% of applicable investment portfolio assets are ESG assessed: ~90% BAGIC and ~80% BALIC. 								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (<i>listed entity has flexibility regarding the placement of this disclosure</i>) <Please refer to "Message from the Chairman and the Managing Director" in the ESG report at https://www.bajajfinserv.in/finserv-investor-relations-annual-reports >									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name			Sanjiv Bajaj					
	Designation			Chairman & Managing Director					
	DIN			DIN 00014615					
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. <ul style="list-style-type: none"> The Company and all its material subsidiaries have their own policies, as approved by their respective Boards, the implementation of which is monitored through their empowered executive committee. Such executive committees meet periodically to assess the performance against their business responsibility objectives. Across the group 7 such meetings in aggregate were held during the year. Further at the group level, a committee comprising senior executives, including from material subsidiaries, meets periodically and provides directional inputs on business responsibility matters. The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis. During the year, in a meeting of the Board of Directors an update was provided and discussions were held on the sustainable and responsive business conduct initiatives across the Group. Further, ESG Risks of the Company and its material subsidiaries were also discussed during the year in respective Company's Risk Management Committee of the Board. 								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually / Half yearly / Quarterly / Any other - please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Performance against above policies and follow up action	As a practice, all the policies of the Company are reviewed periodically or on a need basis by department heads, business heads, senior management personnel and placed before the Board of Directors as and when required. During this assessment, the efficacy of the policies is also reviewed and necessary changes to policies and procedures are implemented.																

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Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee	Frequency (Annually / Half yearly / Quarterly / Any other – please specify)																		
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company is in compliance with the extant regulations as applicable.																			
		<table border="1"> <thead> <tr> <th>P 1</th> <th>P 2</th> <th>P 3</th> <th>P 4</th> <th>P 5</th> <th>P 6</th> <th>P 7</th> <th>P 8</th> <th>P 9</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9									
P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9												
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Currently no external assessments are being conducted for the policies. However, we ensure that all the policies are reviewed either by the department heads, relevant committee members and/or the board members internally as applicable.																			

Note:

Other than the policies placed on the Company's website (<https://www.bajajfinserv.in/policies-and-codes>), certain policies of the Company are internal documents and are not accessible to the public.

The above compliance is also done by all the material subsidiaries of the Company through their policies and accompanying processes, to the extent relevant/applicable to them. Publicly accessible policies of material subsidiaries are available on their respective websites:

1. BFL: [bajajfinserv.in/finance-investor-relations-policies-and-documents](https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents)
2. BHFL: [bajajhousingfinance.in/policies-and-documents](https://www.bajajhousingfinance.in/policies-and-documents),
3. BAGIC: [bajajallianz.com/about-us/corporate-policy.html](https://www.bajajallianz.com/about-us/corporate-policy.html),
4. BALIC: [bajajallianzlife.com/about-us.html](https://www.bajajallianzlife.com/about-us.html).

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics /principles covered under the training and its impact	%age of persons in respective category covered by awareness programmes
Board of Directors		Apart from BFS and its listed subsidiaries, which carry out familiarisation programmes for its Directors, as required under the SEBI Listing Regulations, even unlisted material subsidiaries on an ongoing basis keep their respective Directors and KMPs abreast on matters relating to the industry, business models, risk metrics, mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company, etc.	100%
Key Managerial Personnel			100%

P1

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%age of persons in respective category covered by awareness programmes

Segment	Total number of training and awareness programmes held	Topics /principles covered under the training and its impact	%age of persons in respective category covered by awareness programmes
Employees other than BoD and KMPs	The BFS Group invests significant time and resources in the training and development of its employees, to help them stay ahead of latest trends and technology. Further, for certain relevant topics periodical awareness programs are carried out through emails, posters / banners (physical and digital) and other modes of internal communication.	Such training / awareness programs are on array of topics, such as Code of conduct, Ethics, Cyber security, Data Privacy, ESG Fraud Prevention, Functional Trainings, Health and safety, Insider Trading, Prevention of sexual harassment, Skill Upgradation, etc.	100%
	During the year, more than 0.53 million hours of logged in training were completed by employees on above mentioned topics.		

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format
 (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	1-9	NIL	NIL	NIL	NIL
Settlement	1-9	NIL	NIL	NIL	NIL
Compounding fee	1-9	NIL	NIL	NIL	NIL
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment					NA
Punishment					NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.
 Yes. BFS Group has zero tolerance towards unethical business practices and prohibits bribery in any form in all of its business dealings through various policies, codes and charters.

The **Code of Ethics and Personal Conduct (CoEPC)** consistently adopted across the Group reiterates our commitment on anti-bribery. All employees of BFS Group companies must adhere to the commitment of integrity and other responsible business conduct principles laid down in CoEPC.

Some of these policies, codes and charters are available on our website (<https://www.bajajfinserv.in/policies-and-codes>). Further material subsidiaries also have some of these policies, codes and charters available on their respective websites.

P1

5. Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2023	FY2022	FY2021
Directors	NIL	NIL	NIL
KMPs	NIL	NIL	NIL
Employees	NIL	NIL	NIL

P6

6. Details of complaints with regard to conflict of interest:

	FY2023		FY2022		FY2021	
	Number	Remarks	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NIL	NIL	NIL	NIL	NIL
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	NIL	NIL	NIL	NIL	NIL

P9

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

No corrective actions pertaining to above mentioned parameters was necessitated by the Group during the year under review.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

BFS Group strives to influence its value chain partners to participate in the responsible and sustainable business conduct depending upon their means and resources. Group companies carry out awareness/training programmes for its value chain partners (especially agents and other intermediaries), depending on the business needs, stakeholder feedback and regulatory requirements covering various topics. For example, our insurance subsidiaries provide specialised training to their agents which cover various topics such as Code of Conduct, ethics, professional conduct, anti-money laundering, functional and skill upgradation trainings that are knowledge-based. They also cover the 'Did you Know' series about products, processes, FAQs, new product launches, know your compliances, existing products, ready-reckoners, sample illustrations, etc.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. BFS and its subsidiaries have zero tolerance towards unethical business practices and ensures adherence to relevant principles including in relation to conflict of interest.

The Company has a separate [Code of Conduct for Directors and Senior Management \('CoC'\)](#) which provides that 'Directors and Senior Management shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement'. The said CoC also requires them to not to engage in any material business relationship or activity, which conflicts with their duties towards the Company. A declaration for the Directors and Senior Management's affirmation to the said CoC is communicated to all stakeholders by the Chairman & Managing Director, through the Annual Report. [CoC hyperlinked](#) herewith, is available on the Company's website. In addition to the above, the BFS Group CoEPC covers potential areas where conflict of interest may be encountered. It also provides specific guidelines on avoiding and dealing with conflicts of interest and the requirement to disclose potential conflicts of interest by employees. Further, BFS and its material subsidiaries have policies on related party transactions, which require all the transactions to be at arm's-length.

P1

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe:

P2

Essential Indicators

P3

P4

P5

P6

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P9

- 1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

BFS Group is engaged in financial services businesses. The portion of its revenue and capital expenditure that directly contributes to improve the environmental and make a social impact revolves around its expenses on Information technology whereby the entire business cycle and customer interaction is facilitated using technology, thereby reducing use of paper that otherwise would have been incurred in physical interactions. Moreover, during the year, the Group has invested in EVs (Electric Vehicles) and rooftop Solar power plants to reduce its environmental footprint.

- 2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)
b. If yes, what percentage of inputs were sourced sustainably?**

BFS Group companies provide financial products and services, and thus neither has a sizeable consumption of any raw material nor produces any tangible goods. Its activities are limited to providing financial solutions to serve the needs of the people. However, the Group nurtures a culture of conservation of resources and encourages innovations that aid in reducing the dependence on natural resources.

- 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Given the nature of the business, BFS Group companies have limited scope to use recycled material as processed inputs. However, recycled tissue papers are used at some of the corporate offices.

BFS Group companies dispose e-waste through registered vendors and has collected certificate of disposal from them. During the year e-waste of 19.5 Metric Tonnes has been treated in scientific and eco-friendly manner by certified vendors for safe disposal.

- 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Given the nature of our business, the above is *not applicable*.

Leadership Indicators

- 1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Given the business operations of BFS Group, there are no products or services offered by the entity that qualify for Life Cycle Perspective / Assessments (LCA).

- 2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

None other than those identified in S. No. 24 of Section I above.

- 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Not Applicable

- 4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

Not Applicable

- 5. Reclaimed products and their packaging materials (as percentage of products sold) for each product surgery**

Refer #3 under Essential Indicator of this Principle.

P1

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

P2

Essential Indicators

P3

1. a. Details of measures for the well-being of employees:

P4

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P6

P7

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P9

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	65,193	65,193	100%	65,193	100%	NA	NA	65,193	100%	65,193	100%
Female	8,147	8,147	100%	8,147	100%	8,147	100%	NA	NA	8,147	100%
Total	73,340	73,340	100%	73,340	100%	8,147	100%	65,193	100%	73,340	100%
Other than permanent employees											
Male	16,712	2,846	17%	2846	17%	NA	NA				
Female	9,974	622	6%	622	6%	622	6%			NA*	
Total	26,686	3,468	13%	3468	13%	622	6%	NA*	NA*	NA*	NA*

Wherever required under regulations, Day care facilities are provided

*Being fixed term employees

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits *		Paternity Benefits *		Day Care facilities **	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

P1 **2. Details of retirement benefits, for Current and Previous Financial Year.**

P2

P3

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P9

Benefits	FY2023			FY2022		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	NA	Yes	100%	NA	Yes
Gratuity	100%	NA	Yes	100%	NA	Yes
ESI	100%	NA	Yes	100%	NA	Yes
NPS	100%	NA	Yes	100%	NA	Yes
Super Annuation	100%	NA	Yes	100%	NA	Yes

Note: The above represents benefits provided to all the employees who are eligible and have opted for the said retirement benefits.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

As a principle the Company through its [Employee Charter and Human Rights Statement](#) prohibits discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

Corporate offices of the Group companies have ramps for easy movement and wheelchair accessible restrooms for specially abled people.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company through its Employee Charter and Human Rights Statement prohibits discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

As enshrined in the 'Responsible and Sustainable Business Conduct Policy', the Company provides remuneration and equal opportunities at the time of recruitment as well as during employment irrespective of age, sex, colour, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids) or any other status of individuals, thereby presenting an opportunity to excel and grow best suited to the individual's suitability and ability to perform the related work.

The above are available on our website (<https://www.bajajfinserv.in/policies-and-codes>)

5. Return to work and Retention rates of permanent employees that took parental leave.

Gender	Permanent employees			
	FY2023		FY2022	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	99%	71%	100%	87%
Female	97%	54%	98%	94%
Total	99%	69%	99%	88%

P1 **6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

P2 **Yes/No**
(If Yes, then give details of the mechanism in brief)

P3		
P4	Permanent Workers	NA
P5	Other than Permanent Workers	NA
P6	Permanent Employees	Yes. BFS Group creates a culture which is fair, open and transparent and where employees can openly present their views. BFS Group transparently communicates its policies and practices such as company plans, compensation, performance metrics, performance pay grids/calculation, career enhancements, compliance etc. BFS Group enables employees to work without fear of prejudice, gender discrimination and harassment. It has zero tolerance towards any non-compliance of these principles. A formal grievance mechanism is available to employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation, along with mechanism to consult on ethical issues through the explicit means provided by CoEPC , Whistle Blower Policy , Prevention of Sexual Harassment Policy and other policies/charters.
P7	Other than Permanent Employees	
P8		
P9		

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:
 BFS Group employees are currently not part of any employee association.

8. Details of training given to employees:

Category	FY2023					FY2022				
	Total (A)	On Health and safety measures#		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	61,075	33,157	88%	49,615	81%	53,871	0	0	41,588	77%
Female	7,645	1,581	89%	6,026	79%	6,090	0	0	4,984	82%
Total	68,720	34,738	88%	55,641	81%	59,961	0	0	46,572	78%

**From FY2023 the group has initiated accounting of training of employees on Health and Safety measures. In addition, BFS Group trains its employees on safety protocols by conducting periodic trainings on fire safety and evacuation drills. During the year, 806 fire audits and 826 drills were conducted.*

Periodical awareness programmes are carried out through emails, posters/banners (physical and digital) and other modes of internal communication.

The Group companies also initiated exhaustive employee engagement campaigns like "#Stay Healthy #Stay Safe" to imbibe and encourage employees to adopt healthy and safety measures - eating healthy, staying hydrated, using stairs, maintaining right posture, etc. Various campaigns and collaterals were released to spread awareness among the employees on the pandemic precautions and safety compliances.

9. Details of performance and career development reviews of employees:

Category	FY2023			FY2022		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	Performance appraisal was conducted during the year for all the eligible employees as per policy.					
Female						
Total						

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10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

BFS Group trains its employees on safety protocols by conducting periodic trainings on fire safety and evacuation drills. During the year, 806 fire audits and 826 drills were conducted. Periodical awareness programmes are carried out through emails, posters/banners (physical and digital) and other modes of internal communication. The Group companies also initiated exhaustive employee engagement campaigns like “#Stay Healthy #Stay Safe” to imbibe and encourage employees to adopt healthy and safety measures - eating healthy, staying hydrated, using stairs, maintaining right posture, etc. Various campaigns and collaterals were released to spread awareness among the employees on the pandemic precautions and safety compliances.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

BFS Group provides financial services and does not undertake any manufacturing activity and hence this is not applicable for us. However, the Company has designed and adopted manuals and procedures to cover environmental aspects and health and safety risks that the facility/property can control and directly manage, and those that it does not directly control or manage but over which it can be expected to have an influence through its Environment, Health and Safety Manual. There are no product risks but there are those related to the provision of services like ergonomics in work as well as those associated with the operation of utilities, indoor air quality, lift/elevator safety, fire safety procedures, personnel protective equipment, signages, etc. Further, our risk assessment also periodically cover incidents that have been noted and immediate steps are taken to mitigate the associated risks. During the year, no such instances have been noted which necessitated further action. The applicable processes have been briefly described in ‘a’ above

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Not Applicable. The Company does not have any ‘worker’.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2023	FY2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NIL	NIL
Total recordable work-related injuries	Employees	NIL	NIL
No. of fatalities	Employees	NIL	NIL
High consequence work-related injury or ill-health (excluding fatalities)	Employees	NIL	NIL

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Refer 10 (a) above.

13. Number of Complaints on the following made by employees and workers:

	FY2023			FY2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL	NIL		NIL	NIL	
Health & Safety	NIL	NIL		NIL	NIL	

P1 **14. Assessments for the year:**

P2	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
P3 Health and safety practices	BFS Group strives to keep the workplace environment safe, hygienic and humane, upholding the dignity of the employees. Offices across the Group are internally assessed periodically through surveys, audits, etc. for various aspects of health and safety measures and related working conditions.
P4 Working Conditions	

P6 **15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

P7 None

P8 **Leadership Indicators**

P9 **1. Does the entity extend any life insurance or any compensatory package in the event of death of Employees (Y/N)?**

All Group companies extend various support and compensatory package in the event of death of permanent employees. Each Company has their own program and some of these include full month's pay with recovery waivers, iCare fund release, Group Term Life insurance assured amounts, etc.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

BFS Group strives to influence its partners in the value chain to participate in the responsible and sustainable business conduct depending upon their means and resources. Having said that, there are multiple measures to ensure that statutory dues have been deducted and deposited by them which include contractual commitments, obtaining evidence of payment, review / audit of value chain partners, seeking confirmations of compliance, etc, which depend on the nature of product / services rendered. For example, material subsidiaries on an annual basis select a sample of value chain partners to review their processes and controls, which includes their compliance for deduction and payment of statutory dues.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2023	FY2022	FY2023	FY2022
Employees	NIL	NIL	NIL	NIL
Workers	NA	NA	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

The BFS Group invests significant time and resources in the training and development of its employees, help them stay ahead of latest trends and technology. With such trainings, most employees are skilled and tend to be employable upon retirement / termination.

P1 **5. Details on assessment of value chain partners:**

P2 **% of value chain partners (by value of business done with such partners) that were assessed**

P3 Health and safety practices BFS Group expects all its value chain partners to follow extant regulations, including health and safety practices and working conditions.

P4

P5 Working Conditions

P6 **6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

P7 In absence of any significant risks / concerns, no need for corrective action plan has been necessitated.

P8

P9

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder Groups of the entity.

Individual or Group concerned or interested with or impacted by the activities of the businesses and vice versa, now or in the future are identified as key stakeholder by the Group Companies. Based on this, the key stakeholders are shareholders and investors, customers, government and regulators, value chain partners, employees and the society as a whole. The Group understands the impact of its policies, decisions, products and services and associated operations on the stakeholders. In line with its policies, practices and processes, the Group engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner, and if warranted takes corrective measures. The Group also engages with relevant stakeholders for enhancing the sustainable and responsible business practices.

2. List stakeholder Groups identified as key for your entity and the frequency of engagement with each stakeholder Group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholder and Investor	No	Multiple channels – physical and digital including quarterly investor presentations, press releases and communications through stock exchanges, participation in investor conferences, etc.	Frequent and need based	To inform about the performance, major developments and other relevant updates regarding the Company and Group
Customer	No	Multiple channels – physical and digital	Frequent and need based	Servicing throughout the lifecycle of the customer and addressing queries / grievances that the customer may have.

P1		Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
P2	Stakeholder Group				
P3					
P4	Government and Regulators	No	Multiple channels – physical and digital	Need based	To provide timely recommendations/ feedback on draft policies, representations before regulators and associations for advancement and improvement of financial services industry in India.
P5					
P6					
P7					
P8					
P9					
	Value chain Partner	No	Multiple channels – physical and digital including in-person meetings, emails, performance discussions, trainings, company policy/ process communication, periodical meets/ conferences, etc	Frequent and need based	To enhance the access and understanding of relevant financial products and services of the Group.
	Employees	No	Multiple channels – physical and digital	Daily	To create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth
	Society	Yes	Multiple channels – physical and digital	Frequent and need based	To promote social welfare activities for inclusive growth, fair and equitable development and well being of society through our business functioning

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Group companies to the extent considered necessary and permitted by regulations, ensure transparent communication and access to relevant information about its decisions that impact relevant stakeholders, keeping in mind the need to protect confidential competitive plans and information. Engagement with stakeholders is a continuous process, as part of the Group's business activities. Such engagement is generally driven by the responsible business functions, with senior executives also participating based on the need of the engagement. The BoD are updated on various developments arising out of such engagement and they provide their guidance/inputs on such matters

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity. Continuous engagement with stakeholders helps in aligning expectations, thereby enabling the Group to better

P1 serve its stakeholders. The Company personnel interact with various stakeholders to understand the evolution and
 P2 relevance of ESG topics, their impact and expectations from the Group. Based on such interactions, the
 P3 Group has over the last few years enhanced its reporting on business responsibility and has also started certain
 P4 new initiatives. The Group believes that it is still learning the evolving aspects of ESG and lays significant
 P5 importance to such interactions. For example, our insurance subsidiaries have during the year implemented
 P6 adoption of Responsible Investment Principles in their investment decision making.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder Groups.

BFS Group companies through their CSR policies have taken up various initiatives and activities for the benefit of different segments of the society, with focus on the marginalised, poor, needy, deprived, under-privileged and differently abled persons.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Any Employee who works in any BFS Group Company or on BFS's behalf (including third-party Employees or Employees of Vendors) must adhere to the commitment of Bajaj Finserv to integrity and ensure following the principles laid down in CoEPC which amongst other things includes principles of mutual respect, privacy, equal opportunities and non-discrimination, health, safety and environment, sexual harassment.

Our commitment to employees' rights is enshrined in the Employee Charter- Human Rights Statement of the respective Company – which sets out what employees can reasonably expect from the company (Employee Rights) and the responsibilities and qualities that are expected from them while performing their duties (Employee Responsibilities). It also lays down the principles of equal opportunity and non-discrimination, anti-corruption and bribery, prohibition of forced and child labour, transparency, safe healthful and harassment-free workplace, amongst others.

BFS Group companies use various mediums to create awareness on ESG initiatives (including human rights) for its employees through use of social media as well as internal communication channels-Intranets, HR bulletins, Video Snippets, etc.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY2023					FY2022				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Permanent Employees										
Male	65,193	22	0.1%	65,171	99.9%	53,732	415	0.7%	53,456	99.3%
Female	8,147	2	0.1%	8,145	99.9%	6,090	69	1.1%	6,021	98.9%
Other than Permanent employees										
Male	16,712	885	5.3%	15,827	94.7%	10,018	1,992	19.9%	8,026	80.1%
Female	9,974	331	3.3%	9,643	96.6%	5,873	492	8.4%	5,381	91.6%

P1 **3. Details of remuneration/salary/wages, in the following format:**

P2		Male		Female	
P3		Median remuneration/ salary/ wages of respective category (in ₹ Crore)		Median remuneration/ salary/ wages of respective category (in ₹ Crore)	
P4		Number		Number	
P5	Board of Directors (BoD) - Non-Executive Directors*	7	0.36	1	0.24
P6	BoD - Executive Director	1	23.62	0	NA
P7	Key Managerial Personnel (KMP)	1	6.69	1	0.58
P8	Employees other than BoD and KMP	74,152	0.06	8,913	0.06

*All Non-Executive Directors are entitled to same sitting fees and commission. Differences in remuneration arise because of the number of meetings attended as per their memberships of different committees

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

While BFS Group aims to not have a situation that leads to any grievance; should such a situation arise, BFS Group has a well-defined Grievance redressal mechanism for its employees. A formal grievance mechanism is available to all employees, to report or raise their concerns confidentially and anonymously, without fear of any retaliation.

The Group regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed.

BFS Group believes that every workplace shall be free from violence, harassment, intimidation and/or any other unsafe or disruptive conditions, either due to external or internal threats. Accordingly, BFS Group has aimed to provide reasonable safeguards for the benefit of employees at the workplace, while having due regard for their privacy and dignity. BFS Group also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse. As a matter of policy, BFS Group does not hire any employee or engage with any agent or vendor against their free will.

Across the Group, Designated Ethics Officer at each the companies deals with the issues of the respective Company. BFS Group Employees must promptly report any violation of this Code to their Manager and to the Ethics Officer.

P1 **6. Number of Complaints on the following made by employees and workers:**

	FY2023			FY2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
P5 Sexual Harassment	14	1	The pending case as on 31 March 2023 are in process of resolution as per respective Company's policy.	14	2	The pending cases as on 31 March 2022 are in process of resolution as per respective Company's policy.
P6 Discrimination at workplace	-	-	-	-	-	-
P7 Child Labour	-	-	-	-	-	-
P8 Forced Labour / Involuntary Labour	-	-	-	-	-	-
P9 Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

A formal grievance mechanism is available to all employees to report or raise their concerns confidentially and anonymously, without fear of retaliation, along with mechanism to consult on ethical issues through the explicit means provided by CoEPC, employee charter, disciplinary action committee reviews, whistle blower and vigil mechanism policies. BFS Group prohibits retaliation against any employee who reports in good faith any suspected or potential violation of the Code of ethics and professional conduct of the Company which includes aspects of discrimination and harassment.

It is the duty of every employee to report instances of possible CoEPC violations that they are aware of. At BFS Group, sharing a possible concern about the code honestly and in good faith, even if it turns out to be unfounded – is never an excuse for any kind of retaliation. The BFS Ethics Officers will ensure CoEPC investigations are conducted in a fair and confidential manner and that there will not be any adverse impact on Employees who highlight possible CoEPC violations in good faith.

We also prohibit retaliation for using any of the complaint reporting procedures, if made in good faith, or for filing, testifying, assisting, or participating in any investigation conducted by a government enforcement agency.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

The Group appreciates the inherent, universal, indivisible, inalienable and interdependent nature of human rights. The Group strives to percolate these values, through its policies, at all levels in the Group.

9. Assessments for the year

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)

Child labour	The Group is in compliance with the laws, as applicable.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

P1 **10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

P2 No corrective actions pertaining to Question 9 was necessitated by the Group during the year under review.

P3 **Leadership Indicators:**

P4 **1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

P5 There have been no significant human rights grievances / complaints warranting modification / introduction of business processes.

P6

P7 **2. Details of the scope and coverage of any Human rights due-diligence conducted**
Not Applicable

P8 **3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

P9 As a principle the Company through its Employee Charter and Human Rights Statement prohibits discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

Corporate offices of the Group companies have ramps for easy movement and wheelchair accessible restrooms for specially abled people.

4. Details on assessment of value chain partners

% of value chain partners (by value of business done with such partners) that were assessed

Sexual Harassment	The Group expects and strives to influence its value chain partners to adhere to the same values, principles and business ethics upheld by the Group in all their dealings. No specific assessment in respect of value chain partners has been carried out other than certain elements covered in annual review of processes and controls of select sample of value chain partners by material subsidiaries.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No corrective actions pertaining to Question 4 was necessitated by the Group during the year under review.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	Unit of measurement	FY2023	FY2022*
Total electricity consumption (A)	Gigajoules	1,67,664	1,99,935
Total fuel consumption (B)	Gigajoules	49,552	39,793
Energy consumption through other sources (C)	Gigajoules	-	-
Total energy consumption (A+B+C)	Gigajoules	2,17,216	2,39,728
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	-	2.65	3.50

* Number in gigajoules recomputed taking into consideration appropriate conversion factor

P1 **Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

P2 Yes. During the year, energy indicators were verified as part of emission accounting by DNV Business Assurance India Private Limited.

P3

P4 **2. Does the entity have any sites/ facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

P5

Not Applicable

P6

3. Provide details of the following disclosures related to water.

P7

The Group's usage of water is restricted to human consumption purposes only. Efforts have been made to ensure that water is consumed judiciously in the office premises, such as:

P8

- Two large offices in Pune have rainwater harvesting facility, with aggregate capacity of 14,600 litres.
- Water treatment plant at an office in Pune to collect, treat and filter 10,000 litres of raw hard water per day which is reused for gardening and common area cleaning.
- In various offices, sensor taps are installed in office washrooms to optimise water consumption.

P9

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:
Not Applicable

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY2023	FY2022
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	14,843	12,585
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	36,793	26,833
Total Scope 1 and Scope 2 emissions per rupee of turnover*	Per crore of Consolidated Total Revenue from operations	0.63	0.58

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. The assessment was carried out by DNV Business Assurance India Private Limited for FY2023.

* Considering that FY2023 is the first year of full operations post COVID-19, emission intensity is not comparable.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Group has undertaken various projects on environmental sustainability such as ecological restoration, waste management and clean energy projects. 138 windmills of the Company with installed capacity of 65.2 MW generated over 83.2* million units of electricity, which is more than the electricity consumed by the BFS Group. The Group is a net generator of renewable power.

In addition, there are rooftop solar plants installed with capacity to generate 690.8 KW annually. Further, the Group has during the year invested in 18 Electric vehicles for city transport in Pune along with charging stations for employees in selected locations.

*Net of wheeling and transmission losses

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY2023	FY2022
Total Waste generated (in metric tonnes)		
E-waste (B)	19.50	33.99

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

P1 E-waste recycling is carried out by various e-waste vendors across all offices of the Group. Form 2 (for
P2 maintaining records of e-waste handled/generated), green certificates and disposal and recycling reports have
been received by the Group.

P3 **9. Briefly describe the waste management practices adopted in your establishments. Describe the
P4 strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products
and processes and the practices adopted to manage such wastes.**

P5 Given the nature of the business, there is no usage of hazardous and toxic chemicals by the Group companies.
P6 BFS Group has systems in place to manage e-waste and engages with certified e-waste handlers for disposal
of e-waste. Approximately, 19.5 metric tonnes of e-waste generated has been disposed through authorised
recyclers in FY2023. The Group has received green, disposable and re-cycling certificates from the respective
e-waste handlers.

P7 **10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks,
P8 wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation
zones etc.) where environmental approvals / clearances are required, please specify details in the
P9 following format:**

No

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable
laws, in the current financial year**

Not Applicable

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such
as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act,
Environment protection act and rules thereunder (Y/N).**

Based on the nature of business, the Group is in compliance with applicable environmental norms.

Leadership Indicators

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-
renewable sources, in the following format:**

Parameter	Unit of Measure	FY2023	FY2022
From renewable sources			
Total electricity consumption (A) *	Gigajoule	1,446	244
Total fuel consumption (B)	Gigajoule	0	0
Energy consumption through other sources (C)	Gigajoule	0	0
Total energy consumed from renewable sources (A+B+C)	Gigajoule	1,446	244
From non-renewable sources			
Total electricity consumption (D)	Gigajoule	1,67,664	1,99,935
Total fuel consumption (E)	Gigajoule	49,552	39,793
Energy consumption through other sources (F)	Gigajoule	0	0
Total energy consumed from non-renewable sources (D+E+F)	Gigajoule	2,17,216	2,39,728

* Rooftop Solar power plants with installed capacity of 690.8 KW as at 31st March 2023.

Number in gigajoules recomputed taking into consideration appropriate conversion factor.

Note: The conversion factors used for converting the unit of measurement to gigajoules have been sourced from www.eia.gov

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an
external agency? (Y/N) If yes, name of the external agency.**

Yes. Independent Limited assurance has been carried out by DNV Business Assurance India Private Limited for
the year ending FY2023.

2. Provide the following details related to water discharged:

Not Applicable

P1 **3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**
 P2 Not Applicable

P3 **4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY2023	FY2022
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	18,747	9,922
Total Scope 3 emissions per rupee of turnover*		0.23	0.15

P6 **Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

P7 Yes. Independent Limited assurance has been carried out by DNV Business Assurance India Private Limited for the year ending FY2023. Refer section Independent Greenhouse Gas Verification Statement

P8 * Considering that FY2023 is the first year of full operations post COVID-19, emission intensity is not comparable.

P9 **5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.**
 Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:
 Please refer to response provided at Q. 3, 7 and 9 of the essential indicators above

7. Does the entity have a business continuity and disaster management plan?
 Yes. All material subsidiaries have Business Continuity Plan (BCP) strategies and framework which is also compliant with applicable regulatory requirements. BCP envisages the likely disruptive events, their probability and impact on business operations which is assessed through business impact analysis. These aim to eliminate or minimise any potential disruption to critical business operations. The BCP includes Disaster Recovery procedures to quickly recover from an emergency. Annual BCP drills are conducted to ensure that the BCP is effective given the current nature of business processes, infrastructure, personnel, etc.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.
 Given the nature of the business, there has been no adverse impact to the environment.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.
 NIL

P1 **PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

P2 **Essential Indicators**

- P3 **1. a. Number of affiliations with trade and industry chambers/ associations.**
- P4 BFS Group through its subsidiaries is a member of 9 trade and industry chambers/associations.
- P5 **b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

P6

P7	S. No.	Name of the trade and industry chambers associations	Company Name	Reach of trade and industry chambers/ associations (State/National)
P8	1	Confederation of Indian Industry	BFS, BAGIC, BALIC	International
P9	2	World Economic Forum	BFS	International
	3	General Insurance Council	BAGIC	National
	4	Indo German Chamber of Commerce		International
	5	Bombay Chamber of Commerce and Industry	BALIC	National
	6	Executive Council of Insurers		National
	7	Insurance Information Bureau of India		National
	8	Life Insurance Council		National
	9	Internet and Mobile Association of India	BFDL	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

No corrective action was necessitated by the Group during the year under review

Leadership Indicators

1. Details of public policy positions advocated by the entity:

BFS Group maintains regular engagement with the Government agencies and regulators and stands committed to providing timely and accurate information, suggestions and recommendations, feedback on draft policies, etc., as and when required. It keenly participates in putting forward views on the setting of new industry standards or regulatory developments pertaining to the financial services industry. While making recommendations, in line with our policy, we attempt to balance the interest of various stakeholders. The senior executives of BFS Group engage with RBI, SEBI, IRDAI and other regulators on a periodic basis or as and when required. This enables the BFS Group to understand their areas of focus and concerns. All interactions with the Government and regulators are done by authorised officials of the respective company. BFS is a member of World Economic Forum and Confederation of Indian Industries (CII), through which it actively engages in policy advocacy. These engagements are overseen by Mr. Sanjiv Bajaj, Chairman & Managing Director of the Company, also, the President of CII with effect from May 2022. BFS and its subsidiaries are members of various trade and industry chambers, associations, councils and such other collective platforms ('forums'). We proactively contribute to the discussions and resolutions within the scope of these forums. Refer section Stakeholder Engagement.

P1 **PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**P2 **Essential Indicators**P3 **1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

P4 During the year 4 projects were assessed by external Impact Assessment Agencies as mandated by the CSR regulations. The agencies have submitted their detailed reports which are uploaded on respective Company's website. All projects that underwent Impact Assessments met all project objectives as per the assessment reports.

P6 **2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format**

P7 Not Applicable

P8 3. Describe the mechanisms to receive and redress grievances of the community.

P9 The Bajaj Group Companies have various mechanisms to receive and redress grievances of various stakeholders. Details of such mechanisms and policies is detailed [CSR policy](#) disclosed on the website.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers: (in ₹ Crore)

	FY2023	FY2022
Directly sourced from MSMEs/ small producers	352.31	412.16
Sourced directly from within the district and neighbouring districts	NA	NA

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies-

None

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable Groups? (Yes/No)

(b) From which marginalised /vulnerable Groups do you procure?

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

No corrective actions pertaining to above mentioned parameters was necessitated by the Group during the year under review.

6. Details of beneficiaries of CSR Projects:

Beneficiaries are from vulnerable and marginalised Groups, as all the CSR initiatives and activities taken up at the various work centres and locations benefit different segments of the society, with focus on the marginalised, poor, needy, deprived, under-privileged and differently abled persons.

P1 For more details on the CSR initiatives undertaken during the year, Section Empowering society.

	Theme	Beneficiaries (in million)
P2	Education	0.3
P3	Infant mortality	0.3
P4	Children protection	0.1
P5	Health	0.1
P6	Other (including Children with disability)	0.2
	Children Total	1.0
P7	Youth supported under livelihood initiatives	0.1
	Youth Total	0.1
P8	Others (including CPBFI)	0.2
P9	Total Beneficiaries	1.3

*The beneficiaries are estimated for active projects and not necessarily for the year.

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

- 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**
 Timely and appropriate customer grievance redressal is imperative. In fact, we aim to reduce the grievances learning from our experiences, through root cause analysis. The Group's dealings with its customers are professional, fair and transparent. BFS Group has a robust customer policy governance framework and same are enumerated under the section of Customer centricity.
- 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information**
 Transparency and fairness in dealings with customers is followed across the Group. None of the products withhold any relevant information needed by the customers to make informed decisions.
- 3. Number of consumer complaints in respect of the following:**

	FY2023			FY2022		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy	NIL	NIL	None	NIL	NIL	None
Advertising						
Cyber- security						
Restrictive Trade practices						
Unfair Trade practices	10,551	7	Pending complaints as on 31 March 2023 have been suitably addressed by 7 April, 2023.	10,492	0	
Others						

- P1 **Some of the initiatives in this regard are:**
- P2 ● The BFS Group companies, through their charters, policies etc., communicate customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable. These emphasise our commitment to fair practices by maintaining transparency in products and services offered.
 - P3 ● Dedicated customer complaint reduction units are in place, to review the grievance redressal mechanism under oversight of the Boards of respective material subsidiaries.
 - P4 ● Customer grievances are also reviewed with focus on identification of root cause, corrective action plans and customer service initiatives.
 - P5 ● Detailed customer grievance handling mechanism is further enumerated under section Customer centricity of the Report as well as on respective company websites.

P6 **4. Details of instances of product recalls on account of safety issues.**

P7 Not Applicable

P8 **5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

P9 Each of the material subsidiaries in the Group has adopted an information security framework to establish, implement, monitor and constantly improve its information security posture. We focus on privacy of customer information and data security. The material subsidiaries of the Company are compliant with ISO 27001:2013 Information security management system. They also comply with the applicable regulatory framework and guidelines (viz. RBI's Master Direction – Information Technology Framework for the NBFC Sector, IRDAI's Guidelines on Information and Cyber Security for Insurers, etc).

In case of material subsidiaries, IT Security related projects and operations are reviewed by a committee, under oversight of Board of respective companies. These committees meet at least on a half-yearly frequency. Dedicated teams manage cyber security programme and operations for digital initiatives. "For more details refer Information security, cyber security and fraud controls"

6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/ services.

No penalties/regulatory action has been levied or taken on the above-mentioned parameters

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

BFS Group companies envisage to be an omnipresent financial services provider company that enabling its existing and new customer to engage, transact and be serviced online to offline and vice versa.

Information relating to various financial services provided by the BFS Group is available on the Company's website, bajajfinserv.in/corporate-bajaj-finserv.

In addition, the Group companies actively use various social media and digital platforms to disseminate information on its products suite.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

As a responsible corporate citizen, it is imperative to not just do business with customers, but also educate them and make them more aware of what could be good or bad for them, frauds, addressing their questions on financial products, etc.

Each Group company has a mechanism to inform customers on usage of products offered. Continuous and contextual communication across the customer lifecycle through – press releases, yearly customer engagements, company website and blogs, social media campaigns, use of video content, on- ground activities, participation in insurance awareness programs – GIC, Product awareness Campaigns, awareness campaigns during the pandemic, webinars, feature based audio-visual content for ease of understanding, etc. have helped us educate and create awareness amongst our customers and society at large.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Tech-led seamless customer experiences have been the hallmark of our businesses. Each business is unique and so is its approach towards enhancing customer experience. But the core objectives that tie them together

P1 stay the same – simplification of processes, ease of use and quick and appropriate response. The importance of
 P2 information security, cyber security and fraud controls cannot be over-emphasised in this technological age. The
 P3 need for robust control over these areas find a dominant place in our information technology framework. These
 controls obviate disruptions and security threats endangering loss of customer data and disruption in business
 operations.

P4 In line with the IRDAI regulation, the insurance subsidiary companies shall give two-month advance notice in
 P5 newspaper before re-allocation or closure of branch office and the same also published on the website.

P6 All material subsidiaries have business continuity strategy and framework which is also compliant with applicable
 P7 regulatory requirements. Business Continuity Plan (BCP) envisages the likely disruptive events, their probability
 and impact on business operations which is assessed through business impact analysis

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

P8 Transparency and fairness in dealings with customers is followed across the Group. None of the products
 withhold any relevant information needed by the customers to make informed decisions.

P9

The BFS Group companies through their charters, policies, etc. communicate the customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable which emphasise our commitment to fair practices by maintaining transparency in products and services offered.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. The material subsidiaries carry out various surveys on regular basis for continuous listening to customers and driving continuous transformation to provide them a frictionless experience.

6. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

None

b. Percentage of data breaches involving personally identifiable information of customers.

None. The Group has not witnessed any instances of data breaches during the year.

Independent Assurance Statement

Introduction

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finserv Limited ('the Company' or 'Bajaj Finserv', Corporate Identification Number: L65923PN2007PLC130075 to undertake an independent assurance of Bajaj Finserv's Business Responsibility and Sustainability Reporting ('BRSR') disclosures (the 'Report') which shall form part of the Company's Business Responsibility and Sustainability Report FY 2023 in its digital/online format. The disclosures in this Report have been prepared based on the requirements of SEBI Circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, prescribing format of the BRSR and the guidance notes and the nine principles of the National Guidelines on Responsible Business Conduct, 2019 ('NGRBC') of the Ministry of Corporate Affairs, Government of India. The intended user of this assurance statement is the Management of Bajaj Finserv ('the Management') and its stakeholders. Our assurance engagement was planned and carried out during March 2023 – June 2023 covering the Company's non-financial/sustainability performance during 1 April 2022 – 31 March 2023. We performed a limited level of assurance based on our assurance methodology, VeriSustain™¹.

Responsibilities of the Management of Bajaj Finserv and of the Assurance Provider

The Management has the sole responsibility for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analyzing and reporting the information presented in the Report. Bajaj Finserv is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on sustainability performance. In performing this assurance work, DNV's responsibility is to the Management of Bajaj Finserv; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of Bajaj Finserv.

We do not provide any services to Bajaj Finserv which in our opinion constitutes a conflict of interest with this assurance work. Our assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and are free from material misstatements.

Scope, Boundary and Limitations

The reporting scope and boundary encompasses economic, environmental, social and governance performance of Bajaj Finserv in India covering the financial and insurance services-related operations of Bajaj Finserv Limited, its subsidiaries and joint ventures, as brought out in Section A: General Disclosures of the BRSR.

The assurance engagement considers an uncertainty of $\pm 5\%$ based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) activities, and other financial data are based on financial statements prepared by Bajaj Finserv and audited by its statutory auditors which is subject to a separate audit process. We were not involved in the review of financial information within the Report.

1. The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from www.dnv.com

Basis of our Opinion

As part of the assurance process, a multi-disciplinary team of sustainability specialists performed assurance work for selected sample sites of Bajaj Finserv. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to Bajaj Finserv's business and its key stakeholders. We carried out the following activities:

- Reviewed the approach to stakeholder engagement and materiality determination process and its outcomes as brought out in the Report.
- Conducted interviews with selected representatives responsible for management of sustainability issues and implementation of the NGRBC Principles and carried out reviews of selected evidence to support topics and claims disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver Bajaj Finserv's overall sustainability objectives.
- Carried out Onsite verification of sustainability performance data and sample evidence related to the sampled offices of Bajaj Finserv Limited and its subsidiaries – BHFL and BFSL to review the processes and systems for aggregating site-level sustainability information, as well as overall aggregation and consolidation of data from sites by the sustainability team at the Corporate Office at Pune in Maharashtra.
- Reviewed the process of reporting on BRSR requirements including Section A: General Disclosures, Section B: Management and Process Disclosures, and Section C: Principle-wise Performance Disclosures.
- Carried out an assessment of the processes for gathering and consolidating performance data related to the NGRBC Principles and, for a sample, checked the processes of data consolidation to assess the Reliability and Accuracy of performance disclosures reported based on BRSR requirements.
- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness as per VeriSustain for a limited level of verification.
- An independent assessment of the reports non-financial information against the requirements of BRSR and the guidance notes

Opinion and Observations

Based on the verification undertaken, nothing has come to our attention to suggest that the Report together with referenced information does not adhere to the requirements of BRSR including the General Disclosures, Management and Process Disclosures, and Principle-wise Performance Disclosures.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

The Report explains the process of materiality determination which has been carried out by Bajaj Finserv towards identifying material topics which are significant to its business and have been considered important to the Company and its stakeholders, based on the National Guidelines on Responsible Business Conduct (NGRBC) for Business Sustainability and Reporting Standard (BSRS), Section A: General Disclosures – Overview of the entity's material responsible business conduct and sustainability issues. Key ESG risks, stakeholder requirements, expectations and impact of expectations were taken into account while arriving at overall topics which were further prioritized to arrive at material topics. The Report brings out the broad range of issues which the Company has identified as being material to its business which are mapped as risks and opportunities, along with the rationale for considering the issue as being material.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out the engagement platforms and systems which have been established for identifying key stakeholder concerns and expectations. The Company has identified customers, employees, communities & NGO's, suppliers, investors & shareholders, government & regulatory bodies, academic institutions, industry bodies and media as its key stakeholder groups. Bajaj Finserv identifies and prioritizes its formal and informal processes for engagement with its significant stakeholders based on significance of actual and potential impacts of the Company's activities, and these processes are brought out within the Report, along with the identified expectations and concerns of stakeholders.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report articulates Bajaj Finserv responses to its identified material topics through key sustainability indicators in line with the requirements of NGRBC Principles, as well as descriptions of the Company's management approach, policies and strategies, and initiatives, reporting and data tracking processes which are part of its overall ESG Management Framework.

Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the processes that Bajaj Finserv has established towards capturing and reporting its sustainability performance related to each Principle of NGRBC. The majority of the data and information verified through our remote assessments with the Company's management teams and data owners at the operations sampled by us as part of our assurance engagement were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed for correctness.

Nothing has come to our attention to believe that the Report does not meet the principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported?

The Report brings out the Company's performance during FY2023 related to economic, environmental, social and governance-related aspects of the BRSR and covering the operations of Bajaj Finserv and its subsidiaries, covering the performance related to the nine NGRBC Principles. Bajaj Finserv may further strengthen its processes towards capturing and reporting information and data related to Essential and certain Leadership Indicators of Principle-wise Performance Disclosures in future reporting periods.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out Bajaj Finserv's sustainability performance during the reporting period in a neutral tone in terms of content along with descriptions of key risks and opportunities during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct² during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Assurance Statement, the GHG Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. We did not provide any services to Bajaj Finserv in the scope of assurance during FY2023 that could compromise the independence or impartiality of our work.

For DNV Business Assurance India Private Limited

Bhargav Lankalapalli

Lead Verifier

DNV Business Assurance India
Private Limited, India.

Karthik Ramaswamy

Technical Reviewer

DNV Business Assurance India
Private Limited, India.

28th June 2023, Mumbai, India.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

2. The DNV Code of Conduct is available on request from [www.dnv.com \(https://www.dnv.com/about/in-brief/corporate-governance.html\)](https://www.dnv.com/about/in-brief/corporate-governance.html)

Independent Greenhouse Gas Verification Statement

Introduction

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finserv Limited ('the Company' or 'Bajaj Finserv', Corporate Identification Number: L65923PN2007PLC130075) to carry out an independent verification of Bajaj Finserv Group's Scope 1, Scope 2 and Scope 3 Greenhouse Gas Emissions (the 'GHG Emissions') data in spreadsheets and for its seven (7) subsidiaries and two (2) joint ventures sites for the period 1 April 2022 – 31 March 2023. This verification has been carried out as part of the overall work of assurance of Bajaj Finserv's Business Responsibility and Sustainability Reporting for FY 2022-23 and other disclosures as applicable.

The Company has prepared its GHG emissions based on the requirements set out in Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised edition) published by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) to calculate its GHG emissions and reported in the Business Responsibility and Sustainability Reporting as mandated under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The verification provides a limited level of customized engagement as per DNV's VeriSustainTM1 protocol, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* for Defining Report Content and Quality. This verification applies a $\pm 5\%$ uncertainty threshold towards errors and omissions.

Bajaj Finserv is responsible for the collection, analysis, aggregation, preparation (conversion factors, assumptions, methodology, calculations) and presentation of GHG Emissions as part of its sustainability disclosures. Our responsibility of performing this work is to the management of Company and in accordance with terms of reference agreed with the Company. The verification engagement is based on the assumption that the data provided to us is complete, sufficient, true and free from material misstatements. DNV disclaims any liability or co-responsibility for any decision a person or entity would make based on this verification statement. The verification was carried out from March 2023 to June 2023 by a team of qualified sustainability and GHG assessors.

Scope, Boundary and Limitations of Verification

The scope of work agreed upon with Company includes verification of its GHG emissions as below:

- Scope 1 emissions arising from stationary and mobile combustion of fossil fuels – Diesel and Petrol. Fugitive emissions from the leakage of refrigerants
- Scope 2 emissions arising from consumption of purchased electricity from the grid.
- Scope 3 emissions arising from, business travel (air, train and road), shared diesel generators, freight goods, procurement of paper and hotel stay.

The operational boundary selected for reporting and the consolidation approach is based on operational control criterion adopted by Bajaj Finserv Limited and includes the following seven subsidiaries and two joint ventures in India:

- Bajaj Finserv Limited
- Bajaj Finance Limited
- Bajaj Allianz General Insurance Company Limited
- Bajaj Allianz Life Insurance Company Limited
- Bajaj Housing Finance Limited
- Bajaj Finserv Direct Limited
- Bajaj Finserv Health Limited
- Bajaj Financial Securities Limited
- Bajaj Allianz Financial Distributor Limited & Bajaj Allianz Staffing Solutions Limited

The subsidiaries Bajaj Finserv Mutual Fund Trustee Limited, Bajaj Finserv Asset Management Limited and Bajaj Finserv Ventures Limited of Bajaj Finserv Group, not being material, do not form part of boundary for verification.

We did not come across any limitations to the agreed scope of work except the use of default values to calculate GHG emissions.

The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from www.dnv.com

Verification Methodology

The verification was conducted by DNV in accordance with the requirements as set out in VeriSustain for a limited level of verification while adopting a risk-based approach and selection of samples. We carried out the following activities:

Desk review of the Company's emissions data for FY 2022-23 provided in spreadsheets.

Review of activity data and related evidence maintained in corresponding dashboard systems.

Interaction with key managers and data owners to review data consolidation systems of the Company and sampled operational sites including reviews of emission factors and assumptions used for calculations.

Onsite verification of activity data and sample evidence related to the sampled offices of Bajaj Finserv.

Review of the consolidated GHG emissions data in order to calculate the total emission of Bajaj Finserv with the corresponding environment and sustainability teams.

Conclusion

On the basis of our verification methodology and scope of work agreed upon, nothing has come to our attention to believe that the GHG data (absolute emissions) as below are not a correct representation of Bajaj Allianz General Insurance's GHG emissions profile during FY 2022-2023:

Emissions for FY 2022-23

Indicator	Bajaj Finserv	Bajaj Finance Limited	Bajaj Allianz General Insurance Company Limited	Bajaj Allianz Life Insurance Company Limited	Bajaj Housing Finance Limited	Bajaj Finserv Direct Limited	Bajaj Finserv Health Limited	Bajaj Financial Securities Limited
Scope 1 Emissions (tCO ₂ e)	93.20	11,387.50	1,459.79	1,417.08	224.15	85.67	138.87	36.86
Scope 2 Emissions (tCO ₂ e)	1,688.74	21,951.46	4,796.69	5,197.09	2,187.01	119.75	361.29	491.02
Scope 3 Emissions (tCO ₂ e)	69.42	10,674.17	2,155.31	3,023.00	2,345.22	161.19	198.36	121.46
Total (tCO₂e)	1,851.36	44,013.14	8,411.79	9,637	4,756.37	366.61	698.52	649.33

Note 1: The average retail price of diesel and petrol used for calculating company owned vehicle's diesel & petrol consumption which is based on the data

provided by Petroleum Planning and Analysis Cell data, Ministry of Petroleum and Natural Gas dated 17-March 2023.

Note 2: The average mileage of cab/hired vehicles as part of business travel – Diesel for Bajaj Finserv group Limited is assumed as 12.5 km / litre.

Note 3: The emission factor associated with all fuel types was obtained from UK Government GHG Conversion Factors for Company Reporting

Note 4: Emissions factors for purchased electricity – Grid Emission factor based on weighted average factor of 0.79 tCO₂/MWh from the CO₂ Baseline

Database for the Indian Power Sector User Guide Version 17.0 October 2022.

Note 5: The average weight of courier parcel is considered for city to city with an assumed per parcel weight at 0.2 kg (200 gm per parcel average).

Note 6: The average refilling for refrigeration is conservatively being assumed with R22 and other refrigerant gases with an average rate of 0.7 kgs per

Tonne

Note 7: The average consumption of HSD by DG Set with the following assumed values: Electricity generating capacity – 800 KW, Derated electricity

generating capacity 640 KW, Type of fuel used – HSD, Average load as % of derated capacity – 74, Specific fuel consumption – 0.324 Lit/KWh

Note 8: Bajaj Allianz Staffing Solutions Limited is accounted under emissions of Bajaj Allianz Life Insurance Company limited as the staff placement is in the same premises

Summary of Emissions:

Indicator	Factors	Emissions for FY 2022-23 (tCO ₂ e)
Scope 1 Emissions	a) diesel generators, b) company owned vehicles, c) Refrigerant release in air conditioners	14,843.11
Scope 2 Emissions	Purchased electricity from the grid	36,793.03
Total Scope 1 & Scope 2 Emissions		51,636.15
Scope 3 Emissions	a) Business travel; b) Fuel and energy related activities c) Employee Commute; d) Waste generated from operations (Paper)	18,747.33
Total Scope 1, Scope 2 & Scope 3 Emissions		70,383.48

DNV's Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct² during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. DNV did not provide any services to Bajaj Finserv in the scope of verification during FY 2022-23 that could compromise independence or impartiality of our work.

For DNV Business Assurance India Private Limited,

Bhargav Lankalapalli

Lead Verifier

DNV Business Assurance India Private Limited, India.

Arun Aravind

Technical Reviewer

DNV Business Assurance India Private Limited, India.

Mumbai, India, 19th June 2023.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com. The DNV Code of Conduct is available on request from www.dnv.com (<https://www.dnv.com/about/in-brief/corporate-governance.html>)

Mapping United Nations Sustainable Development Goals (UNSDG)

We have mapped our initiatives under the BRSR principles to the United Nations Sustainable Development Goals

Principle 1 :

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.



Principle 2 :

Businesses should provide goods and services in a manner that is sustainable and safe



Principle 3 :

Businesses should respect and promote the well-being of all employees, including those in their value chains



Principle 4 :

Businesses should respect the interests of and be responsive to all its stakeholders



Principle 5 :

Businesses should respect and promote human rights



Principle 6 :

Businesses should respect and make efforts to protect and restore the environment



Principle 7 :

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



Principle 8 :

Businesses should promote inclusive growth and equitable development



Principle 9 :

Businesses should engage with and provide value to their consumers in a responsible manner





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**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' or 'the Parent' or 'the Company') and its subsidiaries (the parent and its subsidiaries together referred to as 'the Group'), its associate and joint venture, which comprise the consolidated Balance Sheet as at 31 March 2023 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and 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, associate 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, its associate and joint venture as at 31 March 2023, and its consolidated profit and other comprehensive income, 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, its associate and 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.

Key audit matters

4. 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.)

Sr. No.	Key audit matter	Auditors' response
1	<p>Allowances for expected credit losses ('ECL'):</p> <p>The joint auditors of Bajaj Finance Ltd., a subsidiary of the Holding Company, have reported that 'As of 31 March 2023, the carrying value of loan assets measured at amortised cost and Fair value through other comprehensive income ('FVTOCI'), aggregated ₹ 242,268.93 crore (net of allowance for expected credit loss ₹ 4,366.75 crore) constituting approximately 88% of the Bajaj Finance Ltd.'s consolidated 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.</p> <p>As part of the 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 of Bajaj Finance Ltd. The elements of estimating ECL which involved increased level of audit focus are the following:</p> <ul style="list-style-type: none"> • Qualitative and quantitative factors used in staging the loan assets measured at amortised cost and fair value through other comprehensive income ('FVTOCI'); • Basis used for estimating Probabilities of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') at 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. 	<p>Auditors of Bajaj Finance Ltd. and its subsidiaries have examined the policies approved by the Boards of Directors of the respective companies or subsidiaries that articulate the objectives of managing each portfolio and their business models. They have also verified the methodology adopted for computation of ECL ('ECL Model') that addresses policies approved by the Boards of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost and FVTOCI. Additionally, auditors have confirmed that adjustments to the output of the ECL Model are consistent with the documented rationale and basis for such adjustments and that the amount of adjustment have been approved by the Audit Committee of the Board of Directors of the respective companies or subsidiaries. The audit procedures performed by the auditors of the respective companies or subsidiaries related to the allowance for ECL included the following, among others:</p> <p>Testing the design and operating effectiveness of the following:</p> <ul style="list-style-type: none"> • Completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied; • Completeness, accuracy, and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; • Accuracy of the computation of the ECL estimate including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model; and • Validity of changes made to the Structured Query Language ('SQL') queries used for the ECL calculations including approval thereof by the designated officials. <p>Test of details on a sample basis in respect of the following:</p> <ul style="list-style-type: none"> • 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 respective companies or subsidiaries. • 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.

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

Sr. No.	Key audit matter	Auditors' response
2	<p>Information technology system for the financial reporting and consolidation process:</p> <p>The joint auditors of Bajaj Finance Ltd., a subsidiary of the Holding Company, have reported that:</p> <p>Bajaj Finance Ltd. and its subsidiaries are 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.</p> <p>On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be a key audit matter.</p>	<ul style="list-style-type: none"> • 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 respective companies or subsidiaries. <p>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 their focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular:</p> <ul style="list-style-type: none"> • Tested the design, implementation, and operating effectiveness of the respective companies or subsidiaries general IT controls over the IT systems relevant to financial reporting. This included evaluation of respective companies or subsidiaries 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. • The auditors of the respective companies or subsidiaries have tested key automated and manual business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Their tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the consolidated financial statements of Bajaj Finance Ltd.

Other information

5. 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.
6. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. 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.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

8. The Holding Company's 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 associate and 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 Board of Directors of the companies included in the Group and of its associate and 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 associate and joint venture and for preventing and detecting frauds and other irregularities; 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.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and 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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

Auditors' responsibilities for the audit of the consolidated financial statements

11. 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.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - 12.1 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.
 - 12.2 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 has adequate internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls.
 - 12.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - 12.4 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 associate and joint venture entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required

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

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.

- 12.5 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.
- 12.6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and 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 such entities included in the consolidated financial statements of which we are the independent auditors. 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 carried out by them. We remain solely responsible for our audit opinion.
13. 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.
14. 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.
15. 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

16. The 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 2023 is the responsibility of the BALIC'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 2023 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', guidelines and norms, issued by IRDAI and Institute of Actuaries of India in concurrence with the Authority. The auditors of BALIC have relied upon the BALIC's Appointed Actuary's certificate in this regard for forming their 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.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

17. The actuarial valuation of liabilities in respect of Claims Incurred But Not Reported ('IBNR') and Claims Incurred But Not Enough Reported ('IBNER') of Bajaj Allianz General Insurance Company Ltd. ('BAGIC') is responsibility of the Appointed Actuary of BAGIC ('the Appointed Actuary'). The actuarial valuation of these liabilities as at 31 March 2023 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 Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', the guidelines and norms, issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with IRDAI. We have relied upon Appointed Actuary's certificate in this regard.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

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

18. The consolidated financial statements include the audited financial statements of five subsidiaries, whose financial statements reflect Group's share of total assets of ₹ 368,921.90 crore (before consolidation adjustments) as at 31 March 2023, Group's share of total revenue of ₹ 61,710.44 crore (before consolidation adjustments), Group's share of total net profit after tax of ₹ 11,640.77 crore (before consolidation adjustments), total comprehensive income of ₹ 11,428.89 crore (before consolidation adjustments) and net cash outflow of ₹ 2,722.29 crore (before consolidation adjustments) for the year ended 31 March 2023 as considered in the consolidated financial statements, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us 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, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.
19. The consolidated financial statements includes the Group's share of net loss of ₹ 0.95 crore (before consolidation adjustments) and total comprehensive loss of ₹ 0.90 crore (before consolidation adjustments) for the year ended 31 March 2023, in respect of one joint venture whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the Management, and our opinion on the statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.
20. The consolidated financial statements also includes the Group's share of net profit after tax of ₹ 1.67 crore for the and total comprehensive income of ₹ 1.66 crore for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of an associate of the Group, whose financial information has not been audited/reviewed by us. The aforesaid financial information is unaudited and has been furnished to us by the Management and our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, the said financial information is not material to the Group.
21. 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 and the financial statements certified by the management.

Report on other legal and regulatory requirements

22. 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, associate and joint venture as were audited by other auditors, as noted in the 'other matters' paragraph, we report, to the extent applicable, that:
 - 22.1 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.
 - 22.2 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.
 - 22.3 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 Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - 22.4 In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - 22.5 On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and joint venture incorporated in India, none of the directors of the Group companies, its associate company and joint venture incorporated in India are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.

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

- 22.6 With respect to the adequacy of internal financial controls with reference to the consolidated financial statements of the Holding Company, its subsidiary companies, associate company, and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- 22.7 In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies, associate company and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, associate company and joint venture incorporated in India to its directors is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, associate company, and joint venture incorporated in India is not in excess of the limit laid down under section 197 of the Act.
23. 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, associate and joint venture, as noted in the 'other matters' paragraph:
- 23.1 The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group, its associate and joint venture – Refer Note 42A to the consolidated financial statements.
- 23.2 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.
- 23.3 There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and/or its subsidiary companies, associate company and joint venture incorporated in India during the year ended 31 March 2023.
- 23.4 The respective Managements of the Holding Company, its subsidiaries, associate and joint venture incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint venture respectively, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and 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 persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associate and joint venture ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- 23.5 The respective Managements of the Holding Company, its subsidiaries, associate and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint venture respectively, to best of their knowledge and belief, that no funds have been received by the Holding Company or any of such subsidiaries, associate and joint venture 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 of such subsidiaries, associates and joint ventures 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.
- 23.6 Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by auditors of the subsidiaries and associate incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or other auditors to believe that the representation under para 23.4 and 23.5 contain any material misstatement.

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

- 23.7 In our opinion and according to the information and explanations given to us and as stated in Note No. 27 to the consolidated financial statements:
- (a) The final dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with section 123 of the Act, as applicable.
 - (b) The interim dividend declared and paid by the Holding Company during the year and until the date of this report is in compliance with section 123 of the Act.
 - (c) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
24. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditors' Report) Order, 2020 ('CARO') issued by Central Government in terms of section 143(11) of the Act, to be included in 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 respective auditors of the companies included in consolidated financial statements, we report that there are no qualifications or adverse remarks in these CARO reports.
25. Proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1 April 2023, and accordingly, reporting under rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000
UDIN: 23044000BGYKEI2401

Pune : 27 April 2023

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 2023

(Referred to in paragraph '22.6' 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 2023, 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, its associate company, and its joint venture company, which are companies incorporated in India, as of that date.
2. In our opinion, the Holding Company, and its subsidiary companies, its associate company 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 2023, 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 Board of Directors of the Holding Company, its subsidiary companies, its associate company 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.

Auditors' responsibility

4. Our responsibility is to express an opinion on the Holding Company, its subsidiaries, its associate and 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 ('SAs'), 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.

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

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. The procedures selected depend on the auditors' 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 Holding 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 consolidated 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 consolidated 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 Holding 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. Attention is drawn to the following
 - 9.1 The 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 2023 is the responsibility of the BALIC'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 2023 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', guidelines and norms, issued by IRDAI and Institute of Actuaries of India in concurrence with the Authority. The auditors of BALIC have relied upon the BALIC's Appointed Actuary's certificate in this regard for forming their 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.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

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

9.2 The actuarial valuation of liabilities in respect of Claims Incurred But Not Reported ('IBNR') and Claims Incurred But Not Enough Reported ('IBNER') of Bajaj Allianz General Insurance Company Ltd. ('BAGIC') is responsibility of the Appointed Actuary of BAGIC ('the Appointed Actuary'). The actuarial valuation of these liabilities as at 31 March 2023 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 Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', the guidelines and norms, issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with IRDAI. We have relied upon Appointed Actuary's certificate in this regard.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

10. 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 associate company and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associate and joint venture incorporated in India.

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000
UDIN: 23044000BGYKEI2401

Pune : 27 April 2023

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March	
		2023	2022
ASSETS			
Financial assets			
Cash and cash equivalents	3	2,593.62	4,087.16
Bank balances other than cash and cash equivalents	4	2,783.60	315.87
Derivative financial instruments	5	226.50	136.63
Trade receivables	6	3,458.64	3,004.81
Loans	7	242,749.57	191,853.14
Investment in joint venture and associate	8	107.32	13.37
Shareholders' investments	9A	40,583.46	28,499.00
Policyholders' investments	9B	95,484.95	90,709.71
Other financial assets	10	10,609.25	9,190.19
		398,596.91	327,809.88
Non-financial assets			
Current tax assets (net)		318.31	311.60
Deferred tax assets (net)	11A	1,023.56	951.17
Investment properties	12	34.85	35.59
Property, plant and equipment	13A	2,141.92	1,718.88
Right-of-use assets	13B	733.45	592.78
Capital work-in-progress		61.84	53.64
Intangible assets under development		129.43	59.17
Goodwill on consolidation		689.34	689.34
Other intangible assets	14	736.45	548.99
Other non-financial assets	15	1,043.13	947.92
		6,912.28	5,909.08
Total		405,509.19	333,718.96

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March	
		2023	2022
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		34.59	22.03
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,170.69	3,986.91
Other payables	17		
Total outstanding dues of micro enterprises and small enterprises		0.65	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,124.87	812.95
Derivative financial instruments	5	119.86	219.71
Debt securities	18	81,596.03	71,505.55
Borrowings (other than debt securities)	19	81,549.40	54,363.56
Deposits	20	44,665.56	30,799.52
Subordinated liabilities	21	3,630.29	3,845.77
Insurance contracts liabilities		94,101.67	85,593.46
Investment contracts liabilities		9,797.32	10,898.95
Lease liabilities	22	823.69	664.78
Other financial liabilities	23	1,161.07	917.90
		323,775.69	263,631.09
Non-financial liabilities			
Current tax liabilities (net)		386.59	312.40
Deferred tax liabilities (net)	11B	108.04	305.75
Provisions	24	341.79	233.59
Other non-financial liabilities	25	3,299.00	2,916.21
		4,135.42	3,767.95
EQUITY			
Equity share capital	26	159.26	79.57
Other equity	27	46,248.08	40,167.23
Non-controlling interest		31,190.74	26,073.12
		77,598.08	66,319.92
Total		405,509.19	333,718.96

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 KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director
DIN: 00014615

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March	
		2023	2022
Revenue from operations			
Interest income	28	40,155.24	31,318.91
Dividend income		131.62	108.16
Rental income		4.05	4.36
Fees and commission income	29	4,312.45	2,963.42
Net gain/(loss) on fair value changes	30	(155.51)	1,058.02
Sale of services	31	325.87	340.49
Premium and other operating income from insurance business		35,913.34	31,429.84
Others	32	1,384.18	1,182.88
Total revenue from operations		82,071.24	68,406.08
Other income	33	0.77	32.90
Total income		82,072.01	68,438.98
Expenses			
Employee benefits expenses	34	8,767.15	6,559.58
Finance costs	35	12,201.42	9,498.26
Fees and commission expense	36	4,238.17	3,442.04
Impairment on financial instruments	37	3,230.98	4,889.85
Claims incurred pertaining to insurance business		16,592.00	16,384.73
Reinsurance ceded		7,027.26	5,969.74
Net change in insurance/investment contract liabilities		6,628.01	5,754.19
Depreciation, amortisation and impairment	38	677.80	562.73
Other expenses	39	5,899.28	4,106.92
Total expenses		65,262.07	57,168.04
Share of profit/(loss) of joint venture/associate		1.19	(0.36)
Profit before tax		16,811.13	11,270.58
Tax expense			
Current tax		4,695.10	2,847.31
Deferred tax		(93.51)	109.74
Total tax expense	40	4,601.59	2,957.05
Profit after tax		12,209.54	8,313.53
Profit attributable to non-controlling interests		5,792.26	3,756.76
Profit for the year		6,417.28	4,556.77

Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March	
		2023	2022
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) of defined benefit plans		(36.33)	(21.34)
Tax impacts on above		8.59	4.77
Changes in fair value of equity instruments carried at FVTOCI		(3.60)	33.02
Tax impacts on above		1.86	(8.22)
Items that will be reclassified to profit or loss			
Changes in fair value of debt securities carried at FVTOCI		(864.00)	(787.65)
Tax impacts on above		183.91	152.05
Derivative instruments in cash flow hedge relationship		102.84	64.37
Tax impacts on above		(17.33)	(18.25)
Other comprehensive income for the year (net of tax)		(624.06)	(581.25)
Total comprehensive income for the year		11,585.48	7,732.28
Profit attributable to			
Owners of the Company		6,417.28	4,556.77
Non-controlling interests		5,792.26	3,756.76
Total comprehensive income attributable to			
Owners of the Company		5,962.23	4,118.82
Non-controlling interests		5,623.25	3,613.46
Basic Earnings per share (in ₹)	41	40.3	28.6
Diluted Earnings per share (in ₹)	41	40.0	28.6
(Nominal value per share ₹ 1)			
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 KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director
DIN: 00014615

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Consolidated Statement of Changes in Equity

A Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March	
		2023	2022
At the beginning of the year		79.57	79.57
Changes in equity share capital during the year		79.69	-
At the end of the year	26	159.26	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			
		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 (i) (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			Total attributable to equity holders of the parent		
Balance as at 31 March 2022	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
Profit for the year		-	-	-	-	-	-	-	4,556.77	-	-	4,556.77	3,756.76	8,313.53
Other comprehensive income (net of tax)		-	-	-	-	-	-	-	(11.89)	19.88	(445.94)	(437.95)	(143.30)	(581.25)
Total comprehensive income for the year ended 31 March 2022		-	-	-	-	-	-	-	4,544.88	19.88	(445.94)	4,118.82	3,613.46	7,732.28
Issue of equity share capital		235.19	-	-	-	-	-	-	-	-	-	235.19	209.29	444.48
Share issue expenses		(0.01)	-	-	-	-	-	-	-	-	-	(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 (i) (viii) of the Income Tax Act, 1961		-	-	-	-	31.50	-	-	(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	78.01	260.13
Transfer on exercise of option		(6.20)	-	-	-	-	(41.33)	-	6.20	-	-	(41.33)	(33.96)	(75.29)
Realisation from treasury shares held by ESOP trust		-	-	-	-	-	-	64.25	-	-	-	64.25	-	64.25
Transfer on cancellation of stock options		-	0.08	-	-	-	-	-	-	-	-	-	0.07	0.15
Adjustment of dividend to ESOP Trust		-	-	-	-	-	-	-	0.66	-	-	0.66	0.59	1.25
Adjustment because of change in shareholding in subsidiary		(42.25)	(1.95)	(10.82)	(0.37)	(0.21)	(1.68)	-	(38.20)	0.13	0.11	(95.24)	95.24	-
Balance as at 31 March 2022	27	9,611.92	2,076.55	2,907.24	121.74	75.41	377.13	(119.97)	24,949.79	(4.31)	171.73	40,167.23	26,073.12	66,240.35

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 45-1C(i) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 29 C of the National Housing Bank Act, 1987	Infrastructure reserve in terms of section 36 (i)(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
Profit for the year		-	-	-	-	6,417.28	-	-	6,417.28	5,792.26	12,209.54
Other comprehensive income (net of tax)		-	-	(16.11)	-	-	2.82	(441.75)	(455.04)	(169.02)	(624.06)
Total comprehensive income for the year ended 31 March 2023		-	-	-	-	6,401.17	2.82	(441.75)	5,962.24	5,623.24	11,585.48
Issue of equity share capital		-	-	-	-	-	-	-	37.06	31.09	68.15
Issue of bonus shares		-	-	-	-	-	-	-	(79.64)	-	(79.64)
Share issue expenses		-	-	-	-	-	-	-	(2.04)	(0.06)	(2.10)
Received on allotment of shares to Trust for employees pursuant to ESOP scheme		-	-	-	-	-	-	-	77.46	-	77.46
Transfer to Reserve fund in terms of section 45(1C)(i) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act, 1987		-	1,081.38	-	-	(1,131.54)	-	-	-	-	-
Transfer to Infrastructure Reserve in terms of section 36 (i) (viii) of the Income Tax Act, 1961		-	-	81.89	-	(81.89)	-	-	-	-	-
Final dividend, declared and paid during the year		-	-	-	-	(63.65)	-	-	(63.65)	(685.21)	(748.86)
Recognition of share based payments to employees		-	-	-	191.00	-	-	-	191.00	178.91	369.91
Transfer on exercise of option		-	-	-	(80.59)	2.67	-	-	(80.59)	(32.23)	(112.82)
Realisation from treasury shares held by ESOP trust		-	-	-	-	-	-	-	2.49	-	2.49
Exercise of options by employees pursuant to ESOP scheme		-	-	-	-	-	-	-	-	-	-
Transfer on cancellation of stock options		-	-	-	-	-	-	-	43.35	-	43.35
Adjustment of dividend to ESOP Trust		-	-	-	(16.65)	-	-	-	-	0.22	0.42
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		-	-	-	-	-	-	-	1.86	-	1.86
Balance as at 31 March 2023	27	9,676.53	2,093.42	157.30	470.89	30,078.41	(1.49)	(270.02)	46,256.99	31,190.74	77,447.73

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

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Pune: 27 April 2023

On behalf of the Board of Directors

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director
DIN: 00014615

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
I. Operating activities		
Profit before tax	16,811.13	11,270.58
Adjustments for		
Interest income	(40,155.24)	(31,318.91)
Dividend income	(131.62)	(108.16)
Rental income	(4.05)	(4.36)
Unwinding of discount on security deposit	(1.51)	(0.69)
Realised gain on sale of investment	(464.97)	(369.65)
Depreciation and amortisation	677.80	562.73
Share of (profit)/loss of joint venture	0.48	0.36
Impairment on financial instruments	3,230.98	4,889.85
Net (gain)/loss on disposal of property, plant and equipment	12.69	(7.53)
Finance costs	12,201.42	9,498.26
Share based payment to employees	342.74	255.84
Net gain/(loss) on financial instruments at fair value through profit or loss	155.51	(1,058.02)
Interest from loans (other than financing activity)	(48.95)	(44.22)
Remeasurement gain/(loss) on defined benefit plans	(0.37)	0.91
Service fees for management of assigned portfolio of loans	(38.18)	(74.96)
Provision for doubtful debts	1.20	(0.09)
Income on derecognised (assigned) loans	(23.17)	-
Share of profit/(loss) from associate	(1.67)	-
Cash inflow from service asset	106.59	86.25
Cash inflow from interest on loans under financing activity	35,034.46	27,605.27
Cash outflow towards finance cost	(13,112.46)	(8,961.17)
Cash from operation before working capital changes	14,592.81	12,222.29
Working capital changes		
(Increase)/decrease in bank balances other than cash and cash equivalents	(2,441.80)	-
(Increase)/decrease in trade receivables	(511.22)	(424.55)
(Increase)/decrease in loans	(53,634.66)	(49,594.36)
(Increase)/decrease in other financial assets	(433.55)	(216.53)
(Increase)/decrease in other non-financial assets	(254.33)	(179.39)
(Increase)/decrease re-insurance assets	(1,387.71)	(787.12)
(Increase)/decrease in derivative financial instrument	8.75	-
Increase/(decrease) in trade payables	707.30	780.30
Increase/(decrease) in other payables	999.06	(714.88)
Increase/(decrease) in other financial liabilities	299.23	185.11
Increase/(decrease) in provisions	82.28	0.29
Increase/(decrease) in other non-financial liabilities	380.07	508.29
Increase/(decrease) insurance contract liabilities	6,740.80	7,726.06
Income tax paid (net of refunds)	(4,626.57)	(3,175.50)
Net cash flows from/(used in) operating activities	(39,479.54)	(33,669.99)

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
II. Investing activities		
Purchase of property, plant and equipment	(779.31)	(651.18)
Proceeds from sale of property, plant and equipment	97.42	159.86
Purchase of intangible assets	(441.18)	(258.62)
Purchase of investments measured at amortised cost	(81,593.98)	(111,465.51)
Proceeds from investments measured at amortised cost	74,184.57	101,027.25
Expenses related to investments	(9.04)	(9.88)
Purchase of investments measured at FVTOCI	(22,097.72)	(3,291.40)
Proceeds from sale of investments measured at FVTOCI	11,250.29	2,081.76
Purchase of investments measured at FVTPL	(293,972.25)	(226,925.43)
Proceeds from sale of investments measured at FVTPL	293,438.80	235,388.89
Loan against policies	(57.04)	(36.64)
Rent/interest/dividend received	5,499.12	4,968.61
Interest received on investment measured at FVTPL and FVTOCI	635.37	400.58
Fixed deposits placed during the year	(170.01)	(516.11)
Fixed deposits matured during the year	160.00	509.00
Acquisition of equity instruments of associate	(92.74)	-
(Investment in)/realisation from treasury shares by ESOP trust	2.49	64.25
Net cash flows from/(used in) investing activities	(13,945.21)	1,445.43

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
III. Financing activities		
Issue of equity share capital (including securities premium)	226.77	172.90
Share issue expenses	(2.10)	-
Dividends paid	(744.81)	(400.30)
Deposits received, net	13,556.86	4,784.07
Short-term borrowing availed (net)	7,923.66	4,702.39
Long-term borrowing availed	66,834.67	41,166.52
Long-term borrowing repaid	(36,473.64)	(17,889.57)
Payment of lease liability	(305.35)	(210.25)
Net cash flows from financing activities	51,016.06	32,325.76
Net change in cash and cash equivalents	(2,408.69)	101.20
Cash and cash equivalents at the beginning of the year	7,913.08	7,811.88
Cash and cash equivalents at year end*	5,504.39	7,913.08

*** Cash and cash equivalents at year end**

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Cash and cash equivalents as per note 3	2,593.62	4,087.16
Other short-term liquid investment	2,910.77	3,896.16
Temporary overdraft, units receivable and others	-	(70.24)
	5,504.39	7,913.08

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 KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director
DIN: 00014615

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Notes to consolidated financial statements for the year ended 31 March 2023

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 2023.

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	80.13%	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 19.87% 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 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 profit 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.

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.

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

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 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 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.

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

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.

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

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

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.

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.

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.

All other contracts are categorised as Investment 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.

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.

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

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.

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	FVTPL	Designated as FVTPL	FVTOCI#	FVTOCI
• Government securities				
• 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

The debt instruments held under Non-Par Group Fund portfolio are considered as 'Designated as FVTPL'

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

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

4. Investments – General Insurance

Particulars	Policyholders' funds	Shareholders' fund
<ul style="list-style-type: none"> • Debt securities • Government securities • Equity shares 	FVTOCI	FVTOCI
<ul style="list-style-type: none"> • Fixed deposits • Financial assets other than investments 	Amortised cost	Amortised cost
<ul style="list-style-type: none"> • Equity shares • Mutual fund • AT1 Bonds 	FVTPL	FVTPL

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.

FVTOCI instruments are subsequently measured at fair value with gain and loss 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 derecognition, cumulative gain/loss previously recognised in OCI is reclassified from OCI to Statement of Profit and Loss.

Financial assets at FVTOCI – Equity instruments

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

Gain/loss 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. Impairment of financial assets

BAGIC/BALIC 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 as per contract and all the cash flows that BAGIC/BALIC 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

Stage 1 - 12 month ECL: For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL).

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

Stage 2 - Lifetime ECL (not credit impaired): For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

Stage 3 - Lifetime ECL (credit impaired): Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data

- 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 reorganization
- 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,
- Any receivable from stock exchanges like BSE/NSE since the exchanges guarantees settlement

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 or Loss. The accumulated gain recognised in OCI is recycled to the Statement of Profit or Loss upon derecognition of the assets.

7. 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. BAGIC/BALIC'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 gain/loss arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

BAGIC/BALIC derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Notes to consolidated financial statements for the year ended 31 March 2023 (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.)****8. 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.

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 gain/loss 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 gain/loss 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.

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

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.

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 premium 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 premium 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 profit 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.

Notes to consolidated financial statements for the year ended 31 March 2023 (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.)****14. Revenue recognition**

For life insurance business, premium is recognised on insurance contract 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.

Reinsurance premium ceded is accounted in accordance with the terms and conditions of the relevant treaties with the reinsurer. Commission received on reinsurance ceded is recognised as income, and netted off against commission paid, in the period in which reinsurance premium is ceded. Profit commission on reinsurance ceded is recognised as income, and netted off against premium ceded on reinsurance premium ceded premium, in accordance with the terms and conditions of the relevant treaties with the reinsurers.

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 installment cases, it is recognised on installment 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.

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 premium 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 premium are recognised in the year in which they occur.

Gain/loss on buying reinsurance is 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.

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.)

Re- insurance 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. Reinsurance liabilities represent balances due to insurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

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

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premium or fees to be retained by the reinsured.

Amounts received/receivable from the reinsurers and coinsurers, 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.

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.

16. Commission income on reinsurance

Commission received on reinsurance ceded is recognised as income in the period in which reinsurance premium is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognised in the year of final determination of the profit and as intimated by Reinsurer.

17. Gross incurred claims

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 Statement of Profit and Loss when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognised at the time of sale.

18. Benefits paid

For Life insurance, 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. Maturity claims under unit linked policies are accounted on due basis when the associated units are cancelled.

Withdrawals and surrenders under non-linked policies are accounted on the receipt of intimation. Withdrawals and surrenders under unit linked policies are accounted for on receipt of intimation when the associated units are cancelled. Surrender charges recovered, if any, are netted off against the claim expense incurred.

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

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.

19. Acquisition cost

For Life insurance, acquisition costs are costs that vary with and are primarily related to acquisition of new insurance contracts. Acquisition cost mainly consist of commission, medical costs, stamp duty and other related expenses. These costs are expensed out in the year in which they are incurred. Additional first year commission is accrued in the year of sale of the policy, but due and payable after receipt of second year renewal premium. Claw back in future, if any, for the first year commission paid, is accounted for in the year in which it is recovered.

For General insurance, 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.

20. 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.

21. 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.

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

Unearned premium

The provision for unearned premium in general insurance business represents that portion of premium 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 premium 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 premium. 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 premium (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 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.

22. 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.

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

23. 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 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 right of use 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.

24. 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.

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

25. 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.

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.

26. 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.

27. 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.

Notes to consolidated financial statements for the year ended 31 March 2023 (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)****1. 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 and the like) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

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

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. Net gain on fair value changes

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

d. 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'.

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

e. Income on derecognised (assigned) loan

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

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

2. 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.

3. 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. Gain and loss 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 programme and mortgage loans portfolio where 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.

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

Derecognition of financial assets

BFL derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The right to receive cash flows from the asset has expired; or
- BFL has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and BFL has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, BFL does not have any continuing involvement in the same.

BFL transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If BFL retains the right to service the financial asset for a fee, it recognises either a service asset or a service liability for that servicing contract. A service liability in respect of a service is recognised if the present value of fee to be received is not expected to compensate BFL adequately for performing the service. If the present value of fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

4. Financial liabilities

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

Initial measurement

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

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

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gain/loss arising on derecognition of liabilities is 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.

Leases

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.

5. 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.

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.

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

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.

Treatment of the different stages of financial assets and the methodology of determination of ECL 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

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

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans are upgraded to stage 1 if-

- The loan which was restructured is not in default for a period till repayment of 10% of principal outstanding or 12 months, whichever is later; and
- Other loans of such customer are not in default during this period; and
- There are no other indications of impairment.

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, any overdue of more than 1 day past due and up to 90 days past due as on the reporting date is considered as an indication of financial assets to have suffered a significant increase in credit risk.

Additionally, for mortgage loans, BFL recognised stage 2 based on other indicators such as frequent delay in payments beyond due dates.

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

Notes to consolidated financial statements for the year ended 31 March 2023 (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 measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

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 past events, current conditions and current profile of customers. Additionally, forecasts of future macro situations and economic conditions are considered as part of forward economic guidance (FEG) model. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro-economic factors. In addition, the estimation of ECL takes into account the time value of money.

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

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

BFL recalibrates above components of its ECL model on a periodical basis by using the available incremental and recent information, except where this information does not represent the future outcome. Further, the Company assesses changes to its statistical techniques for a granular estimation of ECL.

Simplified approach

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

Notes to consolidated financial statements for the year ended 31 March 2023 (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. Intangible assets and amortisation thereof**

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

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

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

- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
- (iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

8. Derivative financial instruments

BFL enters 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). Derivative contracts are initially recognised at fair value on the date of entering into contract and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument. For hedging instrument, the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship.

BFL designates its CCIRS derivatives as cash flow hedges of a recognised liability. BFL recognises derivatives with a positive fair value as a financial asset and derivatives with a negative fair value 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.

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

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.

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/loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss.

When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss 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.

Fair value hedge

Fair value hedges hedge the exposure to changes in the fair value of a recognised liability, or an identified portion of such liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the Statement of Profit and Loss in finance costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the Balance Sheet and is also recognised in the Statement of Profit and Loss in finance cost.

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

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

3 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Balances with banks	2,103.40	1,273.09
Cash on hand	59.48	54.27
Cash equivalents		
Cheques, drafts on hand	153.13	109.42
Deposits with original maturity for less than three months	277.61	2,650.38
	2,593.62	4,087.16

4 Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	124.16	44.53
Deposits with original maturity for more than three months	2,659.44	271.34
	2,783.60	315.87

5 Derivative financial instruments

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Fair value assets		
Cross Currency Interest Rate Swaps [Notional amount - ₹ 1,299.50 crore (Previous year - ₹ 5,382.16 crore)]	148.88	121.90
Forward rate contracts [Notional amount - ₹ 6,472.46 crore (Previous year - ₹ 1,766.85 crore)]	77.62	14.73
	226.50	136.63
Fair value liabilities		
Cross Currency Interest Rate Swaps [Notional amount - ₹ 1,299.50 crore (Previous year - ₹ 5,382.16 crore)]	4.01	140.02
Forward rate contracts [Notional amount - ₹ 8,737.05 crore (Previous year - ₹ 4,518.23 crore)]	115.85	79.69
	119.86	219.71

6 Trade receivables

(Unsecured, considered good)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Interest subsidy receivables	671.45	677.16
Outstanding premium	1,586.92	1,439.08
Others	1,200.27	888.57
	3,458.64	3,004.81

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.

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

6 Trade receivables (Contd.)

Trade receivables ageing schedule

(₹ In Crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	More than 2 years	
31 March 2023						
Undisputed trade receivables – considered good	881.23	1,893.30	242.31	62.34	290.18	3,369.36
Undisputed trade receivables – credit impaired	14.75	14.22	2.90	1.65	6.00	39.52
Unbilled dues	49.76	-	-	-	-	49.76
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

7 Loans

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Loans under financing activity [See note 46(5)]	242,165.29	191,338.19
Unsecured, considered good		
Loan against policies (at amortised cost)	590.68	520.27
Less: Impairment loss allowance	6.40	5.32
	242,749.57	191,853.14

8 Investment in joint venture and associate

(₹ In Crore)

Particulars	At cost
As at 31 March 2023	
Equity instruments	
joint venture and associate	107.32
Total	107.32
As at 31 March 2022	
Equity instruments	
joint venture	13.37
Total	13.37

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

9A Shareholders' investments

(₹ In Crore)

Particulars	At fair value				Total
	At amortised cost	through other comprehensive Income	through profit and loss	designated at fair value through profit and loss	
As at 31 March 2023					
Government and trust securities*	128.59	24,888.19	1,422.42	-	26,439.20
Debt securities	599.37	2,459.08	-	-	3,058.45
Mutual funds	-	-	5,153.61	-	5,153.61
Equity instruments	-	1,537.47	1,350.90	-	2,888.37
Certificate of deposit	1,215.17	566.26	-	-	1,781.43
TREPs (Tri-party Repo)	665.20	-	-	-	665.20
Commercial paper	-	597.23	-	-	597.23
Total – gross	2,608.33	30,048.23	7,926.93	-	40,583.49
Less: Impairment loss allowance	0.01	0.02	-	-	0.03
Total – Net	2,608.32	30,048.21	7,926.93	-	40,583.46
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

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 fair value				Total
	At amortised cost	through other comprehensive Income	through profit and loss	designated at fair value through profit and loss	
As at 31 March 2023					
Government and trust securities	-	20,587.59	6,006.80	19,200.28	45,794.67
Debt securities	-	6,634.53	2,145.37	6,585.89	15,365.79
Equity instruments	-	1,008.55	30,611.64	-	31,620.19
Preference shares	-	-	32.96	-	32.96
Certificate of deposit	236.44	-	-	-	236.44
TREPs (Tri-party Repo)	2,329.58	-	105.43	-	2,435.01
Total – gross	2,566.02	28,230.67	38,902.20	25,786.17	95,485.06
Less: Impairment loss allowance	0.02	0.09	-	-	0.11
Total – Net	2,566.00	28,230.58	38,902.20	25,786.17	95,484.95

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

9B Policyholders' investments (Contd.)

(₹ In Crore)

Particulars	At fair value				Total
	At amortised cost	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

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	
	2023	2022
Credit receivable for windpower generated	1.04	1.49
REC receivable	-	0.01
Interest accrued on investments	1,312.04	1,436.37
Security deposits	337.59	143.18
Advances receivable in cash or kind	259.11	14.11
Receivable from brokers and counter parties	156.49	360.81
Reinsurance assets	7,839.44	6,451.74
Others	703.54	782.48
	10,609.25	9,190.19
Change in reinsurance assets		
At the beginning of the period	6,451.74	5,664.60
Add/(Less)		
Premium	5,979.86	4,727.11
Unwinding of the discount/interest credited	18.34	13.95
Insurance liabilities released	(4,493.73)	(3,916.31)
Others	(116.77)	(37.61)
At the end of the period	7,839.44	6,451.74

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

11A Deferred tax assets (net)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Deferred tax liabilities		
On account of timing difference in		
Changes in fair value of FVTOCI debt securities - OCI	2.45	-
Impairment of financial instruments	-	2.58
Other temporary differences	146.07	95.88
Gross deferred tax liabilities	148.52	98.46
Deferred tax assets		
On account of timing difference in		
Property, plant and equipment	0.99	-
Disallowance u/s 43B of the Income Tax Act, 1961	65.33	42.99
Impairment of financial instruments	988.46	974.74
Changes in fair value of FVTOCI hedge reserve	0.01	3.34
Changes in fair value of FVTOCI equity instruments	94.43	4.23
Other temporary differences	22.86	24.33
Gross deferred tax assets	1,172.08	1,049.63
Deferred tax assets (net)	1,023.56	951.17

11B Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Deferred tax liabilities		
On account of timing difference in		
Property, plant and equipment	5.78	5.75
Amortisation of premium/discount on acquisition of fixed income securities	0.01	0.35
Changes in fair value of investments	215.61	596.07
Other temporary differences	84.00	7.95
Gross deferred tax liabilities	305.40	610.12
Deferred tax assets		
On account of timing difference in		
Provision for compensated absences	0.62	0.69
Defined benefit plan provisions - OCI	1.96	1.73
Amortisation of premium/discount on acquisition of fixed income securities	0.11	0.91
Changes in fair value of insurance contract liability	194.67	301.04
Gross deferred tax assets	197.36	304.37
Deferred tax liabilities (net)	108.04	305.75

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

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

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Changes in deferred tax recorded in profit or loss		
Deferred tax relates to the following		
Property, plant and equipment	18.29	(3.68)
Impairment of financial instruments	(13.23)	4.22
Disallowance u/s 43B of the Income Tax Act, 1961	(31.11)	(3.01)
Financial instruments measured at EIR	0.75	3.72
Changes in fair value of investments	(263.44)	25.08
Changes in fair value of insurance contract liability	109.74	87.43
Other temporary differences	85.49	(4.02)
	(93.51)	109.74
Changes in deferred tax recorded in other comprehensive income		
Deferred tax relates to the following		
Changes in fair value of FVTOCI debt securities	195.23	156.47
Changes in fair value of investments	(9.46)	(8.87)
Defined benefit plan provisions	8.59	3.81
Cash flow hedge reserve	(17.33)	(21.06)
	177.03	130.35

12 Investment properties

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Gross carrying amount		
Opening balance	41.77	45.17
Transfer from/to property, plant and equipment	-	(3.40)
Closing balance	41.77	41.77
Accumulated depreciation		
Opening balance	6.18	5.44
Depreciation charge	0.74	0.74
Closing balance	6.92	6.18
Net carrying amount	34.85	35.59

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

12 Investment properties (Contd.)**Fair value**

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Investment properties	127.27	127.27

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.

13A Property, plant and equipment**Current year**

Particulars	Gross block			As at 31 March 2023	Accumulated depreciation			Net block	
	As at 1 April 2022	Additions	Deductions / adjustments		As at 1 April 2022	Deductions/ adjustments	For the year	As at 31 March 2023	As at 31 March 2023
Land freehold	475.51	197.17	-	672.68	-	-	-	-	672.68
Buildings	755.88	13.41	-	769.29	164.86	-	11.83	176.69	592.60
Leasehold improvements	309.09	33.47	22.03	320.53	236.86	20.30	36.65	253.21	67.32
Freehold improvements	2.42	-	-	2.42	2.39	-	-	2.39	0.03
Information technology equipment	546.39	228.29	73.02	701.66	335.44	58.18	107.65	384.91	316.75
Electric installations	0.51	0.74	-	1.25	0.29	-	0.12	0.41	0.84
Office equipment	271.83	57.45	9.62	319.66	185.57	9.24	43.48	219.81	99.85
Furniture and fixtures	305.34	47.64	15.24	337.74	169.74	11.79	27.76	185.71	152.03
Electric fittings	2.32	0.20	0.01	2.51	2.01	-	0.05	2.06	0.45
Vehicles	187.04	139.67	24.31	302.40	54.48	12.13	34.87	77.22	225.18
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	3,140.05	718.04	144.23	3,713.86	1,421.17	111.64	262.41	1,571.94	2,141.92

Previous year

Particulars	Gross block			As at 31 March 2022	Accumulated depreciation			Net block	
	As at 1 April 2021	Additions	Deductions / adjustments		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

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

13B Right-of-use assets

Current year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2022	Additions	Deductions / adjustments	As at 31 March 2023	As at 1 April 2022	Deductions/ adjustments	For the year	As at 31 March 2023	As at 31 March 2023
Right-of-use assets	965.93	358.65	60.12	1,264.46	373.15	59.22	217.08	531.01	733.45

Previous 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
Right-of-use assets	759.08	277.66	70.81	965.93	270.38	61.29	164.06	373.15	592.78

14 Other Intangible assets

Current year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2022	Additions	Deductions / adjustments	As at 31 March 2023	As at 1 April 2022	Deductions/ adjustments	For the year	As at 31 March 2023	As at 31 March 2023
Computer softwares	982.19	395.51	39.33	1,338.37	433.20	28.85	197.57	601.92	736.45

Previous 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
Computer Softwares	795.66	329.31	142.78	982.19	396.16	116.51	153.55	433.20	548.99

15 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Capital advances	43.80	70.02
Indirect tax credits receivable	708.50	409.16
Others	290.83	468.74
	1,043.13	947.92

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

16 Trade payables

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Total outstanding dues of micro enterprises and small enterprises	34.59	22.03
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Sundry creditors and dues to policyholders	3,611.66	3,075.33
Balances due to agents and other intermediaries	182.88	144.19
Balances due to other insurers	1,376.15	767.39
	5,170.69	3,986.91

Trade payables ageing schedule

(₹ In Crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	More than 2 years	
31 March 2023						
MSME	8.63	25.96	-	-	-	34.59
Unbilled	1,874.37	-	-	-	-	1,874.37
Others	729.70	2,558.48	4.52	3.41	0.16	3,296.27
Disputed dues - other than MSME	-	-	-	0.05	-	0.05
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

17 Other payables

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Total outstanding dues of micro enterprises and small enterprises	0.65	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,124.87	812.95

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

18 Debt securities

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
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)]	62,039.05	54,301.45
	62,039.05	54,301.45
(II) Unsecured		
Privately placed fully paid redeemable non-convertible debentures [See note 46(6)]	6,262.16	6,081.48
Privately placed partly paid redeemable non-convertible debentures [See note 46(6)]	1,387.83	-
Borrowings by issue of commercial papers [See note 46(6)]	11,906.99	11,122.62
	19,556.98	17,204.10
	81,596.03	71,505.55

19 Borrowings (other than debt securities)

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
A. In India		
At amortised cost		
Term loan [See note 46(7)]		
(i) from banks	67,726.06	45,801.25
(ii) from other parties	2,000.00	-
Cash credit	446.33	290.71
Working capital demand loan [See note 46(7)]	1,770.20	750.00
External commercial borrowing [See note 46(7)]	1,461.45	5,522.44
Collateralised borrowing and lending obligation, against government securities held by the Group [See note 46(7)]	8,145.36	1,999.16
	81,549.40	54,363.56
B. Out of above		
Secured against hypothecation of assets under finance, book debts and other receivables	81,049.36	54,363.56
Unsecured	500.04	-
	81,549.40	54,363.56

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

20 Deposits

(Unsecured)

Particulars	As at 31 March	
	2023	2022
At amortised cost		
Public deposits [See note 46(8)]	28,303.10	21,184.46
From others [See note 46(8)]	16,362.46	9,615.06
	44,665.56	30,799.52

(₹ In Crore)

21 Subordinated liabilities

Particulars	As at 31 March	
	2023	2022
In India		
At amortised cost		
Privately placed Subordinated (Tier II) redeemable non-convertible debentures (Unsecured) [See note 46(9)]	3,630.29	3,845.77
	3,630.29	3,845.77

(₹ In Crore)

22 Lease liabilities

Particulars	As at 31 March	
	2023	2022
At amortised cost		
As at 1 April	664.78	547.84
Add: Interest on lease liabilities	59.46	45.93
Additions/(Deletions)	99.45	71.01
	823.69	664.78

(₹ In Crore)

23 Other financial liabilities (at amortised cost)

Particulars	As at 31 March	
	2023	2022
Unclaimed dividend	2.72	2.22
Directors' remuneration and commission payable	15.58	12.22
Employee benefits payable	63.54	48.37
Security deposits	165.39	144.75
Others	913.84	710.34
	1,161.07	917.90

(₹ In Crore)

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

24 Provisions

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Provision for employee benefits [See note 45]		
Provision for gratuity	192.03	121.37
Provision for compensated absences	48.84	58.10
Provision for long-term incentive plan	70.31	46.15
Others	30.61	7.97
	341.79	233.59

25 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Taxes and duties payable	843.53	804.67
Solatium fund	22.52	19.52
Premiums received in advance	1,481.15	1,135.35
Unallocated premium	910.80	885.59
Other payables	41.00	71.08
	3,299.00	2,916.21

26 Equity share capital

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Authorised		
2,000,000,000 equity shares of ₹ 1 each (previous year 200,000,000 equity shares of ₹ 5 each)#	200.00	100.00
Issued, subscribed and fully paid-up shares		
1,592,815,460 (31 March 2022: 159,137,444) equity shares of ₹ 1 each (previous year ₹ 5 each)#	159.28	79.57
Less: 180,560 (31 March 2022: Nil) equity shares of ₹ 1 each held in Trust for employees under ESOP scheme*	0.02	-
	159.26	79.57

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

26 Equity Share capital (Contd.)**a. Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,137,444	79.57	159,137,444	79.57
Add: Equity shares earlier held in abeyance, issued during the year (See note 26 d)	619	-	-	-
Add: Issued during the year to Trust for employees under ESOP scheme*	143,483	0.07	-	-
Before adjustment of sub-division of shares	159,281,546	79.64	-	-
Adjusted no. of shares on account of sub-division of equity share#	796,407,730	79.64	-	-
Add: Bonus shares issued during the year#	796,407,730	79.64	-	-
	1,592,815,460	159.28	-	-
Less: Equity shares held in trust for employees under ESOP scheme*	180,560	0.02	-	-
Outstanding at the end of the year	1,592,634,900	159.26	159,137,444	79.57

* On 22 July 2022, the Allotment Committee allotted 143,483 equity shares of face value of ₹ 5 each under Bajaj Finserv Ltd. Employee Stock Option Scheme. The shares were listed on BSE Ltd. and National Stock Exchange of India Ltd. w.e.f. 27 July 2022.

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- i) Pursuant to approval of the Members
- ia) Sub-division of each existing equity share of face value of ₹ 5 (Rupees Five only) into Five (5) equity shares of face value of ₹ 1 (Rupees One only) fully paid-up and consequently the number of issued capital was increased from 159,281,546 equity shares of face value of ₹ 5 each into 796,407,730 equity shares of face value of ₹ 1 each.
- ib) Authorised share capital of the Company was increased from ₹ 100 crore consisting of 200,000,000 equity shares of face value of ₹ 5 each to ₹ 200 crore consisting of 2,000,000,000 equity shares of face value of ₹ 1 each post sub-division.
- ii) Subsequent to said approval, the Allotment Committee allotted 796,407,730 equity shares of face value of ₹ 1 each as bonus shares in the proportion of one bonus equity share of face value of ₹ 1 for every one equity share of face value of ₹ 1 held as on the record date, by capitalising an amount of ₹ 79.64 crore from securities premium. The bonus shares were listed on BSE Ltd. and National Stock Exchange of India Ltd. w.e.f. 22 September 2022.
- iii) Consequently, in terms of the Employee Stock Option Scheme of the Company, the grant price and the number of outstanding stock options in respect of stock options granted under the Employee Stock Option Scheme were proportionately adjusted.

b. Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 1 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.

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

26 Equity Share capital (Contd.)

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 1 each (Previous year ₹ 5 each) fully paid				
Bajaj Holdings & Investment Ltd.	623,142,140	39.12%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	154,750,840	9.72%	15,345,384	9.64%

d. Shares reserved for issue at a subsequent date

137,980 equity shares of ₹ 1 each (previous year 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.

During the year, the Company issued 619 (before sub division (split) and bonus issue) of such equity shares at the offered price of ₹ 650, thereby collecting ₹ 0.04 crore as premium.

e. Details of promoter shareholding

See note 16 e of standalone financial statements

27 Other equity

a. Reserves and surplus

Particulars	As at 31 March	
	2023	2022
	(₹ In Crore)	
Securities premium		
Balance as at the beginning of the year	9,611.92	9,425.19
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(42.25)
Add: Received during the year	34.39	228.99
Add: On issue of shares to Trust for employees pursuant to ESOP scheme	77.46	-
Less: On issue of bonus shares	79.64	-
Less: Share issue expenses	2.04	(0.01)
Add: On exercise of options by employees pursuant to ESOP scheme	43.35	-
	9,685.44	9,611.92
Less: Premium on equity shares held in trust for employees under the ESOP scheme	8.91	-
Balance as at the end of the year	9,676.53	9,611.92
General reserve		
Balance as at the beginning of the year	2,076.55	2,078.42
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(1.95)
Add: Transfer on cancellation of stock options	16.87	0.08
Balance as at the end of the year	2,093.42	2,076.55
Share based payments reserve		
Balance as at the beginning of the year	377.13	238.02
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(1.68)
Add: charge for the year	191.00	182.12
Less: transfer on exercise of option	80.59	41.33
Less: transfer on cancellation of stock options	16.65	-
Balance as at the end of the year	470.89	377.13

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

27 Other equity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Treasury shares		
Balance as at the beginning of the year	(119.97)	(184.22)
Add: Movement during the year	2.49	64.25
Balance as at the end of the year	(117.48)	(119.97)
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	2,907.24	2,250.86
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(10.82)
Add: Transferred from surplus in Statement of Profit and Loss	1,081.38	667.20
Balance as at the end of the year	3,988.62	2,907.24
Reserve fund in terms of section 29C of the National Housing Bank Act, 1987		
Balance as at the beginning of the year	121.74	79.10
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(0.37)
Add: Transferred from surplus in Statement of Profit and Loss	50.16	43.01
Balance as at the end of the year	171.90	121.74
Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961		
Balance as at the beginning of the year	75.41	44.12
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(0.21)
Add: Transferred from surplus in Statement of Profit and Loss	81.89	31.50
Balance as at the end of the year	157.30	75.41
Retained earnings		
Balance as at the beginning of the year	24,949.79	21,225.70
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(38.20)
Add: Transfer on exercise of stock options	2.67	6.20
Profit for the year	6,417.28	4,556.77
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gain/(loss) of defined benefit plans	(16.11)	(11.89)
Less: Appropriations		
Final dividend, declared and paid during the year	63.65	47.74
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	1,081.38	667.20
Transfer to Reserve fund in terms of section 29 C of the National Housing Bank Act, 1987	50.16	43.01
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	81.89	31.50
Adjustment of dividend to ESOP Trust	(1.86)	(0.66)
Total appropriations	1,275.22	788.79
Balance as at the end of the year	30,078.41	24,949.79
Other reserves		
Debt instruments through other comprehensive income		
Balance as at the beginning of the year	188.69	655.36
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	(0.07)
Add/(Less): Changes in fair value of FVTOCI debt securities	(501.46)	(466.60)
Balance as at the end of the year	(312.77)	188.69
Equity instruments through other comprehensive income		
Balance as at the beginning of the year	(4.31)	(24.32)
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	0.13
Add/(Less): Changes in fair value of FVTOCI equity securities	2.82	19.88
Balance as at the end of the year	(1.49)	(4.31)
Hedge instruments through other comprehensive income		
Balance as at the beginning of the year	(16.96)	(37.80)
Add/(Less): Adjustment because of change in shareholding in subsidiary	-	0.18
Add/(Less): Changes in fair value of FVTOCI hedge instruments	59.71	20.66
Balance as at the end of the year	42.75	(16.96)
	46,248.08	40,167.23

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

27 Other equity (Contd.)

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 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.

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.

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.

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 profit 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.

Debt instruments through other comprehensive income

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.

Equity instruments through other comprehensive income

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 gain/(loss) 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 2023 (Contd.)

28 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Interest income on		
Loans (at amortised cost)	31,080.04	24,429.85
Loans (at FVTOCI)	3,714.41	2,432.06
Investments (at amortised cost)	369.30	337.64
Investments (at FVTPL)	1,983.34	1,770.06
Investments (at FVTOCI)	2,957.69	2,307.39
Others	50.46	41.91
	40,155.24	31,318.91

29 Fees and commission income

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Loan related charges	1,553.40	1,161.57
Non-loan related charges	253.83	375.76
Foreclosure income	319.11	226.92
Distribution income	2,186.11	1,199.17
	4,312.45	2,963.42

30 Net gain/(loss) on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Net gain/(loss) on financial instruments at fair value through profit or loss		
Debt instruments at FVTPL	363.54	326.56
Equity investments at FVTPL	(808.00)	405.42
Profit on sale on investments	-	3.51
Others		
Gain/(loss) on sale of debt instruments at amortised cost	(0.07)	0.30
Gain/(loss) on sale of debt FVTOCI instruments	289.02	322.23
	(155.51)	1,058.02
Fair value changes		
Realised	1,503.21	1,374.92
Unrealised	(1,658.72)	(316.90)
	(155.51)	1,058.02

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

31 Sale of services

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Windpower income		
Income from power generation (within India)	21.25	22.59
Income from Renewable Energy Certificates (REC) (within India)	1.91	6.79
	23.16	29.38
Service income	134.62	33.02
Service fees for management of assigned portfolio of loans	168.09	278.09
	325.87	340.49

32 Others

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Bad debt recoveries	1,108.67	833.61
Miscellaneous charges and receipts	275.51	349.27
	1,384.18	1,182.88

33 Other income

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Business support service	0.46	0.20
Miscellaneous receipts	0.18	0.04
Surplus on sale of property, plant and equipment	0.06	32.55
Provision no longer required	0.07	0.11
	0.77	32.90

34 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Salaries, wages and bonus to employees	7,918.63	5,911.79
Contribution to provident and other funds	351.08	270.94
Share based payments to employees	342.74	255.84
Staff welfare expenses	154.70	121.01
	8,767.15	6,559.58

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

35 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
On financial liabilities measured at amortised cost		
Interest on deposits	2,647.18	2,039.55
Interest on borrowings other than debt securities	4,420.86	3,098.03
Interest on debt securities	4,739.06	3,979.91
Interest on subordinated liabilities	316.83	326.14
Interest on lease liability	59.46	45.93
Other interest expenses	18.03	8.70
	12,201.42	9,498.26

36 Fees and commission expense

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Commission and incentives	13.65	80.67
Recovery costs	1,686.82	1,590.38
Commission, operating and other expenses pertaining to insurance business	2,309.33	1,639.90
Others	228.37	131.09
	4,238.17	3,442.04

37 Impairment on financial instruments

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Expected credit losses		
on loans measured at amortised cost	3,073.25	4,672.16
on loans measured at FVTOCI	68.34	130.96
on other financial assets measured at amortised cost	55.00	11.04
on other financial assets measured at FVTOCI	34.39	75.69
	3,230.98	4,889.85

38 Depreciation, amortisation and impairment

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Depreciation on property, plant and equipment	262.41	244.38
Depreciation on investment properties	0.74	0.74
Amount amortised/written off of intangible asset	197.57	153.55
Depreciation on right-of-use assets	217.08	164.06
	677.80	562.73

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

39 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Rent	6.79	94.87
Repairs to buildings	4.70	4.17
Repairs to machinery - windmill	11.11	15.55
Repairs to others	191.53	127.95
Energy generation expenses	0.32	5.31
REC registration, issuance and brokerage charges	0.12	0.20
Rates and taxes	109.51	3.03
Insurance	10.58	9.18
Payment to auditor	5.24	5.34
Directors' fees and travelling expenses	6.64	6.30
Commission to non-executive directors	1.72	1.55
Loss on sale/disposal of property, plant and equipment	0.04	24.84
Advertisement and publicity	1,453.97	806.87
Travelling (including foreign travel) expenses	460.67	179.15
Business support service expenses	18.79	6.21
Expenditure towards Corporate Social Responsibility (CSR) activities	194.15	170.49
Legal and professional charges	214.61	155.34
Communication expenses	244.35	214.93
Outsourcing/back office expenses	406.16	230.90
Marketing and support services	1,079.28	948.53
Bank charges	178.84	131.20
Information technology expenses	838.21	667.85
Miscellaneous expenses	461.95	297.16
	5,899.28	4,106.92

Payments to auditor

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
As auditor		
Audit fee	3.53	3.45
Tax audit fee	0.37	0.32
Limited review	0.48	0.64
Other services (certification fees and other matters)	0.61	0.85
Reimbursement of expenses	0.25	0.08
	5.24	5.34

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

40 Tax expense

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Tax expenses		
Current tax		
Current tax on profit for the year	4,714.15	2,847.31
Adjustments for current tax of prior periods	(19.05)	-
Total current tax expense	4,695.10	2,847.31
Deferred tax		
Decrease/(increase) in deferred tax assets	23.19	101.74
(Decrease)/increase in deferred tax liabilities	(116.70)	8.00
Total deferred tax expense/(benefit)	(93.51)	109.74
Tax expenses	4,601.59	2,957.05

41 Earnings Per Share (EPS)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Profit for the year (₹ In Crore)	6,417.28	4,556.77
Weighted average number of shares outstanding during the year (Nos)	1,591,378,408	1,591,374,440
Weighted average number of shares outstanding during the year (Nos) - Diluted	1,604,279,313	1,591,869,580
Earnings per share (Basic) ₹	40.3	28.6
Earnings per share (Diluted) ₹	40.0	28.6
Face value per share ₹	1.0	1.0

Number of shares and face value for the year ended 31 March 2022 have been adjusted for impact of sub division (split) and bonus issue of shares.

42A Contingent liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
a. Claims against the Group not acknowledged as debts	75.47	65.65
b. Income-tax matters under dispute		
Appeal by Group	22.40	15.85
Appeal by Department	0.28	0.28
c. ESI matters under appeal	5.14	5.14
d. VAT matters under appeal	5.78	8.79
e. Service tax matters under appeal		
On interest subsidy	2,164.00	2,034.72
On penal interest/charges	265.49	251.37
On others	638.55	579.95
f. Claims, under policies, not acknowledged as debts*		
Death repudiation cases pending	80.13	67.04
Cases pending against servicing failure	9.12	7.01
g. Guarantees given by or on behalf of the Group	2.91	3.41

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

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

42A Contingent liabilities (Contd.)

- i) The Group is of the opinion that the above demands are not tenable and expects to succeed in its appeals/defense.
- ii) The Commissioner, Service Tax Commissionerate Pune, through an order dated 31 March 2017, has confirmed the demand of service tax of ₹ 644.65 crore and penalties of ₹ 198.95 crore from 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 2023 amounted to ₹ 883.95 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 2023 amounted to ₹ 197.51 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 demanded payment of interest on the service tax amount confirmed until the date BFL pays the service tax demanded, which as at 31 March 2023 amounted to ₹ 75.70 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. BFL has also demanded payment of interest on the service tax amount demanded, until the date BFL pays the demand, which as at 31 March 2023, amounted to ₹ 37.81 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. On 28 June 2019, the GST authority issued circular clarifying that additional/penal interest received satisfies the definition of interest as per GST law and hence, would be exempted under SI. No. 27 of notification No. 12/2017-Central Tax (Rate) dated 28 June 2017. Further, vide circular dated 3 August 2022, the GST authority clarified that amount received for cheque dishonor fine/penalty is not a consideration for any service and thus, not liable to GST. BFL, in line with the opinion obtained from a legal counsel and the clarificatory circulars issued by the GST authority, is of view that the said demands are not tenable.

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

42A Contingent liabilities (Contd.)

- 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 2023 amounted to ₹ 196.99 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) The Assistant Commissioner, West Bengal, through an order dated 06 February 2023, has confirmed the demand of GST of ₹ 11.46 crore and penalty of ₹ 11.46 crore from Bajaj Finance Ltd. ('BFL') alleging that input tax credit to the extent of credit notes issued by BFL was not reversed by customers for the period 1 July 2017 to 31 March 2020. The Assistant Commissioner has also demanded payment of interest on the GST liability confirmed until the date BFL pays the GST demanded, which as at 31 March 2023 amounted to ₹ 7.49 crore. In accordance with legal advice, BFL is in the process of filing an appeal before the Deputy Commissioner, West Bengal 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 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

	(₹ In Crore)	
	As at 31 March	
	2023	2022
Capital commitments, net of capital advances	302.50	119.22
Commitments made for investments	47.10	29.58
Other commitments towards partially disbursed/un-encashed loans/future CSR spend	6,374.84	4,692.32

BALIC holds investments with commitments outstanding as at 31 March 2023 of ₹ 1,067.96 crore (At 31 March 2022: ₹ 1,565.30 crore)

Notes to consolidated financial statements for the year ended 31 March 2023 (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 2023

(a) Primary Segment : Business Segment

	(₹ In Crore)					
	Life insurance	General insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue						
External sales and other income	19,960.09	20,394.81	23.16	41,372.78	321.17	82,072.01
Inter segment sales and other income	344.66	167.69	-	32.91	1,382.94	1,928.20
Total revenue	20,304.75	20,562.50	23.16	41,405.69	1,704.11	84,000.21
Segment result	(190.51)	1,403.12	10.49	16,168.79	(580.76)	16,811.13
Tax expense	-	-	-	-	-	4,601.59
Non-controlling interest	-	-	-	-	-	5,792.26
Net profit	(190.51)	1,403.12	10.49	16,168.79	(580.76)	6,417.28
Segment assets	90,236.97	37,982.30	33.02	274,606.16	1,578.19	404,436.64
Unallocated corporate assets	-	-	-	-	-	48.99
Total assets	90,236.97	37,982.30	33.02	274,606.16	1,578.19	404,485.63
Segment liabilities	82,828.64	29,102.07	-	4,136.61	277.06	116,344.38
Unallocated corporate liabilities	-	-	-	-	-	17.41
Total liabilities	82,828.64	29,102.07	-	4,136.61	277.06	116,361.79
Capital employed	7,408.33	8,880.23	33.02	270,469.55	1,301.13	288,123.84

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

(a) Primary Segment : Business Segment

	(₹ In Crore)					
	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 2023 (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	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in balance sheet	Transaction value	Outstanding amounts carried in 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 41.63% shares of Bajaj Finserv Ltd.)	Contribution to Equity [623,142,140 shares of ₹ 1 each (Previous year 62,314,214 shares of ₹ 5 each)]	-	(62.31)	-	(31.16)
	Dividend paid	24.93	-	18.69	-
	Business support services received	19.31	0.04	10.10	(0.05)
	Business support services rendered	1.43	-	0.76	-
	Other payments	0.10	-	0.05	-
	Insurance premium received by BAGIC/BALIC	1.00	-	1.00	-
	Unallocated premium	-	(1.63)	-	(1.25)
	Billable expenses reimbursement received	0.44	-	-	-
	Billable expenses reimbursed on behalf	1.00	-	0.10	-
	Secured non convertible debentures redemption	150.00	-	150.00	-
	Secured non convertible debentures issued	-	-	-	(150.00)
	Interest paid on non convertible debentures	12.98	-	23.39	-
	Employee car transfer	-	-	0.06	-
	Rent received	*	-	-	-
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	2.06	-	1.94	-
	Insurance premium received by BAGIC/BALIC	0.04	-	0.02	-
	Insurance commission paid by BAGIC/BALIC	0.44	-	0.08	-
	Unallocated premium	-	(0.04)	-	*
	Security deposit received	-	-	-	(0.01)
Bajaj Allianz Staffing Solutions Ltd. (100% owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Insurance premium received by BAGIC/BALIC	1.30	-	1.30	-
	Unallocated premium	-	(0.02)	-	(0.07)
	Manpower supply charges	98.33	-	85.89	-
	Business support services received	0.28	-	0.10	-
	Other receipts	0.13	-	0.12	-
	Security deposits received	-	(0.05)	-	(0.05)
C. Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman Emeritus till 12 Feb 2022)	Sitting fees	-	-	0.01	-
	Commission	-	-	0.02	(0.02)
Madhur Bajaj	Sitting fees	0.08	-	0.13	-
	Commission	0.17	(0.17)	0.29	(0.27)
	Demat charges	-	-	*	-
Rajiv Bajaj	Sitting fees	0.12	-	0.10	-
	Commission	0.27	(0.26)	0.22	(0.21)

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

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in balance sheet	Transaction value	Outstanding amounts carried in balance sheet
Niraj Bajaj	Demat charges	-	-	*	-
Siddhant Bajaj	Brokerage	0.01	-	*	-
	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	-	-	*	-
Shefali Bajaj	Deposit paid	-	0.41	0.41	0.41
	Rent paid	0.48	-	0.04	-
	Transaction charges	-	-	*	-
Sanjiv Bajaj (Chairman & Managing Director) (Also Key management personnel)	Short-term employee benefits (including commission)	22.33	(14.44)	21.14	(11.20)
	Post-employment benefits	1.63	-	1.26	-
	Deposit paid	-	1.08	0.67	1.08
	Rent paid	1.10	-	0.77	-
	Sitting fees	0.37	-	0.42	-
	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	-	-	*	-
D J Balaji Rao	Sitting fees	0.21	-	0.22	-
	Commission	0.46	(0.44)	0.46	(0.44)
Dr. Gita Piramal	Sitting fees	-	-	0.20	-
	Commission	-	-	0.42	(0.40)
Dr. Naushad Forbes	Sitting fees	0.33	-	0.30	-
	Commission	0.74	(0.70)	0.65	(0.62)
Manish Kejriwal	Sitting fees	0.13	-	0.15	-
	Commission	0.26	(0.26)	0.29	(0.29)
	Secured non-convertible debentures redemption	15.00	-	-	-
	Interest paid on non-convertible debentures	1.07	-	-	-
Anami Roy	Sitting fees	0.43	-	0.39	-
	Commission	0.72	(0.67)	0.65	(0.60)
Radhika Haribhakti	Sitting fees	0.16	-	-	-
	Commission	0.36	(0.34)	-	-
Pramit Jhaveri	Sitting fees	0.29	-	0.08	-
	Commission	0.67	(0.62)	0.20	(0.18)

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

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in balance sheet	Transaction value	Outstanding amounts carried in balance sheet
D Other entities/persons:					
Bajaj Auto Ltd.	Sale of windpower	0.66	-	6.81	-
	OA charges reimbursement	0.52	-	5.20	-
	Business support services received	31.69	-	27.34	-
	Business support services rendered	0.18	-	0.59	-
	Interest subsidy	0.87	0.46	11.02	-
	Insurance premium received by BAGIC/BALIC	24.60	-	21.35	-
	Insurance claims paid by BAGIC/BALIC	6.75	-	13.56	-
	Security deposit paid	-	0.24	-	0.24
	Unallocated premium	-	(12.09)	-	(11.15)
	Dividend income	1.75	-	1.75	-
	Investments held	-	48.56	-	45.66
	Payment towards lease obligation	-	-	1.34	-
	Revenue expenses reimbursement paid	0.05	-	0.04	-
	Fixed deposit repaid	-	-	100.00	-
	Fixed deposit interest accrued	-	-	0.90	-
	Rent and maintenance expenses	1.55	-	-	-
	Bad debts sharing received	7.19	8.46	-	-
	Inter-corporate deposit accepted	500.00	(500.00)	-	-
	Interest accrued on Inter-corporate deposits	9.52	(9.52)	-	-
	Secured non-convertible debentures issued	-	(500.00)	-	(500.00)
	Interest paid on non-convertible debentures	25.25	-	-	-
	Purchase of property, plant and equipment	2.27	-	-	-
Bajaj Electricals Ltd.	Purchase of property, plant and equipment	0.20	-	0.05	0.01
	Interest subsidy	0.15	0.07	0.06	0.02
	Insurance claims paid by BAGIC/BALIC	9.46	-	6.54	-
	Insurance premium received by BAGIC/BALIC	45.52	-	22.39	-
	Unallocated premium	-	(7.86)	-	(7.62)
	Inter-corporate deposit accepted	70.00	(70.00)	-	-
	Interest accrued on Inter-corporate deposits	0.54	(0.48)	-	-
Bajaj Auto Holdings Ltd.	Contribution to Equity [2,090,050 shares of ₹1 each (Previous year 209,005 shares of ₹ 5 each)]	-	(0.21)	-	(0.10)
	Dividend paid	0.08	-	0.06	-
Hind Musafir Agency Ltd.	Services received	60.72	(0.20)	15.74	(0.17)
	Service charges paid	0.35	-	0.13	-
	Insurance premium received by BAGIC/BALIC	0.04	(3.76)	0.03	(0.22)
	Advances	-	0.01	-	-
Mukand Ltd.	Sale of windpower	0.25	-	3.87	-
	Insurance premium received by BAGIC/BALIC	7.08	-	6.82	-
	Insurance claims paid by BAGIC/BALIC	4.55	-	2.42	-
	Unallocated premium	-	(0.52)	-	(0.70)

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

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in balance sheet	Transaction value	Outstanding amounts carried in balance sheet
Mukand Engineers Ltd.	Insurance premium received by BAGIC/BALIC	0.05	-	0.50	-
	Insurance claims paid by BAGIC/BALIC	*	-	0.10	-
	Unallocated premium	-	*	-	(0.14)
Hindustan Housing Co. Ltd.	Contribution to equity [80,000 shares of ₹ 1 each (Previous year 8,000 shares of ₹ 5 each)]	-	(0.01)	-	*
	Dividend paid	*	-	*	-
Hercules Hoists Ltd.	Contribution to equity [920,630 shares of ₹ 1 each (Previous year 92,063 shares of ₹ 5 each)]	-	(0.09)	-	(0.05)
	Fixed deposits accepted	-	-	-	(6.50)
	Fixed deposits repaid	6.50	-	-	-
	Interest accrued on fixed deposits	0.51	-	0.58	(1.09)
	Dividend paid	0.04	-	0.03	-
Maharashtra Scooters Ltd.	Business support charges received	0.15	-	0.14	-
	Non-convertible debentures issued	-	(175.00)	-	(260.00)
	Secured non-convertible debentures redemption	85.00	-	-	-
	Interest on non-convertible debentures issued	17.12	-	12.92	-
	Contribution to equity of BFL (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
	Contribution to equity of BFS [37,932,400 shares of ₹ 1 each (Previous year 3,725,740 shares of ₹ 5 each)]	-	(3.79)	-	(1.86)
	Dividend paid	39.44	-	20.09	-
	Rent received	*	-	-	-
Indian School of Business	Training expenses	1.39	-	-	-
Sanjali Family Trust	Rent paid	0.60	-	0.57	-
	Security deposit paid	-	0.14	-	0.14
	Revenue expenses reimbursement received	0.09	-	0.08	-
Jamnalal Sons Pvt. Ltd.	Security deposit	0.18	0.26	0.03	0.32
	Rent and other expenses	0.61	-	0.87	-
	Contribution to equity	-	(0.03)	-	(0.03)
	Revenue expenses reimbursement received	0.05	-	-	-
	Dividend paid	0.26	-	-	(0.03)
Bajaj Auto Ltd. Provident Fund	Unsecured non-convertible debentures issued	-	(36.00)	-	(46.00)
	Unsecured non-convertible debentures redemption	10.00	-	-	-
	Interest paid on non-convertible debentures	4.34	-	4.35	-
	Provident fund contribution (Employer's share)	-	-	1.44	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	1.31	-	1.11	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	14.48	-	13.50	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity contribution	24.73	-	22.00	-
Bajaj Finserv Charitable Trust	CSR payment	0.50	-	-	-

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

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in balance sheet	Transaction value	Outstanding amounts carried in balance sheet
Bajaj Allianz Life Insurance Co Ltd Employees	Insurance premium received	-	-	16.11	-
Group Gratuity Cum Life Assurance Trust	Benefits paid	-	-	3.57	-
	Fund reserve	-	-	2.03	-
	Provision for linked liabilities	-	-	-	(52.28)
Bachhraj Factories Pvt. Ltd.	Contribution to equity (72,000 shares of ₹ 2 each)	-	(0.01)	-	(0.01)
	Dividend paid	0.14	-	0.07	-
Baroda Industries Pvt. Ltd.	Contribution to equity (117,600 shares of ₹ 2 each)	-	(0.02)	-	(0.02)
	Dividend paid	0.24	-	0.12	-

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

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

45 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)

Particulars	As at 31 March	
	2023	2022
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	563.10	443.77
Fair value of plan assets	372.81	325.50
Net funded obligation *	192.03	121.37
Net funded assets *	(1.74)	(3.10)

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

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

45 Employee benefit plans (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Expense recognised in the Statement of Profit and Loss		
Current service cost	74.44	63.02
Past service cost	9.00	-
Write off for assets acquired	1.23	-
Interest on net defined benefit liability/(asset)	7.55	5.07
Total expense charged to Statement of Profit and Loss	92.22	68.09
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	141.03	116.04
Remeasurements during the period due to		
Changes in financial assumptions	(14.08)	(8.20)
Changes in demographic assumptions	2.78	(6.12)
Experience adjustments	39.52	37.93
Actual return on plan assets less interest on plan assets	7.43	1.40
Adjustment to recognise the effect of asset ceiling	0.65	(0.02)
Closing amount recognised in OCI outside Statement of Profit and Loss	177.33	141.03
Movement in benefit obligation		
Opening of defined benefit obligation	443.77	355.58
Current service cost	76.79	63.00
Past service cost	9.00	1.02
Interest on defined benefit obligation	28.64	21.76
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	(14.08)	(8.20)
Actuarial loss/(gain) arising from change in demographic assumptions	2.78	(6.12)
Actuarial loss/(gain) arising on account of experience changes	40.11	36.93
Benefits paid	(23.25)	(20.49)
Liabilities assumed/(settled)	(0.66)	0.29
Closing of defined benefit obligation	563.10	443.77
Movement in plan assets		
Opening fair value of plan assets	325.50	263.66
Employer contributions	58.85	67.03
Interest on plan assets	21.08	17.44
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(7.44)	(2.16)
Benefits paid	(23.92)	(20.47)
Assets acquired/(settled)*	(1.26)	-
Closing fair value of plan assets	372.81	325.50

* On account of inter group transfer

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

45 Employee benefit plans (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Disaggregation of assets		
Category of assets		
Insurer managed funds.	372.81	325.50

Particulars	As at 31 March	
	2023	2022
Principal actuarial assumptions (expressed as weighted averages)		
Discount rate (p.a.)		
Bajaj Finserv Ltd.	7.45%	7.25%
Bajaj Allianz General Insurance Co. Ltd.	7.30%	5.65%
Bajaj Allianz Life Insurance Co. Ltd.	7.30%	6.05%
Bajaj Finance Ltd.	7.45%	7.25%
Bajaj Finserv Direct Ltd.	7.45%	7.25%
Bajaj Finserv Health Ltd.	7.45%	6.80%
Bajaj Finserv Asset Management Ltd.	7.45%	-
Salary escalation rate (p.a.)		
Bajaj Finserv Ltd.	10.00%	10.00%
Bajaj Allianz General Insurance Co. Ltd.	9.50%	9.50%
Bajaj Allianz Life Insurance Co. Ltd.	8.00%	6.75%
Bajaj Finance Ltd.	11.00%	11.00%
Bajaj Finserv Direct Ltd.	11.25%	11.25%
Bajaj Finserv Health Ltd.	10.00%	10.00%
Bajaj Finserv Asset Management Ltd.	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.

Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	51.48	70.31	58.60	46.15
Discount rate (p.a.)	7.30% ~ 7.45%		5.65% ~ 7.25%	
Salary escalation rate (p.a.)	8.00% ~ 11.25%		6.75% ~ 11.00%	

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

45 Employee benefit plans (Contd.)

Amount recognised in the Statement of Profit and Loss

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Defined contribution plans		
Provident fund paid to Government authorities	61.17	49.44
Superannuation paid to trust	0.91	0.73
Pension fund paid to Government authorities	1.66	1.16
Others	10.83	6.99
Defined benefit plans		
Gratuity	92.12	67.99
Others	0.14	35.47
Total	166.83	161.78

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 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.

Further, BFL supports funding needs of its wholly owned subsidiaries by way of capital infusion and loans. These investments are funded by BFL through its equity share capital and other equity which inter alia includes retained profit.

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

46 Other disclosures (Contd.)**2. Regulatory capital**

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Bajaj Finance Ltd.		
Tier I capital	46,152.01	38,570.88
Tier II capital	3,513.81	3,850.54
Total capital	49,665.82	42,421.42
Risk weighted assets	198,890.13	155,832.47
Tier I CRAR	23.20%	24.75%
Tier II CRAR	1.77%	2.47%
Total CRAR	24.97%	27.22%

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Bajaj Housing Finance Ltd.		
Tier I capital	10,184.74	6,469.01
Tier II capital	359.66	259.95
Total capital	10,544.40	6,728.96
Risk weighted assets	45,901.75	34,125.42
Tier I CRAR	22.19%	18.96%
Tier II CRAR	0.78%	0.76%
Total CRAR	22.97%	19.72%

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 2023**

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-23	6,575.79	-	-	6,575.79
Equity instrument designated under FVTOCI (Unquoted)	31-Mar-23	-	-	590.09	590.09
Equity instrument designated under FVTOCI (Quoted)	31-Mar-23	60.40	-	-	60.40
Other investments designated under FVTOCI	31-Mar-23	14,139.08	1,163.49	-	15,302.57
Loans designated under FVTOCI	31-Mar-23	-	47,113.67	-	47,113.67
Derivative financial instrument	31-Mar-23	(3.48)	148.35	-	144.87
Total		20,771.79	48,425.51	590.09	69,787.39

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

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

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

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

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			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

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Opening balance	608.73	281.21
Acquisitions during the year	-	298.84
Disposals during the year	-	-
Fair value gain/(loss) recognised in profit or loss	-	-
Gain/(loss) recognised in other comprehensive income	(18.64)	28.68
Closing balance	590.09	608.73

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

(₹ In Crore)

	Sensitivity to fair value as at 31 March 2023	
	1% increase	1% decrease
	Discounting rate	(21.52)
Cash flows	14.86	(12.89)

(₹ In Crore)

	Sensitivity to fair value as at 31 March 2022	
	1% increase	1% decrease
	Discounting rate	(99.09)
Cash flows	71.68	(60.92)

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

46 Other disclosures (Contd.)**3. Quantitative disclosures** (Contd.)**b. Fair value of financial instruments measured at amortised cost (BFL)****Fair Value of financial instruments measured at amortised cost as at 31 March 2023**

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	
Financial assets					
Loans	195,155.26	-	-	194,741.34	194,741.34
Investments	128.59	-	-	129.45	129.45
	195,283.85	-	-	194,870.79	194,870.79
Financial liabilities					
Debt securities	86,845.24	-	87,168.55	-	87,168.55
Borrowings (other than debt securities)	81,549.40	-	-	81,549.40	81,549.40
Deposits	44,665.56	-	-	44,571.40	44,571.40
Subordinated debts	3,630.29	-	3,725.52	-	3,725.52
	216,690.49	-	90,894.07	126,120.80	217,014.87

*fair value computed using discounted cash flow method.

Fair value of financial instruments measured at amortised cost as at 31 March 2022

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	
Financial assets					
Loans	156,378.41	-	-	156,929.92	156,929.92
Investments	5,125.74	5,129.73	-	-	5,129.73
	161,504.15	5,129.73	-	156,929.92	162,059.65
Financial liabilities					
Debt securities	76,223.07	-	77,351.06	-	77,351.06
Borrowings (other than debt securities)	54,363.56	-	-	54,363.56	54,363.56
Deposits	30,799.13	-	-	30,964.77	30,964.77
Subordinated debts	3,845.77	-	4,143.60	-	4,143.60
	165,231.53	-	81,494.66	85,328.33	166,822.99

*fair value computed using discounted cash flow method.

46 Other disclosures (Contd.)

3. Quantitative disclosures (Contd.)

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

BFL determines fair values of its financial instruments according to the following hierarchy

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

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

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

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

Valuation framework (BFL)

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

BFL's valuation framework includes

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.
- Use of fair values as determined by the derivative counter parties.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are reviewed and validated by various units of BFL including risk, treasury and finance. BFL has an established procedure governing valuation which ensures fair values are in compliance with accounting standards.

Valuation techniques used to determine fair value

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

- Fair values of investments held under FVTPL have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair values of investments in unquoted equity instruments designated under FVTOCI have been measured under level 3 at fair value based on a discounted cash flow model;
- Fair values of investment in quoted equity and other instruments designated under FVTOCI have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are designated under FVTOCI. The fair value of these loans have been determined under level 3.

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

46 Other disclosures (Contd.)**3. Quantitative disclosures** (Contd.)

- Derivative financial instrument i.e. cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated External Commercial Borrowings are accounted as a cash flow hedge. Fair value of CCIRS has been determined under Level 2 using discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates to arrive at the fair value as at reporting date.

BFL has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short-term loans, floating rate loans, trade payables, short-term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

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 2023								
Financial assets								
Financial assets measured at fair value								
Investments								
Government securities	6,006.80	19,200.28	12,801.38	-	38,008.46	38,008.46	-	-
Debt securities	2,145.37	6,585.89	6,858.00	-	15,589.26	15,589.26	-	-
Equity instruments	31,230.19	-	743.81	-	31,974.00	31,652.34	319.95	1.71
Others (AT1)	105.43	-	-	-	105.43	105.43	-	-
Financial assets not measured at fair value #								
Investments								
Fixed deposits-long-term	-	-	-	1,226.03	1,226.03			
TREPs (Tri-party repo)	-	-	-	2,994.78	2,994.78			
Cash and cash equivalents	-	-	-	228.50	228.50			
Bank balances other than cash and cash equivalents	-	-	-	0.35	0.35		N/A	
Trade receivables	-	-	-	395.38	395.38			
Loans	-	-	-	584.28	584.28			
Reinsurance assets	-	-	-	308.51	308.51			
Other financial assets	-	-	-	1,325.10	1,325.10			
Derivative financial instruments	77.62	-	-	-	77.62	-	77.62	-
Total financial assets	39,565.41	25,786.17	20,403.19	7,062.93	92,817.70	85,355.49	397.57	1.71
Financial liabilities #								
Trade payables	-	-	-	2,110.46	2,110.46			
Deposits	-	-	-	4.86	4.86		N/A	
Lease obligation	-	-	-	107.61	107.61			
Derivative financial instruments	115.85	-	-	-	115.85	-	115.85	-
Total financial liabilities	115.85	-	-	2,222.93	2,338.78	-	115.85	-

Notes to consolidated financial statements for the year ended 31 March 2023 (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 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			
Bank balances other than cash and cash equivalents	-	-	-	36.20	36.20		N/A	
Trade receivables	-	-	-	317.52	317.52			
Loans	-	-	-	514.95	514.95			
Reinsurance assets	-	-	-	305.69	305.69			
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	7,531.64	88,534.97	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 2023 (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 1**

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).

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	
	2023	2022
Opening balance	1.71	259.26
Transfer to level 2	-	(257.55)
Purchase	-	-
Net change in fair value (unrealised)	-	-
Closing balance	1.71	1.71

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements

Particulars	Significant unobservable inputs	As at 31 March 2023	As at 31 March 2022	Sensitivity	
				Favourable	Un-favourable
Unquoted equity shares	P/B multiple of peers	1.71	1.71	A positive change in a significant unobservable inputs by 10% will not change the fair value significantly	An adverse change in a significant unobservable inputs by 10% will not change the fair value significantly
Total		1.71	1.71		

Notes to consolidated financial statements for the year ended 31 March 2023 (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				Fair value		
	Through P&L	Through OCI	Amortised cost	Total	Level 1	Level 2	Level 3
As at 31 March 2023							
Financial assets measured at fair value							
Investments							
Government debt securities	-	18,535.32	-	18,535.32	18,535.32	-	-
Debt securities	-	6,001.99	-	6,001.99	6,001.99	-	-
Equity instruments	577.14	1,440.79	-	2,017.93	1,996.95	-	20.98
Fixed deposits	-	-	31.00	31.00	31.00	-	-
Preference shares	32.96	-	-	32.96	32.96	-	-
Financial assets not measured at fair value #							
Cash and cash equivalents	-	-	778.60	778.60			
Bank balances other than cash and cash equivalents	-	-	29.01	29.01		N/A	
Trade receivables	-	-	1,703.85	1,703.85			
Other financial assets	-	-	713.43	713.43			
Total financial assets	610.10	25,978.10	3,255.89	29,844.09	26,598.22	-	20.98
Financial liabilities #							
Trade payables							
a) Total outstanding dues of MSME	-	-	25.25	25.25			
b) Other payables	-	-	2,111.59	2,111.59		N/A	
Other financial liabilities	-	-	314.96	314.96			
Lease contract liability	-	-	65.36	65.36			
Total financial liabilities	-	-	2,517.16	2,517.16	-	-	-

(₹ In Crore)

Particulars	Carrying amount				Fair value		
	Through P&L	Through OCI	Amortised cost	Total	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	-	-

Notes to consolidated financial statements for the year ended 31 March 2023 (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
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			
b) Other payables	-	-	1,464.05	1,464.05		N/A	
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 payables because their carrying amounts are reasonable approximation of fair value.

Level 1:

Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Level 2:

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair value (Level 3)

In case of level 3 security valuation - BAGIC is performing periodically valuation process of the holding security based on the following conditions; 1. Financial result, 2. Market position and, 3. Comparison with similar companies.

A one percentage point change in the unobservable inputs used in fair valuation of level 3 assets and liabilities does not have a significant impact in its value.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures

A. Bajaj Finance Ltd.

A summary of the major risks faced by the 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. assessment of incremental borrowings required for meeting the repayment obligation, BFL's business plan and prevailing market conditions. liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and board approved liquidity risk framework. monitored by <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 framework for NBFCs. a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. periodic reviews by ALCO of liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by BFL. managed by BFL's treasury team under liquidity risk management framework through various means like HQLA, liquidity buffers, sourcing of long-term funds, positive asset liability mismatch, keeping strong pipeline of sanctions from banks, assignment of loans and Contingency Funding Plan (CFP) to counter extreme liquidity situation under the guidance of ALCO and Board.
Market risk	Market risk arises from fluctuation in the fair value of future cash flow of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.	Board appointed RMC and ALCO	<p>Market risk for BFL encompasses exposures to equity investments, changes in exchange rates (which may impact external commercial borrowings), interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturity profiles.</p> <ul style="list-style-type: none"> measured by using changes in prices, and parameters like Value at Risk ('VaR'), PV01 (price value of a basis point), modified duration and other measures to determine movements in the portfolios and impact on net interest income. monitored by assessment of key parameters like fluctuation in the equity and bond price, interest rate sensitivities and Market Value of Equity (MVE) analysis for probable interest rate movements on both fixed and floating assets and liabilities. BFL has a market risk management module which is integrated with its treasury system; and managed by BFL's treasury team under the guidance of ALCO and Investment Committee and in accordance with Board approved investment and market risk policy.
Credit risk	Credit risk is the risk of financial loss arising out of 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 by customers or counterparties to BFL. Various metrics such as instalment default rate, overdue position, restructuring, resolution plans, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk. monitored by RMC and CRO through review of level of credit exposure, portfolio monitoring, contribution of repeat customers, bureau data, concentration risk of geography, customer and portfolio; and assessment of any major change in the business environment including economic, political as well as natural calamity/pandemic. managed by a robust control framework by the risk and debt management unit. This is achieved by continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and review of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, debt management and risk containment along with business. The same is periodically reviewed by the Board constituted RMC.
Operational risk	Operational risk is the risk arising from inadequate or failed internal processes or controls, its people and system and also from external events.	Board 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 2023 (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 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 to maintain a healthy asset liability position and interest rate during the financial year 2022-23 (FY2023) the weighted average cost of borrowing was 7.04% versus 6.81% despite highly uncertain market conditions. The overall borrowings including debt securities, deposits and subordinated liabilities stood at ₹ 216,690.49 crore as of 31 March 2023 (previous year ₹ 165,231.53 crore).

BFL continuously monitors liquidity in the market; and as a part of its ALM strategy maintains a liquidity buffer through an active investment desk to reduce this risk. BFL endeavours to maintain liquidity buffer of 5% to 8% of its overall net borrowings in normal market scenario. The average liquidity buffer for FY2023 was ₹ 9,933.41 crore.

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 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 and its subsidiary viz. BHFL exceeds the regulatory requirement of LCR which mandate maintaining prescribed coverage of expected net cash outflows for a stressed scenario in the form of high quality liquid assets (HQLA). At present, the LCR requirement is at 70% for BFL, which will move up in a phased manner to 85% from 1 December 2023 and 100% by 1 December 2024. For BHFL, the current LCR requirement is at 60% which will move up to 100% in phased manner by 1 December 2025. As of 31 March 2023, BFL and BHFL maintained a LCR of 113% and 150% respectively. Both are well above the RBI's stipulated norms.

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

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

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 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	33,467.75	75,887.98	109,355.73	34,901.72	56,049.08	90,950.80
Borrowings (other than debt securities)	31,925.83	63,452.28	95,378.11	20,880.22	39,782.07	60,662.29
Deposits	22,925.20	27,015.23	49,940.43	16,178.49	17,785.08	33,963.57
Subordinated debts	354.87	4,232.06	4,586.93	532.50	4,586.69	5,119.19
Trade payables	1,452.12	-	1,452.12	1,169.26	-	1,169.26
Other payables	639.32	-	639.32	341.78	-	341.78
Other financial liabilities	902.89	518.10	1,420.99	681.01	397.39	1,078.40
Total	91,667.98	171,105.65	262,773.63	74,684.98	118,600.31	193,285.29

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

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,550.75	-	1,550.75	3,407.17	-	3,407.17
Earmarked balances with banks	1,481.46	1,272.31	2,753.77	139.11	134.02	273.13
Derivative financial instruments	148.88	-	148.88	121.90	-	121.90
Trade receivables	1,299.72	-	1,299.72	1,083.99	181.90	1,265.89
Loans	76,295.34	165,973.59	242,268.93	68,814.83	122,608.42	191,423.25
Investments	18,189.57	4,562.27	22,751.84	8,553.18	3,692.36	12,245.54
Other financial assets	643.68	175.96	819.64	660.08	61.41	721.49
Non-financial assets						
Current tax assets (net)	-	181.43	181.43	-	168.30	168.30
Deferred tax assets (net)	-	937.09	937.09	-	951.11	951.11
Property, plant and equipment	-	1,676.57	1,676.57	-	1,282.58	1,282.58
Capital work-in-progress	-	14.60	14.60	-	13.27	13.27
Intangible assets under development	-	65.24	65.24	-	20.87	20.87
Goodwill	-	3.27	3.27	-	3.27	3.27
Other intangible assets	-	627.78	627.78	-	430.45	430.45
Other non-financial assets	89.05	40.11	129.16	137.05	40.09	177.14
Total	99,698.45	175,530.22	275,228.67	82,917.31	129,588.05	212,505.36

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**A. Bajaj Finance Ltd.** (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES						
Financial liabilities						
Derivative financial instruments	4.01	-	4.01	140.02	-	140.02
Trade payables	1,452.12	-	1,452.12	1,169.32	-	1,169.32
Other payables	639.32	-	639.32	341.78	-	341.78
Debt securities	30,453.73	56,391.51	86,845.24	32,654.27	43,568.80	76,223.07
Borrowings (other than debt securities)	27,403.30	54,146.10	81,549.40	18,119.97	36,243.59	54,363.56
Deposits	21,137.90	23,527.66	44,665.56	15,041.10	15,758.42	30,799.52
Subordinate liabilities	238.05	3,392.24	3,630.29	405.10	3,440.67	3,845.77
Other financial liabilities	915.39	393.90	1,309.29	799.89	310.54	1,110.43
Non-financial liabilities						
Current tax liabilities (net)	139.21	-	139.21	100.06	-	100.06
Provisions	22.99	247.45	270.44	15.06	151.84	166.90
Other non-financial liabilities	315.24	36.57	351.81	475.83	56.41	532.24
Total	82,721.26	138,135.43	220,856.69	69,262.40	99,530.27	168,792.67

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 other than equity**

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

Sensitivity analysis as at 31 March 2023

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	128.59	129.45	(3.09)	3.20
Investment at FVTPL	6,575.79	6,575.79	(14.31)	14.31
Investment at FVTOCI (other than equity)	15,302.57	15,302.57	(152.85)	152.85

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

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

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis and market value of equity (MVE) and net interest income analysis. The same is monitored monthly by ALCO.

Sensitivity analysis as at 31 March 2023

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	242,268.93	241,855.01	(1,968.35)	2,027.46
Debt securities	86,845.24	87,168.55	1,153.68	(1,239.11)
Borrowings (other than debt securities)	81,549.40	81,549.40	-	-
Deposits	44,665.56	44,571.40	587.91	(605.24)
Subordinated debts	3,630.29	3,725.52	93.47	(97.22)

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)

d. Price risk

BFL's quoted equity instruments and derivative instruments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, BFL periodically monitors the sectors it has invested in, performance of the investee companies, measures mark-to-market gain/loss.

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**A. Bajaj Finance Ltd.** (Contd.)**Sensitivity analysis as at 31 March 2023**

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			10% increase	10% decrease
Investment in equity shares (quoted)	215.62	215.62	21.56	(21.56)
Derivative financial instrument (future and options)	(3.48)	(3.48)	(0.35)	0.35

Sensitivity analysis as at 31 March 2022

(₹ In Crore)

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

e. Foreign currency risk

BFL is exposed to foreign currency fluctuation risk largely for its external commercial borrowing (ECB). 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 & coupon). As a matter of prudence, BFL has hedged the entire ECB exposure for the full tenure as per Board approved interest rate risk, currency risk and hedging policy.

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

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 2023		As at 31 March 2022	
	USD	JPY	USD	JPY
Hedged				
ECB	(1,299.50)	-	(3,964.19)	(1,417.97)
Derivative financial instrument*	1,299.50	-	3,964.19	1,417.97
Unhedged	-	-	0.23	-

*represents the notional amount of the derivative financial instrument

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.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

Impact of hedge on the Balance Sheet

As at 31 March 2023

Particulars	Notional amount	(₹ In Crore)	
		Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	1,299.50	146.98	-
INR JPY CCIRS	-	-	-
INR Interest rate Swap	100.00	1.37	-
INR Future and Options	338.37	0.53	(4.01)

As at 31 March 2022

Particulars	Notional amount	(₹ In Crore)	
		Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	3,964.19	121.90	(9.48)
INR JPY CCIRS	1,417.97	-	(130.54)

g. Credit risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the BFL. BFL has a diversified lending model and focuses on seven broad categories viz: (i) urban lending, (ii) two and three wheeler lending, (iii) SME lending, (iv) rural lending, (v) mortgages, (vi) loan against securities, and (vii) commercial lending. 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.

Computation of impairment on financial instruments

BFL calculates impairment on financial instruments as per ECL approach prescribed under Ind AS 109 'Financial instrument'. ECL uses three main components: PD (Probability of Default), LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions.

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. Accordingly, during the year, BFL has redeveloped its ECL model and implemented the same with the approval of Audit Committee and the Board.

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**A. Bajaj Finance Ltd.** (Contd.)

BFL follows simplified ECL approach under Ind AS 109 'Financial instruments' for trade receivables, pass through certificates ('PTC') and other financial assets.

The table below summarises the approach adopted by 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		
Urban sales finance	Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends					
Two and three wheeler finance	Two and three wheeler financing					
Urban B2C	Personal loans to salaried and self employed individuals	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers and empirical default rates.	empirical performance across different DPD (Days Past Due) ranges	100%	Ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period, except stage 3 where EAD is 100%.	LGD is ascertained using past trends of recoveries for each set of portfolios and discounted using a reasonable approximation of the original effective rates of interest.
SME lending	Unsecured and secured loans to SME's, self employed customers and professionals					
Rural sales finance	Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends					
Rural 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 basis empirical risk performance		100%	Determined basis empirical risk performance	Based on associated risk of the underlying securities
Commercial lending	Lending to auto component manufacturers, light engineering industry, financial institutions, specialty chemical, pharma, packaging and other mid-market companies.	Internal evaluation/judgment applied at customer or industry segment.		100%	100%	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 2023

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	139,973.06	1,627.61	1,236.82	101,316.90	1,405.30	1,075.99
Allowance for ECL	691.31	357.38	667.56	1,265.95	575.91	808.64
ECL coverage ratio	0.49%	21.96%	53.97%	1.25%	40.98%	75.15%

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

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%

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 the BFL's credit risk.

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

Product group	Nature of securities
Urban sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture, digital products etc.
Two and three wheeler finance	Hypothecation of underlying two and three wheeler
Rural sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Rural B2C - gold loans	Pledge of gold jewellery.
SME lending (Secured)	Hypothecation of underlying product e.g. used car and medical equipment etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loans against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies.
Commercial lending	Plant and machinery, book debts etc.

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.

Guarantee 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 2023, BFL has covered ₹ 3,711 crore of its loan assets under this scheme. This has helped BFL to offset ₹ 171 crore worth of credit losses during the current year with further claims maturing over FY2024 and FY2025.

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**A. Bajaj Finance Ltd.** (Contd.)

Further, BFL has also granted loans under RBI's Emergency Credit Line Guarantee Scheme (ECLGS) to its qualifying customers, as of 31 March 2023 ₹ 447 crore of loans are outstanding under ECLGS.

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. ECL sensitivity analysis to forward economic conditions and management overlay

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

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

Methodology

BFL has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased estimation of forward looking economic adjustment to its ECL.

They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. 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 uses multiple economic factors and test their correlations with past loss trends witnessed for building its forward economic guidance (FEG) model. During the current year, BFL evaluated various macro factors GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, unemployment rate, crude oil prices and policy interest rates.

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

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

While formulating the central scenario, BFL has considered that the current unemployment rate of 7.69% may move towards an average of 7.4% over the next few years.

For the downside scenario, BFL believes that the downside risks might have passed, however, the downside peak unemployment rate might reach 8.78%. However, as per mean reversion approach, the downside scenario assumes it to fall from the peak and normalise to around 7.4% within next three years.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

For the upside scenario, BFL acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. Therefore, while forecasting, a positive stance has been adopted with the expectation that the unemployment levels may not drop significantly. The unemployment rate may improve to a best case of 3.4% by the end of June 2024 but may come back to an historical (excluding Covid period) 4-year average of 7.4%.

Consumer Price Index (CPI or inflation) crossed the RBI comfort level of 6% and remained above 6% for first seven months of FY2023. Later again in January 2023 and February 2023, it crossed 6%. The inflation as at March 2023 has moderated to 5.7%, which is within the RBI comfort level. MPC is taking appropriate measures to control inflation through monetary tightening and has projected inflation to reach a level of 5.3% in FY2024.

The central scenario assumed by BFL considers a persistent inflation around 6.2% in Q4 FY2023. We have, however, seen higher levels of inflation in the first half of FY2023 and BFL expects inflation to come down in FY2024, which is in line with the Central bank's projection. However, keeping a conservative approach, BFL expects inflation to range between 6.3% to 6.2% during FY2024, suggesting inflation to decline moderately compared to previous year.

For the downside scenario, BFL considers that the inflation risk may continue due to various uncertainties (SVB crisis, geopolitical conflict, elections etc.), and therefore assumes the inflation to touch a peak of around 9.66% in Q2 FY2024, and subsequently normalise to around 5.94% within next three years.

For the upside scenario, BFL believe that there would be certain factors which might come into play viz, base effect, higher food grain production, continuously falling WPI, better supply chain management etc., and, therefore, inflation may see easing to a level of around 2.2% before averaging back to the average of 5.94%.

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

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Gross carrying amount of loans	246,635.68	195,828.04
Reported ECL	4,366.75	4,404.79
Reported ECL coverage	1.77%	2.25%
Assumptions for central scenario		
Base ECL without macro overlay (based on empirical evidences)	3,406.74	3,344.79
Add : Management overlay	797.00	853.00
ECL before management overlay for macro economic factors	4,203.74	4,197.79
ECL amounts for alternate scenario		
Central scenario (80%)	4,352.44	4,375.90
Downside scenario (10%)	5,437.38	5,112.90
Upside scenario (10%)	3,410.46	3,927.79
Reported ECL	4,366.75	4,404.79

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**A. Bajaj Finance Ltd.** (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Management and Macro economic overlay	960.00	1,060.00
Management overlay	797.00	853.00
Management overlay for macro economic factors	163.00	207.00
ECL coverage ratios by scenario		
Central scenario (80%)	1.76%	2.23%
Downside scenario (10%)	2.20%	2.61%
Upside scenario (10%)	1.38%	2.01%

k. Operational risk

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

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

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

B. Bajaj Allianz General Insurance Co. Ltd. (BAGIC)**a. Risk management framework**

BAGIC sees Enterprise Risk Management (ERM) as a means of value optimization. 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, and non-quantifiable risks. The ERM largely encompasses the following

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

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

(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 programmes across the organisation ensure the sufficient weightage is given to both top line and bottom line hence ensuring a well-balanced and idle risk reward structure.

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

- (i) risk operations and monitoring which further includes a. Risk Identification, b. Risk Assessment and Control, c. Risk Treatment and Management Action Plan and d. Monitoring and Reviewing; e. Recording and reporting; f. Communication and consult and
- (ii) Risk controls and compliance which includes a. Standard operating procedures, b. Internal audit, c. External audits, and d. Periodic risk management review.

(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. BAGIC has established limits for monitoring and controlling the risks.

The reporting systems include (i) Top risk assessment, (ii) Risk control self assessments (RCSAs) and (iii) Committee presentations.

(iii) Governance structure

The ERM governance structure includes (i) Board Risk Management Committee, (ii) Supervisory Level – Executive Risk Committee (ERC) and Governance and Controls Committee (GCC) 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 premium 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.

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**B. Bajaj Allianz General Insurance Co. Ltd. (BAGIC)** (Contd.)

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 programme which seeks to optimise 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 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. BAGIC wide effective fraud detection and prevention mechanisms and proactive deterrence methodologies are in place. Periodical employee training and awareness campaigns are being organised across the organisation.

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 2023					
Average claim cost or number of claims	10%	943.63	584.70	(584.70)	(437.54)
Average claim cost and number of claims	5%	967.22	599.31	(599.31)	(448.48)
Average claim cost or number of claims	(10%)	(943.63)	(584.70)	584.70	437.54
Average claim cost and number of claims	(5%)	(920.04)	(570.08)	570.08	426.60

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

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

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

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.

BAGIC also maintains the highest level of Solvency in the Industry at 391% as against the regulatory norm of 150%.

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

As at 31 March 2023

	(₹ In Crore)					
Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	778.60	-	-	-	-	778.60
Bank balances other than cash and cash equivalents	-	-	29.01	-	-	29.01
Trade receivables	-	-	1,703.85	-	-	1,703.85
Investments	2,017.93	289.10	12,271.78	1,294.26	10,746.13	26,619.20
Other financial assets	-	713.43	-	-	-	713.43
Total	2,796.53	1,002.53	14,004.64	1,294.26	10,746.13	29,844.09
Financial liabilities						
Trade payables						
a) Total outstanding dues of MSME	-	25.25	-	-	-	25.25
b) Other payables	-	2,111.59	-	-	-	2,111.59
Other financial liabilities	-	314.96	-	-	-	314.96
Lease contract liabilities	-	5.23	13.11	34.71	12.31	65.36
Total	-	2,457.03	13.11	34.71	12.31	2,517.16

As at 31 March 2022

	(₹ In Crore)					
Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
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	2,424.34	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

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**B. Bajaj Allianz General Insurance Co. Ltd. (BAGIC)** (Contd.)**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 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	778.60	-	778.60	469.05	-	469.05
Bank balances other than cash and cash equivalents	29.01	-	29.01	6.11	-	6.11
Trade receivables	1,703.85	-	1,703.85	1,377.20	-	1,377.20
Investments	14,578.81	12,040.39	26,619.20	7,282.93	17,118.11	24,401.04
Other financial assets	713.43	-	713.43	559.92	-	559.92
Non-financial assets						
Current tax assets (net)	-	80.29	80.29	-	91.32	91.32
Deferred tax assets (net)	85.33	-	85.33	-	-	-
Property, plant and equipment	-	380.73	380.73	-	361.24	361.24
Capital work in progress	-	23.42	23.42	-	20.21	20.21
Intangible assets (other than goodwill)	-	45.31	45.31	-	42.71	42.71
Other non-financial assets	507.08	6.28	513.36	287.22	6.28	293.50
Re-insurance assets	3,459.83	4,071.12	7,530.95	3,288.25	2,857.80	6,146.05
Right to use asset	15.51	33.52	49.03	20.29	41.31	61.60
Total	21,871.45	16,681.06	38,552.51	13,290.97	20,538.98	33,829.95
Liabilities						
Financial liabilities						
Trade payables						
a) Total outstanding dues of MSME	25.25	-	25.25	18.42	-	18.42
b) Other payables	2,111.59	-	2,111.59	1,464.05	-	1,464.05
Other financial liabilities	314.95	-	314.95	171.14	-	171.14
Lease contract liabilities	18.34	47.02	65.36	20.41	55.07	75.48
Insurance contract liabilities	11,103.57	13,065.45	24,169.02	11,371.64	9,883.04	21,254.68
Non-financial liabilities						
Provisions	17.68	-	17.68	25.05	-	25.05
Deferred tax liabilities (net)	-	-	-	-	-	135.81
Other non-financial liabilities	1,891.27	515.93	2,407.20	1,354.57	515.93	1,870.50
Total	15,482.65	13,628.40	29,111.05	14,425.28	10,454.04	25,015.13
Net	6,388.80	3,052.66	9,441.46	(1,134.31)	10,084.94	8,814.82

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

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

d. Credit risk

Credit risk is the risk that 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. 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.

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

(₹ In Crore)

Ratings	As at 31 March 2023			As at 31 March 2022		
	Amortised cost	FVTOCI	Total	Amortised cost	FVTOCI	Total
A-	-	70.99	70.99	-	-	-
A+	-	48.00	48.00	-	-	-
A1+	-	428.38	428.38	-	249.66	249.66
AA	-	52.21	52.21	-	55.17	55.17
AA(SO)	-	25.34	25.34	-	24.87	24.87
AA+	-	-	-	-	-	-
AAA	31.00	5,892.43	5,923.43	50.00	8,420.63	8,470.63
AAA(SO)	-	-	-	-	43.63	43.63
BBB+	-	-	-	-	72.30	72.30
BBB	-	-	-	-	-	-
D	-	-	-	-	-	-
Equity	-	1,440.79	1,440.79	-	878.88	878.88
Sovereign	-	18,020.08	18,020.08	-	12,195.98	12,195.98
Unrated	-	-	-	-	-	-
Total	31.00	25,978.22	26,009.22	50.00	21,941.12	21,991.12
ECL (12 months and life time)	-	(0.11)	(0.11)	-	(0.20)	(0.20)
Net carrying amount	31.00	25,978.11	26,009.11	50.00	21,940.92	21,990.92

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**B. Bajaj Allianz General Insurance Co. Ltd. (BAGIC)** (Contd.)

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 2023			As at 31 March 2022		
	Amortised cost	FVTOCI	Total	Amortised cost	FVTOCI	Total
Opening balance	-	0.20	0.20	-	0.63	0.63
Changes during the current period	-	-	-	-	-	-
Loss allowance at 12-month ECL	-	(0.09)	(0.09)	-	(0.43)	(0.43)
Loss allowance at life time ECL	-	-	-	-	-	-
For credit impaired instruments	-	-	-	-	-	-
For not credit impaired instruments	-	-	-	-	-	-
Closing balance	-	0.11	0.11	-	0.20	0.20

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.

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 the 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 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.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

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

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 2023			As at 31 March 2022		
	FVTOCI	Amortised cost	Total	FVTOCI	Amortised cost	Total
12-months ECL						
Highly rated including AAA #	19,528.25	4,190.84	23,719.09	16,731.23	4,817.11	21,548.34
AA	131.14	30.01	161.15	73.33	7.57	80.90
Financial assets other than investments	-	2,533.61	2,533.61	-	2,401.28	2,401.28
Total (a)	19,659.39	6,754.46	26,413.85	16,804.56	7,225.96	24,030.52
ECL (12 months and life time)	(0.32)	(6.52)	(6.84)	(0.23)	(5.44)	(5.67)
Net carrying amount (b)	19,659.07	6,747.94	26,407.01	16,804.33	7,220.52	24,024.85

Includes investments in Government securities and treasury bill.

Reconciliation of credit loss

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTOCI	Amortised cost	Total	FVTOCI	Amortised cost	Total
Opening balance	0.23	5.44	5.67	0.56	4.93	5.49
Less: ECL reversal on asset written off	-	-	-	-	-	-
Changes during the current period						
Loss allowance at 12-month ECL	0.09	1.08	1.17	(0.33)	0.51	0.18
Loss allowance at life time ECL	-	-	-	-	-	-
Closing balance	0.32	6.52	6.84	0.23	5.44	5.67

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**C. Bajaj Allianz Life Insurance Company Ltd. (BALIC)** (Contd.)**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.

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

As at 31 March 2023

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Investments						
Amortised cost	-	3,070.31	129.88	1,020.62	-	4,220.81
FVTPL	39,487.79	-	-	-	-	39,487.79
Designated as FVTPL	-	10.03	370.55	4,544.76	20,860.83	25,786.17
FVTOCI	743.81	243.59	554.71	3,327.65	15,533.43	20,403.19
Cash and cash equivalents	228.50	-	-	-	-	228.50
Bank balances other than cash and cash equivalents	-	-	-	0.35	-	0.35
Trade receivables	-	395.38	-	-	-	395.38
Loans	-	-	0.05	191.75	392.48	584.28
Reinsurance assets	-	8.76	25.11	102.10	172.54	308.51
Other financial assets	-	577.94	690.90	51.77	4.50	1,325.11
Derivative financial instrument	-	6.43	14.20	50.16	6.83	77.62
	40,460.10	4,312.44	1,785.40	9,289.16	36,970.61	92,817.71
Financial liabilities						
Trade payables	-	2,110.46	-	-	-	2,110.46
Lease obligations	-	5.12	14.69	66.19	21.60	107.60
Deposits	-	-	-	4.86	-	4.86
Derivative financial instrument	-	6.94	13.00	42.67	53.25	115.86
	-	2,122.52	27.69	113.72	74.85	2,338.78

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

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

As at 31 March 2022

	(₹ In Crore)					
Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
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
Reinsurance assets	-	11.09	26.69	102.66	165.26	305.70
Other financial assets	-	678.17	681.88	4.68	33.15	1,397.88
Derivative financial instrument	-	-	-	7.99	6.74	14.73
	38,239.68	5,393.89	5,146.64	8,088.14	31,666.57	88,534.92
Financial liabilities						
Trade payable	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 instrument	-	-	-	70.38	9.31	79.69
	204.61	1,686.94	23.38	115.83	36.69	2,067.45

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

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

46 Other disclosures (Contd.)**4. Risk management and other disclosures** (Contd.)**C. Bajaj Allianz Life Insurance Company Ltd. (BALIC)** (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	228.50	-	228.50	134.72	-	134.72
Bank balances other than cash and cash equivalents	-	0.35	0.35	-	36.20	36.20
Trade receivables	395.38	-	395.38	317.52	-	317.52
Loans	0.05	584.23	584.28	0.05	514.90	514.95
Investments	44,610.67	45,287.29	89,897.96	46,930.09	38,883.13	85,813.22
Derivative financial instrument	20.63	56.99	77.62	-	14.73	14.73
Reinsurance assets	33.86	274.65	308.51	37.78	267.91	305.69
Other financial assets	1,268.83	56.27	1,325.10	1,360.06	37.83	1,397.89
Non-financial assets						
Investment property	-	29.74	29.74	-	30.35	30.35
Property, plant and equipment	-	331.99	331.99	-	312.36	312.36
Capital work-in-progress	-	19.73	19.73	-	16.08	16.08
Intangible assets under development	-	73.52	73.52	-	49.33	49.33
Intangible assets (other than goodwill)	-	12.43	12.43	-	16.76	16.76
Right to use of asset	-	90.55	90.55	-	82.62	82.62
Other non- financial assets	317.52	-	317.52	259.73	0.86	260.59
Total	46,875.44	46,817.74	93,693.18	49,039.95	40,263.06	89,303.01
LIABILITIES						
Financial liabilities						
Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	3.84	-	3.84	1.00	-	1.00
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,556.63	-	1,556.63	1,321.90	-	1,321.90
Other payables						
(i) Total outstanding dues of other than micro enterprises and small enterprises	549.99	-	549.99	562.61	-	562.61
Derivative financial instrument	19.94	95.91	115.85	79.69	-	79.69
Deposits	-	4.86	4.86	0.12	4.74	4.86
Lease obligation	19.81	87.80	107.61	29.42	67.97	97.39
Investment contract liabilities	9,600.59	196.73	9,797.32	10,498.25	400.70	10,898.95
Insurance contract liabilities	12,904.29	57,028.36	69,932.65	11,220.57	53,118.21	64,338.78
Non-financial liabilities						
Current tax liabilities (net)	229.97	-	229.97	194.93	-	194.93
Provisions	16.74	11.24	27.98	4.20	20.27	24.47
Deferred tax liabilities (net)	103.49	-	103.49	166.15	-	166.15
Other non- financial liabilities	517.82	-	517.82	496.33	-	496.33
Total	25,523.11	57,424.90	82,948.01	24,575.17	53,611.89	78,187.06

Notes to consolidated financial statements for the year ended 31 March 2023 (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 2023					
Interest rate	50 bps up	(471.92)	(403.21)	(166.63)	(142.37)
	50 bps fall	471.92	403.21	166.63	142.37
Nifty 50	5% rise	21.36	18.25	88.32	75.46
	5% fall	(21.36)	(18.25)	(88.32)	(75.46)
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)

Notes to consolidated financial statements for the year ended 31 March 2023 (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 risks that BALIC is exposed to 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.

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 profit for shareholders.

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

46 Other disclosures (Contd.)

4. Risk management and other disclosures (Contd.)

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

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 profit 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 premium 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 profit 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 profit for the shareholders.

v. Lapse, surrender and partial withdrawal rates

Lapses relate to the termination of policies due to non-payment of premium. 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 profit 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 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Mortality rates	90% - 250 % of IALM 2012-14	90% - 350 % of IALM 2012-14	28% - 515% of IALM 2012-14	24% - 515% of IALM 2012-14
Investment returns	7.31%	6.84%	5.25% - 7.1%	5.25% - 7%
Lapse	PY1: 10%-35%, PY2: 12%-15%, PY3+: 0%-1%	PY1: 7%-24.5%, PY2: 8%-10.5%, PY3+: 0%-1%	PY1: 7.5% - 56%, PY2: 5%-30%, PY3+: 0% - 20%	PY1: 5.6% - 39.2%, PY2: 3.5%-21%, PY3+: 0% - 14%

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

46 Other disclosures (Contd.)**4. Risk management and 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.

(₹ In Crore)

Particulars	Insurance and investment contract with DPF		Insurance contract without DPF	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Mortality/longevity +10%	86.79	84.03	277.00	169.60
Mortality/longevity -10%	(87.23)	(84.58)	(256.02)	(155.06)
Expense +10%	51.57	56.06	57.03	36.94
Expense -10%	(51.00)	(55.58)	(56.65)	(36.69)
Lapse & surrenders + 10%	(42.79)	(45.29)	(229.95)	(119.87)
Lapse & surrenders - 10%	44.20	46.50	248.22	128.96
Discount rate +1%	(1,559.43)	(1,420.61)	(2,171.94)	(1,110.54)
Discount rate -1%	1,845.11	1,669.74	3,399.96	1,716.47

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

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
A. Loans						
Term loans	198,899.93	47,482.45	246,382.38	160,443.29	35,384.75	195,828.04
Credit substitutes#	253.30	-	253.30	-	-	-
Total	199,153.23	47,482.45	246,635.68	160,443.29	35,384.75	195,828.04
Less: Impairment loss allowance	3,997.97	368.78	4,366.75	4,064.88	339.91	4,404.79
Total (A)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25
B. Out of above						
(I) Secured						
Against hypothecation of automobiles, equipments, durables and plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	95,355.04	47,482.45	142,837.49	73,951.07	35,384.75	109,335.82
Less: Impairment loss allowance	1,347.47	368.78	1,716.25	1,771.08	339.91	2,110.99
Total (I)	94,007.57	47,113.67	141,121.24	72,179.99	35,044.84	107,224.83
(II) Unsecured	103,798.19	-	103,798.19	86,492.22	-	86,492.22
Less: Impairment loss allowance	2,650.50	-	2,650.50	2,293.80	-	2,293.80
Total (II)	101,147.69	-	101,147.69	84,198.42	-	84,198.42
Total (B) = (I + II)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25

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

46 Other disclosures (Contd.)

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

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
C. Out of above						
(I) Loans in India						
(i) Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Sub-total (i)	-	-	-	-	-	-
(ii) Others	199,153.23	47,482.45	246,635.68	160,443.29	35,384.75	195,828.04
Less: Impairment loss allowance	3,997.97	368.78	4,366.75	4,064.88	339.91	4,404.79
Sub-total (ii)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25
Total (I)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25
(II) Loans outside India	-	-	-	-	-	-
Total (C) = (I+II)	195,155.26	47,113.67	242,268.93	156,378.41	35,044.84	191,423.25

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

Subscription to debentures which, in substance, are made with the intent of giving loan have been classified as Credit Substitutes. This classification results in a better presentation of the substance of such transactions.

Loan details

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Term loan	248,962.24	197,854.71
Less: EIR impact	2,326.56	2,026.67
Total for gross term loan net of EIR impact	246,635.68	195,828.04

Summary of loans by stage distribution

Term Loans

(₹ In Crore)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	241,289.96	3,032.91	2,312.81	246,635.68	188,833.91	3,860.64	3,133.49	195,828.04
Less: Impairment loss allowance	1,957.26	933.29	1,476.20	4,366.75	1,506.76	1,079.41	1,818.62	4,404.79
Total	239,332.70	2,099.62	836.61	242,268.93	187,327.15	2,781.23	1,314.87	191,423.25

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

46 Other disclosures (Contd.)

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

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 2023							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2022	188,833.91	1,506.76	3,860.64	1,079.41	3,133.49	1,818.62	195,828.04	4,404.79
Transfers during the year								
transfers to stage 1	783.51	133.62	(636.51)	(84.07)	(147.00)	(49.55)	-	-
transfers to stage 2	(1,913.29)	(57.68)	1,981.42	84.16	(68.13)	(26.48)	-	-
transfers to stage 3	(2,760.93)	(63.85)	(1,480.57)	(440.94)	4,241.50	504.79	-	-
	(3,890.71)	12.09	(135.66)	(440.85)	4,026.37	428.76	-	-
Impact of changes in credit risk on account of stage movements	-	(127.72)	-	546.48	-	3,774.97	-	4,193.73
Changes in opening credit exposures (repayments net of additional disbursements)	(78,987.33)	(125.10)	(1,277.20)	(456.86)	(2,104.85)	(1,633.04)	(82,369.38)	(2,215.00)
New credit exposures during the year, net of repayments	135,334.09	691.23	585.13	205.11	637.10	466.19	136,556.32	1,362.53
Amounts written off during the year	-	-	-	-	(3,379.30)	(3,379.30)	(3,379.30)	(3,379.30)
As at 31 March 2023	241,289.96	1,957.26	3,032.91	933.29	2,312.81	1,476.20	246,635.68	4,366.75

(₹ In Crore)

Particulars	For the year ended 31 March 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2021	141,539.38	1,146.08	6,724.72	1,567.04	2,730.77	1,594.88	150,994.87	4,308.00
Transfers during the period								
transfers to stage 1	1,039.58	175.85	(959.83)	(148.69)	(79.75)	(27.16)	-	-
transfers to stage 2	(2,805.95)	(25.09)	2,851.83	39.34	(45.88)	(14.25)	-	-
transfers to stage 3	(3,923.48)	(81.09)	(3,613.28)	(777.39)	7,536.76	858.48	-	-
	(5,689.85)	69.67	(1,721.28)	(886.74)	7,411.13	817.07	-	-
Impact of changes in credit risk on account of stage movements	-	(224.66)	-	371.67	-	5,242.24	-	5,389.25
Changes in opening credit exposures (repayments net of additional disbursements)	(57,988.42)	(152.16)	(1,640.12)	(117.67)	(2,787.11)	(1,466.73)	(62,415.65)	(1,736.56)
New credit exposures during the year, net of repayments	110,972.80	667.83	497.32	145.11	586.02	438.48	112,056.14	1,251.42
Amounts written off during the year	-	-	-	-	(4,807.32)	(4,807.32)	(4,807.32)	(4,807.32)
As at 31 March 2022	188,833.91	1,506.76	3,860.64	1,079.41	3,133.49	1,818.62	195,828.04	4,404.79

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

46 Other disclosures (Contd.)

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

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

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
(i) Net impairment loss allowance charge/(release) for the year	(38.04)	96.79
(ii) Amounts written off during the year	3,379.30	4,807.32
Impairment on loans	3,341.26	4,904.11
Less: Claimable amount under CGTMSE scheme	200.74	101.55
Add: Impairment on other assets	49.13	0.84
Impairment on financial instruments	3,189.65	4,803.40

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

Terms of repayment of non convertible debentures (NCDs) as at 31 March 2023

(₹ In Crore)

Particulars	Residual maturity of loans				Total
	Due within 1 year	Due 1-2 years	Due 2-3 years	More than 3 years	
Original maturity of loan					
Redeemable at par					
Up to 2 years	9,390.00	2,000.00	-	-	11,390.00
Over 2 to 3 years	3,400.00	5,335.00	5,860.00	-	14,595.00
Over 3 to 4 years	270.00	4,500.00	5,820.00	-	10,590.00
Over 4 years	1,981.00	4,225.00	2,302.00	25,437.50	33,945.50
Redeemable at premium					
Over 2 to 3 years	950.00	-	-	-	950.00
Over 3 to 4 years	75.00	-	906.00	-	981.00
Interest accrued	2,412.89	13.33	64.92	-	2,491.14
Impact of EIR (including premium and discount on NCD)					(5.89)
Fair value gain/ loss on NCD hedged through interest rate swap					1.39
Total					74,938.14

-Interest rate ranges from 4.90% to 9.36% as at 31 March 2023

-Amount to be called and paid is ₹ 350 crore each in June 2023, June 2024, June 2025 and June 2026

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

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

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

46 Other disclosures (Contd.)**6. Debt securities - Terms of repayment (before inter-company eliminations)**(Contd.)**Terms of repayment of non convertible debentures (NCDs) as at 31 March 2022**

(₹ In Crore)

Particulars	Residual maturity of loans				Total
	Due within 1 year	Due 1-2 years	Due 2-3 years	More than 3 years	
Original maturity of loan					
Redeemable at par					
Up to 2 years	3,005.00	9,390.00	-	-	12,395.00
2-3 years	6,525.00	3,400.00	4,515.00	-	14,440.00
3-4 years	3,446.00	270.00	4,500.00	330.00	8,546.00
More than 4 years	337.00	1,981.00	4,225.00	13,372.00	19,915.00
Redeemable at premium					
2-3 years	900.00	950.00	-	-	1,850.00
3-4 years	3,774.80	75.00	-	406.00	4,255.80
More than 4 years	3.80	-	-	-	3.80
Interest accrued	3,347.09	38.73	6.33	3.22	3,395.37
Impact of EIR (including premium and discount on NCD)					299.48
Total					65,100.45

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

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

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

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

Terms of repayment of commercial papers

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Redeemable at par with original maturity up to 1 year		
Due within 1 year	11,877.14	11,124.10
Impact of EIR	29.85	(1.48)
Total	11,906.99	11,122.62

-Interest rate ranges from 5.00% to 8.02% p.a as at 31 March 2023 (Previous year 3.91% to 5.15% p.a)

-As at 31 March 2023, face value of commercial paper is ₹ 12,145 crore (Previous year ₹ 11,255 crore)

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

46 Other disclosures (Contd.)

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 2023

Particulars	Due within 1 year		Due 1-2 years		Due 2-3 years		More than 3 years		Total	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
Original maturity of loan										
Quarterly										
Up to 3 years	12	1,122.16	-	-	-	-	-	-	12	1,122.16
Over 3 to 4 years	25	940.00	30	1,440.00	16	550.00	8	271.88	79	3,201.88
Over 4 years	158	4,137.04	119	2,624.16	89	1,769.37	157	3,636.37	523	12,166.94
Half yearly										
Up to 3 years	2	200.00	2	200.00	1	100.00	-	-	5	500.00
Over 3 to 4 years	8	517.86	10	851.18	8	708.32	8	708.36	34	2,785.72
Over 4 years	74	3,777.50	85	4,338.21	88	5,907.21	186	13,115.13	433	27,138.05
Yearly										
Over 3 to 4 years	7	928.75	5	806.25	-	-	-	-	12	1,735.00
Over 4 years	23	1,873.33	17	1,536.67	12	1,326.67	29	4,223.33	81	8,960.00
On maturity (Bullet)										
Up to 3 years	3	1,250.00	5	1,120.00	2	1,500.00	-	-	10	3,870.00
Over 3 to 4 years	-	-	3	2,400.00	1	499.74	-	-	4	2,899.74
Over 4 years	3	650.00	-	-	-	-	3	2,700.00	6	3,350.00
Interest accrued	-	5.90	-	-	-	-	-	-	-	5.90
Impact of EIR										(9.33)
Total										67,726.06

-Interest rate ranges from 5.05% to 9.02% as at 31 March 2023

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

Particulars	Due within 1 year		Due 1-2 years		Due 2-3 years		More than 3 years		Total	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
Original maturity of loan										
Quarterly										
Up to 3 years	21	1,844.32	12	1,122.16	-	-	-	-	33	2,966.48
Over 3 to 4 years	24	1,024.58	13	515.00	18	1,015.00	4	125.00	59	2,679.58
Over 4 years	135	3,682.09	128	3,722.75	79	1,909.85	88	2,689.67	430	12,004.36
Half yearly										
Over 3 to 4 years	2	142.86	2	142.86	2	142.86	-	-	6	428.58
Over 4 years	47	2,264.85	57	2,645.75	51	2,208.25	111	5,734.08	266	12,852.93
Yearly										
Over 3 to 4 years	6	567.50	6	717.50	5	806.25	-	-	17	2,091.25
Over 4 years	19	1,202.50	17	1,040.00	11	703.33	10	916.66	57	3,862.49
On maturity (Bullet)										
Up to 3 years	9	2,225.00	3	1,250.00	4	1,020.00	-	-	16	4,495.00
Over 3 to 4 years	1	211.25	1	211.25	3	2,400.00	-	-	5	2,822.50
Over 4 years	2	465.00	3	650.00	-	-	1	500.00	6	1,615.00
Interest accrued	-	2.02	-	-	-	-	-	-	-	2.02
Impact of EIR										(18.94)
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 2023 (Contd.)

46 Other disclosures (Contd.)**7. Borrowings (other than debt securities) - Terms of repayment (before inter-company elimination)** (Contd.)**Terms of repayment of working capital demand loans from bank**

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
On maturity (Bullet)				
Up to 1 year	7	1,770.06	3	750.00
Interest accrued		0.14		-
Total	7	1,770.20	3	750.00

-Interest rate ranges from 7% p.a to 8.35% p.a as at 31 March 2023 (Previous year 4.35% p.a to 7.05%)

Terms of repayment of TREPs

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
On maturity (Bullet)				
Up to 1 year	20	8,145.36	9	1,999.16
Total	20	8,145.36	9	1,999.16

-Interest rate ranges from 6.76% p.a to 6.99% p.a as at 31 March 2023 (Previous year 3.35% p.a to 3.85%)

Terms of repayment of term loan from NHB as at 31 March 2023

Particulars	Due within 1 year		Due 1-2 years		Due 2-3 years		More than 3 years		Total	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
Original maturity of loan										
Quarterly										
More than 4 years	21	180.98	28	241.31	28	241.31	172	1,336.40	249	2,000.00
Interest accrued	-	-	-	-	-	-	-	-	-	-
Impact of EIR										-
Total										2,000.00

-Interest rate ranges from 5.52% to 7.55% as at 31 March 2023

Terms of repayment of external commercial borrowing

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
Due within 1 year				
Original maturity over 2 to 3 years	-	-	-	-
Original maturity over 3 years	1	822.17	13	4,185.25
	1	616.63	-	-
Due within 1 to 2 year				
Original maturity over 2 to 3 years	-	-	1	758.07
Original maturity over 3 years	-	-	1	568.55
Interest accrued		24.14		23.24
Impact of EIR		(1.49)		(12.67)
Total	2	1,461.45	15	5,522.44

-Contracted interest rate ranges from 5.33% p.a to 5.76% p.a as at 31 March 2023 (Previous year 0.65% p.a to 1.22% p.a)

-Interest rate ranges from 5.85% to 6.70% p.a under cross currency interest rate swap (CCIRS) as at 31 March 2023 (Previous year 5.85% p.a to 7.68% p.a)

46 Other disclosures (Contd.)

8. Deposits - Terms of repayment

Terms of repayment of deposits as at 31 March 2023

(₹ In Crore)

Particulars	Residual maturity of loans				Total
	Due within 1 year	Due 1-2 years	Due 2-3 years	More than 3 years	
Original maturity of deposit					
Up to 1 year	11,139.95	-	-	-	11,139.95
Over 1 to 2 years	5,453.75	3,402.69	-	-	8,856.44
Over 2 to 3 years	2,886.33	4,872.30	4,514.22	-	12,272.85
Over 3 years	846.82	1,381.17	2,982.35	5,855.16	11,065.50
Interest accrued	839.95	382.66	171.95	82.59	1,477.15
Impact of EIR					(146.33)
Total					44,665.56

Terms of repayment of deposits as at 31 March 2022

(₹ In Crore)

Particulars	Residual maturity of loans				Total
	Due within 1 year	Due 1-2 years	Due 2-3 years	More than 3 years	
Original maturity of deposit					
Up to 1 year	6,413.62	-	-	-	6,413.62
Over 1 to 2 years	3,440.78	3,627.11	-	-	7,067.89
Over 2 to 3 years	4,102.07	2,985.73	4,577.02	-	11,664.82
Over 3 years	450.84	854.97	1,417.37	1,908.71	4,631.89
Interest accrued	658.91	261.91	150.68	43.23	1,114.73
Impact of EIR					(93.43)
Total					30,799.52

9. Subordinated liabilities - Terms of repayment

Terms of repayment of subordinated debts as at 31 March 2023

(₹ In Crore)

Particulars	Residual maturity of loans				Total
	Due within 1 year	Due 1-2 years	Due 2-3 years	More than 3 years	
Original maturity of loan					
Over 5 years	50.00	452.50	290.00	2,660.00	3,452.50
Interest accrued	188.08	-	-	-	188.08
Impact of EIR					(10.29)
Total					3,630.29

-Interest rate ranges from 8.05% to 10.15% as at 31 March 2023

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

46 Other disclosures (Contd.)**9. Subordinated liabilities - Terms of repayment** (Contd.)**Terms of repayment of subordinated debts as at 31 March 2022**

(₹ In Crore)

Particulars	Residual maturity of loans				Total
	Due within 1 year	Due 1-2 years	Due 2-3 years	More than 3 years	
Original maturity of loan					
Over 5 years	207.10	50.00	452.50	2,950.00	3,659.60
Interest accrued	198.36	-	-	-	198.36
Impact of EIR					(12.19)
Total					3,845.77

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

10. Insurance contract liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Insurance contracts liabilities		
General insurance contract liabilities	24,169.02	21,254.68
Life insurance contract liabilities	68,259.47	62,840.02
Undistributed participating policyholders surplus	1,673.18	1,498.76
Total	94,101.67	85,593.46
Change in general insurance contract liabilities		
At the beginning of the period	21,254.68	19,656.20
Add: Premium earned	7,261.83	6,485.79
Less: Premium written	(6,474.93)	(6,244.69)
Add: Claims incurred (including IBNR)	17,067.34	15,160.02
Less: Claim outstanding (including IBNR)	(14,939.90)	(13,802.64)
Total	24,169.02	21,254.68

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	With DPF	Without DPF	Total	With DPF	Without DPF	Total
Change in life insurance contract liabilities						
At the beginning of the period	21,862.70	40,977.32	62,840.02	20,753.10	33,538.82	54,291.92
Add/(Less)						-
Premium	3,780.20	13,527.67	17,307.87	3,305.85	10,636.72	13,942.57
Insurance liabilities released	(2,942.21)	(9,424.89)	(12,367.10)	(2,867.59)	(7,215.55)	(10,083.14)
Unwinding of discount rate	1,238.76	1,271.27	2,510.03	1,044.67	4,826.03	5,870.70
Others	(1,028.19)	(1,003.16)	(2,031.35)	(373.33)	(808.70)	(1,182.03)
Total	22,911.26	45,348.21	68,259.47	21,862.70	40,977.32	62,840.02
Undistributed participating policyholders surplus						
Opening balance	1,498.76	-	1,498.76	1,281.94	-	1,281.94
Amount utilised during the period	-	-	-	-	-	-
Amount credited during the period	174.42	-	174.42	216.82	-	216.82
Total	1,673.18	-	1,673.18	1,498.76	-	1,498.76

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

46 Other disclosures (Contd.)

11. Investment contract liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Investment contract liabilities	9,797.32	10,898.95
	9,797.32	10,898.95
Reconciliation of investment contract liabilities		
At the beginning of the period	10,898.95	8,881.18
Additions		
Deposits	2,153.57	2,184.48
Interest credited to policyholders'	450.79	824.21
	2,604.36	3,008.69
Deductions		
Withdrawals	3,662.61	890.50
Fee income and other expenses	43.38	100.42
Others	-	-
	3,705.99	990.92
At the end of the period	9,797.32	10,898.95

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	
		2023	2022
Bajaj Finance Ltd.	India	52.49%	52.49%
Bajaj Allianz General Insurance Company Ltd.	India	74.00%	74.00%
Bajaj Allianz Life Insurance Company Ltd.	India	74.00%	74.00%

Information regarding non-controlling interest

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Accumulated balances of material non-controlling interest		
Bajaj Finance Ltd.	25,942.22	20,891.12
Bajaj Allianz General Insurance Company Ltd.	2,454.78	2,291.85
Bajaj Allianz Life Insurance Company Ltd.	2,793.74	2,890.15
Profit/(loss) allocated to material non-controlling interest		
Bajaj Finance Ltd.	5,461.89	3,323.80
Bajaj Allianz General Insurance Company Ltd.	295.76	355.44
Bajaj Allianz Life Insurance Company Ltd.	34.61	77.52

Notes to consolidated financial statements for the year ended 31 March 2023 (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 2023

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Revenue from operations	41,397.38	20,526.18	19,986.74
Other income	8.31	36.32	318.01
Total income	41,405.69	20,562.50	20,304.75
Employee benefits expenses	5,059.13	789.74	2,487.14
Finance costs	12,559.89	5.24	7.61
Fees and commission expense	1,891.47	1,046.15	1,314.74
Impairment on financial instruments	3,189.65	40.16	1.17
Claims incurred pertaining to insurance business	-	7,308.85	9,283.15
Reinsurance ceded	-	6,681.23	346.03
Net change in insurance/investment contract liabilities	-	1,236.94	5,391.07
Depreciation, amortisation and impairment	485.38	67.89	65.02
Other expenses	2,693.98	1,864.96	1,320.28
Total expenses	25,879.50	19,041.16	20,216.21
Share of profit/(loss) from associate	1.67	-	-
Profit before tax	15,527.86	1,521.34	88.54
Tax expense	4,020.17	383.84	(44.58)
Profit for the year	11,507.69	1,137.50	133.12
Total comprehensive income	11,484.85	734.53	(55.92)
Attributable to non-controlling interests	5,446.80	190.99	(14.54)
Dividends paid to non-controlling interests	575.23	28.09	81.89

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 2023 (Contd.)

46 Other disclosures (Contd.)

12. Material partly owned subsidiaries (Contd.)

Summarised Balance Sheet as at 31 March 2023

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Financial assets	271,583.59	37,375.05	92,817.70
Non-financial assets	3,762.42	1,177.47	875.48
Financial liabilities	220,095.23	2,517.15	12,136.10
Insurance contract liabilities	-	24,169.02	69,932.65
Non-financial liabilities	761.51	2,424.88	879.26
Equity	54,489.27	9,441.47	10,745.17
Attributable to			
Equity holders of the parent	28,547.05	6,986.69	7,951.43
Non-controlling interest	25,942.22	2,454.78	2,793.74

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 cash flow information for the year ended 31 March 2023

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Operating	(42,140.40)	1,568.01	1,498.12
Investing	(10,365.25)	(1,005.92)	(2,049.02)
Financing	50,674.96	(182.30)	(340.71)
Net increase/(decrease) in cash and cash equivalents	(1,830.69)	379.79	(891.61)

Notes to consolidated financial statements for the year ended 31 March 2023 (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)

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 premium 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 are undertaken by BALIC solely for the purpose of hedging interest rate risks on account of following forecasted transactions

- Reinvestment of maturity proceeds of existing fixed income investments
- Investment of interest income receivable and
- Expected policy premium income receivable on insurance contracts which are already underwritten in life and pension and annuity business.

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

46 Other disclosures (Contd.)

13. Derivatives (BALIC) (Contd.)

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

(₹ In Crore)

Sr. No.	Particulars	As at 31 March	
		2023	2022
i)	Total notional principal amount of Forward Rate Agreements undertaken during the year		
1	6.68% GOI (MD 17/09/2031)	-	30.55
2	7.95% GOI (MD 28/08/2032)	-	238.37
3	7.40% GOI (MD 09/09/2035)	-	460.05
4	6.67% GOI (MD 15/12/2035)	396.02	1,654.54
5	8.33% GOI (MD 07/06/2036)	238.89	672.77
6	7.41% GOI (MD 19/12/2036)	969.44	-
7	7.54% GOI (MD 23/05/2036)	1,134.83	-
8	8.83% GOI (MD 12/12/2041)	39.79	-
9	9.23% GOI (MD 23/12/2043)	284.69	-
10	8.30% GOI (MD 31/12/2042)	132.48	175.76
11	8.17% GOI (MD 01/12/2044)	52.37	57.42
12	8.13% GOI (MD 22/06/2045)	53.95	56.44
13	7.06% GOI (MD 10/10/2046)	-	50.08
14	7.72% GOI (MD 15/06/2049)	-	75.40
15	6.67% GOI (MD 17/12/2050)	124.00	-
16	6.99% GOI (MD 15/12/2051)	821.92	71.82
17	7.36% GOI (MD 12/09/2052)	1,535.38	-
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)	2,058.27	424.40
22	7.40% GOI (MD 19/09/2062)	2,873.22	-
	Total	10,715.25	4,501.35

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

46 Other disclosures (Contd.)

13. Derivatives (BALIC) (Contd.)

(₹ In Crore)

Sr. No.	Particulars	As at 31 March	
		2023	2022
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)	121.41	197.86
6	8.32% GOI (MD 02/08/2032)	189.51	189.51
7	7.95% GOI (MD 28/08/2032)	404.83	534.95
8	8.24% GOI (MD 10/11/2033)	-	100.31
9	7.40% GOI (MD 09/09/2035)	270.61	556.25
10	6.67% GOI (MD 15/12/2035)	1,542.30	1,654.54
11	7.54% GOI (MD 23/05/2036)	1,134.83	-
12	8.33% GOI (MD 07/06/2036)	563.56	672.77
13	7.41% GOI (MD 19/12/2036)	969.44	-
14	8.83% GOI (MD 12/12/2041)	39.79	-
15	8.30% GOI (MD 31/12/2042)	308.24	175.76
16	9.23% GOI (MD 23/12/2043)	272.76	-
17	8.17% GOI (MD 01/12/2044)	52.37	57.42
18	8.13% GOI (MD 22/06/2045)	110.40	56.44
19	7.06% GOI (MD 10/10/2046)	50.08	50.08
20	7.72% GOI (MD 15/06/2049)	64.53	75.40
21	6.67% GOI (MD 17/12/2050)	114.89	-
22	6.99% GOI (MD 15/12/2051)	821.92	71.82
23	7.36% GOI (MD 12/09/2052)	1,535.38	-
24	7.72% GOI (MD 26/10/2055)	66.84	66.84
25	6.80% GOI (MD 15/12/2060)	29.25	44.01
26	6.76% GOI (MD 22/02/2061)	242.45	384.10
27	6.95% GOI (MD 16/12/2061)	2,458.32	424.40
28	7.40% GOI (MD 19/09/2062)	2,873.20	-
	Total	15,209.51	6,285.06
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 2023 (Contd.)

46 Other disclosures (Contd.)

13. Derivatives (BALIC) (Contd.)

II. The fair value gain/loss (MTM) with respect of Forward Rate Agreements outstanding as at the Balance Sheet date is stated below

(₹ In Crore)

Sr. No.	Particulars	As at 31 March	
		2023	2022
1	6.79% GOI (MD 26/12/2029)	2.19	4.24
2	7.88% GOI (MD 19/03/2030)	(1.22)	(0.82)
3	7.61% GOI (MD 09/05/2030)	0.59	1.19
4	8.97% GOI (MD 05/12/2030)	2.04	0.51
5	6.68% GOI (MD 17/09/2031)	(2.35)	(2.84)
6	8.32% GOI (MD 02/08/2032)	0.37	(0.86)
7	7.95% GOI (MD 28/08/2032)	(3.58)	(3.91)
8	8.24% GOI (MD 10/11/2033)	-	(1.05)
9	7.40% GOI (MD 09/09/2035)	(7.11)	(15.90)
10	6.67% GOI (MD 15/12/2035)	(9.40)	(20.87)
11	7.54% GOI (MD 23/05/2036)	9.45	-
12	8.33% GOI (MD 07/06/2036)	(10.31)	(13.84)
13	7.41% GOI (MD 19/12/2036)	0.30	-
14	8.83% GOI (MD 12/12/2041)	(0.38)	-
15	8.30% GOI (MD 31/12/2042)	2.79	3.00
16	9.23% GOI (MD 23/12/2043)	2.30	-
17	8.17% GOI (MD 01/12/2044)	0.72	(0.86)
18	8.13% GOI (MD 22/06/2045)	(1.35)	(1.03)
19	7.06% GOI (MD 10/10/2046)	(0.80)	(0.71)
20	7.72% GOI (MD 15/06/2049)	(0.86)	(1.24)
21	6.67% GOI (MD 17/12/2050)	1.50	-
22	6.99% GOI (MD 15/12/2051)	20.46	0.80
23	7.36% GOI (MD 12/09/2052)	(13.14)	-
24	7.72% GOI (MD 26/10/2055)	1.74	0.89
25	6.80% GOI (MD 15/12/2060)	(0.92)	(1.54)
26	6.76% GOI (MD 22/02/2061)	(3.93)	(9.74)
27	6.95% GOI (MD 16/12/2061)	2.88	(0.37)
28	7.40% GOI (MD 19/09/2062)	(30.21)	-
	Total	(38.23)	(64.95)

b. Movement in Cash flow hedge reserve

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Balance at the beginning of the year	(1.96)	(13.92)	(15.88)	-	0.62	0.62
Add: Changes in the fair value during the year	(26.37)	94.08	67.71	(2.00)	(14.54)	(16.54)
Less: Amount reclassified from OCI to profit or loss	1.22	-	1.22	0.04	-	0.04
Balance at the end of the year (Net of tax)	(27.11)	80.16	53.05	(1.96)	(13.92)	(15.88)

An amount of ₹ 99.12 crore (Previous year ₹ 38.89 crore) was recognised in Statement of Profit and Loss on account of cash flow hedge.

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

46 Other disclosures (Contd.)**13. Derivatives (BALIC)** (Contd.)**c. Counterparty wise details**

(₹ In Crore)

Name of counterparty	As at 31 March 2023	As at 31 March 2022
	Axis Bank Ltd / BNP Paribas / Bank of America N.A. / Citibank NA / HDFC Bank Ltd / HSBC Ltd / J.P. Morgan Chase / Standard Chartered Bank	J.P.Morgan Chase/ HSBC Ltd./ Standard Chartered Bank
Current credit exposure	77.62	14.73
Potential future credit exposure	650.85	187.18
Credit exposure	728.47	201.91

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	
	2023	2022
PV01 (Price value of one basis point)		
Hedge instrument	(11.51)	(4.03)
Hedge item	11.59	4.03

PV01 measures the change in the present value of the hedge instrument/item resulting from one basis point shift in the yield & OIS curve.

14. Fair value of equity investments at FVTOCI

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Aditya Birla Sun Life AMC	-	20.36
Ambuja Cements Ltd.	-	13.17
Asian Paints Ltd.	6.90	4.62
Axis Bank Ltd.	81.36	24.74
Bajaj Auto Ltd.	-	0.06
Bajaj Holdings & Investment Ltd.	-	0.02
Bayer CropScience Ltd.	9.79	10.44
Bharti Airtel Ltd.	92.05	38.98
Britannia Industries Ltd.	-	10.10
Bosch Ltd.	2.91	-
Cipla Ltd.	18.28	20.87
Divis Laboratories Ltd.	26.54	21.13
Dr Reddys Laboratories Ltd.	46.32	46.30
Godrej Consumer Products Ltd.	20.15	9.72

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

46 Other disclosures (Contd.)

14. Fair value of equity investments at FVTOCI (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
HCL Technologies Ltd.	23.55	5.82
HDFC Bank Ltd.	234.61	132.62
Hero Motocorp Ltd.	4.23	17.89
Hindalco Industries Ltd.	40.65	5.70
Hindustan Unilever Ltd.	87.04	46.71
Housing Development Finance Corporation	-	9.56
Housing Development Finance Corporation Ltd.	128.34	47.77
ICICI Bank Ltd.	188.17	41.04
ICICI Lombard General Insurance Co. Ltd.	-	9.96
ICICI Prudential Asset Management Co Ltd.	-	113.71
Infosys Ltd.	124.66	62.93
IndusInd Bank Ltd.	11.75	-
ITC Ltd.	45.17	25.06
Kotak Mahindra Bank Ltd.	13.86	10.52
Larsen & Toubro Ltd.	66.81	30.05
Lupin Ltd.	1.62	1.87
Mahindra & Mahindra Ltd.	40.44	6.45
Marico Ltd.	15.93	5.04
Maruti Suzuki India Ltd.	16.59	16.63
MRF Ltd.	2.52	3.25
Nippon India Mutual Fund	-	81.91
NTPC Ltd.	20.91	3.04
Nestle India Ltd.	11.82	-
Oil & Natural Gas Corpn Ltd.	11.03	7.38
Pidilite Industries Ltd.	3.53	10.80
Power Grid Corporation of India Ltd.	18.06	15.72
RBL Bank Ltd.	60.40	55.72
Reliance Industries Ltd.	279.50	127.26
Sanofi India Ltd.	12.62	3.00
Siemens Ltd.	26.62	11.37
State Bank of India	53.42	24.18
Sun Pharmaceuticals Industries Ltd.	31.48	11.53
Tata Consultancy Services Ltd.	202.41	133.28
Tata Motors Ltd.	17.56	13.02
Tata Steel Ltd.	43.63	38.56
Tech Mahindra Ltd.	12.67	11.25
The Ramco Cements Ltd.	4.15	2.30
Titan Company Ltd.	32.44	18.26
UltraTech Cement Ltd.	41.55	40.60
Wipro Ltd.	10.96	10.54
Fair value	2,245.00	1,432.81

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

46 Other disclosures (Contd.)**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 BFL 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 BFL ('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.

Details of transaction in FY 2022-23

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	(₹ In Crore)
					Amount of fund advanced or loaned
J.V.N Exports Pvt. Ltd.	29-Aug-22	6.00	Radiant Equity Management Pvt. Ltd.	31-Aug-22	6.00
Address: No B05, 5th Floor, Solus Jain Heights, J C Road, 1st Cross Road, Bangalore - 560027, Karnataka CIN: U07010KA1993PTC014766	14-Sep-22	0.30	Address: No 255-B, Bommasandra Industrial Area, Bommasandra Village Anekal T K, Bangalore - 560099, Karnataka CIN: U63090KA1994PTC143382	17-Sep-22	0.30
	18-Nov-22	0.30		19-Nov-22	0.30
	18-Jan-23	0.50		19-Jan-23	0.50
Chayadeep Properties Pvt. Ltd. Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 CIN: U45203KA2003PTC094179	14-Sep-22	26.45	Karuna Ventures Pvt. Ltd. Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 CIN: U74110KA2009PTC05057	22-Sep-22	157.00
	15-Sep-22	38.58			
	19-Sep-22	29.76			
	21-Sep-22	40.78			
	22-Sep-22	29.76			

Details of transaction in FY 2021-22

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	(₹ In Crore)
					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	07-Dec-21	65.00	Tenshi Kaizen Pvt. Ltd. Address: Plot no. 46, Higher pharimatech pvt. Ltd., 1st phase, KIADB industrial area, Harohalli, Ramanagar, Karnataka, 562112 CIN: U24230KA2007PTC042337	09-Dec-21	61.50
PremSagar Infra Realty Pvt. Ltd. Address: 191 /A/2 A/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	A2 Z 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).

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

46 Other disclosures (Contd.)

16. Relationship with Struck off Companies

(₹ In Crore)

S. No.	Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the struck off company	Balance outstanding 31 March 2023	Balance outstanding 31 March 2022
1	Abhilash Global Corporation Pvt. Ltd.	Loan receivables	No	0.09	0.12
2	Aditya Infocom Pvt. Ltd.	Loan receivables	No	-	0.04
3	Alpic Formulations Pvt. Ltd.	Loan receivables	No	0.06	0.06
4	Asquare Events And Production Pvt. Ltd.	Loan receivables	No	0.13	0.13
5	Astor Metal Industries Pvt. Ltd.	Loan receivables	No	0.17	0.17
6	Attract Force Management Service Pvt. Ltd.	Loan receivables	No	0.05	0.07
7	Ayuh Meditech Solutions Pvt. Ltd.	Loan receivables	No	-	0.02
8	Balsam Publishing House Pvt. Ltd.	Loan receivables	No	-	0.20
9	Bhandari Hotels Pvt. Ltd.	Loan receivables	No	0.09	0.09
10	Cse Computer Solutions East Pvt. Ltd.	Loan receivables	No	0.50	0.91
11	Daffodils Daily Opc Pvt. Ltd.	Loan receivables	No	0.12	0.12
12	Dheer Software Solutions Pvt. Ltd.	Loan receivables	No	-	0.04
13	First Office Solutions India Pvt. Ltd.	Loan receivables	No	0.07	0.03
14	First Paper Idea India Pvt. Ltd.	Loan receivables	No	0.11	0.11
15	Fortuner Con Serve Pvt. Ltd.	Loan receivables	No	-	0.03
16	Gayathri Technocrats Pvt. Ltd.	Loan receivables	No	-	0.15
17	Gintara Pvt. Ltd.	Loan receivables	No	-	0.08
18	Grastance Techonologies (P) Ltd	Loan receivables	No	0.03	0.05
19	Green Way Super Market Pvt. Ltd.	Loan receivables	No	0.11	0.11
20	Hyper Collective Creative Technologies Pvt. Ltd.	Loan receivables	No	-	-
21	Indira Smart Systems Pvt. Ltd.	Loan receivables	No	0.09	0.10
22	Indochin Electrotech Pvt. Ltd.	Loan receivables	No	0.13	0.13
23	Invision Entertainment Pvt. Ltd.	Loan receivables	No	2.06	1.83
24	Jamson Pharmaceutical Pvt. Ltd.	Loan receivables	No	-	0.11
25	Kool Gourmet Pvt. Ltd.	Loan receivables	No	0.10	-
26	Koolair Systems Pvt. Ltd.	Loan receivables	No	-	0.10
27	Mankut Facility Management Service Pvt. Ltd.	Loan receivables	No	0.09	-
28	Maxin Hydro Dynamic India Pvt. Ltd.	Loan receivables	No	0.14	0.06
29	Mazda Agencies Pvt. Ltd.	Loan receivables	No	0.11	0.11
30	Mechwing Engineering & Services Pvt. Ltd.	Loan receivables	No	0.10	0.10
31	Multi Tech System Industrial Automation Pvt. Ltd.	Loan receivables	No	-	-
32	Multiton Equipments Pvt. Ltd.	Loan receivables	No	-	0.11
33	Nur Automation Pvt. Ltd.	Loan receivables	No	0.07	-
34	R R Movers And Logistics Pvt. Ltd.	Loan receivables	No	0.13	0.13
35	Relied Staffing Solution Pvt. Ltd.	Loan receivables	No	0.12	0.12
36	Shrine Infrastructure Pvt. Ltd.	Loan receivables	No	0.56	0.57
37	Singh Hindustan Marine Pvt. Ltd.	Loan receivables	No	-	-
38	Solaris People Solutions Pvt. Ltd.	Loan receivables	No	0.10	0.10
39	Sri Beera Barji Trading Co. Pvt. Ltd.	Loan receivables	No	0.06	0.07

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

46 Other disclosures (Contd.)**16. Relationship with Struck off Companies** (Contd.)

(₹ In Crore)

S. No.	Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the struck off company	Balance outstanding 31 March 2023	Balance outstanding 31 March 2022
40	Sri Sampurna Laxmi Spinning Mills Pvt. Ltd.	Loan receivables	No	0.18	0.23
41	Suzal-Whole Sale Marketing Service Pvt. Ltd.	Loan receivables	No	-	0.08
42	Tejas India Buildtech Pvt. Ltd.	Loan receivables	No	0.14	0.13
43	Times Partner Pvt. Ltd.	Loan receivables	No	-	0.01
44	Tulsians Kharidiye P Ltd	Loan receivables	No	-	-
45	Vijayasree Rearing And Processing Pvt. Ltd.	Loan receivables	No	-	0.04
46	Wave Aquatic Pvt. Ltd.	Loan receivables	No	-	0.11
47	Thakorlal Hiralal Exports Private Ltd.	Stock Trading	No	-	-

17. Disclosure pertaining to stock statement filed with banks or financial institutions

BFL has availed of the facilities (secured borrowings) from the lenders inter alia on the condition that, BFL 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.

For the financial year ended 31 March 2023, the quarterly statements or returns of current assets filed by BFL with banks are in agreement with books of accounts.

For the financial year ended 31 March 2022**(a) Details of receivable reported in the quarterly stock statement and receivable as per books of account**

(₹ In Crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Name of bank	Trustees	Trustees	Trustees	Trustees
Particulars of securities provided	Loans	Loans	Loans	Loans
Amount as per books of accounts	117,372.02	121,243.87	130,731.63	144,276.25
Add : Impairment loss allowance	4,780.96	4,427.84	4,040.30	3,936.84
Add : Impact of EIR	1,334.84	1,468.39	1,663.25	1,742.64
Amount as per books of accounts (Gross)	123,487.82	127,140.10	136,435.18	149,955.73
Amount as reported in the quarterly return/ statement	112,020.80	125,534.07	135,802.51	141,462.65

Amount as reported in quarterly return is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties.

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

46 Other disclosures (Contd.)

17. Disclosure pertaining to stock statement filed with banks or financial institutions (Contd.)

(b) Summary of coverage required and available for secured borrowings

Particulars	(₹ In Crore)			
	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

47 Revenue from contracts with customers (BFL)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Type of services		
Service and administration charges	1,553.40	1,161.57
Fees on value added services and products	504.60	449.39
Foreclosure charges	319.11	226.92
Distribution income	1,915.17	1,199.17
Brokerage income	50.57	29.64
Total	4,342.85	3,066.69
Geographical markets		
India	4,342.85	3,066.69
Outside India	-	-
Total	4,342.85	3,066.69
Timing of revenue recognition		
Services transferred at a point in time	4,342.85	3,066.69
Services transferred over time	-	-
Total	4,342.85	3,066.69

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Contract balances		
Fees, commission and other receivable	459.28	359.07
Total	459.28	359.07

Impairment allowance recognised on contract balances is ₹ 1.34 crore (Previous year ₹ Nil)

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

48 Employee stock option plan**(i) 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.

The options issued under the ESOP Scheme vest over a period not less than 1 year and not later than 5 years from the date of grant with the vesting condition of continuous employment with BFL or Group 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. Details of grants given up to the reporting date under the scheme, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under

As on 31 March 2023

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-
15-May-13	138.04	3,949,300	-	-	3,096,300	853,000	-
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	81,500	-	2,393,750	340,750	81,500
20-May-15	448.16	1,935,000	158,800	-	1,406,700	369,500	158,800
24-May-16	765.37	1,430,000	302,800	-	901,825	225,375	302,800
17-May-17	1,347.75	1,120,750	355,494	-	623,893	141,363	355,494
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-
01-Feb-18	1,677.85	120,000	21,702	-	49,334	48,964	21,702
17-May-18	1,919.95	1,273,416	511,235	-	555,967	206,214	511,235
16-May-19	3,002.75	1,123,900	477,036	244,897	316,936	85,031	721,933
19-May-20	1,938.60	2,054,250	569,830	912,853	405,973	165,594	1,482,683
27-Apr-21	4,736.55	936,643	180,681	659,013	48,915	48,034	839,694
26-Apr-22	7,005.50	1,003,756	-	986,280	-	17,476	986,280
25-Jul-22	6,258.25	19,349	-	19,349	-	-	19,349
Total		29,940,214	2,659,078	2,822,392	20,446,573	4,012,171	5,481,470

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

48 Employee stock option plan (Contd.)

(i) Bajaj Finance Ltd. (Contd.)

As on 31 March 2022

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-
15-May-13	138.04	3,949,300	75,500	-	3,020,800	853,000	75,500
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	285,255	-	2,189,995	340,750	285,255
20-May-15	448.16	1,935,000	315,145	-	1,250,355	369,500	315,145
24-May-16	765.37	1,430,000	403,375	-	801,250	225,375	403,375
17-May-17	1,347.75	1,120,750	440,307	-	539,080	141,363	440,307
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-
01-Feb-18	1,677.85	120,000	27,126	-	43,910	48,964	27,126
17-May-18	1,919.95	1,273,416	404,417	244,912	416,510	207,577	649,329
16-May-19	3,002.75	1,123,900	343,451	501,778	198,595	80,076	845,229
19-May-20	1,938.60	2,054,250	311,196	1,411,314	197,334	134,406	1,722,510
27-Apr-21	4,736.55	936,643	2,401	905,273	773	28,196	907,674
Total		28,917,109	2,608,173	3,063,277	19,305,582	3,940,077	5,671,450

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

Particulars	FY 2022-23		FY 2021-22
	Grant date	No. of options granted	Weighted average fair value (₹)
Grant date	25-Jul-22	26-Apr-22	27-Apr-21
No. of options granted	19,349	1,003,756	936,643
Weighted average fair value (₹)	2,683.83	3,212.49	2,108.92

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

As on 31 March 2023

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	5,671,450	138.04-4,736.55	2,219.04	4.49
Granted during the year	1,023,105	6,258.25-7,005.5	6,691.37	
Cancelled during the year	72,094	1919.95-7,005.5	4,010.24	
Exercised during the year	1,140,991	138.04-4736.55	1,385.83	
Outstanding at the end of the year	5,481,470	219.66-7005.5	3,259.66	4.42
Exercisable at the end of the year	2,659,078	219.66-4736.55	1,959.63	2.66

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

48 Employee stock option plan (Contd.)**(i) Bajaj Finance Ltd.** (Contd.)**As on 31 March 2022**

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	6,633,275	87.61-3,002.75	1,206.35	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

The weighted average market price of equity shares for options exercised during the year is ₹ 6,564.81 (Previous year ₹ 6,473.87).

Method used for accounting for share based payment plan

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 (₹)*	Options granted	Vesting period
27-Apr-21	5.65%	3.5 - 6.5 years	42.51%	0.21%	4,736.55	936,643	4 years on SLM basis
26-Apr-22	6.52%	3.5 - 6.5 years	42.12%	0.29%	7,005.50	946,983	4 years on SLM basis
26-Apr-22	6.95%	7.5 years	39.54%	0.29%	7,005.50	56,773	5 year on bullet vesting
25-Jul-22	7.09%	3.5 - 6.5 years	42.20%	0.32%	6,258.25	7,544	4 years on SLM basis
25-Jul-22	6.91%	3.5 years	44.71%	0.32%	6,258.25	8,202	1 year on bullet vesting
25-Jul-22	6.99%	4 years	44.15%	0.32%	6,258.25	3,603	1.5 year on bullet vesting

*adjusted for sub-division of shares and issue of bonus shares thereon

For the year ended 31 March 2023, BFL has accounted expense of ₹ 224.41 crore as employee benefit expenses (note no.35) on the aforesaid employee stock option plan (Previous year ₹ 161.23 crore). The balance in employee stock option outstanding account is ₹ 555.46 crore as of 31 March 2023 (Previous year ₹ 397.56 crore).

(ii) For ESOPS's other than BFL refer Note No. 38 to standalone financial statements.

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

49 Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ In Crore)

	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.	11.31%	5,248.07	11.41%	732.52	0.15%	(0.68)	12.27%	731.84
2 Subsidiaries (Indian)								
Bajaj Allianz General Insurance Company Ltd.	20.34%	9,441.47	17.73%	1,137.50	88.56%	(402.97)	12.32%	734.53
Bajaj Allianz Life Insurance Company Ltd.	23.15%	10,745.17	2.07%	133.12	41.54%	(189.04)	(0.94%)	(55.92)
Bajaj Finance Ltd. (Consolidated)	117.42%	54,489.27	179.33%	11,507.69	6.96%	(31.69)	192.48%	11,476.00
Bajaj Finserv Direct Ltd.	1.29%	600.87	(0.81%)	(51.97)	0.08%	(0.37)	(0.88%)	(52.33)
Bajaj Finserv Health Ltd.	0.15%	69.27	(2.93%)	(187.86)	(0.44%)	2.00	(3.12%)	(185.86)
Bajaj Finserv Ventures Ltd.	0.34%	156.06	(0.02%)	(1.45)	-	-	(0.02%)	(1.45)
Bajaj Finserv Mutual Fund Trustee Ltd.	0.00%	0.04	0.00%	(0.04)	-	-	0.00%	(0.04)
Bajaj Finserv Asset Management Ltd.	0.12%	57.83	(0.59%)	(38.08)	0.28%	(1.31)	(0.66%)	(39.39)
(Less) : Minority interests in all subsidiaries	(67.21%)	(31,190.74)	(90.26%)	(5,792.26)	(37.13%)	169.01	(94.30%)	(5,623.25)
(Less) : Inter-company eliminations	(6.94%)	(3,221.69)	(15.93%)	(1,021.41)	-	-	(17.14%)	(1,021.42)
3 Joint ventures (as per equity method) (India)								
Bajaj Allianz Financial Distributors Ltd.	0.03%	11.72	0.00%	(0.48)	-	-	(0.01%)	(0.48)
(Less) : Inter-company eliminations	-	-	-	-	-	-	-	-
Total	100.00%	46,407.34	100.00%	6,417.28	100.00%	(455.05)	100.00%	5,962.23

50 Events after reporting date

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

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 KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director
DIN: 00014615

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Salient features of the financial statements of subsidiaries for the year ended 31 March 2023

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 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023
c Paid-up share capital	110.23	150.71	120.66	6,712.16	631.65	3.12	2.50	2.50	0.10	100.00
d Reserves and surplus	9,331.24	10,594.46	51,372.25	3,791.03	71.96	597.75	66.76	153.57	(0.06)	(42.18)
e Total assets	38,552.52	93,693.18	216,524.76	64,654.14	2,460.34	727.58	170.61	156.25	0.05	72.81
f Total liabilities	38,552.52	93,693.18	216,524.76	64,654.14	2,460.34	727.58	170.61	156.25	0.05	72.81
g Investments	26,619.20	89,897.96	28,737.85	2,000.91	209.79	498.76	2.76	8.52	-	54.03
h Turnover	20,562.50	20,304.75	35,686.57	5,665.44	204.38	391.14	184.96	0.20	-	3.36
i Profit before tax	1,521.34	88.54	13,881.51	1,700.06	11.08	(51.97)	(187.86)	(1.45)	(0.04)	(38.02)
j Provision for tax	383.84	(44.58)	3,591.77	442.26	2.87	-	-	-	-	0.06
k Profit after tax	1,137.50	133.12	10,289.74	1,257.80	8.21	(51.97)	(187.86)	(1.45)	(0.04)	(38.08)
l Proposed dividend **	270%	300%	1500%	0%	0%	0%	0%	0%	0%	0%
m % of shareholding	74.00%	74.00%	52.49%	100.00%*	100.00%*	80.13%#	100.00%	100.00%	100.00%	100.00%

* Held by Bajaj Finance Ltd.

The remaining 19.87% 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 2023	31 March 2023
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	12.09	1.31
g Profit/(loss) for the year		
Considered in consolidation	(0.45)	(0.03)
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
DIN: 00014615

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

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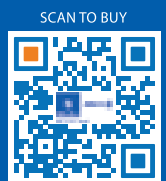


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STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report on the Standalone Financial Statements

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

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of Bajaj Finserv Ltd. ('the Company'), which comprise the standalone Balance Sheet as at 31 March 2023, the standalone Statement of Profit and loss (including Other Comprehensive Income), standalone Statement of Changes in Equity and standalone statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the standalone financial statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its 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 standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgment, we have determined that there is no key audit matter to be communicated in our report.

Other information

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditors' report thereon.
6. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance for the standalone financial statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application

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

of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the standalone financial statements

11. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 standalone financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - 12.1 Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - 12.2 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) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - 12.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - 12.4 Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - 12.5 Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current 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.

Report on other legal and regulatory requirements

16. As required by the Companies (Auditors' Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. As required by section 143(3) of the Act, we report that:
- 17.1 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.
- 17.2 In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- 17.3 The standalone Balance Sheet, the standalone Statement of Profit and Loss including Other Comprehensive Income, the standalone Statement of Changes in Equity and the standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- 17.4 In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- 17.5 On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.
- 17.6 With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- 17.7 In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act.
18. 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:
- 18.1 The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements – Refer Note 27 to the standalone financial statements.
- 18.2 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 18.3 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 18.4 The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

- 18.5 The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.
- 18.6 Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 18.4 and 18.5 contain any material misstatement.
- 18.7 In our opinion and according to the information and explanations given to us and as stated in Note No. 36(c) to the standalone financial statements:
- (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.
 - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Act.
 - (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 18.8 Proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1 April 2023, and accordingly, reporting under rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000
UDIN: 23044000BGYKEH1640

Pune : 27 April 2023

Annexure A to the Independent Auditors' Report

Annexure A to the Independent Auditors' Report on the Standalone Financial Statements of Bajaj Finserv Ltd. for the year ended 31 March 2023

(Referred to in paragraph 16 under 'Report on other legal and regulatory requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').
The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified on annual basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.
- (e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) The Company's business does not involve inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.
- (b) In our opinion and according to the information and explanations given to us, the Company does not have sanctioned working capital limits from banks or financial institutions. Accordingly, the provision of clause 3(ii)(b) of the Order is not applicable to it.
- iii. (a) The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, paragraph 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e), and 3(iii)(f) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the investments made are, prima facie, not prejudicial to the Company's interest. The Company has not provided any guarantees, securities and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the Company's interest. Accordingly, paragraph 3(iii)(b) is not applicable to that extent.
- (c) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or advances in nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the applicable provisions of sections 185 and 186 of the Act with respect to the investments made. The Company has not granted any loans covered or provided any guarantees or securities under section 185 and section 186 of the Act.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

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

- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (1) section 148 of the Act, related to generation of power through wind turbines, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues have been regularly deposited by the Company to/with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess, and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) In our opinion and according to the information and explanations given to us, we confirm that the following dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues, have not been deposited to/with the appropriate authority on account of any dispute.

Name of the statute	Nature of the dues	Amount (₹ In Crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.21	FY 2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	5.10	FY 2012-13, FY 2015-16 and FY 2016-17	Commissioner of Income Tax (Appeals)
GST Act, 2017	GST	0.4592	FY2017-18 and FY2018-19	Assessing Officer
Finance Act, 1994	Service Tax	1.014	01 March 2011 to 31 March 2015	Joint Commissioner

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not taken any loans or other borrowings from any financial institutions, banks, government and dues to debenture holders or in payment of interest thereon to any lender during the year. Hence, reporting under clause (ix)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

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

- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment/private placement of shares/fully/partly/optionally convertible debentures during the year.
- xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company that has been noticed or reported during the year.
- (b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration a whistle blower complaint received by the Company during the year while determining the nature, timing, and extent of audit procedures. No whistle blower complaint were received w.r.t financial reporting or operations of the Company during the year.
- xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company. and hence provisions of section 192 of the Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted any non-banking financial or housing finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is an Unregistered Core Investment Company ('CIC') as defined in the regulations made by Reserve Bank of India. The Company is not required to obtain registration with Reserve Bank of India and continues to fulfil the criteria of an unregistered CIC.
- (d) According to the information and explanation given to us, in the group (in accordance with Core Investment Companies (CIC's) (Reserve Bank) Directions, 2016) there are 17 companies forming part of the promoter/promoter group of the Company which are CICs. Further, as informed these CIC's are unregistered CICs as per Para 9.1 of notification No. RBI/2020-21/24 dated 13th August 2020 of the Reserve Bank of India
- xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable/paragraph 3(xviii) of the Order is not applicable.

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

- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.
- xxi. Reporting under clause xxi of the Order is not applicable at the standalone level of reporting.

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000
UDIN: 23044000BGYKEH1640

Pune : 27 April 2023

Annexure B to the Independent Auditors' Report

Annexure B to the Independent Auditors' Report on the Standalone Financial Statements of Bajaj Finserv Ltd. for the year ended 31 March 2023

(Referred to in paragraph '17.6' 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 standalone financial statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act').

Opinion

1. We have audited the internal financial controls with reference to the standalone financial statements of Bajaj Finserv Ltd. ('the Company') as at 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for internal financial controls

3. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company 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 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.

Auditors' responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SAs'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone financial statements were established and maintained and whether 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 system with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of internal financial controls with reference to the standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the standalone financial statements.

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

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

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

Inherent limitations of internal financial controls with reference to the standalone financial statements

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

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000
UDIN: 23044000BGYKEH1640

Pune : 27 April 2023

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March	
		2023	2022
ASSETS			
Financial assets			
Cash and cash equivalents	3	7.24	21.62
Bank balances other than cash and cash equivalents	4	0.47	0.43
Trade receivables	5	0.82	2.70
Investment in subsidiaries and joint venture	6A	3,369.09	3,039.04
Other investments	6B	1,709.33	1,152.24
Other financial assets	7	59.93	56.61
		5,146.88	4,272.64
Non-financial assets			
Current tax assets (net)		48.99	48.40
Investment property	8	5.11	5.24
Property, plant and equipment	9A	110.17	105.06
Capital work-in-progress	9B	4.09	4.08
Other non-financial assets	10	2.72	3.00
		171.08	165.78
Total		5,317.96	4,438.42

Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March	
		2023	2022
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	11		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2.33	2.03
Other financial liabilities	12	38.21	38.42
		40.54	40.45
Non-financial liabilities			
Current tax liabilities (net)		17.41	17.41
Deferred tax liabilities (net)	13	4.55	3.79
Provisions	14	4.51	5.60
Other non-financial liabilities	15	2.88	2.97
		29.35	29.77
EQUITY			
Equity share capital	16	159.26	79.57
Other equity	17	5,088.81	4,288.63
		5,248.07	4,368.20
Total		5,317.96	4,438.42

Summary of significant accounting policies followed by the Company 2

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

On behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director
DIN: 00014615

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March	
		2023	2022
Revenue from operations			
Interest income	18	97.24	71.83
Dividend income		948.66	510.66
Rental income		1.93	1.93
Windpower income	19	23.16	29.38
Net gain on fair value changes	20	5.48	10.03
Total revenue from operations		1,076.47	623.83
Other income	21	71.14	105.17
Total income		1,147.61	729.00
Expenses			
Employee benefits expenses	22	114.21	111.77
Depreciation, amortisation and impairment	23	3.20	4.22
Other expenses	24	55.58	49.79
Total expenses		172.99	165.78
Profit before tax		974.62	563.22
Tax expense			
Current tax		241.12	141.29
Deferred tax		0.98	(2.30)
Total tax expense	25	242.10	138.99
Profit for the year		732.52	424.23
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) of defined benefit plans		(0.91)	(2.14)
Tax impacts on above		0.23	0.54
Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year (net of tax)		(0.68)	(1.60)
Total comprehensive income for the year		731.84	422.63
Basic Earnings per share (in ₹)	26	4.6	2.7
Diluted Earnings per share (in ₹)	26	4.6	2.7
(Nominal value per share ₹ 1)			

Summary of significant accounting policies followed by the Company 2

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

On behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

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Chief Financial Officer
Sanjiv Bajaj
Chairman & Managing Director
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Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary
Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Statement of Changes in Equity

A Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March	
		2023	2022
At the beginning of the year		79.57	79.57
Changes in equity share capital during the year		79.69	-
At the end of the year	16	159.26	79.57

B Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus					
		Securities premium	General reserve	Share based payments reserve	Treasury shares	Retained earnings	Total other equity
Balance as at 31 March 2021	17	929.27	1,197.14	102.90	(184.22)	1,676.26	3,721.35
Profit for the year		-	-	-	-	424.23	424.23
Other comprehensive income (net of tax)		-	-	-	-	(1.60)	(1.60)
Total comprehensive income for the year ended 31 March 2022		-	-	-	-	422.63	422.63
Recognition of share based payments to employees of the Company		-	-	21.01	-	-	21.01
Exercise of options by employees pursuant to ESOP scheme		12.00	-	(12.00)	-	-	-
Final dividend, declared and paid during the year		-	-	-	-	(47.74)	(47.74)
Realisation from treasury shares held by ESOP trust		-	-	-	64.25	-	64.25
Recognition of share based payments to employees of subsidiaries		-	-	107.13	-	-	107.13
Balance as at 31 March 2022	17	941.27	1,197.14	219.04	(119.97)	2,051.15	4,288.63
Profit for the year		-	-	-	-	732.52	732.52
Other comprehensive income (net of tax)		-	-	-	-	(0.68)	(0.68)
Total comprehensive income for the year ended 31 March 2023		-	-	-	-	731.84	731.84
Recognition of share based payments to employees of the Company		-	-	25.20	-	-	25.20
Equity shares earlier held in abeyance, issued during the year (See note 16 d.)		0.04	-	-	-	-	0.04
Received on allotment of shares to Trust for employees pursuant to ESOP scheme		77.46	-	-	-	-	77.46
Issue of bonus shares		(79.64)	-	-	-	-	(79.64)
Share issue expenses		(1.98)	-	-	-	-	(1.98)
Exercise of options by employees pursuant to ESOP scheme		31.35	-	(31.35)	-	-	-
Transfer on cancellation of stock options		-	16.65	(16.65)	-	-	-
Final dividend, declared and paid during the year		-	-	-	-	(63.65)	(63.65)
Realisation from treasury shares held by ESOP trust		-	-	-	2.49	-	2.49
Recognition of share based payments to employees of subsidiaries		-	-	117.33	-	-	117.33
		968.50	1,213.79	313.57	(117.48)	2,719.34	5,097.72
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		8.91	-	-	-	-	8.91
Balance as at 31 March 2023	17	959.59	1,213.79	313.57	(117.48)	2,719.34	5,088.81

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

On behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

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Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
I. Operating activities		
Profit before tax	974.62	563.22
Adjustments to reconcile profit before tax to net cash flows		
Add		
i) Depreciation, amortisation and impairment	3.20	4.22
ii) Share based payment to employees	25.20	21.01
iii) Loss on sale of property, plant and equipment	0.04	-
	28.44	25.23
Less		
i) Profit on sale of investments, net	5.48	10.03
ii) Surplus on sale of property, plant and equipment	0.06	32.55
Amortisation of premium/discount on acquisition of debt iii) securities	28.83	2.26
	34.37	44.84
	968.69	543.61
Change in assets and liabilities		
i) (Increase)/decrease in trade receivables	1.88	(2.18)
ii) (Increase)/decrease in loans and other assets	(3.04)	(18.94)
iii) (Increase)/decrease in other bank balances	(0.04)	99.99
iv) Increase/(decrease) in liabilities and provisions	(2.04)	3.30
	(3.24)	82.17
Reimbursement of share based payments	117.33	107.13
(Purchase)/sale of money market mutual funds, etc., net *	(53.36)	20.52
Net cash from operating activities before income-tax	1,029.42	753.43
Income-tax paid	(241.71)	(142.84)
Net cash flow from operating activities	787.71	610.59
Carried forward	787.71	610.59

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Brought forward	787.71	610.59
II. Investing activities		
i) Purchase of property, plant and equipment	(8.74)	(16.89)
ii) Sales proceeds of property, plant and equipment	0.58	91.69
iii) Investment in subsidiaries	(330.05)	(644.39)
iv) Sale of investments *	1,877.91	528.60
v) Purchase of investments *	(2,347.33)	(588.75)
vi) (Investment in)/Realisation from treasury shares by ESOP trust	2.49	64.25
Net cash used in investing activities	(805.14)	(565.49)
III. Financing activities		
i) Dividend paid	(63.61)	(47.73)
ii) Share issue expenses	(1.98)	-
iii) Rights issue proceeds (net of expenses) [See note 16 d.]	0.04	-
iv) Issue of equity share capital (including securities premium)	68.60	-
Net cash used in financing activities	3.05	(47.73)
Net change in cash and cash equivalents	(14.38)	(2.63)
Cash and cash equivalents as at the beginning of the year	21.62	24.25
Cash and cash equivalents as at the end of the year	7.24	21.62

* As the Company is an investment company, dividend received and interest earned are considered as part of cash flow from operating activities. Purchase and sale of investments has been classified into operating and investing activity based on the intention of the Management at the time of purchase of securities.

Summary of significant accounting policies followed by the Company 2

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

On behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Chairman & Managing Director
DIN: 00014615

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende
Company Secretary

Dr. Naushad Forbes
Chairman-Audit Committee
DIN: 00630825

Pune: 27 April 2023

Notes to standalone financial statements for the year ended 31 March 2023

- 1** Bajaj Finserv Ltd. (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is primarily engaged in the business of promoting financial services such as finance, insurance, broking, investments, etc. including distribution using digital platforms through its investments in subsidiaries and joint ventures. The Company is also engaged in the business of generating power through wind turbines, a renewable source of energy. The Company's registered office is at Bajaj Auto Ltd. Complex, Mumbai-Pune road, Pune, Maharashtra, India. Its shares are listed on two recognised stock exchanges in India.

Under the Master Circular – Core Investment Companies (Reserve Bank) Directions, 2016, the Company is termed as an unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 25 August 2016 (last updated on 29 December 2022). As an unregistered CIC, the Company must invest at least 90% of its net assets in Group companies, of which at least 60% must be through equity investments.

Financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 27 April 2023, Board of Directors of the Company approved and recommended the financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

2 Significant accounting policies followed by the Company

2A 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 Company's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

2B Summary of significant accounting policies followed by the Company

1. Use of estimates

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

2. Revenue recognition

Income

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation.

1. Interest income

Interest income from debt instruments is recognised using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument.

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

2B Summary of significant accounting policies followed by the Company (Contd.)

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Balance Sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the Statement of Profit and Loss.

2. Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

3. Wind farm income

A five-step model in line with Ind AS 115 is applied to account for revenue arising from contracts with customers and revenue is recognised at an amount that reflects the consideration to which Company expects to be entitled in exchange for transferring goods or services to a customer.

Income from wind-power generation is recognised on acceptance by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) of units generated and after giving allowance for wheeling and transmission losses over time. Simultaneously, relevant entitlements for generating green energy are recognised to the extent the ultimate collection is reasonably certain.

Company exercises judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

4. Rent and other income

The Company recognises income on accrual basis. Rental income is accounted on a straight-line basis over the lease terms.

3. Property, plant and equipment and depreciation/amortisation**A. Property, plant and equipment**

- i) Property, plant and equipment, capital work in progress except land are carried at cost of acquisition or construction as the case may be, less accumulated depreciation and amortisation. Land is carried at cost of acquisition. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by the Management. The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Changes in the expected useful life are accounted for by changing the period or methodology, as appropriate, and treated as changes in accounting estimates. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.
- ii) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain/loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

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

2B Summary of significant accounting policies followed by the Company (Contd.)

B. Depreciation and amortisation

a. Leasehold land

Premium on leasehold land is amortised over the period of lease.

b. On other tangible assets

- i. Depreciation is calculated using the straight line method to write down the cost of property and equipment (including components thereof) to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are, as follows:
 - Buildings – 60 years
 - Computers – 3 years
 - Wind turbines – 22 years
 - Others – furniture, electric fittings and office equipment – 3 to 10 years
- ii. Useful life of assets/components are determined by the Management by internal technical assessments.
- iii. Depreciation on additions is being provided on pro rata basis from the month of such additions.
- iv. Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.
- v. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if necessary and appropriate.

C. Impairment of property, plant and equipment

An assessment is done at each Balance Sheet date as to whether there are any indications that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/Cash Generating Unit (CGU) is made. Where the carrying value of the asset/CGU exceeds the recoverable amount, the carrying value is written down to the recoverable amount.

4. Investment property

Land and buildings which are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed when incurred. Depreciation on investment property is provided on a pro rata basis on straight line method over the estimated useful lives. Useful life of assets, as assessed by the Management, corresponds to those prescribed by Schedule II - Part 'C' of the Act.

5. Investments and financial assets

A. Investment in subsidiaries and joint venture

Interest in subsidiaries and joint venture are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments. Loans and other similar arrangements with subsidiaries which are probable to be settled for a fixed number of equity shares of the borrower for a fixed price are classified as equity investments.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

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

2B Summary of significant accounting policies followed by the Company (Contd.)**B. Other investments and financial assets****I. Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)), and
- those to be measured subsequently at amortised cost.

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gain/loss will either be recorded in profit or loss or other comprehensive income, as elected. For assets classified as 'measured at amortised cost', this will depend on the business model and contractual terms of the cash flows.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test (Solely Payments of Principal and Interest)

As a second step of its classification process the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

II. Measurement**Initial measurement**

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset at its fair value including, in the case of 'a financial asset not at 'FVTPL', transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'FVTPL' are expensed in profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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

2B Summary of significant accounting policies followed by the Company (Contd.)

Subsequent measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are two measurement categories into which the Company classifies its financial instruments.

Subsequently measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. Debentures, Bonds etc. A gain/loss on a financial asset that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Subsequently measured at FVTPL

Financial assets that do not meet the criteria for amortised cost, are measured at FVTPL e.g. investments in mutual funds. A gain/loss on a financial asset that is subsequently measured at FVTPL is recognised in profit or loss and presented net in the Statement of Profit and Loss with other gain/loss in the period in which it arises.

III. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Since the Company makes investments in highly rated debt securities, which are categorised as 'subsequently measured at amortised cost', the risk parameters such as tenor, the probability of default corresponding to the credit rating by rating agency (viz. CRISIL, ICRA), for each of these instruments is considered in estimating the probable credit loss over life time of such securities.

ECL impairment loss allowance (or reversal) is recognised during the period only if material and is recognised as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Financial assets measured at amortised cost and revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

IV. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2022-23 and 2021-22.

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

2B Summary of significant accounting policies followed by the Company (Contd.)**V. Derecognition of financial assets**

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

6. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities at FVTPL are measured at fair value and net gain and loss, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gain and loss are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

i. Classification

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

ii. Initial recognition

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

iii. Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Any gain or loss arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

iv. Derecognition

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

7. Employee benefits**A. Compensated absences and long-term incentive plan**

Compensated absences entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised on the basis of an independent actuarial valuation.

The Company's liability towards long-term incentive plan, being a defined benefit plan, is accounted for on the basis of an independent actuarial valuation.

They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

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

2B Summary of significant accounting policies followed by the Company (Contd.)

B. Gratuity

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under Cash Accumulation Policy and Debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability on the basis of an independent actuarial valuation is recognised as a liability.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

C. Employee stock option scheme

The fair value of options granted under the Bajaj Finserv Ltd. - Employee Stock Option Scheme (BFS-ESOS) is recognised as an employee benefits expenses with a corresponding credit to share based payments reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance conditions (e.g., continuance of an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Upon exercise of the options, the aggregate of exercise price received and the corresponding balance in share based payments reserve is transferred to share capital to the extent of face value of equity shares and balance into securities premium account.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the share based payments reserve is transferred within other equity.

While the fair value of stock options granted to employees of the Company is recognised in the Statement of Profit and Loss, the value of stock options, net of reimbursements, granted to employees of the subsidiary companies is considered as capital contribution/investment in the subsidiary.

D. Treasury shares

The Company has created an employee benefit trust (EBT) for providing share based payment to its employees. When the Company uses EBT as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued or sold, is recognised in capital reserve. Share options exercised during the reporting period are settled with treasury shares.

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

2B Summary of significant accounting policies followed by the Company (Contd.)**E. Defined contribution plans**

The Company has three defined contribution plans for its employees:

- Contribution to superannuation fund as per the scheme of the Company
- Contribution to provident fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority

The Company recognises contribution payable to these fund/schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

8. Taxation

- a. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- b. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- c. Deferred tax is provided using the asset-liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- d. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.
- e. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- f. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- g. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

2B Summary of significant accounting policies followed by the Company (Contd.)

9. Goods and service tax/value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets, goods or services is not eligible for recovery from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

10. Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources is remote, no provision or disclosure is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

11. Leases including investment properties

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to note 3C for accounting policies on impairment of non-financial assets.

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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

2B Summary of significant accounting policies followed by the Company (Contd.)**c) Short-term leases**

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

12. Cash and cash equivalents

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

13. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

14. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Core Management Committee which includes the Chairman & Managing Director who is the Chief Operating Decision Maker. The Core Management Committee examines performance both from product and a geographical perspective.

15. Foreign currency translation**Functional and presentational currency**

The standalone financial statements are presented in INR which is also functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling 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.

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

2B Summary of significant accounting policies followed by the Company (Contd.)

16. Dividends on equity shares

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company.

17. Fair value measurement

The Company measures financial instruments other than equity investment in subsidiaries, joint venture, associates and debt securities of subsidiaries, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company has set policies and procedures for both recurring and non-recurring fair value measurement of financial assets, which includes valuation techniques and inputs to use for each case.

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

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

3 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Balances with banks	7.24	21.62
	7.24	21.62

4 Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Unclaimed dividend accounts	0.47	0.43
	0.47	0.43

5 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Good	0.82	2.70
	0.82	2.70

No trade or other receivable are due from Directors or other officers of the Company 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 ageing schedule

(₹ In Crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	More than 2 years	
31 March 2023						
Undisputed trade receivables – considered good	0.82	-	-	-	-	0.82
Unbilled dues	-	-	-	-	-	-
31 March 2022						
Undisputed trade receivables – considered good	1.15	1.55	-	-	-	2.70
Unbilled dues	-	-	-	-	-	-

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

6 Investments

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
A Investment in subsidiaries and joint venture		
Investment in equity instruments carried at cost		
In subsidiaries		
Bajaj Finance Ltd.	1,910.73	1,910.73
Bajaj Allianz Life Insurance Co. Ltd.	111.53	111.53
Bajaj Allianz General Insurance Co. Ltd.	81.57	81.57
Bajaj Finserv Direct Ltd.	2.50	2.50
Bajaj Finserv Health Ltd.	2.50	2.50
Bajaj Finserv Asset Management Ltd.	100.00	60.00
Bajaj Finserv Mutual Fund Trustee Ltd.	0.10	0.05
Bajaj Finserv Ventures Ltd.	2.50	2.50
Deemed equity at cost for Bajaj Finserv Direct Ltd. *	522.93	522.93
Deemed equity at cost for Bajaj Finserv Health Ltd. *	457.50	237.50
Deemed equity at cost for Bajaj Finserv Ventures Ltd. *	155.00	85.00
Deemed equity at cost on account of ESOP scheme	21.03	21.03
Cost	3,367.89	3,037.84
In joint venture		
Bajaj Allianz Financial Distributors Ltd.	1.20	1.20
Cost	1.20	1.20
Total (A)	3,369.09	3,039.04
B Other investments		
Investments carried at amortised cost		
In debt securities of subsidiaries		
Bajaj Finance Ltd.	769.95	686.14
Bajaj Housing Finance Ltd.	548.88	349.58
Amortised cost	1,318.83	1,035.72
In certificate of deposits		
Axis Bank Ltd.	47.19	48.67
Bank of Baroda Ltd.	24.64	-
Canara Bank Ltd.	73.33	-
HDFC Bank Ltd.	73.08	48.49
National Bank For Agriculture And Rural Development	70.57	-
Small Industries Development Bank of India	23.42	-
Amortised cost	312.23	97.16
Investments carried at fair value through profit and loss		
In mutual funds		
Nippon India Overnight Fund - Direct Growth Plan	78.27	19.36
Fair value	78.27	19.36
Total (B)	1,709.33	1,152.24
Total Investments (C) = (A) + (B)	5,078.42	4,191.28

* Refer note 2B. 5) A.

All investments in 6A and 6B above are within India.

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

7 Other financial assets

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Credit receivable for windpower generated	1.04	1.49
REC receivable	-	0.01
Interest accrued on investments	46.61	48.64
Security deposits	2.69	2.74
Other receivables	9.59	3.73
	59.93	56.61

8 Investment property

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Gross carrying amount		
Opening balance	8.25	8.25
Additions	-	-
Closing balance	8.25	8.25
Accumulated depreciation		
Opening balance	3.01	2.88
Depreciation charge	0.13	0.13
Closing balance	3.14	3.01
Net carrying amount	5.11	5.24

i) Amounts recognised in profit or loss for investment properties

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Rental income	1.93	1.93
Direct operating expenses from property that generated rental income	(0.03)	(0.03)
Profit from investment properties before depreciation	1.90	1.90
Depreciation	(0.13)	(0.13)
Profit from investment property	1.77	1.77

ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property. There are no restrictions on the existence and realisability of investment property or the remittance of income and proceeds of disposal.

iii) Leasing arrangements

Investment properties are leased out to tenants under operating leases. Disclosure on future rent receivable is included in Note 33.

iv) Fair value

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Investment property	40.26	40.26

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

8 Investment property (Contd.)

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 Company are cancellable leases. The market rate for sale/purchase of such premises are representative of fair values. Company'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.

9A Property, plant and equipment

Current year

Particulars	Gross block (a)				Accumulated depreciation			Net block	
	As at 1 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 1 April 2022	Deductions/ adjustments	For the year (a)	As at 31 March 2023	As at 31 March 2023
	(₹ In Crore)								
Land freehold (c)	59.61	3.94	-	63.55	-	-	-	-	63.55
Buildings (b)	28.48	-	-	28.48	7.68	-	0.41	8.09	20.39
Computers	3.25	0.87	0.82	3.30	2.38	0.74	0.52	2.16	1.14
Electric fittings	0.48	-	-	0.48	0.48	-	-	0.48	-
Furniture	6.63	-	-	6.63	3.27	-	0.75	4.02	2.61
Office equipment	2.17	0.18	0.09	2.26	1.95	0.10	0.10	1.95	0.31
Leasehold improvements	0.47	-	-	0.47	0.01	-	0.09	0.10	0.37
Vehicles	8.78	3.74	0.70	11.82	3.23	0.22	1.20	4.21	7.61
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	393.59	8.73	1.61	400.71	288.53	1.06	3.07	290.54	110.17

Previous year

Particulars	Gross block (a)				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 (a)	As at 31 March 2022	As at 31 March 2022
	(₹ In Crore)								
Land freehold (c)	48.51	11.10	-	59.61	-	-	-	-	59.61
Land leasehold	8.19	-	8.19	-	-	-	-	-	-
Buildings (b)	73.62	-	45.14	28.48	8.93	2.45	1.20	7.68	20.80
Waterpumps, Reservoirs and Mains	1.06	-	1.06	-	0.09	0.13	0.04	-	-
Computers	2.93	0.32	-	3.25	1.90	-	0.48	2.38	0.87
Electric fittings	7.57	-	7.09	0.48	1.41	1.38	0.45	0.48	-
Furniture	7.21	0.51	1.09	6.63	2.81	0.43	0.89	3.27	3.36
Office equipment	2.01	0.16	-	2.17	1.89	-	0.06	1.95	0.22
Leasehold improvements	-	0.47	-	0.47	-	-	0.01	0.01	0.46
Vehicles	7.76	2.54	1.52	8.78	2.83	0.56	0.96	3.23	5.55
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	442.58	15.10	64.09	393.59	289.39	4.95	4.09	288.53	105.06

- (a) Refer note 2B clause 3) of summary of significant accounting policies.
- (b) Excludes premises held as investment properties and given on lease disclosed as an investment. Correspondingly depreciation for the year on investment property amounting to ₹ 0.13 crore (previous year ₹ 0.13 crore) has been reduced from the said Investments under note 8.
- (c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore.
- (d) All title deeds of immovable properties are held in the name of the Company.

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

9B Capital work-in-progress**CWIP ageing schedule****Current year**

(₹ In Crore)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.01	1.79	2.29	-	4.09

There are no projects temporarily suspended and hence not required to be disclosed separately

Previous year

(₹ In Crore)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.79	2.29	-	-	4.08

There are no projects temporarily suspended and hence not required to be disclosed separately

10 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Capital advances	0.14	2.05
VAT refund receivable	0.49	0.80
GST receivable	2.00	-
Others	0.09	0.15
	2.72	3.00

11 Trade payables

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.33	2.03
	2.33	2.03

On the basis of information requested from vendors with regards to their registration (filing of Memorandum) under 'The Micro, Small and Medium Enterprises Development Act, 2006. (27 of 2006)' and in view of the terms of payments not exceeding 45 days, which has been promptly paid, no liability exists as at 31 March 2023 and 31 March 2022 and hence no disclosures have been made in this regard.

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

11 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	1-2 years	2-3 years	More than 3 years	
31 March 2023						
MSME	-	-	-	-	-	-
Others	1.82	0.39	0.12	-	-	2.33
31 March 2022						
MSME	-	-	-	-	-	-
Others	1.81	0.19	0.01	0.01	0.01	2.03

12 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Unclaimed dividend	0.47	0.43
Directors' remuneration and commission payable	15.58	12.22
Employee benefits payable	19.77	23.12
Security deposits	2.14	2.14
Others	0.25	0.51
	38.21	38.42

13 Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Deferred tax liabilities		
On account of timing difference in		
Property, plant and equipment	5.78	5.75
Retiral and other employee benefits		
Defined benefit plan provisions - P&L	1.45	1.02
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	0.01	0.35
Gross deferred tax liabilities	7.24	7.12
Deferred tax assets		
On account of timing difference in		
Retiral and other employee benefits		
Provision for compensated absences	0.62	0.69
Defined benefit plan provisions - OCI	1.96	1.73
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	0.11	0.91
Gross deferred tax assets	2.69	3.33
Deferred tax liabilities (net)	4.55	3.79

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

13 Deferred tax liabilities (net) (Contd.)**Movement in deferred tax liabilities/(assets)**

(₹ In Crore)

Particulars	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	Total
At 31 March 2021	6.82	0.70	(0.89)	6.63
(Charged)/credited				
- to profit and loss	(1.07)	(1.26)	0.03	(2.30)
- to other comprehensive income	-	-	(0.54)	(0.54)
At 31 March 2022	5.75	(0.56)	(1.40)	3.79
(Charged)/credited				
- to profit and loss	0.03	0.46	0.49	0.98
- to other comprehensive income	-	-	(0.23)	(0.23)
At 31 March 2023	5.78	(0.10)	(1.14)	4.55

14 Provisions

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Provision for employee benefits [See note 30]		
Provision for gratuity	2.06	2.85
Provision for compensated absences	2.45	2.75
	4.51	5.60

15 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Taxes and duties payable	2.39	2.46
Other payables	0.49	0.51
	2.88	2.97

16 Equity share capital

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Authorised		
2,000,000,000 equity shares of ₹ 1 each (previous year ₹ 5 each)#	200.00	100.00
Issued, subscribed and fully paid-up shares		
1,592,815,460 (31 March 2022: 159,137,444) equity shares of ₹ 1 each (previous year ₹ 5 each)#	159.28	79.57
Less: 180,560 (31 March 2022: Nil) equity shares of ₹ 1 each held in Trust for employees under ESOP scheme*	0.02	-
	159.26	79.57

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

16 Equity share capital (Contd.)

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,137,444	79.57	159,137,444	79.57
Add: Equity shares earlier held in abeyance, issued during the year (See note 16 d)	619	-	-	-
Add: Issued during the year to Trust for employees under ESOP scheme*	143,483	0.07	-	-
Before adjustment of sub-division of shares	159,281,546	79.64	-	-
Adjusted no. of shares on account of sub-division of equity share #	796,407,730	79.64	-	-
Add: Bonus shares issued during the year#	796,407,730	79.64	-	-
	1,592,815,460	159.28	-	-
Less: Equity shares held in trust for employees under ESOP scheme*	180,560	0.02	-	-
Outstanding at the end of the year	1,592,634,900	159.26	159,137,444	79.57

* On 22 July 2022, the Allotment Committee allotted 143,483 equity shares of face value of ₹ 5 each under Bajaj Finserv Ltd. Employee Stock Option Scheme. The shares were listed on BSE Ltd. and National Stock Exchange of India Ltd. w.e.f. 27 July 2022.

#

i) Pursuant to approval of the Members

ia) Sub-division of each existing equity share of face value of ₹ 5 (Rupees Five only) into Five (5) equity shares of face value of ₹ 1 (Rupees One only) fully paid-up and consequently the number of issued capital was increased from 159,281,546 equity shares of face value of ₹ 5 each into 796,407,730 equity shares of face value of ₹ 1 each.

ib) Authorised share capital of the Company was increased from ₹ 100 crore consisting of 200,000,000 equity shares of face value of ₹ 5 each to ₹ 200 crore consisting of 2,000,000,000 equity shares of face value of ₹ 1 each post sub-division.

ii) Subsequent to said approval, the Allotment Committee allotted 796,407,730 equity shares of face value of ₹ 1 each as bonus shares in the proportion of one bonus equity share of face value of ₹ 1 for every one equity share of face value of ₹ 1 held as on the record date, by capitalising an amount of ₹ 79.64 crore from securities premium. The bonus shares were listed on BSE Ltd. and National Stock Exchange of India Ltd. w.e.f. 22 September 2022.

iii) Consequently, in terms of the Employee Stock Option Scheme of the Company, the grant price and the number of outstanding stock options in respect of stock options granted under the Employee Stock Option Scheme were proportionately adjusted.

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share (Previous year ₹ 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 Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

16 Equity share capital (Contd.)**c. Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 1 each (Previous year ₹ 5 each) fully paid				
Bajaj Holdings & Investment Ltd.	623,142,140	39.12%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	154,750,840	9.72%	15,345,384	9.64%

d. Shares reserved for issue at a subsequent date

137,980 equity shares of ₹ 1 each (31 March 2022: 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.

During the year, the Company issued 619 (before sub division (split) and bonus issue) of such equity shares at the offered price of ₹ 650, thereby collecting ₹ 0.04 crore as premium.

e. Details of promoter shareholding**Shares held by promoters at the end of the year**

Promoter/Promoter group name	As at 31 March 2023			As at 31 March 2022		
	Nos.	% Holding	% Change during the year	Nos.	% Holding	% Change during the year
Deepa Bajaj	125,125	0.01%	(0.01%)	25,025	0.02%	-
Geetika Bajaj	2,479,000	0.16%	-	247,900	0.16%	0.16%
Kiran Bajaj	3,925,600	0.22%	(0.05%)	423,360	0.27%	-
Kriti Bajaj	742,000	0.05%	-	74,200	0.05%	0.03%
Kumud Bajaj	500,000	0.03%	-	50,000	0.03%	-
Madhur Bajaj	500,000	0.02%	-	50,000	0.02%	(0.35%)
Minal Bajaj	642,000	0.04%	-	64,200	0.04%	-
Neelima Bajaj Swami	500,000	0.03%	-	50,000	0.03%	-
Nimisha Jaipuria	500,000	0.03%	-	50,000	0.03%	-
Niraj Bajaj	3,588,150	0.23%	-	358,815	0.23%	-
Niravnayan Bajaj	2,058,660	0.13%	-	205,866	0.13%	-
Estate of Rahul Kumar Bajaj	556,620	0.03%	-	55,662	0.03%	-
Rajivnayan Bajaj	576,590	0.04%	(0.03%)	115,318	0.07%	-
Rishabhayan Bajaj	38,000	-	-	7,600	-	-
Sanjali Bajaj	792,370	0.05%	0.02%	51,500	0.03%	-
Sanjivnayan Bajaj	3,618,050	0.23%	0.02%	361,279	0.21%	(0.05%)
Shefali Bajaj	525,990	0.03%	-	52,599	0.03%	-
Shekhar Bajaj	1,930,260	0.12%	(0.02%)	227,426	0.14%	-
Siddhantnayan Bajaj	792,370	0.05%	0.02%	51,500	0.03%	-
Suman Jain	5,783,878	0.36%	-	578,389	0.36%	-
Sunaina Kejriwal	6,989,380	0.44%	-	698,938	0.44%	-
Pooja Bajaj	444,360	0.03%	0.02%	10,036	0.01%	-
Vanraj Bajaj	332,360	0.02%	0.01%	23,436	0.01%	-
Sheetal Bajaj	270,000	0.02%	-	27,000	0.02%	-
Bachhraj and Company Pvt. Ltd.	20,149,780	1.27%	-	2,014,978	1.27%	-
Bachhraj Factories Pvt. Ltd.	10,787,870	0.68%	-	1,078,787	0.68%	-
Bajaj Auto Holdings Ltd.	2,090,050	0.13%	-	209,005	0.13%	-

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

16 Equity share capital (Contd.)

Promoter/Promoter group name	As at 31 March 2023			As at 31 March 2022		
	Nos.	% Holding	% Change during the year	Nos.	% Holding	% Change during the year
Bajaj Holdings & Investment Ltd.	623,142,140	39.12%	(0.04%)	62,314,214	39.16%	-
Bajaj Sevashram Pvt. Ltd.	26,050,025	1.64%	0.14%	2,382,906	1.50%	-
Baroda Industries Pvt. Ltd.	9,190,010	0.58%	-	919,001	0.58%	-
Hercules Hoists Ltd.	920,630	0.06%	-	92,063	0.06%	-
Jamnialal Sons Pvt. Ltd.	154,750,840	9.72%	0.08%	15,345,384	9.64%	-
Kamalnayan Investment & Trading Pvt. Ltd.	750,000	0.05%	0.01%	61,200	0.04%	-
Madhur Securities Pvt. Ltd.	552,000	0.03%	-	40,700	0.03%	-
Maharashtra Scooters Ltd.	37,932,400	2.38%	0.04%	3,725,740	2.34%	-
Niraj Holdings Pvt. Ltd.	244,000	0.02%	0.01%	10,300	0.01%	-
Rahul Securities Pvt. Ltd.	1,685,000	0.11%	0.02%	143,000	0.09%	-
Rupa Equities Pvt. Ltd.	1,622,000	0.10%	0.01%	137,400	0.09%	-
Shekhar Holdings Pvt. Ltd.	445,000	0.03%	0.01%	30,300	0.02%	-
Hindustan Housing Company Ltd.	80,000	0.01%	-	8,000	0.01%	-
Geetika Trust No. 2 (Kiran Bajaj)	-	-	-	-	-	(0.16%)
Nimisha Trust (Madhur Bajaj)	14,000	-	-	1,400	-	-
Deepa Trust (Niraj Bajaj)	11,000	-	-	1,100	-	-
Kriti Trust (Niraj Bajaj)	-	-	-	-	-	(0.02%)
Niravnayan Trust (Niraj Bajaj)	4,355,000	0.27%	-	435,500	0.27%	-
Rishab Trust (Rajivnayan Bajaj)	11,000	-	-	1,100	-	-
Sanjali Trust (Sanjivnayan Bajaj)	11,000	-	-	1,100	-	-
Siddhant Trust (Sanjivnayan Bajaj)	22,000	-	-	2,200	-	-
Nirvaan Trust (Sunaina Kejriwal)	1,000	-	-	100	-	-
Aryaman Trust (Manish Kejriwal)	1,220	-	-	-	-	-
Anant Bajaj Trust (Shekhar Bajaj)	405,000	0.03%	0.03%	-	-	-
Sanjali Family Trust (Sanjivnayan Bajaj)	444,000	0.03%	-	44,400	0.03%	-
Siddhant Family Trust (Sanjivnayan Bajaj)	433,000	0.03%	-	43,300	0.03%	-
Rishab Family Trust (Rajivnayan Bajaj)	2,284,250	0.13%	(0.25%)	610,650	0.38%	-
Aryaman Family Trust (Manish Kejriwal)	1,194,000	0.08%	-	119,400	0.08%	-
Nirvaan Family Trust (Sunaina Kejriwal)	1,194,000	0.08%	-	119,400	0.08%	-
Neelima Bajaj Swamy Family Trust (Neelima Bajaj Swamy)	2,320,190	0.15%	-	232,019	0.15%	-
Nimisha Jaipuria Family Trust (Nimisha Jaipuria)	2,382,730	0.15%	-	238,273	0.15%	-
Neelima Bajaj Family Trust (Kumud Bajaj)	3,630,240	0.23%	-	363,024	0.23%	-
Nimisha Bajaj Family Trust (Madhur Bajaj)	3,553,700	0.22%	-	355,370	0.22%	-
Niravnayan Bajaj Family Trust (Niraj Bajaj)	5,500,000	0.34%	-	550,000	0.34%	-
Kriti Bajaj Family Trust (Minal Bajaj)	1,000,000	0.06%	-	100,000	0.06%	-
Geetika Shekhar Bajaj Trust (Shekhar Bajaj)	5,245,000	0.32%	(0.03%)	565,000	0.35%	-
Kumud Neelima Family Trust (Madhur Bajaj)	1,362,610	0.09%	-	136,261	0.09%	0.09%
Kumud Nimisha Family Trust (Madhur Bajaj)	1,362,610	0.09%	-	136,261	0.09%	0.09%
Madhur Neelima Family Trust (Kumud Bajaj)	1,362,610	0.09%	-	136,261	0.09%	0.09%
Madhur Nimisha Family Trust (Kumud Bajaj)	1,362,620	0.09%	-	136,262	0.09%	0.09%
Total	968,065,288	60.78%	0.01%	96,701,408	60.77%	(0.03%)

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

17 Other equity**a Reserves and surplus**

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Securities premium		
Balance as at the beginning of the year	941.27	929.27
Add: Received during the year (See note 16 d.)	0.04	-
Add: On issue of shares to Trust for employees pursuant to ESOP scheme	77.46	-
Less: On issue of bonus shares	(79.64)	-
Less: Share issue expenses	(1.98)	-
Add: On exercise of options by employees pursuant to ESOP scheme	31.35	12.00
	968.50	941.27
Less: Premium on equity shares held in Trust for employees under the ESOP scheme	(8.91)	-
Balance as at the end of the year	959.59	941.27
General reserve		
Balance as at the beginning and the end of the year	1,197.14	1,197.14
Add: Transfer on cancellation of stock options	16.65	-
Balance as at the end of the year	1,213.79	1,197.14
Share based payments reserve		
Balance as at the beginning of the year	219.04	102.90
Add: Recognition of share based payments to employees of the Company	25.20	21.01
Add: Recognition of share based payments to employees of subsidiaries (net)	117.33	107.13
Less: Transfer on cancellation of stock options	(16.65)	-
Less: Transfer on exercise of options by employees pursuant to ESOP scheme	(31.35)	(12.00)
Balance as at the end of the year	313.57	219.04
Treasury shares		
Balance as at the beginning of the year	(119.97)	(184.22)
Add: Movement during the year	2.49	64.25
Balance as at the end of the year	(117.48)	(119.97)
Retained earnings		
Balance as at the beginning of the year	2,051.15	1,676.26
Profit for the year	732.52	424.23
Items of other comprehensive income recognised directly in retained earnings		
Actuarial losses of defined benefit plans	(0.68)	(1.60)
Less: Appropriations		
Final dividend, declared and paid during the year	63.65	47.74
Total appropriations	63.65	47.74
Balance as at the end of the year	2,719.34	2,051.15
	5,088.81	4,288.63

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

17 Other equity (Contd.)

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.

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 Company.

Treasury shares

The reserve for shares of the Company held by the BFS ESOP Trust (ESOP Trust). Company has issued employees stock option scheme for its employees. The equity shares of the 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.

18 Interest income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Interest income on		
Investments (at amortised cost)	97.24	71.82
Others	-	0.01
	97.24	71.83

19 Windpower income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Income from power generation (within India) [See note 29]	21.25	22.59
Income from Renewable Energy Certificates (REC) (within India)	1.91	6.79
	23.16	29.38

20 Net gain on fair value changes

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Net gain/(loss) on financial instruments at fair value through profit or loss		
Debt instruments at FVTPL	5.55	9.73
Others		
Gain/(loss) on sale of debt instruments at amortised cost	(0.07)	0.30
	5.48	10.03
Fair value changes		
Realised	5.44	10.06
Unrealised	0.04	(0.03)
	5.48	10.03

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

21 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Business support service	70.83	72.47
Miscellaneous receipts	0.18	0.04
Surplus on sale of property, plant and equipment (net)	0.06	32.55
Provision no longer required	0.07	0.11
	71.14	105.17

22 Employee benefits expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Salaries, wages and bonus to employees	81.77	84.38
Contribution to provident and other funds	6.01	5.41
Share based payments to employees	25.20	21.01
Staff welfare expenses	1.23	0.97
	114.21	111.77

23 Depreciation, amortisation and impairment

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Depreciation on property, plant and equipment	3.07	4.09
Depreciation on investment property	0.13	0.13
	3.20	4.22

24 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Rent	3.00	1.59
Repairs to buildings	4.70	4.17
Repairs to machinery - windpower	11.11	15.55
Repairs to others	0.02	0.05
Energy generation expenses	0.32	5.31
REC registration, issuance and brokerage charges	0.12	0.20
Rates and taxes	0.53	0.95
Insurance	0.77	0.75
Payment to auditor	0.29	0.26
Directors' fees and travelling expenses	0.90	0.83
Commission to non-executive-directors	1.72	1.55
Loss on sale of property, plant and equipment	0.04	-
Travelling (including foreign travel) expenses	0.25	0.05

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

24 Other expenses (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Business support service expenses	1.95	2.66
Expenditure towards Corporate Social Responsibility (CSR) activities	0.56	0.45
Legal and professional charges	7.88	5.80
Training and conference expenses	6.75	0.64
Miscellaneous expenses	14.67	8.98
	55.58	49.79
Payment to auditor		
As auditor		
Audit fee	0.15	0.14
Tax audit fee	0.02	0.02
Limited review	0.09	0.09
Other services (certification fees and other matters)	0.01	0.01
Reimbursement of expenses [₹ 0.02 crore (Previous year ₹ 8,856)]	0.02	-
	0.29	0.26

Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Gross amount required to be spent by the Company during the year	0.52	0.44
Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	0.56	0.45
	0.56	0.45

There is no shortfall at the end of the year out of the amount required to be spent by the Company. The Company has incurred expenditure under its CSR activities mainly towards child welfare activities, specifically, providing education and protection to children from economically weaker sections. The Company continues to support its self-implemented employability initiative.

25 Tax expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
(a) Tax expense		
Current tax		
Current tax on profits for the year	241.12	141.29
Total current tax expense	241.12	141.29
Deferred tax		
Decrease/(increase) in deferred tax assets	1.30	(0.52)
(Decrease)/increase in deferred tax liabilities	(0.32)	(1.78)
Total deferred tax expense/(benefit)	0.98	(2.30)
Tax expense	242.10	138.99

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

25 Tax expense (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
(b) Reconciliation of tax expense and the accounting profit multiplied by statutory tax rate		
Profit before tax	974.62	563.22
Tax at the statutory tax rate of 25.17%	245.31	141.76
Tax on expenditure not considered for tax provision	11.40	10.79
Tax on income not subject to tax	(14.61)	(13.56)
Tax expense	242.10	138.99

26 Earnings per share (EPS)

Particulars	For the year ended 31 March	
	2023	2022
Profit for the year (₹ In Crore)	732.52	424.23
Weighted average number of shares outstanding during the year (Nos)	1,591,378,408	1,591,374,440
Weighted average number of shares outstanding during the year (Nos) - Diluted	1,604,279,312	1,591,869,580
Earnings per share (Basic) ₹	4.6	2.7
Earnings per share (Diluted) ₹	4.6	2.7
Face value per share ₹	1.0	1.0

Note: The basic and diluted earnings per share have been computed for current and previous year on the basis of the adjusted number of equity shares in accordance with Ind AS 33 - Earnings per Share (refer note 16a)

27 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
a. Claims against the Company not acknowledged as debts	8.53	8.53
b. Income-tax matters under dispute		
Appeal by Company	6.31	6.31
c. Value Added Tax (VAT), service tax and GST matters under dispute	1.47	4.50

In all the cases mentioned above, outflow is not probable and hence not provided by the Company.

It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

28 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Capital commitments, net of capital advances	0.22	1.73

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

29 Details of windpower generation and turnover

	For the year ended 31 March			
	2023		2022	
	Units (In Lakh)	Value (₹ In Crore)	Units (In Lakh)	Value (₹ In Crore)
Credit for units brought forward from previous year	50	1.49	68	2.17
Gross generated, during the year	832	21.16	764	23.40
Less - Wheeling, transmission and banking charges	-	-	30	0.98
Sold, during the year	841	21.61	752	23.10
Credits receivable	41	1.04	50	1.49

The Company has 39,732 (Previous year 57,180) renewable energy certificates (REC) including Nil (Previous year 3,671) RECs at various stages for regulatory approvals.

30 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 Company provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	23.58	21.23
Fair value of plan assets	21.52	18.38
Net funded obligation	2.06	2.85
Expense recognised in the Statement of Profit and Loss		
Current service cost	1.99	1.75
Interest on net defined benefit liability/(asset)	0.17	0.03
Total expense charged to Statement of Profit and Loss	2.16	1.78
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	6.89	4.75
Remeasurements during the period due to		
Changes in financial assumptions	(0.32)	(0.78)
Experience adjustments	0.78	2.83
Actual return on plan assets less interest on plan assets	0.45	0.09
Closing amount recognised in OCI outside Statement of Profit and Loss	7.80	6.89

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

30 Employee benefit plans (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	2.85	0.90
Expense charged to Statement of Profit and Loss	2.16	1.78
Amount recognised outside Statement of Profit and Loss	0.91	2.14
Employer contributions	(3.86)	(1.97)
Closing net defined benefit liability/(asset)	2.06	2.85
Movement in benefit obligation		
Opening of defined benefit obligation	21.23	16.76
Current service cost	1.99	1.75
Interest on defined benefit obligation	1.41	1.05
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	(0.32)	(0.78)
Actuarial loss/(gain) arising on account of experience changes	0.78	2.83
Benefits paid/transferred	-	(0.38)
Liabilities assumed/(settled)*	(1.51)	-
Closing of defined benefit obligation	23.58	21.23
Movement in plan assets		
Opening fair value of plan assets	18.38	15.86
Employer contributions	3.86	1.97
Interest on plan assets	1.24	1.02
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(0.45)	(0.09)
Benefits paid	-	(0.38)
Assets acquired/(settled) *	(1.51)	-
Closing fair value of plan assets	21.52	18.38
* On account of inter group transfer		
Disaggregation of assets		
Category of assets		
Insurer managed funds	21.52	18.38
Others	-	-
Grand Total	21.52	18.38

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

30 Employee benefit plans (Contd.)

Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Senior staff				
Impact of increase in 50 bps on DBO	(2.77%)	2.82%	(3.17%)	3.23%
Impact of decrease in 50 bps on DBO	2.90%	(2.72%)	3.33%	(3.10%)
Junior staff				
Impact of increase in 50 bps on DBO	(9.49%)	10.46%	(10.24%)	11.32%
Impact of decrease in 50 bps on DBO	10.77%	(9.33%)	11.69%	(10.04%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Funding arrangement and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 0.95 crore.

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan

Particulars	(₹ In Crore)					Total
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years		
31 March 2023						
Senior staff	4.32	0.29	1.12	29.88		35.61
Junior staff	0.01	0.01	0.08	10.08		10.18
31 March 2022						
Senior staff	3.52	0.42	0.90	28.12		32.96
Junior staff	0.01	0.01	0.08	12.42		12.52

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

30 Employee benefit plans (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Weighted average duration of defined benefit obligation (in years)		
Senior staff	5.67	6.49
Junior staff	20.20	21.86

Particulars	As at 31 March	
	2023	2022
Principal actuarial assumptions (expressed as weighted averages)		
Discount rate (p.a.)	7.45%	7.25%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	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.

Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	2.45	-	2.75	-
Expense recognised in the Statement of Profit and Loss	0.87	-	1.43	0.02
Amount recorded as Other Comprehensive Income	-	-	-	-
Discount rate (p.a.)	7.45%	7.45%	7.25%	7.25%
Salary escalation rate (p.a.) - senior staff	10.00%	N.A	10.00%	N.A
Salary escalation rate (p.a.) - junior staff	10.00%	N.A	10.00%	N.A

Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Defined contribution plans		
Provident fund paid to Government authorities	2.59	2.68
Superannuation paid to trust	0.91	0.73
Pension fund paid to Government authorities	0.14	0.17
Others	0.17	0.12
Defined benefit plans		
Gratuity	2.06	1.68
Others	0.14	0.03
Total	6.01	5.41

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

31 Segment information

Segment information based on consolidated financial statements is given in note 43 to consolidated financial statements.

The Company has disclosed the business segments as primary reporting segment on the basis that risks and returns are primarily determined by the nature of products and services. Consequently, geographical segment has been considered as a secondary segment.

The business segments have been identified on the basis of the nature of products and services, the risks and returns and internal performance reporting systems

The business segments comprise the following:

- Life insurance
- General insurance
- Windpower
- Retail financing
- Investments and others

32 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	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Subsidiaries :					
Bajaj Allianz General Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Investment in equity (81,568,165 shares of ₹ 10 each)	-	81.57	-	81.57
	Dividend received	79.94	-	91.36	-
	Rent received	1.93	-	1.93	-
	Deposit received	-	(2.14)	-	(2.14)
	Insurance expense	1.24	0.70	0.38	0.96
	Reimbursements for share based payments	49.80	-	49.34	-
	Business support services rendered	6.65	-	10.06	3.22
	Protection fee for brand usage recovered	0.11	-	0.22	-
	Business support services received	-	-	0.16	-
	Revenue expenses reimbursement received	0.92	-	0.23	-
	Purchase of property, plant and equipment	-	-	0.08	-
Bajaj Allianz Life Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Investment in equity (111,524,660 shares of ₹ 10 each)	-	111.53	-	111.53
	Dividend received	233.09	-	101.49	-
	Reimbursements for share based payments	45.04	-	41.23	-
	Business support services rendered	6.23	1.13	10.96	-
	Protection fee for brand usage recovered	0.11	-	0.22	-
	Insurance expense	0.25	0.01	0.18	-
	Security deposit paid	(0.06)	-	0.06	(0.06)
	Revenue expenses reimbursement received	0.90	-	0.23	-
	Revenue expenses reimbursement paid	0.04	-	0.23	-
	Business support services received	0.08	-	0.24	-
	Rent paid	-	-	0.10	-

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

32 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	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Bajaj Finance Ltd. (52.49% shares held by Bajaj Finserv Ltd.)	Investment in equity (317,816,130 shares of ₹ 2 each)	-	1,910.73	-	1,910.73
	Investment in non-convertible debentures	-	770.00	-	685.00
	Redemption of non-convertible debentures	415.00	-	35.00	-
	Interest received on non-convertible debentures	50.50	-	42.17	-
	Reimbursements for share based payments	2.34	2.76	-	-
	Dividend received	635.63	-	317.82	-
	Employee car transfer	0.15	-	-	-
	Asset transfer	0.07	0.09	-	-
	Business support services received	1.55	-	1.87	-
	Business support services rendered	40.21	1.28	38.38	-
	Protection fee for brand usage recovered	0.15	-	0.30	-
	Revenue expenses reimbursement received	1.08	-	0.10	-
	Interest accrued but not due	-	36.33	-	38.65
	Purchase of property, plant and equipment	-	-	0.02	-
	Bajaj Finserv Direct Ltd. (80.13% shares held by Bajaj Finserv Ltd.)	Investment in equity (2,500,000 shares of ₹ 10 each)	-	2.50	-
Deemed equity at cost for Bajaj Finserv Direct Ltd.		-	522.93	346.83	522.93
Reimbursements for share based payments		6.76	-	9.54	-
Business support services rendered		2.36	-	3.92	0.06
Revenue expenses reimbursement received		0.19	-	-	-
Bajaj Finserv Health Ltd. (Fully owned subsidiary)	Employee car transfer	-	-	0.34	-
	Investment in equity (2,499,994 shares of ₹ 10 each)	-	2.50	-	2.50
	Deemed equity at cost for Bajaj Finserv Health Ltd.	220.00	457.50	150.00	237.50
	Business support services rendered	4.06	0.19	6.68	-
	Reimbursements for share based payments	10.85	0.95	7.03	-
Bajaj Finserv Ventures Ltd. (Fully owned subsidiary)	Revenue expenses reimbursement received	0.15	-	-	-
	Employee car transfer	-	-	0.31	-
	Investment in equity (2,500,000 shares of ₹ 10 each)	-	2.50	2.50	2.50
	Deemed equity at cost for Bajaj Finserv Ventures Ltd.	70.00	155.00	85.00	85.00
Bajaj Finserv Asset Management Ltd. (Fully owned subsidiary)	Revenue expenses reimbursement received	-	-	0.06	-
	Business support services rendered	0.60	-	-	-
	Investment in equity (100,000,000 (Previous year 60,000,000) shares of ₹ 10 each)	40.00	100.00	60.00	60.00
	Revenue expenses reimbursement received	0.06	-	0.58	-
	Business support services rendered	6.40	1.65	1.37	-
	Employee car transfer	0.40	-	-	-
	Reimbursements for share based payments	1.94	-	-	-

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

32 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	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Bajaj Finserv Mutual fund Trustee Ltd. (Fully owned subsidiary)	Investment in equity (100,000 shares of ₹ 10 each) (Previous year 50,000) shares of ₹ 10 each)	0.05	0.10	0.05	0.05
Bajaj Housing Finance Ltd. (Fully owned subsidiary of Bajaj Finance Ltd.)	Investment in non-convertible debentures	-	550.00	-	350.00
	Interest accrued but not due	-	10.28	-	9.99
	Interest received on non-convertible debentures	20.81	-	9.00	-
	Business support services rendered	3.44	-	-	-
	Revenue expenses reimbursement received	0.19	-	-	-
	Reimbursements for share based payments	0.60	0.71	-	-
Bajaj Financial Securities Ltd. (Fully owned subsidiary of Bajaj Finance Ltd.)	Business support services rendered	0.05	-	-	-
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (Investing party)	Contribution to equity [623,142,140 shares of ₹ 1 each (Previous year 62,314,214 shares of ₹ 5 each)]	-	(62.31)	-	(31.16)
	Dividend paid	24.93	-	18.69	-
	Business support services received	0.06	0.04	0.03	-
	Business support services rendered	0.46	-	0.35	-
	Employee car transfer	-	-	0.06	-
	Revenue expenses reimbursement received	0.06	-	-	-
	Revenue expenses reimbursement paid	1.00	-	0.05	-
	Rent received	-	-	-	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Investment in equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	2.02	-	1.90	-
Bajaj Allianz Staffing Solutions Ltd (Fully owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Business support services received	0.26	-	0.08	-
C Key management personnel and their relatives:					
Sanjiv Bajaj (Chairman & Managing Director) (Also Key management personnel)	Short-term employee benefits (including commission and perquisite)	21.69	(13.86)	20.53	(10.66)
	Post-employment benefits	1.63	-	1.26	-
	Deposit paid	-	1.08	0.67	1.08
	Rent paid	1.10	-	0.77	-
	Sale of property, plant and equipment	-	-	90.94	-
Madhur Bajaj	Sitting fees	0.06	-	0.07	-
	Commission	0.12	(0.12)	0.14	(0.14)
Rajiv Bajaj	Sitting fees	0.06	-	0.05	-
	Commission	0.12	(0.12)	0.10	(0.10)
Shefali Bajaj	Deposit paid	-	0.41	0.41	0.41
	Rent paid	0.48	-	0.04	-
Siddhant Bajaj	Stipend paid	0.01	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Niraj Bajaj	Nil	-	-	-	-
D J Balaji Rao	Sitting fees	0.14	-	0.16	-
	Commission	0.28	(0.28)	0.31	(0.31)
Dr. Gita Piramal	Sitting fees	-	-	0.14	-
	Commission	-	-	0.27	(0.27)

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

32 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	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Dr. Naushad Forbes	Sitting fees	0.18	-	0.16	-
	Commission	0.36	(0.36)	0.31	(0.31)
Manish Kejriwal	Sitting fees	0.13	-	0.15	-
	Commission	0.26	(0.26)	0.29	(0.29)
Anami Roy	Sitting fees	0.09	-	0.08	-
	Commission	0.18	(0.18)	0.16	(0.16)
Radhika Haribhakti	Sitting fees	0.08	-	-	-
	Commission	0.16	(0.16)	-	-
Prमित Jhaveri	Sitting fees	0.12	-	-	-
	Commission	0.24	(0.24)	-	-
D Other entities/persons:					
Bajaj Auto Ltd.	Sale of windpower	0.66	-	6.81	-
	Open access charges reimbursement	0.52	-	5.20	-
	Business support services received	0.20	-	0.36	-
	Revenue expenses reimbursement paid	0.05	-	0.04	-
	Purchase of property, plant and equipment	2.27	-	-	-
Bajaj Electricals Ltd.	Purchases	0.04	-	0.01	(0.01)
Hindustan Housing Co. Ltd.	Contribution to equity [80,000 shares of ₹ 1 each (Previous year 8,000 shares of ₹ 5 each)]	-	(0.01)	-	-
	Dividend paid	-	-	-	-
Hercules Hoists Ltd.	Contribution to equity [920,630 shares of ₹ 1 each (Previous year 92,063 shares of ₹ 5 each)]	-	(0.09)	-	(0.05)
	Dividend paid	0.04	-	0.03	-
Bajaj Auto Holdings Ltd.	Contribution to equity [2,090,050 shares of ₹ 1 each (Previous year 209,005 shares of ₹ 5 each)]	-	(0.21)	-	(0.10)
	Dividend paid	0.08	-	0.06	-
Hind Musafir Agency Ltd.	Services received	0.11	-	0.01	-
Mukand Ltd.	Sale of windpower	0.25	-	3.87	-
Maharashtra Scooters Ltd.	Contribution to equity [(37,932,400 shares of ₹ 1 each (Previous year 3,725,740 shares of ₹ 5 each)]	-	(3.79)	-	(1.86)
	Dividend paid	1.49	-	1.12	-
	Rent received	-	-	-	-
Sanjali Family Trust	Rent paid	0.60	-	0.57	-
	Security deposit paid	-	0.14	-	0.14
	Revenue expenses reimbursement paid	0.09	-	0.08	-
Indian School of Business	Training expenses	1.39	-	-	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.91	-	0.73	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	-	-	0.50	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity contribution	4.00	-	1.50	-
Bajaj Finserv Charitable Trust	CSR payment	0.50	-	-	-

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

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

33 Lease

As a lessor

The Company has given a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
i) Office premise		
Gross carrying amount	8.25	8.25
Depreciation for the year	0.13	0.13
Accumulated depreciation	3.14	3.01
ii) The total future minimum lease rentals receivable at the balance sheet date is as under		
Receivable		
Within one year	2.10	1.93
After one year but not more than five years	3.13	5.23
More than five years	-	-
	5.23	7.16

34 Fair value measurement

i) Financial instruments by category

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
Bonds and debentures	-	-	1,318.83	-	-	1,035.72
Liquid mutual funds	78.27	-	-	19.36	-	-
Certificate of deposit	-	-	312.23	-	-	97.16
Trade receivables	-	-	0.82	-	-	2.70
Other financial assets	-	-	59.93	-	-	56.61
Cash and cash equivalents	-	-	7.24	-	-	21.62
Other bank balances	-	-	0.47	-	-	0.43
Total financial assets	78.27	-	1,699.52	19.36	-	1,214.24
Financial liabilities						
Trade payables	-	-	2.33	-	-	2.03
Other financial liabilities	-	-	38.21	-	-	38.42
Total financial liabilities	-	-	40.54	-	-	40.45

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

34 Fair value measurement (Contd.)**ii) Fair value hierarchy**

This section explains the basis of estimates made in determining the fair values of the financial instruments that are

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Accounting Standard, which are explained herein below.

Financial assets measured at fair value - recurring fair value measurements at 31 March 2023

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Liquid mutual funds	6B	78.27	-	-	78.27
Total financial assets		78.27	-	-	78.27

Financial assets which are measured at amortised cost for which fair values as at 31 March 2023 are disclosed below

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Bonds and debentures	6B	1,298.57	-	-	1,298.57
Certificate of deposit	6B	312.23	-	-	312.23
Total financial assets		1,610.80	-	-	1,610.80

Assets disclosed at fair value - at 31 March 2023

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	8	-	40.26	-	40.26

Financial assets measured at fair value - recurring fair value measurements at 31 March 2022

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Liquid mutual funds	6B	19.36	-	-	19.36
Total financial assets		19.36	-	-	19.36

Financial assets which are measured at amortised cost for which fair values as at 31 March 2022 are disclosed below

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Bonds and debentures	6B	1,037.44	-	-	1,037.44
Certificate of deposit	6B	97.16	-	-	97.16
Total financial assets		1,134.60	-	-	1,134.60

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

34 Fair value measurement (Contd.)

Assets disclosed at fair value - at 31 March 2022

(₹ In Crore)					
Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	8	-	40.26	-	40.26

Valuation principles

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

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

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation techniques used to determine fair value

Valuation techniques used to determine fair value include

- Open ended mutual funds and certain bonds and debentures at NAV's/rates declared and/or quoted.
- Close ended mutual funds at NAV's declared by AMFI.
- For other bonds and debentures values with references to prevailing yields to maturity matching tenures, quoted on sites of credible organisation such as ICRA (Investment Information and Credit Rating Agency).
- Commercial papers and certificate of deposits, being short-term maturity papers, amortised cost is assumed to be the fair value.

iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	(₹ In Crore)			
	As at 31 March 2023		As at 31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Bonds and debentures	1,318.83	1,298.57	1,035.72	1,037.44
Certificate of deposit	312.23	312.23	97.16	97.16
Total financial assets	1,631.06	1,610.80	1,132.88	1,134.60

The carrying amounts of certificate of deposits, trade receivables, trade payables, other financial assets/liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

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

35 Financial risk management

The Company operates, at present, only in India. Whilst risk is inherent in the Company's activities, it is managed through a risk management framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. The Company's activities expose it to credit risk, liquidity risk and market risk.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk.

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds. The Company's risk management is carried out by its Risk Management Committee as per such policies approved by the Board of Directors. Accordingly, Company's Risk Management Committee identifies, evaluates and manages financial risks.

A. Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash equivalents, financial assets measured at amortised cost, financial assets measured at FVTPL and trade receivables.

Credit risk management

In regard to Trade receivables, which are typically unsecured, credit risk is managed through credit approvals, establishing credit limit and continuously monitoring the credit worthiness of customers to whom credit is extended (substantially through debt securities) in the normal course of business.

With regards to financial assets represented substantially by investments, the Company has an investment policy which allows the Company to invest only with counterparties having a credit rating equal to or above AA+ and P1+. The Company reviews the creditworthiness of these counterparties on an on-going basis. Counter party exposure limits maybe updated as and when required, subject to approval of Board of Directors.

B. Liquidity risk

The Company's principal sources of liquidity are 'cash and cash equivalents, investments in money market instruments' and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period.

C. Other risk (Market risk)

The Company has deployed its surplus funds in debt and money market instruments (including through funds). The Company is exposed to price risk on such investments; which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

As an unregistered CIC, the Company must invest at least 90% of its net assets in Group companies, of which at least 60% must be through equity investments. Therefore 10% of its net assets are currently invested in liquid fixed income securities such as certificate of deposits and liquid mutual funds to ensure adequate liquidity is available. Hence temporary market volatility, if any is not considered to have material impact on the carrying value of these Investments. Nevertheless, the Company has invested its surplus funds primarily in debt instruments of its subsidiary with CRISIL AAA and STABLE A1+ rating and thus the Company does not have significant risk exposure.

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

36 Capital management

a) Objectives, policies and processes of capital management

The Company is cash surplus and has only equity capital. Under Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016, the Company is termed as an Unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020 and is not exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in debt and money market instruments (including through mutual funds) depending on economic conditions in line with the CIC guidelines set out by the RBI and Investment Policy set by the Management. 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. The Company does not have any borrowings.

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Equity	5,248.07	4,368.20
Add: Deferred tax liabilities (net)	4.55	3.79
Less: Tangible and other assets	119.37	114.38
Working capital	54.83	66.33
Investments in subsidiaries and joint venture	3,369.09	3,039.04
Investments in debt and similar investments	1,709.33	1,152.24

No changes in this regard were made in the objectives, policies and processes of capital management during the year.

b) Analytical ratios

The Company is termed as an Unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020 and is not exposed to any regulatory imposed capital requirements. Thus, the following analytical ratios are not applicable to the Company:

1. Capital to risk-weighted assets ratio (CRAR)
2. Tier I CRAR
3. Tier II CRAR
4. Liquidity Coverage Ratio.

c) Dividends distributed and proposed

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Dividends recognised in the financial statements		
Final dividend for the year ended 31 March 2022 of ₹ 4 (31 March 2021 - ₹ 3) per equity share.	63.65	47.74
Dividends not recognised at the end of the reporting period		
Directors have recommended the payment of a final dividend of ₹ 0.80 per equity share for the year ended 31 March 2023 (31 March 2022 - ₹ 4). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	127.43	63.65

Dividend per share for all prior periods are before sub division (split) and bonus issue. Hence those numbers are not comparable with dividend recommended for the year ended 31 March 2023.

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

37 Maturity analysis of assets and liabilities

(₹ In Crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	7.24	-	7.24	21.62	-	21.62
Bank balances other than cash and cash equivalents	-	0.47	0.47	0.01	0.42	0.43
Trade receivables	0.82	-	0.82	2.70	-	2.70
Investment in subsidiaries and joint venture	-	3,369.09	3,369.09	-	3,039.04	3,039.04
Other investments	615.42	1,093.91	1,709.33	532.61	619.63	1,152.24
Other financial assets	57.24	2.69	59.93	53.87	2.74	56.61
Non-financial assets						
Current tax assets (net)	-	48.99	48.99	-	48.40	48.40
Investment property	-	5.11	5.11	-	5.24	5.24
Property, plant and equipment	-	110.17	110.17	-	105.06	105.06
Capital work-in-progress	-	4.09	4.09	-	4.08	4.08
Other non-financial assets	0.09	2.63	2.72	0.15	2.85	3.00
Total	680.81	4,637.15	5,317.96	610.96	3,827.46	4,438.42
Liabilities						
Financial liabilities						
Trade payables	2.33	-	2.33	2.03	-	2.03
Other financial liabilities	38.21	-	38.21	38.42	-	38.42
Non-financial liabilities						
Current tax liabilities (net)	-	17.41	17.41	-	17.41	17.41
Deferred tax liabilities (net)	-	4.55	4.55	-	3.79	3.79
Provisions	1.00	3.51	4.51	0.89	4.71	5.60
Other non-financial liabilities	2.88	-	2.88	2.97	-	2.97
Total	44.42	25.47	69.89	44.31	25.91	70.22
Net	636.39	4,611.68	5,248.07	566.65	3,801.55	4,368.20

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

38 Share-based payments (Employee stock option plan)

The Company has established employees stock options plan, 2018 (ESOP Scheme) for its employees pursuant to the special resolution passed by shareholders at the annual general meeting held on 19 July 2018. The employee stock option plan is designed to provide incentives to the employees of the Company and for its subsidiaries to deliver long-term returns and is an equity settled plan. The ESOP Scheme is administered by the Compensation Committee of the Board. Participation in the plan is at the Compensation Committee's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted under ESOP scheme would vest in not less than one year and not more than five years from the date of grant of the options. The Compensation Committee of the Company has approved grant with related vesting conditions. Vesting of the options would be subject to continuous employment with the Company and hence the options would vest with passage of time. In addition to this, the Compensation Committee may also specify certain performance parameters subject to which the options would vest. Such options would vest when the performance parameters are met.

Once vested, the options remain exercisable over period of eight years from the date of vesting or such period as may be decided by the Compensation Committee at its sole discretion from time to time. Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share.

Below disclosures have been adjusted for sub-division of shares and issue of bonus shares thereon in the current year.

Set out below is a summary of options granted under the plan to employees of the Company and its subsidiaries

Particulars	As at 31 March 2023		As at 31 March 2022	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
Opening balance	714.85	10,133,590	551.44	7,721,740
Granted during the year	1,484.32	3,167,160	1,010.27	3,817,000
Exercised during the year	636.51	1,109,129	597.52	1,085,600
Forfeited during the year	1,022.57	285,270	693.29	319,550
Closing balance	919.46	11,906,351	714.85	10,133,590
Weighted average remaining contractual life of options outstanding at end of year (in years)		5.07		5.48
Vested and exercisable		4,472,291		2,393,130

No options expired during the years mentioned in above table

The weighted average share price during the year ended 31 March 2023 was ₹ 1,473.29 (31 March 2022 – ₹ 1,502.40).

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

38 Share-based payments (Employee stock option plan) (Contd.)**Weighted average fair value of options granted****Current year**

Grant date	28 April 2022	02 Aug 2022	13 Sept 2022
Vesting period	1 to 5 years	1 to 4 years	2 years
Weighted average fair value per option	₹ 376.84 ~ ₹ 689.20 per option	₹ 378.37 ~ ₹ 558.14 per option	₹ 501.6 per option

Previous year

Grant date	28 April 2021	21 July 2021
Weighted average fair value per option	₹ 335 per option	₹ 417.7 per option

The fair value at grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 March 2023 and 31 March 2022 included

Grant	Tranche VIII	Tranche IX	Tranche X
a) options are granted for no consideration and vesting period is	1 to 5 years	1 to 4 years	2 years
b) exercise price	₹ 1,482.64 per option	₹ 1,507.31 per option	₹ 1,713.81 per option
c) grant date	28 April 2022	02 August 2022	13 September 2022
d) share price at grant date	₹ 1,501.19	₹ 1,522.42	₹ 1,784.75
e) expected price volatility of the Company's shares	34.19%~37.99%	35.30%~43.40%	35.70%~43.28%
f) expected dividend yield	0.02%	0.03%	0.02%
g) risk-free interest rate	5.35%~6.75%	6.42%~7.00%	6.60%~6.80%

Grant	Tranche VI	Tranche VII
a) options are granted for no consideration and vesting period is	1 to 4 years	1 to 4 years
b) exercise price	₹ 1,009.14 per option	₹ 1,259.72 per option
c) grant date	28 April 2021	21 July 2021
d) share price at grant date	₹ 1,048.93	₹ 1,231.01
e) expected price volatility of the Company's shares	34.64%~40.80%	34.34%~39.87%
f) expected dividend yield	0.05%	0.02%
g) risk-free interest rate	4.45%~5.69%	4.48%~5.81%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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

39 Other notes

- a. The Company has performed an assessment to identify transactions with struck off companies as at 31 March 2023 and no such company was identified.
- b. No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c. No funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- d. The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- e. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

40 Events after reporting date

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

41 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 standalone financial statements

As per our report of even date

On behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan	Sanjiv Bajaj
Chief Financial Officer	Chairman & Managing Director
	DIN: 00014615

Ketan S Vikamsey
Partner
ICAI Membership Number: 044000

Uma Shende	Dr. Naushad Forbes
Company Secretary	Chairman-Audit Committee
	DIN: 00630825

Pune: 27 April 2023



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