

**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)		-	-	-	-	-	-	-	(1,189)	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 451C(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		
		Securities premium	General reserve	Reserve fund in terms of section 45-1C(i) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 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	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)	(441.75)	2.82	(441.75)	(455.04)	(169.02)	(624.06)
Total comprehensive income for the year ended 31 March 2023		-	-	-	-	-	6,401.17	(441.75)	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(IC)(i) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act, 1987		-	-	1,081.38	50.16	-	(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		-	-	-	-	-	-	-	-	-	43.35	-	43.35
Transfer on cancellation of stock options		-	16.87	-	-	-	-	-	-	-	16.87	0.22	0.42
Adjustment of dividend to ESOP Trust		-	-	-	-	-	-	-	-	-	1.86	1.68	3.54
		9,685.44	2,093.42	3,988.62	171.90	157.30	30,078.41	(117.48)	(1.49)	(270.02)	46,256.99	31,190.74	77,447.73
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	27	9,676.53	2,093.42	3,988.62	171.90	157.30	30,078.41	(117.48)	(1.49)	(270.02)	46,248.08	31,190.74	77,438.82

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			
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			
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			
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	(₹ In Crore)		
	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	1,299.50	146.98	-
INR JPY CCIRS	-	-	-
INR Interest rate Swap	100.00	1.37	-
INR Future and Options	338.37	0.53	(4.01)

As at 31 March 2022

Particulars	(₹ In Crore)		
	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	3,964.19	121.90	(9.48)
INR JPY CCIRS	1,417.97	-	(130.54)

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

- a) Reinvestment of maturity proceeds of existing fixed income investments
- b) Investment of interest income receivable and
- c) Expected policy premium income receivable on insurance contracts which are already underwritten in life and pension and annuity business.

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 pharmatech 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	Trustees
Particulars of securities provided	Loans	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