



FINSERV

15th ANNUAL REPORT 2022-2023



BAJAJ HOUSING FINANCE LIMITED



Contents

CORPORATE OVERVIEW

- 02 Corporate Information
- 03 Leading with Expertise and Foresight
- 04 The Road Ahead
- 05 Looking Back at FY2023

STATUTORY REPORTS

- 06 Management Discussion and Analysis
- 22 Directors' Report
- 39 Report on Corporate Governance
- 56 General Shareholder Information

FINANCIAL STATEMENTS

- 64 Independent Auditors' Report
- 76 Financial Statements

Corporate Information

Board of Directors

Sanjiv Bajaj

Chairman

Rajeev Jain

Vice Chairman

Anami N Roy

Dr. Arindam Bhattacharya

Lila Poonawalla

(up to 21 January 2023)

Jasmine Chaney

(w.e.f. 1 April 2023)

Atul Jain

Managing Director

Audit Committee

Anami N Roy

Chairman

Rajeev Jain

Dr. Arindam Bhattacharya

Jasmine Chaney

(w.e.f. 1 April 2023)

Nomination and Remuneration Committee

Dr. Arindam Bhattacharya

Chairman

Rajeev Jain

Anami N Roy

Corporate Social Responsibility Committee

Anami N Roy

Chairman

Sanjiv Bajaj

Rajeev Jain

Stakeholders Relationship Committee

Anami N Roy

Chairman

Sanjiv Bajaj

Rajeev Jain

Risk Management Committee

Directors

Dr. Arindam Bhattacharya

Chairman

Sanjiv Bajaj

Rajeev Jain

Anami N Roy

Jasmine Chaney

(w.e.f. 1 April 2023)

Atul Jain

Senior Executives

Niraj Adiani

Gaurav Kalani

Ajita Kakade

Vijay Solanki

IT Strategy Committee

Directors

Dr. Arindam Bhattacharya

Chairman

Sanjiv Bajaj

Rajeev Jain

Jasmine Chaney

(w.e.f. 1 April 2023)

Atul Jain

Senior Executives

Anurag Jain

Gaurav Kalani

Niraj Adiani

Chief Financial Officer

Gaurav Kalani

Company Secretary

Atul Patni

Joint Statutory Auditors

Khandelwal Jain & Co.

G D Apte & Co.

Secretarial Auditor

Shyamprasad D Limaye

Bankers

State Bank of India

Bank of Baroda

Canara Bank

HDFC Bank

Punjab National Bank

Bank of India

Union Bank of India

Federal Bank

Central Bank of India

Axis Bank

Indian Bank

Debenture Trustee

Catalyst Trusteeship Ltd.

GDA House, Plot No. 85,

Bhusari Colony (Right),

Paud Road, Pune-411 038

Maharashtra

Tel No.: (020) 66807200

Email ID: [ComplianceCTL-Mumbai@](mailto:ComplianceCTL-Mumbai@ctltrustee.com)

ctltrustee.com

Registrar and Transfer Agent

KFin Technologies Ltd.

(earlier known as KFin Technologies Pvt. Ltd.)

Selenium Tower B, Plot 31-32,

Gachibowli,

Financial District, Nanakramguda,

Hyderabad – 500 032

Tel. No. 1800 309 4001

Email ID: einward.ris@kfintech.com

Registered Office

Bajaj Auto Limited Complex,

Mumbai- Pune Road, Akurdi,

Pune – 411035

Maharashtra

Corporate Office

5th Floor, B2 Cerebrum IT Park,

Kumar City, Kalyani Nagar,

Pune – 411 014 Maharashtra

CIN: U65910PN2008PLC132228

Leading with Expertise and Foresight



Atul Jain
Managing Director



Gaurav Kalani
Chief Financial Officer



Niraj Adiani
Chief Risk Officer



Ajita Kakade
Chief – Credit, Operations and
Human Resources



Vipin Arora
Group Business Head –
Commercial Real Estate and
Loan Against Property



Amit Sinha
Group Business Head –
Home Loans



Gaurav Pruthi
Chief Collections Officer



Vijay Solanki
Treasurer



Anurag Jain
Chief - Information Technology

The Road Ahead



DELIVERING GROWTH WITH LOW RISK

We focus on creating a sustainable, low-risk business model – evidenced by our low GNPA of 0.22% (as of 31 March 2023) and growth momentum with an AUM of ₹ 69,228 crore (as of 31 March 2023). Further, with strong capital support from the parent company, BHFL had a CRAR of 22.97%, which is well above the regulatory requirement.



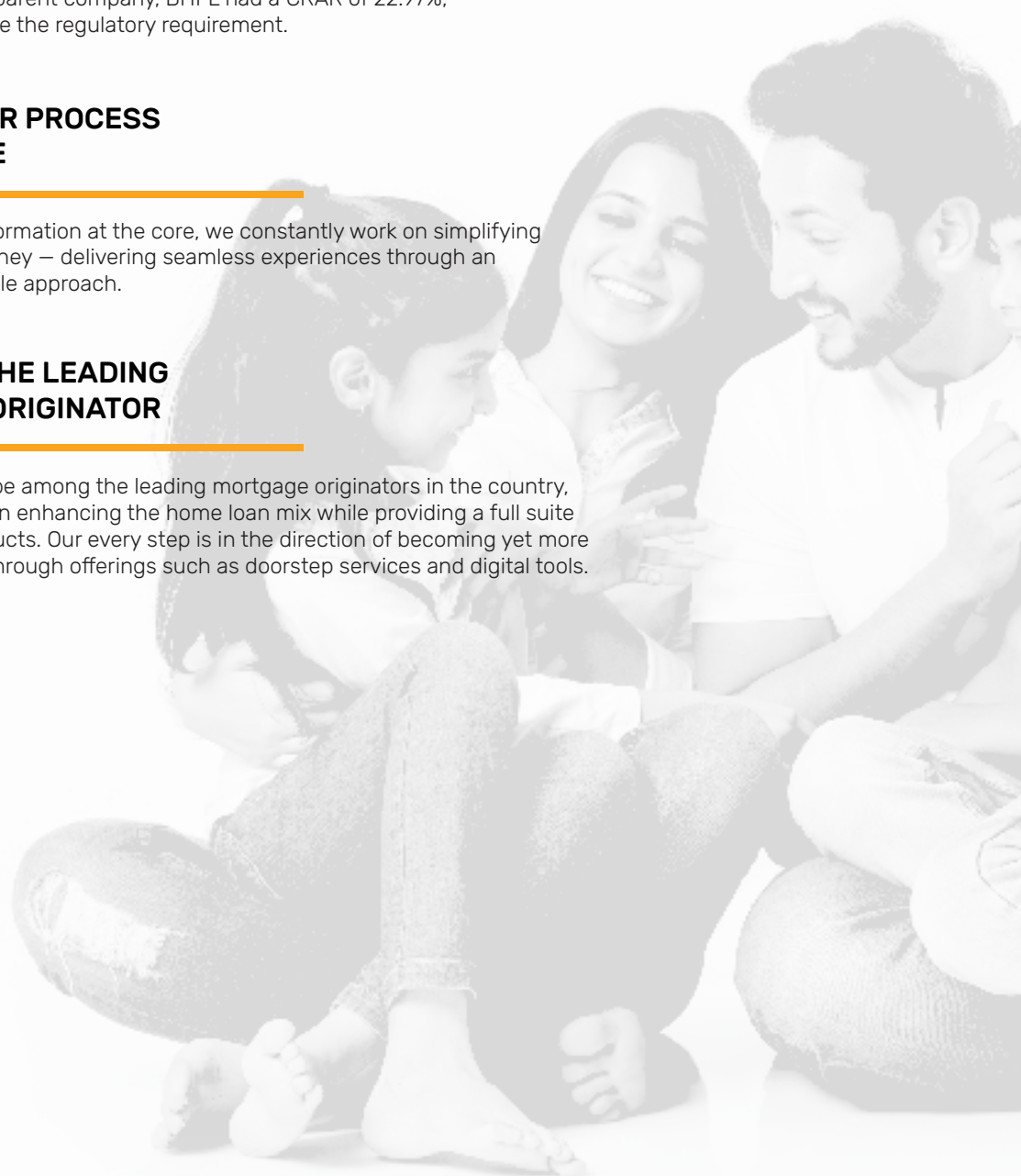
STRIVING FOR PROCESS EXCELLENCE

With digital transformation at the core, we constantly work on simplifying the customer journey – delivering seamless experiences through an innovative and agile approach.



BECOMING THE LEADING MORTGAGE ORIGINATOR

We endeavour to be among the leading mortgage originators in the country, with a key focus on enhancing the home loan mix while providing a full suite of mortgage products. Our every step is in the direction of becoming yet more customer first – through offerings such as doorstep services and digital tools.



Looking Back at FY2023

₹ 69,228 Cr

Assets Under Management

₹ 34,334 Cr

Disbursement

₹ 1,700 Cr

Profit Before Tax

22.97%

Capital Adequacy Ratio

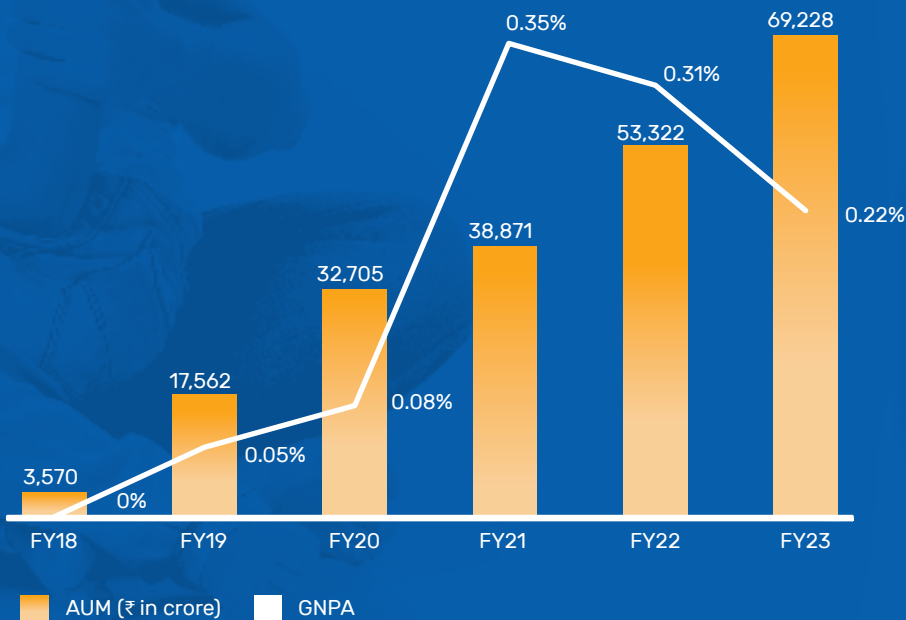
0.22%

Gross Non-Performing Assets

161

Number of Locations Served

Sustainable Growth



MANAGEMENT DISCUSSION AND ANALYSIS

Bajaj Housing Finance Ltd. ('BHFL' or 'the Company') is registered with National Housing Bank (NHB) as a Housing Finance Company (HFC). It is a wholly owned subsidiary of Bajaj Finance Ltd. ('BFL'). BHFL is engaged in the business of mortgage lending since 2017-18. Under the scale-based regulations of the RBI, BHFL has been categorised as an Upper Layer NBFC (NBFC-UL), one of the 16 companies classified by the RBI under this framework.

Macroeconomic Overview

Financial Year 2023 (FY2023) began on a mixed note. On the positive side, after wreaking havoc for almost two years, the impact of the Covid-19 pandemic on lives and livelihoods started receding. This was aided by a mass immunisation programme and the advent of a less virulent variant called Omicron. However, the flip side was the impact of inflationary trends, supply chain disruptions emanating from China, and the start of the Russia-Ukraine conflict impacting commodity prices.

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

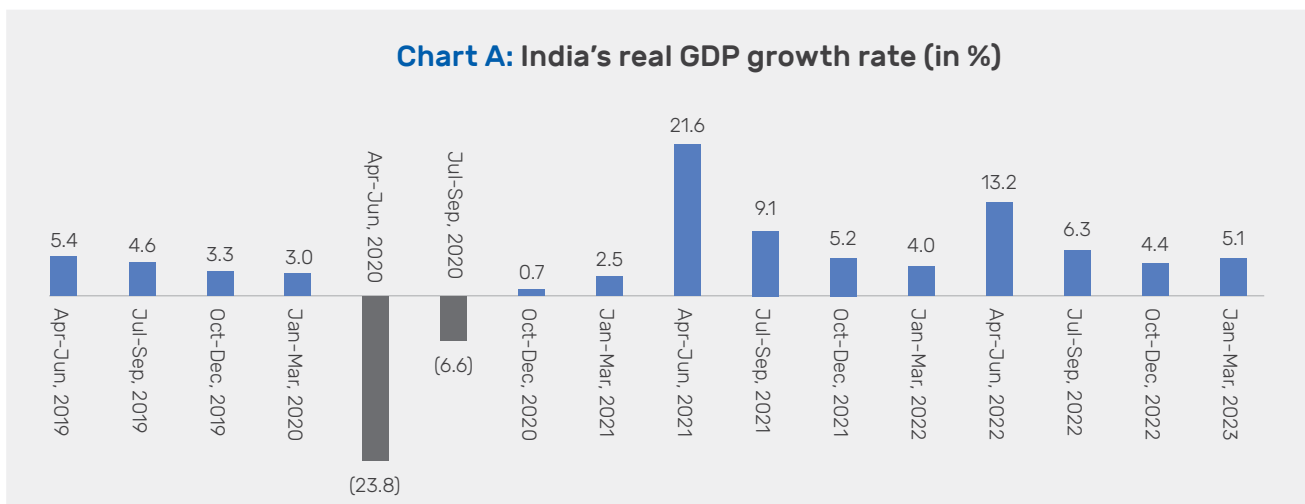
However, despite these critical challenges, India emerged as the fastest growing major economy in the world. The second advance estimate of national income released by the Central Statistics office (CSO) on 28 February 2023 expects real GDP growth in FY2023 to be 7%. Table 1 gives the data on real GDP and gross value added (GVA) and growth over the last four financial years.

Table 1: Real GDP and GVA and growth, India

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

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

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



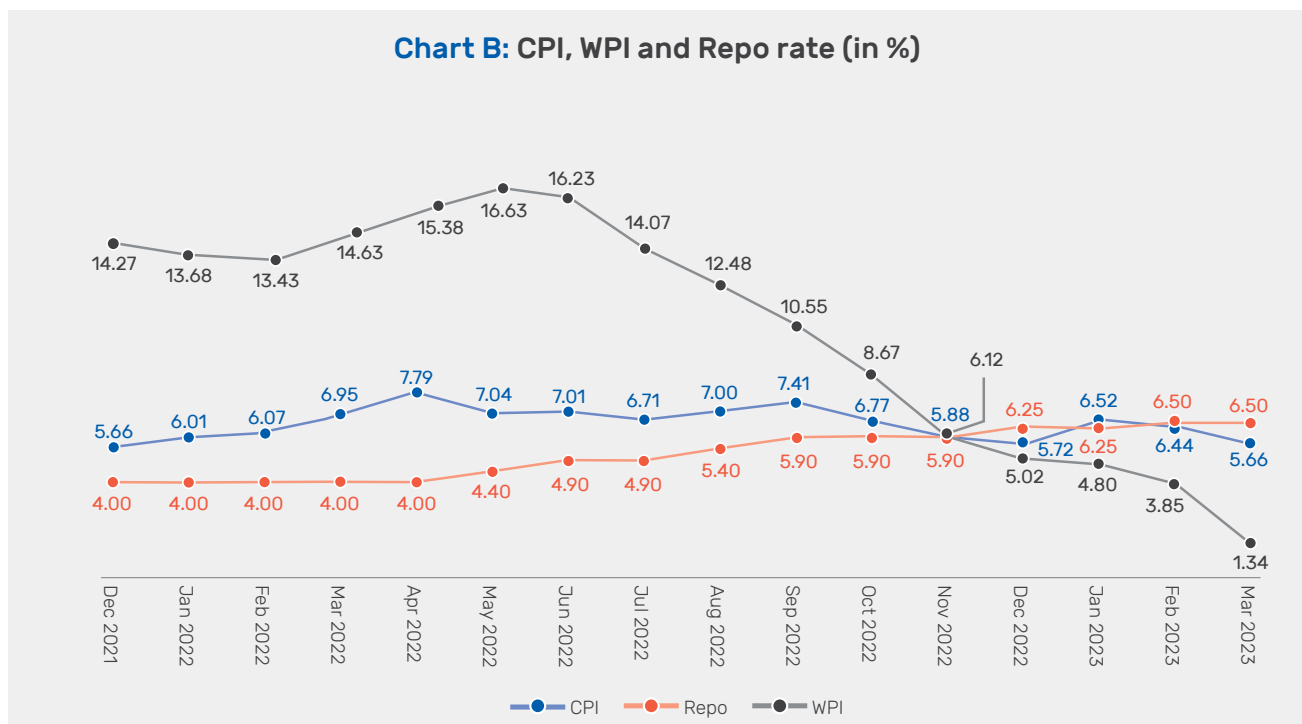
The quarterly trend of GDP growth in FY2023 pegs the year-on-year growth of 5.1% in Q4 FY2023, 4.4% in Q3 FY2023, 6.3% in Q2 FY2023 and 13.2% in Q1 FY2023. This slowdown in Q3 FY2023 was largely led by base effect. Private consumption showed some signs of slowdown. A weaker trend in government final consumption expenditure is understandable as the spend on welfare schemes has moderated in comparison to what was spend during the pandemic. Government led capital expenditure has continued to be an important driver of the economy with gross fixed capital formation (GFCF) expected to contribute to 34% of the GDP in FY2023 versus 32.7% of the GDP in FY2022.

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

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

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

Chart B below depicts the movement of Consumer price index (CPI), Wholesale price index (WPI) and the Repo rate since Dec 2021 over the respective month.



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

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

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

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

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

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

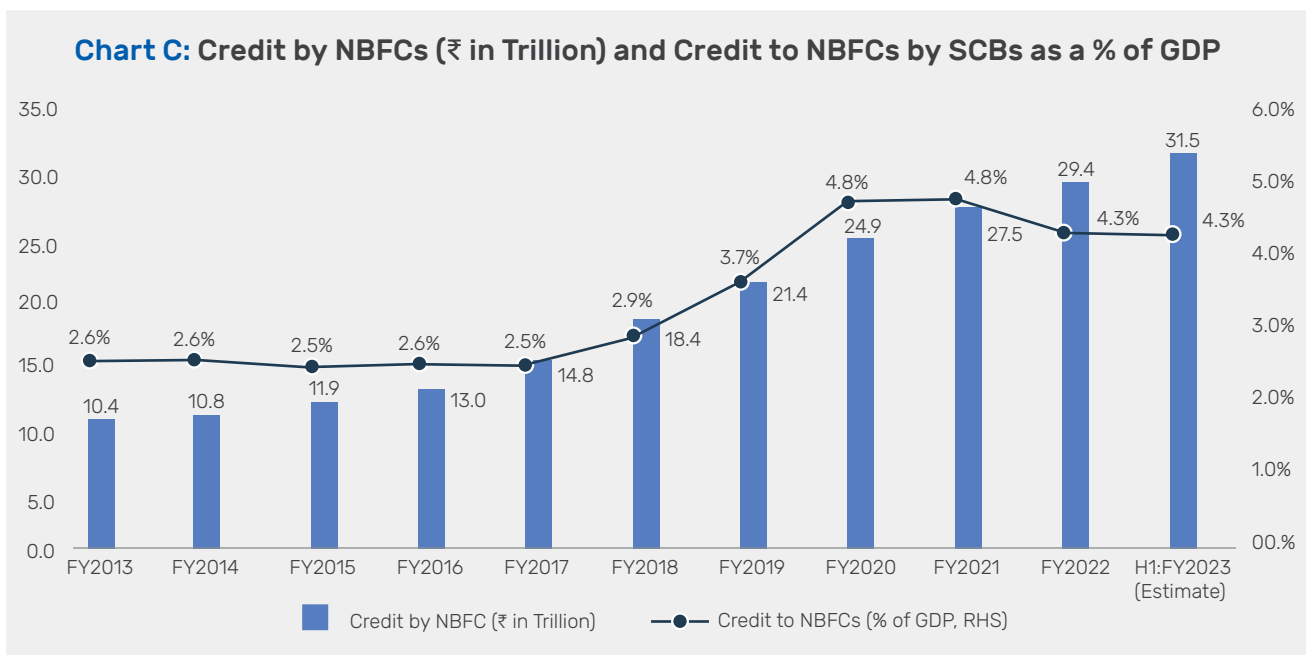
The general expectation is that India's GDP for FY2024 would record a growth in excess of 6%. Of course, much depends on a normal rainfall in the coming year. The risk of monsoon falling below normal levels (after four consecutive years of normal rainfall) remains a wildcard and could hit agricultural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

Industry Overview

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

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

Chart C depicts Credit by NBFCs and Credit to NBFCs by SCBs as a % of GDP over the last decade.



In recent years as the impact of the second Covid-19 wave waned and the third wave turned out to be short-lived, the NBFC sector regained momentum, cushioned by proactive policy measures announced by the RBI and

government. The Economic Survey has observed that credit extended by NBFCs is picking up momentum, with the aggregate outstanding amount at ₹ 31.5 trillion as on September 2022.

FY2023 saw both the residential as well as commercial real estate sectors returning to recovery path, waning the impact of Covid-19.

Residential real estate sector continued to see green shoots in lead indicators of launches as well as absorption due to improved affordability, disciplined launches and higher end user demand. Higher absorption resulted in reduction in unsold inventory and inventory overhang thereby leading to decadal lowest levels of inventory across the key mortgage markets.

Fading the earlier threats of work from home and higher vacancy, commercial real estate sector returned to recovery path driven by higher physical occupancy and healthy leasing traction. Vacancy levels also started cooling off as compared to FY2022 and are back to pre-Covid levels.

Housing loan portfolio grew from ₹ 21.77 lakh crore as of 31 March 2021 to ₹ 25.11 lakh crore as of 31 March 2022 (source: NHB Annual Report 2021-22); registering y-o-y growth of 15% where HFCs and scheduled commercial banks share was 32% and 68% respectively. Amid recurring policy rate hikes during FY2023, housing finance sector remained resilient and individual housing finance portfolio grew to ₹ 26.03 lakh crore as on 30 September 2023 (source: NHB Report)

Given the increasing importance of NBFCs, RBI in the last few years has increased its regulatory oversight over the sector. Multiple guidelines such as (i) vigil over asset-liability management practices, (ii) maintaining liquidity ratios, (iii) increased reporting requirements and (iv) scale-based regulation, have led to NBFCs adopting practices in line with banks.

The regulatory vigil is based on four key cornerstones of:

- responsible financial innovation,
- accountable conduct,
- responsible governance, and
- centrality of the customer.

We believe that NBFCs with superior capital adequacy, better margins, frugal cost management, prudent risk management and those incorporating above four key cornerstones in their business models will continue to deliver sustainable growth over the next decade or longer.

Regulatory Change

Given the size & impact of the Housing Financial and Non-Banking Financial companies in India, RBI has been standardizing and harmonizing various regulations and directions across entities such as Banks, NBFCs, HFCs, etc. With this thought in mind and given the systemically significant size, RBI further implemented a new way forward for the NBFC sector in October 2021 vide its circular titled "Scale Based Regulation (SBR) – A revised regulatory framework for NBFCs."

The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc. These were an integrated regulatory framework for NBFCs defining a broad set of fresh regulations being introduced and respective timelines for adherence.

Under the SBR framework, Regulatory structure for NBFCs shall comprise of four layers viz, Base layer, Middle Layer, Upper Layer and Top Layer wherein the Top Layer is expected to be kept empty by the RBI. NBFCs are scored and bifurcated by the RBI on various parameters for this classification such as (i) size & leverage, (ii) inter-connectedness, (iii) complexity, (iv) nature & type of liabilities (v) group structure and (vi) segment penetration.

Key regulatory notifications under the SBR framework are as follows: -

- Disclosures in Financial Statements – Notes to Accounts of NBFCs.
- Large Exposure Framework – NBFC Upper Layer.
- Compliance Function and Role of Chief Compliance Officer (CCO).
- Regulatory restrictions on Loans, Advances and Contracts to Directors & Senior Officers (including their relatives).
- Capital Requirements for NBFCs.

- Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs.
- Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs).

In light of the SBR framework, the RBI released a list of Upper Layer NBFCs vide notification dated 30th September 2022 wherein 16 NBFCs were categorized as NBFC-UL (Upper Layer). Bajaj Housing Finance Limited has been classified as an Upper Layer NBFC.

The RBI has also amended Transfer of Loan Exposures Directions, 2021 clarifying the start date of Minimum Holding Period to be considered from date of registering security interest with CERSAI.

The Company

Bajaj Housing Finance Limited (BHFL), is registered as a non-deposit taking housing finance company with the National Housing Bank (NHB) since September 2015, to carry the business of housing finance. BHFL started its lending operation from July 2017.

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

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

BHFL is one of the largest and diversified housing finance company in the country and is focussed on building scale across all its portfolios with focus on retail individual housing while keeping the corporate & developer portfolio granular. The Company aims to provide its customers seamless processes and consistent customer experience. To provide seamless and consistent experience to its customers, the Company has implemented various industry first digital initiatives including OTP based e-sanction letter and e-agreement to provide quick and hassle-free loan onboarding experience to its customers. To continue its growth momentum,

OUR JOURNEY

FY2018

PAT : ₹ 10 Cr
NET WORTH : ₹ 1,550 Cr

- ♦ Started lending operations from July 2017 with a focus on salaried Home Loans
- ♦ Raised the first round of capital of ₹ 1,200 crore
- ♦ Profitable from the first year of operation

FY2019

PAT : ₹ 110 Cr
NET WORTH : ₹ 3,658 Cr

- ♦ Crossed the AUM milestone of ₹ 15,000 crore
- ♦ Raised two more rounds of capital of ₹ 2,000 crore

FY2020

PAT : ₹ 421 Cr
NET WORTH : ₹ 5,585 Cr

- ♦ Crossed the AUM milestone of ₹ 30,000 crore
- ♦ Achieved the disbursement milestone of ₹ 20,000 crore
- ♦ Raised the fourth round of capital of ₹ 1,500 crore

BHFL is continuously investing in geographic expansion through its micro market strategy and deepening of its structures.

BHFL is focussed on building low risk retail portfolio across segments. Housing loans (including top-ups) contribute about 62% of the overall portfolio of which 95% pertains to low risk salaried and self-employed professional customers. To further diversify its housing loan offering, the Company is cautiously expanding its offerings in other housing finance segments including self-employed customers. Loan against property contribute about 11% of the overall portfolio with salaried and self-employed professional customers contributing ~41%.

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

The developer finance portfolio of the Company with its differentiated underwriting capabilities has demonstrated an immaculate portfolio performance over the years. The Company shall continue to i) invest in this business by expanding its geographical footprint, ii) deepen relationships with existing developers and iii) onboard newer developers meeting its underwriting standards while keeping the portfolio granular.

In commercial real estate portfolio, the Company expanded its product offering during the year with Commercial Construction Finance & Lease Rental Discounting for build to suit warehousing and industrial properties. On the back of superlative growth and portfolio performance which this portfolio has demonstrated over the years, the Company shall continue to deepen its geographical presence to further strengthen its market share in this business while deepening its relationship structures to offer best in class service to these marquee customers. Commercial real estate market saw good traction in FY2023 with pickup in supply as well as absorption and market also witnessed reduction of vacancy levels.

The Company continues to provide consistent customer experience to its customers. BHFL is continuously investing in digitalizing its existing processes as well as using advanced analytics and machine learning techniques to reduce turnaround time to customer queries.

FY2021

PAT : ₹ 453 Cr
NET WORTH : ₹ 6,032 Cr

- ♦ Introduced 'Repo Rate Linked Home Loans' as an offering
- ♦ Developed the mobility app for field teams for digital sourcing
- ♦ Launched Commercial Construction Finance

FY2022

PAT : ₹ 710 Cr
NET WORTH : ₹ 6,741 Cr

- ♦ Cross the AUM milestone of ₹ 50,000 crore
- ♦ Launched the e-Home Loan sanction functionality

FY2023

PAT : ₹ 1,258 Cr
NET WORTH : ₹ 10,503 Cr

- ♦ Classified as an 'Upper Layer NBFC' by RBI
- ♦ Raised the fifth round of capital of ₹ 2,500 crore; crossed the net worth milestone of ₹ 10,000 crore
- ♦ Launched the e-agreement functionality, eliminating multiple physical signatures
- ♦ Received the NHB Refinance sanction

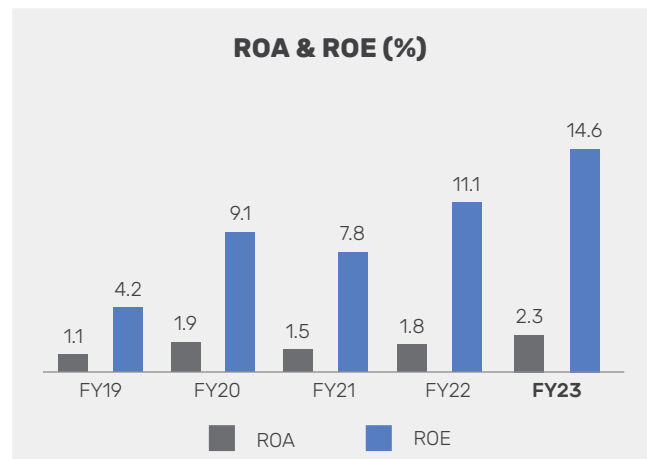
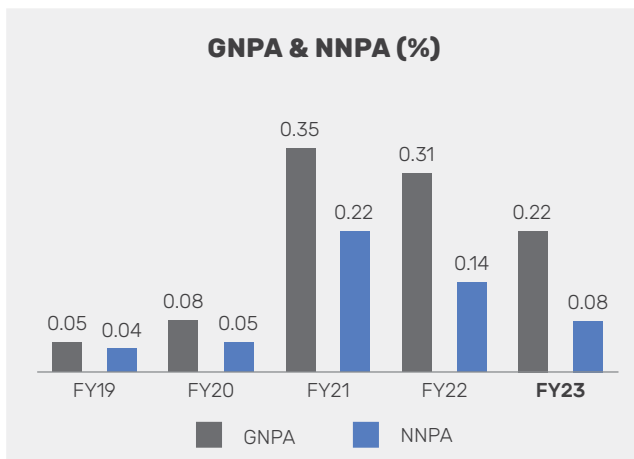
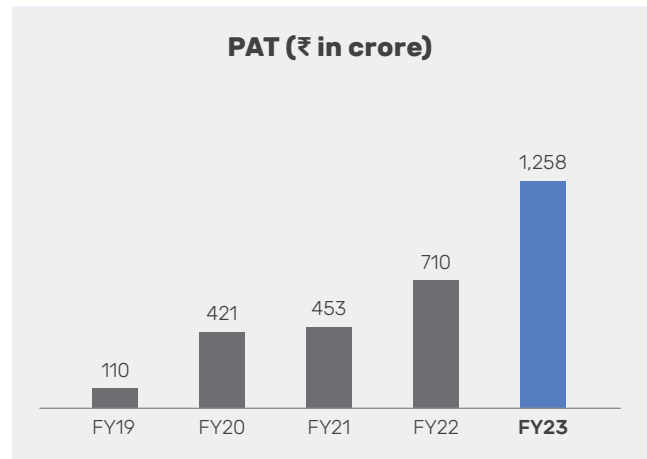
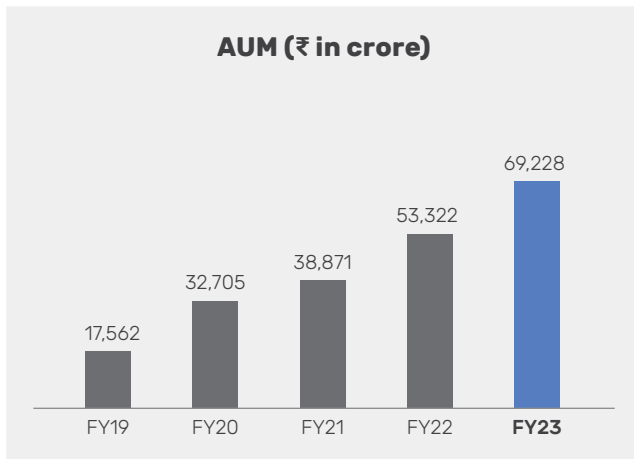
Owing to strong portfolio monitoring and risk management framework, BHFL continues to improve the portfolio quality and reduce the gross NPA thereby enabling the Company to diversify its product offerings and expand further. Gross and net NPA stood at 0.22% and 0.08% respectively as at 31 March 2023.

The performance highlights for FY2023 are given below :-

BHFL's Performance Highlights, FY2023

- Assets under management (AUM) grew by 30% to ₹ 69,228 crore
- Net interest income (NII) increased by 52% to ₹ 2,454 crore
- Pre-impairment operating profit increased by 60% to ₹ 1,824 crore
- Profit before tax (PBT) increased by 77% to ₹ 1,700 crore
- Capital adequacy ratio as of 31 March 2023 was 22.97%, well above the regulatory norms
- Total income rose by 50% to ₹ 5,665 crore
- Opex to NII stood at 25.7% in FY2023
- Impairment on Financial Instruments decreased by 31% to ₹ 124 crore
- Profit after tax (PAT) increased by 77% to ₹ 1,258 crore

Chart D: Key metric trends of last 5 years



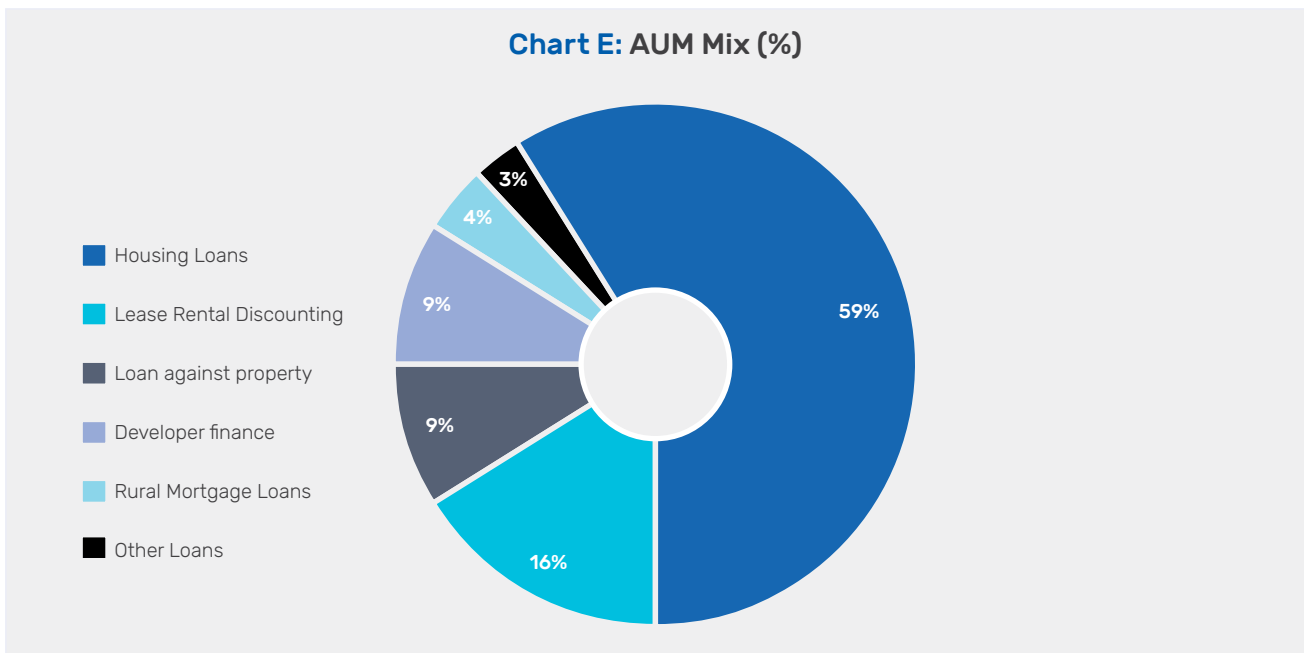
BHFL Business Update

After a gap of over two years, FY2023 was the first full year without any Covid disruption in the country. However, the financial aftereffects of Covid combined with the Russia-Ukraine conflicts created a looming financial impact and risk of recession on the global economy. To control rising inflation, central banks across the major economies of the world increased the benchmark rates and Indian Central Bank was no exception. The RBI increased its benchmark rate (REPO) 6 times during the year from 4.0% to 6.5%, an increase of 250 bps. This kind of increase in benchmark rates in a year is unprecedented and was not envisaged at the beginning of the year.

Post Covid normalisation, the year witnessed increased home sales as well as intensified competition across portfolios driving mortgage acquisition rates to their lowest levels. However, with continued REPO increases through the year, the growth momentum tapered off in the second half of the year. Disbursals year on year grew by 31% in FY2023 with the commercial businesses delivering another good year while the retail businesses maintained their momentum amid intensified competition.

BHFL continues to remain competitive on acquisition pricing aided by its lower cost of funds. For the first time, BHFL received sanction from the NHB under the NHB’s Refinance Scheme, which would further support the cost of funds going forward as well as expand the borrowing basket for the Company. To fund the growth plans of next couple of years, the Company raised additional ₹ 2,500 crore on 7 April 2022 through rights issue to Bajaj Finance Limited. With this capital raise, BHFL now has a capital base of ₹ 10,503 crore. Capital-to-risk weighted asset ratio (CRAR) of the Company stood at 22.97% as against regulatory requirement of 15% as on 31 March 2023.

During the year, BHFL deployed various system functionalities to deliver enhanced transparency and seamless experience to its customers. With the introduction of industry first e-agreement functionality, customers can now get rid of multiple wet ink signatures by opting for digitally signing the loan agreements in a completely secured environment.






Home Loans

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

Loan Against Property (LAP)

BHFL offers Loans Against Property (LAP) to SMEs, MSMEs, self-employed individuals and professionals against mortgage of their residential and commercial properties through direct-to-customer channel as well as through intermediaries. LAP business is present in 29 locations across India with an average loan value of ₹ 7.2 million. The LAP business AUM stood at ₹ 6,538 crore, a growth of 5% over FY2022.

 <p>HOME LOANS</p>	<ul style="list-style-type: none"> • Home Loans for under-construction and ready-to-move-in properties across 51 locations • Average loan value of ₹ 50 lakhs from direct-to-customer sales, as well as intermediaries, primarily focused on salaried customers 	<p><u>ASSETS UNDER MANAGEMENT</u></p> <p>₹ 41,037 Crore</p> <p><u>YEAR ON YEAR GROWTH</u></p> <p>23%</p>
 <p>LOANS AGAINST PROPERTY</p>	<ul style="list-style-type: none"> • Loans Against Property for residential as well as commercial properties across 29 locations • Average loan value of ₹ 72 lakhs from both direct-to-customer sales and intermediaries 	<p><u>ASSETS UNDER MANAGEMENT</u></p> <p>₹ 6,538 Crore</p> <p><u>YEAR ON YEAR GROWTH</u></p> <p>5%</p>
 <p>LEASE RENTAL DISCOUNTING</p>	<ul style="list-style-type: none"> • Lease Rental Discounting (LRD) for commercial properties across 12 locations, ranging from ₹ 10 crore to ₹ 550 crore • Construction Finance to existing LRD customers and Warehousing LRD to high-net-worth individuals, corporate clients, and developers 	<p><u>ASSETS UNDER MANAGEMENT</u></p> <p>₹ 11,260 Crore</p> <p><u>YEAR ON YEAR GROWTH</u></p> <p>64%</p>
 <p>DEVELOPER LOANS</p>	<ul style="list-style-type: none"> • Construction and Inventory Financing across 13 locations • Average loan value of ₹ 30 crore to developers with a strong track record of timely project delivery and loan repayment 	<p><u>ASSETS UNDER MANAGEMENT</u></p> <p>₹ 6,026 Crore</p> <p><u>YEAR ON YEAR GROWTH</u></p> <p>92%</p>
 <p>RURAL MORTGAGE LOANS</p>	<ul style="list-style-type: none"> • Home Loans and Loans Against Property across 109 upcountry locations • Average loan value of ₹ 17 lakhs to salaried and self-employed customers 	<p><u>ASSETS UNDER MANAGEMENT</u></p> <p>₹ 2,592 Crore</p> <p><u>YEAR ON YEAR GROWTH</u></p> <p>14%</p>

Lease Rental Discounting (LRD)

BHFL offers financing to high-net-worth individuals (HNIs) and developers for their lease rental discounting needs with loan amounts ranging from ₹ 10 crore to ₹ 550 crore. This involves financing against lease rental cashflows of commercial properties occupied by prominent lessees under a long-term lease contract. BHFL also offers construction finance for commercial properties to existing LRD customers as well as warehousing LRD. These products are offered across 12 locations in India and the Company plans to expand its presence to 6 more locations in FY24. The AUM from this business stood at ₹ 11,260 crore as on 31 March 2023, growth of 64% over FY2022.

Developer Loans

BHFL offers construction and inventory finance to developers with strong track record of timely project delivery and loan repayments with average loan value of ₹ 30 crore. This business is currently operating in 13 locations and the Company plans to expand its presence to 7 more locations in FY24. These developer relationships further enable BHFL to acquire low risk retail home loan customers from projects developed by these developers. Repayments for these loans are secured through escrow arrangements. Exposures are closely tracked by dedicated centralised team during the loan tenure against the agreed milestone of sales, collection, and stage of completion. AUM under this business grew by 92% and stood at ₹ 6,026 crore as on 31 March 2023.

Rural Mortgage Loans

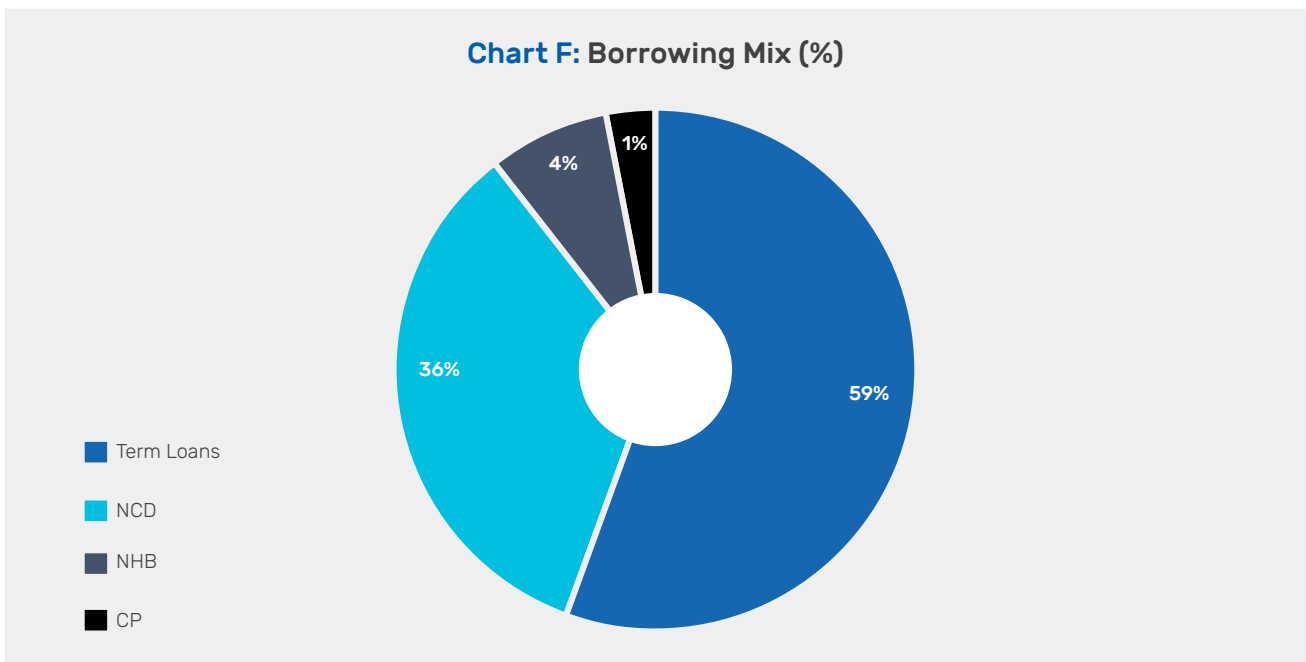
BHFL offers home loans and loans against property to salaried and self-employed customers across 85 small towns in India along with 24 Tier III locations which were opened in FY2022 as part its geo expansion strategy. Rural mortgages business operates at an average loan value of ₹ 1.7 million. This business helps BHFL widen its geographic reach and reduce portfolio concentration. This business closed FY2023 with AUM of ₹ 2,592 crore.

Partnerships and Services

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

Borrowings

Borrowings as at 31 March 2023 stood at ₹ 53,745 crore as against ₹ 41,492 crore as at 31 March 2022. Out of total borrowings, term loans constituted 59%, money market 37%, NHB Refinance 4% and ICD 0.3%. During the year, the Company received sanction from the NHB under the NHB Refinance Scheme thereby diversifying the borrowing mix of the Company, supporting ALM as well as lower the overall cost of funds.



BHFL maintained liquidity buffer of ₹ 2,016 crore as at 31 March 2023 invested in the form of T-bills/ government securities (₹ 1,422 crore), mutual funds (₹ 579 crore) and fixed deposit with banks (₹ 15 crore). Average return on liquid investments was 5.5% during the year.

Table 2: Average return on investments

Particulars	Average Yield (%)
Government Securities	5.4%
Mutual Funds	5.5%
Fixed deposit with banks	5.7%

Financial Performance

Table 3 gives BHFL's standalone financial performance for FY2023 vis-à-vis FY2022.

Table 3: Standalone Financials

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

Table 4: Key Ratios

Ratios	FY2023	FY2022
Net interest income to average loans	4.5%	4.0%
Total operating expenses to NII	25.7%	29.2%
Return on equity (ROE)	14.6%	11.1%
Capital to risk-weighted assets ratio (CRAR)	22.97%	19.71%
Tier I	22.19%	18.95%
Tier II	0.78%	0.76%
Gross NPA	0.22%	0.31%
Net NPA	0.08%	0.14%
Provisioning coverage ratio (PCR)	63.6%	54.3%
EPS - Basic (₹)	1.88	1.45
Diluted (₹)	1.88	1.45

Assets Under Management (AUM): Snapshot

Table 5 (a): Assets Under Management across major business verticals

Particulars	₹ in crore			AUM Mix
	FY2023	FY2022	Change	
Housing loans (including top ups)	41,037	33,238	23%	59%
Loan against property	6,538	6,221	5%	9%
Lease rental discounting	11,260	6,848	64%	16%
Developer finance	6,026	3,136	92%	9%
Rural mortgage loans	2,592	2,276	14%	4%
Other loans	1,775	1,603	11%	3%
Total	69,228	53,322	30%	100%

Table 5 (b): Assets Under Management as per regulatory criteria

(₹ in crore)

Particulars	FY2023			FY2022		
	AR	AUM	AUM Mix	AR	AUM	AUM Mix
Housing loans	32,648	35,007	51%	24,577	27,552	52%
Non-Housing loans	13,818	16,935	24%	13,177	15,786	30%
CRE-Residential Housing	4,859	4,859	7%	2,397	2,409	4%
CRE	10,789	12,427	18%	6,331	7,575	14%
Total	62,114	69,228	100%	46,482	53,322	100%

Risk Management and Portfolio Quality

The Company has well-designed risk governance framework for identification, evaluation and management of various risks namely credit risk, market, liquidity and interest rate risk, operational risk, reputational risk and technological risk. Periodic update on the risk management framework is being done to dedicated Risk Management Committee (RMC) comprising directors and senior management team members for their oversight. Some of risk scenarios are detailed out below:

Credit Risk

Credit risk is governed by various product policies and these policies clearly define the type of products that can be offered, customer categories, targeted customer profile, credit approval process and limits. The Company has a Standard Operating Procedure (SOP) document in place that clearly describes the due-diligence guidelines, which include credit evaluation, legal appraisal, technical appraisal, verification, value, documentation, and so on. Our verification process is automated through API making it robust and errorfree. Our in-house underwriting teams carries out comprehensive credit appraisals of the file, based on structured and standardised credit approval process. BHFL has digitised some credit processes with robust system validations built in. This ensures quick decision making without compromising on quality of underwriting and without dilution in operational activities which further reduces TAT.

Portfolio level monitoring is being done by dedicated risk function to pick up early warning signals and take corrective actions. Periodic review mechanism enables the Company to implement incremental checks to maintain portfolio quality. Basis changing market scenarios, risk policies are refined to incorporate emerging risk metrics applicable to the portfolio.

Portfolio quality improves at BHFL level on account of rigorous monitoring and immediate actions on early warning signal. Gross NPA and Net NPA stood at 0.22% and 0.08% as at 31 March 2023 as against 0.31% and 0.14% as at 31 March 2022 respectively. The Company holds a management and macro-economic overlay of ₹ 237 crore as at 31 March 2023. Stage 3 assets improved from 0.31% as at 31 March 2022 to 0.22% as at 31 March 2023 due to improved collection efficiency.

Market risk, liquidity risk and interest rate risk

The Company evaluates market, liquidity and interest rate risks and macro-economic events through board approved ALM framework and through periodic ALCO reviews which enable the Company to address any upcoming impact on the Company. Interest rate risk is managed through matching fixed and floating rate assets and liabilities, monitoring the duration of investment portfolio and through interest rate swaps as per the policy approved by the board.

Operational and reputational risk

Operational risks are governed through various internal process audits which are done by the process owners at transaction level, Internal Compliance audit team and reviewed on monthly basis. Such audits are conducted basis various automated system reports to identify the risk and further actions are taken to minimise the impact immediately on getting the triggers. In addition to the system validations for critical parameters and processes in the Company are executed through maker and checker approach thereby minimizing the risks. Our centralised service team monitors customer requests and escalations on social media and regulatory channels to provide end-to-end resolution for seamless customer experience and avoid reputational risk to the Company.

Technological risk

BHFL has well defined Information security and cyber security policy. A 24x7 Securities Operations Center (SOC) monitors security events and alerts. Internet facing applications are behind Web Application Firewall (WAF). Data Leakage Prevention (DLP) is implemented to protect critical data. Periodic vulnerability assessment is being done through CERT-IN empaneled partners as well as inhouse deployed tool to provide threat intelligence, dark web monitoring and executive monitoring. To check the effectiveness, annual BCP drill is conducted around business processes, personnel and infrastructure requirement for daily operations.

Table 6: Stage wise assets of the Company

(₹ in crore)

Particulars	Exposure at Default (EAD)	Expected Credit Loss (ECL)	ECL / EAD (%)	EAD Mix(%)
Stage 1	62,142	360	0.58%	99.21%
Stage 2	360	78	21.77%	0.57%
Stage 3	137	87	63.60%	0.22%
Total	62,639	525	0.84%	100.00%

Asset Liability Management (ALM)

BHFL has board level Committee of Directors, management level 'Asset Liability Committee (ALCO)' and a sub-committee to monitor its asset liability management. Management level committee meets every month to monitor mismatches and ensure adequate level of liquidity.

ALCO reviews macroeconomic indicators affecting the industry as well as the Company along with liquidity position, interest rate scenario, balance sheet growth and liability maturities and guides treasury team on fund raising plan. The Company is also required to maintain high quality liquid assets (HQLA) for next 30 days of net cash outflows in accordance with the RBI's guidelines. The committee monitors Liquidity Coverage Ratio (LCR) to ensure regulatory compliance as well as liquidity maintenance. The LCR stood at 149.72% as on 31 March 2023 as against regulatory requirement of 60%. Management level 'Investment Committee' also monitors investment position on monthly basis as per board approved investment policy.

Liquidity and interest rate risks are being managed in accordance with liquidity risk management framework and Asset Liability Management Policy. The Company maintains minimum daily liquidity as per the LCR requirement which is kept in the form of t-bills, government securities and cash and bank balances which are classified as HQLA for LCR calculation. The Company also keeps funds in liquid mutual funds to meet its liquidity requirements for business growth.

The Company has a board approved Interest rate risk and currency risk hedging policy to hedge itself for any adverse movement in interest rate and currency risk and the Company continuously tracks the movements across these metrics. To manage the interest rate risk arising from mismatch of fixed rate liabilities and floating rate assets, the Company enters into interest rate swaps to convert notional amount of fixed rate liability into floating rate liability. These instruments can be linked either to overnight index swaps (OIS) or government securities. The Company receives fixed rate and pay floating rate thereby reducing the interest rate movement impact.

The Company monitors its asset liability mismatches for defined maturity buckets as per regulations. Inflows are bucketed based on behaviouralisation of inflows from the loan book considering the past prepayments/foreclosure trends. Outflows are bucketed based on the maturities of the borrowing as per their respective contractual maturity dates. Other assets and liabilities are considered basis past trend. The Company maintained cumulative positive ALM position in maturity up to 1 year bucket with cumulative inflow amounting to ₹ 24,398 crore and cumulative outflow amounting to ₹ 22,053 crore. Moreover, BHFL has positive ALM position in 1-7 days, 8-14 days and 15-31 days as against the extant RBI regulation which permits a negative ALM mismatch of up to 10%, 10% and 20% respectively.

Table 7 mentions the behavioural maturity pattern of BHFL's asset and liabilities reflecting careful ALM management.

Table 7: Behaviouralised ALM snapshot as on 31 March 2023

Particulars	1 to 7 days (1 month)	8 to 14 days (1 month)	15 to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total
A. Inflows											
Cash and investments	457	215	25	100	-	699	599	15	-	-	2,110
Advances	714	413	647	1,358	1,304	3,715	6,477	17,820	10,340	19,326	62,114
Other Inflows	-	-	1,058	679	937	767	4,233	4,226	1,756	6,609	20,265
Total inflows	1,171	628	1,730	2,137	2,241	5,181	11,309	22,061	12,096	25,935	84,489
B. Cumulative total inflows	1,171	1,799	3,529	5,666	7,907	13,088	24,397	46,458	58,554	84,489	
C. Outflows											
Borrowings repayment	17	-	501	199	1,426	3,167	6,782	20,416	14,261	6,976	53,745
Capital, Reserves and surplus	-	-	-	-	-	-	-	-	-	10,503	10,503
Other outflows	1,025	550	1,082	945	728	1,540	4,091	5,720	551	4,009	20,241
Total outflows	1,042	550	1,583	1,144	2,154	4,707	10,873	26,136	14,812	21,488	84,489
D. Cumulative total outflows	1,042	1,592	3,175	4,319	6,473	11,180	22,053	48,189	63,001	84,489	
E. Gap (A - C)	129	78	147	993	87	474	436	(4,076)	(2,716)	4,447	
F. Cumulative gap (B - D)	129	207	354	1,347	1,434	1,908	2,344	(1,731)	(4,447)	-	
G. Cumulative gap (%) (F/D)	12%	13%	11%	31%	22%	17%	11%	(4%)	(7%)	-	
H. Permissible cum. gap (%)	(10%)	(10%)	(20%)								

The Company also executes assignment transactions with other financial institutions where certain portion of loan exposures is assigned to the respective institution and the Company continues to service the portfolio. The Company had assigned portfolio outstanding of ₹ 7,114 crore as on 31 March 2023.



Mobility App

Seamless and faster logins for field teams



Online home loan

Apply online & get a digital sanction letter instantly



Customer Web Portal & Dedicated Customer App

Revamped digital assets that enable self-service



WhatsApp home loan

Hassle-free application through your preferred platform



Online customer referral form

Refer friends and family for a home loan online



E-sanction letter

Digital replacement for a physical sanction letter



Revamped website

Accessibility for both information and application



E-agreement

Enhanced transparency with a digital agreement



'Call me back'

Schedule a call for application help at a time of your preference



'Call/misssed call'

Instant application help that's just a call away



Customer Service

Mortgage is a long tenor and high customer engagement product throughout the customer's loan lifecycle and customer service plays an important role to address customer grievances post disbursal. The Company has digitalised its process to improve customer experience and enhance transparency.

The Company uses machine learning (ML) to ensure first time right resolution of complaints along with sentiment analysis to know if the customer has unstated complaints and thereby prioritizing them. The Company continues to focus on customer sentiment-based feedback rather than just the stated issues.

The Company provides the facility of dedicated customer portal and customer app to help customers get direct and instant access to their account information, pay amounts online, download loan related documents and raise request. To deliver consistent, hassle-free and seamless experience to its customers, the Company uses various digital initiatives as well as have a dedicated customer service team.

Human Resources

Employees are considered as an important asset to build a sustainable organization for which the Company remains focussed on employee engagement, performance enhancement, smooth onboarding and skill improvement. The Company offers 9 days in-person induction program 'STEPS' with detailed coverage on organizational overview, culture understanding, business policies, processes and practical training. These inductions enable new employees to understand the nuances and practices before starting the assigned role. Employees transitioning from individual contributor to people manager role undergo a 2 days induction program 'FLM' to enhance the skills required for first time people manager. The Company also runs various refresher courses to upskill its existing employees.

The Company continues to reward the exceptional performance of employees in both monetary and non-monetary terms through its robust rewards and recognition program. As on 31 March 2023, BHFL had 2,788 employees.

Internal Control Systems and their Adequacy

BHFL had adequate internal control systems in place basis the nature, size and operations of business and processes. Internal team carries the internal audit to evaluate the adequacy and effectiveness of internal control systems and processes of all businesses and functions. Significant audit observations are then reported to the board level Audit Committee along with follow-up actions on periodic basis. The board level Audit Committee comprises of three directors of which two are independent directors. The Audit Committee reviews the internal audit reports, adequacy and effectiveness of internal control on quarterly basis.

Fulfilment of the RBI and NHB's norms and standards

The Company complies with the norms and standards laid down by RBI as well as NHB relating to the income recognition, asset classification, provision adequacy, capital adequacy and other norms. The Company has been classified as Upper Layer NBFC under the Scale Based Regulations of the RBI and accordingly has put in place all policies and processes to comply with the said regulations. The Company is on track to meet the regulatory requirement of "Principal Business Criteria" to have minimum 60% of its assets towards housing finance and 50% of total assets towards individual housing finance by 31 March 2024. The Company has 58.30% of its assets towards housing finance and 50.74% of total assets towards individual housing finance as on 31 March 2023.

Cautionary Statement

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

DIRECTORS' REPORT

Your directors present the fifteenth Annual Report along with the financial statements for FY2023.

Company Overview

Bajaj Housing Finance Ltd. ('BHFL' or 'the Company') is registered with National Housing Bank ('NHB') as a Housing Finance Company ('HFC') engaged in the business of mortgage lending since 2017-18. It is a wholly-owned subsidiary of Bajaj Finance Limited ('BFL'). The Company offers finance to individuals as well as corporate entities for the purchase and renovation of homes or commercial spaces. It also provides loans against property for business or personal needs. The Company also offers finance to developers engaged in the construction of residential and commercial properties as well as lease rental discounting to developers and high net-worth individuals.

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Company is categorised as High Value Debt Listed entity.

SEBI in its Board meeting dated 29 March 2023 extended the 'comply or explain' period for the High Value Debt Listed Entities in respect of corporate governance provisions (i.e. regulation 16 to 27 of SEBI Listing Regulations) till 31 March 2024.

The Company has been classified in Upper Layer pursuant to the RBI Scale Based Regulations.

Financial Results

The key highlights of the financial results for FY2023 are given below:

Particulars	(₹ in crore)		
	FY2023	FY2022	change over FY2022
Total income	5,665	3,767	50%
Finance cost	3,211	2,155	49%
Net interest income	2,454	1,612	52%
Total operating expenses	630	471	34%
Pre-provisioning operating profit	1,824	1,141	60%
Impairment on financial instruments	124	181	(31%)
Profit before tax	1,700	960	77%
Profit after tax	1,258	710	77%
Retained earnings as at the beginning of the year	1,325	758	75%
Profit after tax for the year	1,258	710	77%
Other comprehensive income on defined benefit plan	4	(1)	
Retained earnings before appropriations	2,587	1,467	76%
Appropriations			
Transfer to reserve fund u/s 29C of the NHB Act, 1987	252	142	77%
Retained earnings as at the end of the year	2,335	1,325	76%

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

Share Capital

On 7 April 2022, the Special Committee for Rights Issue constituted by the Board of Directors has allotted, on rights basis, 1,828,822,235 equity shares of face value of ₹ 10 each at a premium of ₹ 3.67 per equity share, aggregating to ~ ₹ 2,500 crore, to Bajaj Finance Limited (the 'Holding Company').

Pursuant to the said allotment, the total issued and paid-up capital of the Company as on 31 March 2023 stood at ₹ 6,712.15 crore comprising of 6,712,155,564 equity shares of face value of ₹ 10 each fully paid-up.

During the year FY2023, the Company has not issued any convertible securities and there are no outstanding convertible securities as on 31 March 2023.

Dividend

Considering the capital-intensive nature of the business, the business plan of the Company and with a view to plough back the profits, your Board has not recommended dividend for consideration of the members at the ensuing Annual General Meeting ('AGM') in order to build a strong base for its long-term growth.

Transfer to Reserve Fund

Under Section 29C of the National Housing Bank Act, 1987, Housing Finance Companies ('HFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. The Company has transferred a sum of ₹ 252 crore to reserve fund, which is 20% of its net profit.

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

Scale Based Regulations

The Reserve Bank of India issued a circular on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs" on 22 October 2021 ('SBR Framework'). As per the SBR framework, based on size, activity and risk perceived, NBFCs are categorised into four layers, NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL). The RBI has categorised Bajaj Housing Finance Limited as an NBFC - Upper Layer (NBFC-UL) vide its press release dated 30 September 2022. The Company has put in place the necessary Board approved policies as required under the SBR framework.

Working Results of the Company

- Asset Under Management (AUM) as on 31 March 2023 was ₹ 69,228 crore as compared to ₹ 53,322 crore as on 31 March 2022, representing an increase of 30% over the previous year.
- Loan receivables as on 31 March 2023 was ₹ 62,114 crore as compared to ₹ 46,482 crore as on 31 March 2022, an increase of 34% over the previous year.
- Total income during FY2023 increased to ₹ 5,665 crore from ₹ 3,767 crore during FY2022 registering a growth of 50% over the previous year.
- Total operating cost to net interest income has decreased to 25.7% from 29.2% in FY2023.
- Impairment on financial instruments was ₹ 124 crore. The Company holds management and macro-economic overlay of ₹ 237 crore as on 31 March 2023.
- The Company ended FY2023 with a Gross NPA of 0.22% and Net NPA of 0.08% as against 0.31% and 0.14% respectively for the year FY2022.
- Profit before tax for FY2023 was ₹ 1,700 crore as against ₹ 960 crore for FY2022, an increase of 77% over the previous year.
- The profit after tax for FY2023 was ₹ 1,258 crore as compared to ₹ 710 crore for FY2022, an increase of 77% over the previous year. This is mainly due to the Company's healthy net interest margin, operating efficiencies and prudent risk management.

Operations

Details regarding the operations of the Company and its state of affairs are covered in the 'Management Discussion and Analysis Report'.

Borrowings

The overall borrowing limit of the Company has been increased to ₹ 1,00,000 crore by the members at their meeting held on 19 May 2023.

As on 31 March 2023, the borrowings of the Company stood at ₹ 53,745.39 crore. During FY2023, the Company has issued non-convertible debenture (NCDs) to the tune of ₹ 9,838 crore and redeemed NCDs to the tune of ₹ 2,855.80 crore. Further, the Company has also issued Commercial Papers (CPs) to the tune of ₹ 3,675 crore and redeemed CPs to the tune of ₹ 7,325 crore.

As per the RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Company was required to maintain Liquidity Coverage Ratio (LCR) of 60% from 1 December 2022 onwards. The LCR of the Company as on 31 March 2023 was 149.72%. The daily average LCR of the Company during the Q3 and Q4 FY2023 was at 101.32% and 129.15% respectively.

Subsidiaries, Associates and Joint Ventures

The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement of attaching form AOC-1 is not applicable to the Company.

SEBI vide its notification dated 7 September 2021 has amended SEBI Listing Regulations requiring High Value Debt Listed Companies (HVDs) to adopt a policy for determining material subsidiaries.

The Company's policy for determination of material subsidiary, as adopted by the Board of Directors, in conformity with regulation 16 of the SEBI Listing Regulations, can be accessed on the Company's website at https://www.bajajhousingfinance.in/documents/37350/53075/annexure_32_policy_for_determining_material_subsidaries.pdf

Further, the net worth of the Company exceeds 10% of the consolidated net worth of the immediately preceding accounting year of both Bajaj Finance Ltd. (BFL) and Bajaj Finserv Ltd. (BFS); and therefore, it is classified as their material subsidiary.

Directors and Key Managerial Personnel (KMP)

As on 31 March 2023, the Board consisted of five Directors of whom two are Independent Directors. On 1 April 2023, two of the Independent Directors are also Independent Director on the Board of the holding company viz. BFL.

A. Change in Directorate:

i. Appointment

Dr. Arindam Bhattacharya (DIN: 01570746)

On recommendation of Nomination and Remuneration Committee ('NRC'), the Board at its meeting held on 25 April 2022, approved the appointment of Dr. Arindam Bhattacharya as an Independent Director for a tenure of 5 consecutive years w.e.f. 1 May 2022.

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

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

Atul Jain (DIN: 09561712)

On recommendation of the NRC, the Board at its meeting held on 25 April 2022 approved the appointment of Atul Jain, CEO of the Company as the Managing Director for a tenure of 5 consecutive years w.e.f. 1 May 2022.

Rajeev Jain (DIN: 01550158)

Rajeev Jain, who was re-appointed as Managing Director for a period of 3 years from 10 November 2019, demitted the office of Managing Director of the Company w.e.f. close of business hours on 30 April 2022. He, however, continues on the Board of the Company as Non-Executive Director and has been designated as Vice - Chairman w.e.f. 1 May 2022.

Jasmine Chaney (DIN: 07082359)

On recommendation of the NRC, the Board at its meeting held on 16 March 2023 approved the appointment of Jasmine Chaney as an Independent Director of the Company for a period of 5 consecutive years w.e.f. 1 April 2023. The same has been approved by members at their meeting dated 19 May 2023.

The Board is of the opinion that Jasmine Chaney is a person of integrity, expertise, competent experience and proficiency to serve the Company as an Independent Director.

Jasmine Chaney has also registered herself in the Independent Director's databank of Indian Institute of Corporate Affairs as required under Rule 6(1) of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019. She will be undertaking online proficiency self-assessment test within the prescribed timeframe.

ii. Cessation**Lila Poonawalla (DIN: 00074392)**

Lila Poonawalla, Non-Executive Independent Director of the Company, upon completion of her term ceased to be a Director of the Company w.e.f. close of business hours on 21 January 2023. The Board places on record its sincere appreciation for the valuable contribution made by her during her tenure on the Board.

B. Directors liable for rotation:

Atul Jain, retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment. Brief details of Atul Jain, who is seeking re-appointment, are given in the Notice of fifteenth AGM.

The members at their meeting dated 15 June 2022 approved re-categorisation of Sanjiv Bajaj as Director not liable to retire by rotation.

C. Key Managerial Personnel (KMP):

On relinquishment of office of the Managing Director, Rajeev Jain ceased to be the KMP of the Company w.e.f. close of business hours on 30 April 2022.

Shri Atul Jain, Managing Director was also appointed as KMP of the Company w.e.f. 1 May 2022.

R Vijay, resigned as Company Secretary and ceased to be the KMP w.e.f. close of business hours on 30 April 2022. The Board at its meeting held on 25 April 2022, appointed Atul Patni as the Company Secretary and KMP of the Company w.e.f. 1 May 2022.

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

Declaration by Independent Directors

The Independent Directors have submitted a declaration to the effect that they meet the criteria of independence as provided under Section 149(6) of the Act, Schedule IV read with Regulation 16 of the SEBI Listing Regulations as amended. They have also confirmed compliance with the provisions of rule 6(1)(b) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of Independent Directors.

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

Remuneration Policies**a) Policy on directors' appointment and remuneration**

Pursuant to Section 178(3) of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of the SEBI Listing Regulations, the Board has framed a remuneration policy. This policy, *inter alia*, provides:

- a) The criteria for determining qualifications, positive attributes and independence of directors; and
- b) Broad guidelines of compensation philosophy and structure for Non-Executive Directors, Key Managerial Personnel and other employees.

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

The aforesaid policy can be accessed at <https://www.bajajhousingfinance.in/documents/37350/53075/Remuneration+Policy+--+Companies+Act.pdf>

b) Policy for Compensation of Key Managerial Personnel (KMP) and Senior Management (SMP) pursuant to RBI Guidelines

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

- Principles of Compensation
- Compensation Components
- Principles of Variable pay
- Deferral of Variable Pay
- Compensation for Control and Assurance Function Personnel
- Provisions for Malus and Clawback and circumstances under which application of Malus and Clawback is to be considered.

The aforesaid policy can be accessed at <https://www.bajajhousingfinance.in/documents/37350/53075/Remuneration+policy+--+RBI.pdf>

During FY2023, there were no pecuniary relationship/transactions of any of the Non-Executive Directors with the Company apart from their remuneration as directors.

Formal Annual Evaluation of the Performance of the Board, its Committees, Chairperson and Directors

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

Further as per Schedule IV of the Act and provisions of the SEBI Listing Regulations, the performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the director being evaluated, on the basis of performance and fulfilment of criteria of independence and their independence from management.

Based on the report of the performance evaluation, it shall be determined whether to extend or continue the term of appointment of Independent Director.

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

The manner in which formal annual evaluation of performance was carried out by the Board for FY2023 basis the criteria for performance evaluation is given below:

- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking feedback of the directors with regards to the performance of the Board, its Committees, the Chairperson and individual directors.
- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, its Committees, Chairperson and individual directors for the year 2022-23 and a consolidated report thereof was arrived at.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 15 March 2023.
- The report of performance evaluation so arrived at was then discussed and noted by the Board at its meeting held on 16 March 2023.

- Based on the report and evaluation, the NRC and Board at their respective meetings held on 15 March 2023 and 16 March 2023, determined that the appointment of all Independent Directors may continue.
- Details on the evaluation of Board, Non-Independent Directors and Chairperson of the Company as carried out by the Independent Directors at their separate meeting held on 15 March 2023 have been furnished in a separate paragraph elsewhere in this report.
- During FY2023, the process followed by the Company was reviewed by the NRC, which opined these to be in compliance with the applicable provisions and found it to be satisfactory.

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

The performance evaluation criteria were reviewed by the NRC & Board and advised enhancement to the feedback mechanism by introducing few qualitative aspects to the criteria.

Meeting of Independent Directors

Pursuant to Section 149(8) read with Schedule IV of the Act, and Regulation 25(3) of SEBI Listing Regulations, the Independent Directors shall hold at least one meeting in a financial year without the presence of Non-Independent Directors and members of the management. The meeting of Independent Directors of the Company was held on 15 March 2023. Anami N Roy chaired the said meeting.

The Independent Directors at the meeting, *inter alia*:

- noted the report of performance evaluation of the Board & its committees for the year 2022-23.
- reviewed the performance of Non-Independent Directors and the Board as a whole.
- reviewed the performance of the Chairman of the Board taking into account the views of Executive Director; and
- assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Number of Board Meetings

The Board met six times during FY2023 on 25 April 2022, 23 June 2022, 25 July 2022, 19 October 2022, 21 January 2023 and 16 March 2023. The gap between two consecutive meetings was less than one hundred and twenty days.

Directors' Responsibility Statement

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

In accordance with the provisions of Section 134(3)(c) of the Act, the Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for FY2023;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Audit Committee

The Company has an Audit Committee fulfilling the requirements under the Act, RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (“RBI Regulations”) and SEBI Listing Regulations.

The present composition of the Committee as approved by the Board at its meeting held on 16 March 2023 is as follows: Anami N Roy (Chairman), Dr. Arindam Bhattacharya, Rajeev Jain and Jasmine Chaney.

The composition of Audit Committee is over and above the minimum requirement prescribed under the Act, SEBI Listing Regulations, and RBI Regulations of having a minimum of two-thirds of Independent Directors, including the Chairman. All members of the committee are Non-Executive Directors possessing financial literacy and expertise in accounting or financial management related matters.

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

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

Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee fulfilling the requirements prescribed under the Act, RBI Regulations and SEBI Listing Regulations.

The present composition of the Committee as approved by the Board at its meeting held on 21 January 2023 is as follows: Dr. Arindam Bhattacharya (Chairman), Anami N Roy and Rajeev Jain.

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

Risk Management Committee

The Company has a Risk Management Committee fulfilling the requirements prescribed under the Act, RBI Regulations and SEBI Listing Regulations.

The present composition of the Committee as approved by the Board at its meeting held on 16 March 2023 is as follows: Dr. Arindam Bhattacharya (Chairman), Sanjiv Bajaj, Anami N Roy, Rajeev Jain, Atul Jain, Jasmine Chaney, Niraj Adiani, Gaurav Kalani, Vijay Solanki and Ajita Kakade.

The composition of Risk Management Committee is as per the requirement prescribed under the SEBI Listing Regulations, and the RBI Regulations. The Committee consist of ten members with majority of them being members of the Board of Directors, including an Independent Director. The Chairperson of the Committee is a member of the Board of Directors.

The Board of Directors have adopted a risk management policy for the Company under which management identifies and controls risks through a properly defined framework in terms of the aforesaid policy.

During the year, the Board of Directors adopted Internal Capital Adequacy Assessment Process (ICAAP) pursuant to the RBI Scale Based regulations covering three major components as risk profile assessment, stress testing and capital planning.

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

Particulars of Loans, Guarantees and Investments

The Company, being a housing finance company registered with the NHB and engaged in the business of providing loans in ordinary course of its business, is exempt from complying with the provisions of Section 186 of the Act with respect to loans. Accordingly, the disclosures pertaining to loans and guarantees given as required under the aforesaid section have not been made in this Report.

Information regarding investments made by the Company are detailed in the financial statements.

Material Changes and Commitments

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

Conservation of Energy

Though the operations of the Company are not energy intensive, the Company implements various energy conservation measures across all its functions, verticals and value chain partners. Key initiatives of the Company include the following:

- Switching from conventional lighting system to LED lights at most of the branches in metro areas;
- Selecting and designing offices to facilitate maximum natural light utilisation; and
- Use of cloud based virtual servers to increase energy efficiency and data security.

Technology Absorption

The Company adopts latest and innovative technologies for acquisition and servicing. Its move to host entire enterprise IT ecosystem on cloud is leading to flexible architecture for its business applications, data warehousing and analytics, that is high performing, rapidly scalable, cost effective and highly secure. The Company has improvised its stack of web-based applications compatible across computing devices enabling mobility along with API gateways for seamless integration.

The Company has also improvised productivity in areas of business operations and customer service by leveraging robotic process automation and artificial intelligence.

Foreign Exchange Earnings and Outgo

During FY2023, the Company did not have any foreign exchange earnings in terms of actual inflow and the foreign exchange outgo in terms of actual outflow amounted to ₹ 25.05 lakh.

Corporate Social Responsibility (CSR)

The CSR Committee comprises of three directors viz. Anami N Roy (Chairman), Sanjiv Bajaj and Rajeev Jain. Upon completion of term of Lila Poonawalla, she ceases to be a Director of the Company from close of business hours on 21 January 2023. The Board at its meeting dated 21 January 2023 inducted Anami N Roy as member and Chairman of the Committee w.e.f. 22 January 2023.

The CSR obligation of the Company for FY2023 is ₹ 12.68 crore. As on 31 March 2023, the Company has fully spent the CSR obligation for FY2023.

Detailed information on CSR Policy, its salient features, CSR initiatives undertaken during the year, details pertaining to spent amount forms part of Annual Report on CSR activities.

The CSR policy has been hosted on the website of the Company and can be accessed at https://www.bajajhousingfinance.in/documents/37350/53075/csr_policy.pdf

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

Annual Return

A copy of the annual return as provided under Section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website and can be accessed at <https://www.bajajhousingfinance.in/annual-reports>

Risk Management

The Board of Directors have adopted a risk management policy for the Company which provides for identification, assessment and control of risks which in the opinion of the Board may pose significant loss or threat to the Company.

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

The RBI, vide its circular dated 22 October 2020, reviewed the regulatory framework for HFCs wherein, all non-deposit taking HFCs with asset size of more than ₹ 100 crore shall pursue liquidity risk management which, *inter alia*, should cover adherence to gap limits. The Board has approved a Liquidity Risk Management framework encompassing, *inter alia*, strategies and practices, internal controls, maturity profiling, liquidity coverage ratios and high-quality liquid assets.

The Board at their meeting held on 25 April 2022, has re-appointed Niraj Adiani as Chief Risk Officer for another term of 3 years from 1 July 2022 to 30 June 2025. Further, in terms of NHB Circular on Risk Management System – Appointment of Chief Risk Officer dated 29 May 2019, the Committee also has an independent meeting with the Chief Risk Officer without the presence of management.

Chief Compliance Officer

Amit Yadav has been appointed as the Chief Compliance Officer (CCO) of the Company with effect from 1 April 2022. The Company has also adopted a Compliance Policy in terms of RBI circular dated 11 April 2022 on compliance function & role of CCO.

Significant and Material Orders passed by the Regulators and Courts

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

Internal Audit

Internal Audit function provides an independent view to Audit Committee on the quality and efficacy of the internal controls, governance systems and processes.

In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), the Company has adopted a Risk Based Internal Audit policy.

Pursuant to RBIA framework, Internal Audit is aligned in such a manner that assurance is provided to the Audit Committee and Board of Directors on quality and effectiveness of the internal controls, and governance related systems and processes.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee. The Audit Committee regularly reviews the internal audit reports along with the corrective and preventive actions thereon. Significant audit observations, corrective and preventive actions thereon are presented to the Audit Committee on a quarterly basis.

The Committee also has an independent meeting with the Internal Auditor without the presence of management.

Internal Financial Controls

The Company has in place adequate financial controls commensurate with its size, scale and complexity of operations with reference to its financial statements. These have been designed to provide reasonable assurance regarding recording and providing financial information, ensuring integrity in conducting business, accuracy and completeness in maintaining accounting records, prevention and detection of frauds and errors. The Audit Committee and Board reviewed the Internal Financial Controls and found them in order.

Information System Audit

In terms of the Information Technology Framework for the NBFC Sector, HFCs are required to have an information system audit at least once in a year. During the year under review, system audit was conducted by a CERT-in empanelled audit firm (KPMG). The areas audited were IT General Controls, Cyber Security Controls and Information Security Controls aligned with ISO 27001 and the regulatory framework applicable to the Company. Audit revealed no major observations. Necessary continuous improvement actions have been taken in line with the audit observations. ISO second surveillance audit was conducted by BSI during the year. There are no non-compliances reported and ISO certification is renewed.

Business Continuity and Cyber Security

To enable user to work from home in secure manner, the Company implemented VPN with auto connect. The Company also enabled remote access for identified partners to enable full resources for user support, cloud support, application maintenance and testing using privilege access management technology connecting to the Company servers. Cloud infrastructure has been built with DR capabilities and is capable of running applications during any disaster situation.

The Company's cloud first IT strategy helped it to manage the demand with elastic scalability and rapid provisioning while reducing total cost of ownership and turnaround time. The Company is aiming for 100% digitalisation with paperless environment. The Company's Cyber security strategy consists of a plan of actions designed to improve the security and resilience of cloud infrastructures and services. It is a high-level top-down approach to cyber security that establishes a range of organisation objectives and priorities that should be achieved in a specific timeframe. As a critical component in cyber security, the Company is working on improving awareness among employees using a learning platform.

Whistle-blower Policy/Vigil Mechanism

The Company has a whistle-blower policy encompassing vigil mechanism pursuant to the requirements of the Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations and Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The whistle-blower framework has been introduced with an aim to provide employees, directors and value chain partners with a safe and confidential channel to share their inputs about such aspects which are adversely impacting operations of the Company. The policy/vigil mechanism enables directors, employees and value chain partners to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and leak or suspected leak of unpublished price sensitive information.

Concerns may be reported anonymously either through e-mail or through a 'Confidential Feedback Mechanism', which is reviewed by a Whistle-Blower Committee comprising senior management from within and outside the organisation. The Audit Committee reviews the functioning of the vigil mechanism/whistle-blower policy once a year. It provides safeguards against victimisation of directors/employees/ value chain partners who avail the mechanism and allows for direct access to the Chairperson of the Audit Committee by writing to bhflacchairperson@bajajfinserv.in

Policy has been hosted on the Company's website and can be accessed at <https://www.bajajhousingfinance.in/documents/37350/53075/Vigil+mechanism+policy.pdf>

Employees of the Company are required to undergo mandatory online learning module on code of conduct which includes whistle-blower policy and affirm that they have understood and are aware of vital aspects of the policy.

During FY2023, no person was denied access to the Audit Committee or its Chairperson under this policy and; four complaints were received under the vigil mechanism of the Company.

Corporate Governance

In terms of the SEBI Listing Regulations, a separate section titled 'Report on Corporate Governance' has been included in this Annual Report, along with the Management Discussion and Analysis Report and General Shareholder Information.

The Managing Director and the Chief Financial Officer have certified to the Board in relation to the financial statements and other matters as specified in the SEBI Listing Regulations.

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

Secretarial Standards

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

Auditors and Auditors' Report

Statutory auditors

The Company has formulated a Board approved statutory auditor policy in terms of the RBI circular dated 27 April 2021 on guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). The said policy can be accessed at https://www.bajajhousingfinance.in/documents/37350/53075/statutory_auditor_appointment_policy_clean.pdf

In line with the RBI guidelines, the Board of Directors, based on the recommendation of the Audit Committee at its meeting held on 25 October 2021, approved appointment of M/s. Khandelwal Jain & Co. and M/s. G D Apte & Co. as joint statutory auditors of the Company for a consecutive period of three years.

Pursuant to the provisions of Section 139(8) of the Act, members of the Company have approved the appointment of M/s. Khandelwal Jain & Co. and M/s. G D Apte & Co. as Joint Statutory Auditors effective 16 November 2021 till conclusion of 14th AGM. The members at their meeting (14th AGM) dated 15 June 2022 approved the appointment of M/s. Khandelwal Jain & Co. and M/s. G D Apte & Co. as Joint Statutory Auditors for remaining term of two years till the conclusion of the 16th AGM to audit the accounts of the Company i.e. for the financial year ending 31 March 2023 and 31 March 2024.

The audit report by M/s. Khandelwal Jain & Co. and M/s. G D Apte & Co., for FY2023 is unmodified, i.e. it does not contain any qualification, reservation, adverse remark or disclaimer.

In terms of the Master Direction - Non Banking Financial Company - Housing Finance Company (Reserve Bank) Direction, 2021, Joint Statutory Auditors have submitted an additional report dated 25 April 2022 and 24 April 2023, for FY2022 & FY2023 respectively. There were no comments or adverse remarks in the said report.

Secretarial auditor

Pursuant to the provisions of Section 204 of the Act, the Board has appointed Shyamprasad D. Limaye, practicing company secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company. A report from the secretarial auditor in the prescribed Form MR-3 for the year ended 31 March 2023 is annexed to this Report.

Pursuant to Regulation 24A (2) of SEBI Listing Regulations, a report on secretarial compliance for FY2023 has been issued by Shyamprasad D Limaye and the same has been submitted with the stock exchange within the prescribed timelines. The said report is available on the website of the Company.

There are no observations, reservations, qualifications or adverse remark in the said report. The auditors, i.e. Statutory Auditors and Secretarial Auditors, have not reported any matter under Section 143 (12) of the Act, and therefore, no detail is required to be disclosed under Section 134(3) (ca) of the Act.

Other Statutory Disclosures

- There is no change in the nature of business of the Company during FY2023.
- The provisions of Section 148 of the Act relating to cost accounts and cost audit are not applicable to the Company.
- During FY2023, no amount has remained unclaimed pursuant to debentures redeemed during the year.
- During FY2023, debentures of the Company were not suspended from trading on account of any corporate action or otherwise.
- Pursuant to Rule 2A of the Companies (Specification of Definitions Details) Rules, 2014, public companies which have not listed their equity shares on a recognised stock exchange but have listed their non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, shall not be considered as listed company in terms of the Act. Hence, Section 197 (12) read with rules 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

- The Company being a non-deposit accepting housing finance company, the provisions relating to Chapter V of the Act, i.e. acceptance of deposit, are not applicable. The Board has also passed a resolution confirming non-acceptance of public deposits.
- The Company has no transaction that qualify under the contracts and arrangements with related parties referred in Section 188 (1) of the Act.
- For the details about the policy developed and implemented by the Company on CSR initiatives taken during the year, refer the Annual Report on CSR activities annexed to the Report.
- The Company has a policy on prevention of sexual harassment at the workplace. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The number of complaints received, disposed off and pending during FY2023 is given in the annexed 'Corporate Governance Report'.
- The Company has not defaulted in repayment of loans from any banks and financial institutions.
- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 against the Company.
- During FY2023, there was no instance of one-time settlement with Banks or Financial Institutions.
- The Company has issued a formal letter of appointment to Independent Directors in the manner provided under the Act.
- The Company does not have any ESOP scheme. Being subsidiary of Bajaj Finance Limited, holding company and Bajaj Finserv Limited, ultimate holding company (herein after referred to as 'holding companies'), employees of the Company are eligible for stock options of holding companies.

Acknowledgement

The Board places its gratitude and appreciation for the support and co-operation from its members, the Reserve Bank of India, the National Housing Bank and other regulators, banks, financial institutions and trustees for debenture holders.

The Board also places on record its sincere appreciation for the commitment and hard work put in by the Management and the employees of the Company and thanks them for another excellent year of performance.

On behalf of the Board of directors

Sanjiv Bajaj

Chairman

DIN: 00014615

Pune, 24 April 2023

Annual Report on CSR Activities for the Financial Year Ended 31 March 2023

1. Brief outline of Company's CSR Policy

Introduction

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

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

Through its social investments, Bajaj Group addresses the needs of communities residing in the vicinity of its facilities by taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development, and response to natural calamities. For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment and the reason behind the smiles that light up a million faces.

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

Guiding principles:

The Bajaj Group believes that social investments should:

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

Brief Contents of CSR Policy

Section 135 of the Companies Act, 2013 (the 'Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially w.e.f. 22 January 2021. Accordingly, the CSR Policy which was framed by the Company on 16 July 2018 has got amended on 26 April 2021, with approvals of the CSR Committee and Board of Directors.

The Policy, *inter alia*, covers the following:

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

2. Composition of CSR Committee

Sr. No.	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee entitled to attend during the year	Number of meetings of CSR Committee attended during the year
1	Lila Poonawalla*	Chairperson	3	2	2
2	Anami N Roy#	Chairman		1	1
3	Sanjiv Bajaj	Member		3	3
4	Rajeev Jain	Member		3	3

Notes:

*Lila Poonawalla ceased to be the Director of the Company w.e.f. close of business hours on 21 January 2023.

#Anami N Roy was inducted as member and Chairman of the Committee w.e.f. 22 January 2023.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the Website of the Company : Composition- <https://www.bajajhousingfinance.in/composition-board-of-committees>
CSR Policy and projects- https://www.bajajhousingfinance.in/documents/37350/53075/csr_policy.pdf
<https://www.bajajhousingfinance.in/documents/37350/53075/CSR+Projects+FY-2023.pdf>
4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable : Not Applicable
5. (a) Average net profit of the Company as per Section 135(5) : ₹ 634.02 crore
(b) Two percent of average net profit of the Company as per Section 135(5) : ₹ 12.68 crore
(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
(d) Amount required to be set off for the financial year, if any : Nil
(e) Total CSR obligation for the financial year (5b+5c-5d) : ₹ 12.68 crore
6. (a.i.) Details of CSR amount spent against ongoing projects for the financial year: Not applicable since there are no ongoing projects
(a.ii.) Details of CSR amount spent against other than ongoing projects for the financial year: ₹ 13.32 crore
(b) Amount spent in Administrative Overheads : Nil
(c) Amount spent on Impact Assessment, if applicable : Nil
(d) Total amount spent for the financial Year (6a+6b+6c) : ₹ 13.32 crore
(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the financial year (₹ in crore)	Amount Unspent (₹ in crore)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
13.32					
		Not applicable, since there is no unspent amount			

(f) Excess amount for set off, if any

Sr. No. Particulars	Amount (₹ in crore)
(i) Two percent of average net profit of the Company as per Section 135(5)	12.68
(ii) Total amount spent for the Financial Year	13.32
(iii) Excess amount spent for the financial year [(ii) - (i)]	0.64
(iv) Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v) Amount available for set off in succeeding financial years [(iii) - (iv)]	0.64

7. Details of Unspent CSR amount for the preceding three financial years:

Not Applicable as the Company does not have any unspent CSR amount for the preceding three financial years.

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5): Not Applicable

sd/-

Atul Jain

Managing Director
DIN: 09561712

sd/-

Anami N Roy

Chairman, CSR Committee
DIN: 01361110

Pune, 24 April 2023

Independent Auditor's Certificate on Compliance with the Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members of
Bajaj Housing Finance Limited

1. We, G. D. Apte & Co, Chartered Accountants and Khandelwal Jain & Co., Chartered Accountants, are the Joint Statutory Auditors of the Bajaj Housing Finance Limited (the "Company") and have been requested by the Management of the Company to examine the compliance of conditions of Corporate Governance by the Company for the year ended March 31, 2023, as stipulated in Regulations 17 to 27 and clauses (a) to (i) of Regulation 62(1A) and paragraph C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Management's Responsibility

2. The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We conducted our examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

Opinion

7. Based on our examination of the relevant records of the Company and to the best of the information and explanations given to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (a) to (i) of Regulation 62(1A) and paragraph C and D of Schedule V of the Listing Regulations during the year ended March 31, 2023.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use

9. The certificate is addressed and provided to the Members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for any events or circumstances occurring after the date of this Certificate.

For **G. D. Apte & Co.**

Chartered Accountants

Firm Registration Number: 100515W

Umesh S. Abhyankar

Partner

Membership Number: 113053

UDIN: 23113053BGWSZG2736

Pune, April 24, 2023

For **Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration Number: 105049W

S. S. Shah

Partner

Membership Number: 033632

UDIN: 23033632BGXWHS4967

Pune, April 24, 2023

REPORT ON CORPORATE GOVERNANCE

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

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

This report outlines compliance with requirements of the Companies Act, 2013, (the 'Act'), the SEBI Listing Regulations as amended and the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (the 'HFC Regulations'), as applicable to the Company.

Philosophy

For us, corporate governance is a reflection of principles entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value driven growth. The commitment of Bajaj group to the highest standards of corporate governance predates the provisions of the SEBI Listing Regulations. ethical dealings, transparency, fairness, disclosure and accountability are the main thrust of the working of the Bajaj group. The Company maintains the same tradition and commitment.

Key elements of Bajaj Housing Corporate Governance

- Compliance with applicable laws.
- Proactive adherence to the regulations.
- Number of Board and Committee meetings more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans and risks.
- Board comprises of directors from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management, as required.
- Independent directors with outstanding track record and reputation.
- Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management who are the process owners.
- Separate meeting of Independent directors without presence of Non-Independent Directors or executive management.
- Confidential Board evaluation process where each Board member evaluates the performance of every director, Committees of the Board, the Chairman of the Board and the Board as a whole.
- Presentations by senior management (SMP) of the Company to familiarise the directors with key elements of each of the businesses.
- Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions.
- Independent discussions by the Audit Committee members with Internal Auditor and Chief Compliance Officer without presence of Managing Director and senior management on a quarterly basis.
- Independent discussions by the Risk Management Committee members with Chief Risk Officer without presence of Managing Director and senior management on a quarterly basis.

Board of Directors

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

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

Composition

In compliance with the provisions of the SEBI Listing Regulations, the Company has an optimum combination of Executive and Non-Executive Directors with a woman Independent Director. The Company has a Non-Executive Chairman.

As on 31 March 2023, the Board of the Company consisted of five directors, of whom one is Executive (Managing Director), two Non-Executive Independent and two Non-Executive Non-Independent. The Board does not have any institutional Nominee Director.

As Table 1 shows, the Company is in compliance with the SEBI Listing Regulations.

Number of Meetings of the Board

The calendar for the Board and Committee meetings, in which the financial results would be considered in the ensuing year, as well as major items of the agenda are fixed in advance for the entire year. Besides the quarterly Board meetings, meetings are also scheduled in the month of March every year to facilitate the Board to devote additional time on annual operating plan and strategic matters.

The Board met six times during FY2023 viz. on 25 April 2022, 23 June 2022, 25 July 2022, 19 October 2022, 21 January 2023 and 16 March 2023. The gap between two consecutive meetings was less than one hundred and twenty days.

Attendance Record of Directors

Table 1: Summary of composition of Board, number of meetings held, attendance record, total compensation for FY2023, and shareholding in the Company is provided below.

Sr. No.	Name of Director, DIN and capacity/category	Director since	No. of Board Meetings		Remuneration (₹ in crore)			No. of Shares held in the Company	Whether attended the AGM
			Entitled to Attend/ Attended (out of 6 held)	No. of other Director ships	Salary and other compensation	Sitting Fee	Commission		
1	Sanjiv Bajaj (DIN: 00014615) Chairman - Non-Executive Non-Independent Director	22.01.2018	6/6	17	-	0.14	0.07	100 (Bajaj Finance Limited jointly with Sanjiv Bajaj)	✓
2	Rajeev Jain (DIN: 01550158) Vice Chairman Non-Executive Non-Independent Director	10.11.2014	6/6	1	-	0.15	0.11	100 (Bajaj Finance Limited jointly with Rajeev Jain)	✓
3	Lila Poonawalla* (DIN: 00074392) Non-Executive - Independent Director	22.01.2018	5/5	-	-	0.16	0.08	Nil	-
4	Anami N Roy (DIN: 01361110) Non-Executive - Independent Director	19.05.2020	6/6	9	-	0.16	0.09	Nil	-
5	Dr. Arindam Bhattacharya (DIN: 01570746) Non-Executive - Independent Director	01.05.2022	5/4	4	-	0.07	0.05	Nil	-
6	Atul Jain (DIN: 09561712) Managing Director	01.05.2022	5/5	0	10.05**	-	-	100 (Bajaj Finance Limited jointly with Atul Jain)	✓

*Lila Poonawalla ceased to be a Director w.e.f. 21 January 2023 effective close of Business Hours

**excluding the fair value of ESOPs granted by Bajaj Finance Limited, holding company and Bajaj Finserv Limited, its ultimate holding company for FY2023.

There is no relationship between directors *inter se*.

The Company has not issued any convertible instruments.

Changes in Composition of Board During FY2023 and FY2022

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

Sr. No.	Financial Year	Name of Director	Capacity	Nature of Change	Effective Date
1	FY2022-23	Lila Poonawalla	Independent Director	Cessation*	21 January 2023
2	FY2022-23	Dr. Arindam Bhattacharya	Independent Director	Appointment	1 May 2022
3	FY2022-23	Atul Jain	Managing Director	Appointment	1 May 2022
4	FY2021-22	Dr. Omkar Goswami	Independent Director	Resignation**	9 July 2021

*Upon completion of term, Lila Poonawalla (DIN: 00074392) ceased to be an Independent Director and Non-Executive Director of the Company w.e.f. close of business hours on 21 January 2023.

**Dr. Omkar Goswami, (DIN: 00004258) Non-Executive Independent Director of the Company tendered his resignation from Directorship of the Company w.e.f. close of business hours on 9 July 2021 due to personal commitments and additional professional responsibilities. Dr. Goswami has also confirmed that there are no other material reasons for his resignation, other than aforesaid reason.

The Board of Directors at its meeting held on 16 March 2023 appointed Jasmine Chaney (DIN: 07082359) as an Additional & Independent Director w.e.f. 1 April 2023. Members at their meeting dated 19 May 2023 approved the appointment of Jasmine Chaney as Independent Director for a term of 5 consecutive years effective 1 April 2023.

Board Diversity

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

Core skills/ expertise/ competencies

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

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

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

Sr. No.	Core Skills/ Expertise/ Competencies	Sanjiv Bajaj	Rajeev Jain	Atul Jain	Anami N Roy	Dr. Arindam Bhattacharya	Jasmine Chaney
1	Management & Governance	√	√	√	√	√	√
2	Financial Services	√	√	√	√	-	√
3	Consumer behaviour, sales, marketing and customer experience	√	√	√	√	-	√
4	Real Estate	√	√	√	√	√	-
5	Technology and Innovation	√	√	√	-	√	-
6	Understanding of Accounting and financial statements	√	√	√	√	√	√
7	Risk, Assurance and Internal Controls	√	√	√	√	√	√
8	Regulatory, Public Policy and economics	√	√	√	√	√	√
9	Human Resource	√	√	√	√	√	-
10	Business Transformation & Strategy	√	√	√	√	√	√

Opinion of the Board

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

Non-Executive Directors' Compensation

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

The members of the Company vide Special Resolution passed at the 14th Annual General Meeting (AGM) of the Company held on 15 June 2022 have approved the payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of Sections 197 and 198 of the Act, to be paid and distributed among the directors of the Company or some or any of them (other than the Managing Director/Whole-time Director) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors from time to time during the five years commencing from 1 July 2022.

During FY2023, the Non-Executive Directors (NEDs) of the Company were being paid commission at the rate of ₹ 75,000 per meeting of the Board and/or its committees attended by them.

Keeping in view the responsibilities, the NEDs are expected to bear in the interest of higher level of excellence in corporate governance on account of statutory and regulatory changes, the Board of Directors enhanced the commission from ₹ 75,000 to ₹ 200,000 per meeting of the Board and/or Committees w.e.f. 1 April 2023. However, the total commission payable to all directors, will be within the maximum permissible ceiling prescribed under Companies Act, 2013.

The commission will be paid to the Directors after the adoption of financial statements by the members at the AGM.

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

The Company does not have a stock option programme for any of its directors other than the Managing Director who is eligible for grant of ESOP's of Bajaj Finance Limited, holding company and Bajaj Finserv Limited, ultimate holding company (herein after referred to as 'holding companies'), as per applicable SEBI regulations, performance criteria and compensation practices.

Information placed before the Board

The Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board on important matters from time to time.

Independent Directors of the Company at its meeting held on 15 March 2023 expressed their satisfaction on the quality, quantity and timeliness of flow of information between the Company's Management and Board, that is necessary for them to effectively and reasonably perform their duties.

Pursuant to the applicable RBI/NHB Regulations, the Board is periodically briefed on the following:

- Business plans, forecast and strategic initiatives
- Changes in regulatory landscape including impact of the RBI's Scale Based Regulations, and Company's preparedness.
- Capital expenditure and updates
- Internal financial controls
- Risk management system, risk management policy and strategy
- Minutes of meetings of various Committees including Audit, Risk Management, Asset-Liability and IT Strategy
- Compliance with fair practices code
- Functioning of customer grievance redressal mechanism
- Regulatory/supervisory observations, show-cause notices issued by regulators or any government authority, if any.

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

Directors and Officers Liability Insurance (D&O policy)

The Directors of the Company are covered under group D&O policy which is renewed every year. It covers directors (including Independent Directors) of the Company. The Board is of the opinion that quantum and risk presently covered is adequate.

Orderly Succession to Board and Senior Management

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

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

Succession planning is a critical element of the human resources strategy of the Company. In selecting between a 'build versus buy' talent model, the Company places a larger emphasis on grooming internal talent.

Directorships and Memberships of Board Committees

Table 2: Number of directorship/committee positions of directors as on 31 March 2023 (including the Company)

Name of the Director	Directorships			Committee position in listed and unlisted public companies	
	In Equity listed Companies	In Unlisted public companies	In Private limited companies	As Member (including as chairperson)	As Chairperson
Sanjiv Bajaj	5	5	8	8	-
Rajeev Jain	1	1	-	2	-
Dr. Arindam Bhattacharya	3	1	1	3	-
Anami N Roy	6	3	1	8	4
Atul Jain	-	1	-	-	-

Note: For the purpose of considering the limit of committees in which a director can serve, all public limited companies, whether listed or not, have been included; whereas all other companies including private limited companies, foreign companies and companies under Section 8 of the Act have been excluded. Only the audit committee and the stakeholders' relationship committee are considered for the purpose of reckoning committee positions.

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

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

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

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

Directorship in Listed Companies (Including Debt Listed Companies)

Table 3: Name of listed entities where directors of the Company held directorships as on 31 March 2023 (including the Company)

Name of Director	Name of Listed Entity	Category
Sanjiv Bajaj	Bajaj Auto Limited	Non-Executive, Non-Independent Director
	Bajaj Finance Limited	Chairman, Non-Executive, Non-Independent Director
	Bajaj Holdings and Investment Limited	Managing Director and CEO
	Bajaj Finserv Limited	Chairman and Managing Director
	Maharashtra Scooters Limited	Chairman, Non-Executive, Non-Independent Director
	Bajaj Housing Finance Limited	Chairman, Non-Executive, Non-Independent Director
Rajeev Jain	Bajaj Finance Limited	Managing Director
	Bajaj Housing Finance Limited	Vice Chairman, Non-Executive - Non-Independent Director
Anami N Roy	GlaxoSmithKline Pharmaceuticals Limited	
	Bajaj Auto Limited	
	Bajaj Finserv Limited	
	Bajaj Holdings and Investment Limited	Non-Executive, Independent Director
	Bajaj Finance Limited	
	Finolex Industries Limited	
Dr. Arindam Bhattacharya	Bajaj Housing Finance Limited	
	Lemon Tree Hotels Limited	
	Bajaj Holdings & Investment Limited	Non-Executive, Independent Director
	Info Edge (India) Limited	
Atul Jain	Bajaj Housing Finance Limited	Managing Director

Certificate from Practicing Company Secretary

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

Review of Legal Compliance Reports

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

Code of Conduct

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

The Company has a Board approved Code of Conduct for Board members and senior management of the Company. Based on the review, the Code of Conduct was revised in line with applicable regulations and approved by the Board at its meeting held on 16 March 2023. The updated Code has been placed on the Company's website and can be accessed at https://www.bajajhousingfinance.in/documents/37350/53075/annexure_33_code_of_conduct_for_directors_and_senior_management.pdf

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

Maximum Tenure of Independent Directors

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

Formal Letter of Appointment to Independent Directors

The Company issued a formal letter of appointment/re-appointment to Independent Directors in the manner provided in the Act. As per regulation 62 (1A) of the SEBI Listing Regulations, the terms and conditions of appointment/re-appointment of Independent Directors are placed on the Company's website and can be accessed at https://www.bajajhousingfinance.in/documents/37350/53075/appointment_letter_-_independent_director.pdf

Familiarisation Programme

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

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

Details of familiarisation programmes are placed on the Company's website and can be accessed at https://www.bajajhousingfinance.in/documents/37350/53075/familiarisation_programme.pdf

Whistle-Blower Policy/Vigil Mechanism

The details are covered under Directors' Report.

Loans and Advances

There are no loans or advances in nature of loans to firms/companies in which directors of the Company are interested.

Utilization of funds raised through preferential allotment/qualified institutions placement

The Company has not raised funds by issue of equity shares either on preferential basis or through qualified institutions placement during FY2023.

Related Party Transactions

All related party transactions entered during FY2023 were on an arm's length basis and in the ordinary course of business under the Act and were not material under the SEBI Listing Regulations.

All related party transactions during FY2023 were entered with the approval of the Audit Committee pursuant to provisions of the Act, SEBI Listing Regulations and RBI guidelines. Details of such transactions were placed before the Audit Committee for its noting/review on a quarterly basis.

A statement containing disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS 24) including transaction with promoter/promoter group holding 10% or more in the Company is set out separately in this Annual Report. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and are of repetitive nature. Pursuant to the said omnibus approval, the details of transactions entered are also reviewed by the Audit Committee on a quarterly basis. Disclosures relating to related party transactions are filed with the stock exchanges on a half-yearly basis.

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

The Company has a Policy on Materiality of & dealing with Related Party Transactions. The said policy was amended in line with SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. The policy is available on the website of the Company at https://www.bajajhousingfinance.in/documents/37350/53075/rpt_policy+%281%29.pdf and reproduced below:

Policy on materiality of and dealing with related party transactions

Background

Pursuant to erstwhile "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016" ('NHB Directions') the Board of Directors of Bajaj Housing Finance Ltd (the Company)

at its meeting held on 20 March 2017 had approved a Policy on Materiality of & dealing with Related Party Transactions.

Pursuant to Fifth amendment to the SEBI Listing Regulations, certain corporate governance provisions under Chapter IV of the SEBI Listing Regulations have been extended to "High Value Debt" Listed Entities. High Value Debt listed entities are those entities which have listed its non-convertible debt securities and the outstanding value of such non-convertible debt securities is ₹ 500 crore (Rupees Five Hundred Crore) or more. Accordingly, the Company being one such entity is required to comply with Regulation 17(5) of the SEBI Listing Regulations, 2015.

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

Policy:

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

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

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

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

Prior Consent of the Board and the Shareholders would be taken in respect of all RPTs, including material modifications thereof, except in the following cases:

- i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and rules made thereunder or the SEBI Listing Regulations, as may be applicable;
 - ii. Where the transactions are entered into by the Company in its ordinary course of business and are on arms' length basis;
 - iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the Company;
 - iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed ₹ 1,000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
4. Notwithstanding the above, approval of the Board & Shareholders would be necessary, where the RPTs exceed the following threshold limits:

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

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

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

Audit Committee

Pursuant to the Act, SEBI Listing Regulations and NBFC Regulations, the Company has an Audit Committee, meeting the composition prescribed thereunder with a minimum of two-third of its members (including Chairman) being Independent Directors. All members are Non-Executive Directors, are financially literate and have accounting or related financial management expertise.

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

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and RBI/NHB Regulations. These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances, review of systems and controls, approval or any subsequent modification of transactions with related parties, review of compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/documents/37350/53075/terms_of_reference_of_board_committees.pdf

Meetings and Attendance

During FY2023, the Committee met 5 times viz. on 25 April 2022, 25 July 2022, 19 October 2022, 21 January 2023 and 15 March 2023. The meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between two consecutive meetings.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Internal Auditor, representative of Statutory Auditors and other senior executives who were considered necessary for providing inputs to the Committee.

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

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

Name of director	Member of the Committee since	Capacity	No. of meetings attended during FY2023 (Out of 5 held)		No. of shares held in the Company
			Entitled to attend	Attended	
Anami N Roy#	01.06.2021	Chairperson, Non-Executive and Independent	5	5	-
Sanjiv Bajaj*	22.01.2018	Non-Executive and Non-Independent	1	1	100 (Bajaj Finance Limited jointly with Sanjiv Bajaj)
Rajeev Jain	01.05.2022	Non-Executive and Non-Independent	4	4	100 (Bajaj Finance Limited jointly with Rajeev Jain)
Dr. Arindam Bhattacharya	01.05.2022	Non-Executive, Independent	4	4	-
Lila Poonawalla**	22.01.2018	Non-Executive, Independent	4	4	-

#Anami N Roy was designated as Chairman of the Committee w.e.f. 1 April 2023.

*Sanjiv Bajaj stepped down as the member of the committee w.e.f. 30 April 2022.

** Lila Poonawalla ceased to be Director w.e.f. close of business hours on 21 January 2023.

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

Nomination and Remuneration Committee

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

The terms of reference of the Committee, *inter alia*, includes formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and senior management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of Independent Directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed by Companies Act, Listing Regulations and HFC Regulations.

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/documents/37350/53075/terms_of_reference_of_board_committees.pdf

Meetings and Attendance

During FY2023, the Committee met two times viz. 25 April 2022 and 15 March 2023.

Table 5: Composition of the Nomination and Remuneration Committee and attendance record of the members for FY2023.

Name of director	Member of Committee Since	Capacity	No. of meetings attended during 2023 (Out of 2 held)		No. of shares held in the Company
			Entitled to attend	Attended	
Dr. Arindam Bhattacharya*	22.01.2023	Chairperson, Non-Executive and Independent	1	1	-
Sanjiv Bajaj#	22.01.2018	Non-Executive and Non-Independent	1	1	100 (Bajaj Finance Limited jointly with Sanjiv Bajaj)
Anami N Roy	19.05.2020	Non-Executive and Independent	2	2	-
Lila Poonawalla##	22.01.2018	Non-Executive and Independent	1	1	-
Rajeev Jain	01.05.2022	Non-Executive and Non-Independent	1	1	100 (Bajaj Finance Limited jointly with Rajeev Jain)

*Dr. Arindam Bhattacharya was inducted as member & designated as chairman of Committee w.e.f. 22 January 2023.

#Sanjiv Bajaj stepped down as a member of Committee w.e.f. 30 April 2022.

##Lila Poonawalla ceased to be director w.e.f. close of business hours on 21 January 2023.

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

The Company has in place performance evaluation criteria for Board, Committees, Chairperson and Directors. The criteria for evaluation of Independent Directors, *inter alia*, includes attendance and participation, acting in good faith, openness to ideas, pro-active and positive approach with regard to Board and Senior Management.

Risk Management Committee

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

SEBI, vide its notification dated 5 May 2021, has introduced roles and responsibilities of Risk Management Committee. Brief terms of reference *inter alia*, include, managing the integrated risk, laying down procedures to inform the Board about risk assessment and mitigation procedures in the Company, and framing, implementing, monitoring the risk management plan for the Company including cyber security.

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

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/documents/37350/53075/terms_of_reference_of_board_committees.pdf

Niraj Adiani is the Chief Risk Officer of the Company.

Meetings and Attendance

During FY2023, the Committee met four times viz. on 25 April 2022, 25 July 2022, 19 October 2022 and 21 January 2023.

Table 6: Composition of the Risk Management Committee and attendance record of the members for FY2023

Name of director	Member of the Committee Since	Capacity	No. of meetings attended during FY2023 (Out of 4 held)		No. of shares held in the Company
			Entitled to attend	Attended	
Dr. Arindam Bhattacharya [§]	01.05.2022	Chairperson, Non-Executive and Independent	3	3	-
Sanjiv Bajaj	16.05.2018	Non-Executive and Non-Independent	4	4	100 (Bajaj Finance Limited jointly with Sanjiv Bajaj)
Rajeev Jain	20.03.2017	Non-Executive and Non-Independent	4	4	100 (Bajaj Finance Limited jointly with Rajeev Jain)
Atul Jain	22.09.2017	Managing Director	4	4	100 (Bajaj Finance Limited jointly with Atul Jain)
Lila Poonawalla#	07.03.2019	Non-Executive and Independent	4	4	-
Anami N Roy	01.05.2022	Non-Executive and Independent	3	3	-
Niraj Adiani	22.10.2018	Chief Risk Officer	4	4	-
Gaurav Kalani	01.05.2022	Chief Financial Officer	3	3	-
Vijay Solanki	01.05.2022	Treasurer	3	3	-
Ajita Kakade	01.05.2022	Chief – Credit & Operations	3	3	-

[§]Dr. Arindam Bhattacharya was appointed as Chairman w.e.f. 1 April 2023.

#Lila Poonawalla ceased to be director w.e.f. close of business hours on 21 January 2023.

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

Stakeholders' Relationship Committee

Pursuant to the SEBI Listing Regulations, the Company has constituted a Stakeholders' Relationship Committee. This Committee shall specifically look into the grievances of debt security holders of the Company.

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/documents/37350/53075/terms_of_reference_of_board_committees.pdf

Meetings and Attendance

During FY2023, the Stakeholders' Relationship Committee meeting was held on 21 January 2023.

Table 7: Composition of the Stakeholders' Relationship Committee and attendance record of the Members for FY2023

Name of director	Member of the Committee Since	Capacity	No. of meetings attended during FY2023 (Out of 1 held)		No. of shares held in the Company
			Entitled to attend	Attended	
Anami N Roy	17.01.2022	Chairman, Non-Executive Independent	1	1	-
Sanjiv Bajaj	17.01.2022	Non-Executive and Non-Independent	1	1	100 (Bajaj Finance Limited jointly with Sanjiv Bajaj)
Rajeev Jain	17.01.2022	Non-Executive and Non-Independent	1	1	100 (Bajaj Finance Limited jointly with Rajeev Jain)

Table 8: Details of investor complaints received during FY2023

No. of complaints outstanding at the beginning of the year	No. of complaints received	No. of complaints not solved to the satisfaction of investor	No. of complaints solved	No. of complaints pending at the end of year
Nil	Nil	Nil	Nil	Nil

Atul Patni, Company Secretary acted as the compliance officer.

Information Technology (IT) Strategy Committee

Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC / HFC sector, the Company has in place an IT Strategy Committee.

During FY2023, the Committee met two times viz. on 25 July 2022 and 21 January 2023.

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/documents/37350/53075/terms_of_reference_of_board_committees.pdf

During FY2023, the Committee was apprised, *inter alia*, on IT Infrastructure Projects, Information Security Projects, new business applications, data analytics, strengthening of data control, data recovery drills, application security framework, security incident monitoring overview, threat functioning and forensics, and information system audit.

Table 9: Composition of IT Strategy Committee is as under:

Name of director	Member of the Committee Since	Capacity	No. of meetings attended during FY2023 (Out of 2 held)		No. of shares held in the Company
			Entitled to attend	Attended	
Dr. Arindam Bhattacharya*	01.05.2022	Chairperson, Non-Executive and Independent	2	2	-
Lila Poonawalla**	18.05.2020	Non-Executive and Independent	2	2	-
Sanjiv Bajaj	16.07.2018	Non-Executive and Non-Independent	2	2	100 (Bajaj Finance Limited jointly with Sanjiv Bajaj)
Rajeev Jain	16.07.2018	Non-Executive and Non-Independent	2	2	100 (Bajaj Finance Limited jointly with Rajeev Jain)
Atul Jain	16.07.2018	Managing Director	2	2	100 (Bajaj Finance Limited jointly with Atul Jain)
Gaurav Kalani	16.07.2018	Chief Financial Officer	2	2	-
Niraj Adiani	16.07.2018	Chief Risk Officer	2	2	-
Anurag Jain	16.07.2018	Chief Information Officer & Chief Technology Officer	2	2	-

*Dr. Arindam Bhattacharya has been designated as Chairperson of the Committee w.e.f. 1 April 2023.

**Lila Poonawalla ceased to be Director w.e.f. close of business hours on 21 January 2023.

Board Sub-committee

The Board has constituted a sub-committee comprising of Sanjiv Bajaj, Chairman and other members being Rajeev Jain and Anami N Roy.

The role of the Committee is to sanction credit cases beyond the delegated authority of joint approval of Vice-Chairman & Managing Director and upto exposure limits mentioned in the ICAAP Policy of the Company.

Review Committee Under the Mechanism for Identification and Reporting of Wilful Defaulters (Review Committee)

In line with RBI/NHB Guidelines, HFCs have to provide for a mechanism for identification and reporting of wilful defaults of ₹ 25 lakh and above. The said guidelines *inter alia* provided that evidence of a wilful default on the part of the borrowing company and its promoters/whole-time director, should be examined by an Identification Committee. The Order of the Identification Committee constituted under the said mechanism should be reviewed by a "Review Committee" constituted under the said mechanism.

The Committee comprises of Sanjiv Bajaj – Chairman and other members being Rajeev Jain, Anami N Roy and Dr. Arindam Bhattacharya.

During FY2023, there have been no instances of declaration of any borrower as a wilful defaulter.

Asset Liability Management Committee

The Board has constituted a Committee of Directors for Asset Liability Management. It comprises of Chairman and Vice-Chairman and meets on quarterly basis.

The Company has also in place an Asset Liability Management Committee comprising Vice-Chairman, Managing Director and other senior executives of the Company. The said committee meets on monthly basis.

The role of the Committees is to oversee the implementation of the Asset Liability Management system and review its functionality.

The minutes of the Committee meetings are placed before the Board for their noting and review.

Remuneration of Directors

Pecuniary relationship/transaction with non-executive directors

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

Criteria of Making Payments to Non-Executive Directors

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

Apart from sitting fees of ₹ 1,00,000 per meeting of the Board and/or its Committees attended (of which they are members) by them, no other remuneration is paid to Non-Executive Directors. During FY2023, the Non-Executive Directors of the Company were being paid commission at the rate of ₹ 75,000 per meeting of the Board and/or its committees attended by them.

The members of the Company vide Special Resolution passed at the Annual General Meeting (AGM) of the Company held on 15 June 2022 have, approved the payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, to be paid and distributed among the directors of the Company or some or any of them (other than the Managing Director/Whole-time Director) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors from time to time during the five years commencing from 1 July 2022.

The Commission is paid to the Directors after the adoption of financial statements by the members at the AGM.

Details of Remuneration of Directors

Remuneration payable to Non-Executive Directors are as per the details provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at <https://www.bajajhousingfinance.in/annual-reports>

Managing Director

During FY2023, the Company paid remuneration to Atul Jain, Managing Director as mentioned in the annual return. He is also entitled to the other perquisites and benefits mentioned in the agreement entered into with the Company. He has been granted 40,118 stock options of Bajaj Finance Limited at a grant price of ₹ 7,005.5/-. He was also awarded one time grant of 47,340 stock options of Bajaj Finserv Limited at grant price of ₹ 1,482.64/-.

Management Discussion and Analysis Report

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

Disclosure of Material Transactions

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

Compliances Regarding Insider Trading

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

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

The Audit Committee and the Board annually reviews the compliance in terms Regulation 9A(4) of SEBI PIT Regulations and confirmed that the systems for internal control with respect to SEBI PIT Regulations are adequate and are operating effectively.

Means of Communication

Quarterly, half-yearly and annual financial results are published in the Business Standard and uploaded on the Stock Exchange website.

The Company's website <https://www.bajajhousingfinance.in/> under the section of 'investor relations', contains all important public domain information including financial results, various policies framed/approved by the Board, presentations made to the investors, details of the contact persons, etc.

Information on General Body Meetings and Details of Special Resolution(s) Passed

Table 11: Details of the Annual General Meetings (AGM) held during last three years:

Type of Meeting	Date, Time and Place of AGM	Details of special resolution(s) passed	Voting percentage of shareholders participated		
			Particulars	% Favour	%Against
14th AGM	15 June 2022 4:00 pm Pune	Issue of Non-Convertible Debentures through Private Placement Increase in Borrowing powers of the Company and creation of charge/security on company's asset Appointment of Atul Jain (DIN: 09561712) as a Managing Director Appointment of Dr. Arindam Bhattacharya (DIN: 01570746) as the Independent Director	All Shareholders	100	0
13th AGM	19 July 2021 1:30 pm Pune	Issue of Non-Convertible Debentures through Private Placement	All Shareholders	100	0
12th AGM	15 July 2020 2:00 pm Pune	Issue of Non-Convertible Debentures through Private Placement	All Shareholders	100	0

Note: 1. All the AGMs were held at Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411 014

2. No Extra-ordinary General Meeting (EGM) was held during FY2023.

Details of Non-Compliance, if any

The Company has complied with all applicable legal requirements of the Companies Act, 2013 including accounting and secretarial standards.

Details of Penalties and Strictures

- During the FY2023, no penalties or strictures have been imposed on the Company by the Reserve Bank of India, the National Housing Bank or any other statutory authority.
- No penalties or strictures have been imposed by the stock exchange, SEBI or any other statutory authority, in any matter related to capital markets, during the last three years.

Compliance Certificate

The MD and CFO have certified to the Board with regard to the financial statements and other matters as required under the SEBI Listing Regulations.

Report on Corporate Governance

This report read together with the information given in the 'Directors' Report', the section on 'Management Discussion and Analysis' and 'General Shareholder Information', constitute the compliance report on Corporate Governance during FY2023. Pursuant to Fifth amendment to the SEBI Listing Regulations dated 7 September 2021, certain corporate governance provisions under Chapter IV of the SEBI Listing Regulations have been extended to "High Value Debt" Listed Entities. The Company being a High Value Debt Listed entity, the corporate governance requirements are applicable on a comply or explain basis till 31 March 2024.

Accordingly, the Company being one such entity is required to comply with Regulations 27(2) of SEBI Listing Regulations. The Company submit the quarterly corporate governance compliance report to the stock exchange within prescribed timelines.

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

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

Number of complaints filed during FY2023	1
Number of complaints disposed of during FY2023	1
Number of complaints pending at the end of FY2023	0

Fees Paid to Statutory Auditors

Fees paid by the Company to the joint statutory auditors including all entities in their network firm/entity of which they are a part, is given below:

A. Khandelwal Jain & Co:

Sr. No.	Nature of Services	(₹ in lakh)
1	Audit fees	15.00
2	Fees for other services	10.50
	Total	25.50

*above fee excludes out of pocket expenses and applicable taxes

B. G D Apte & Co:

Sr. No.	Nature of Services	(₹ in lakh)
1	Audit fees	15.00
2	Fees for other services	6.50
	Total	21.50

*above fee excludes out of pocket expenses and applicable taxes

Auditors' Certificate on Corporate Governance

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

This certificate is annexed to the Directors' Report.

Compliance of Discretionary Requirements

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

1. Modified opinion(s) in audit report

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

2. Separate posts of Chairperson and the Managing Director

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

GENERAL SHAREHOLDER INFORMATION

15th Annual General Meeting

Day and Date	Monday, 24 July 2023
Time	9.05 a.m. IST
Venue	Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411 014

Financial Year

The Company follows the financial year starting from 1 April to 31 March every year.

Dividend and date of Payment

Board has not recommended any dividend for FY2023 for consideration of the members at the ensuing Annual General Meeting (AGM).

Listing on Stock Exchange and Stock Code

Name	Code for Securities	Address
BSE	The Company is not equity listed and issues privately placed NCDs (secured/unsecured) from time to time basis. For each issue of NCDs separate ISIN and scrip code is generated. Issuer Code 377Y	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

The non-convertible debentures and commercial papers are listed on the wholesale debt market (WDM) of BSE. Annual listing fees, as prescribed, have been paid to BSE Ltd. up to 31 March 2024.

Registrar and Share Transfer Agent

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

Market Price Data

The Company is not equity listed entity.

Outstanding Convertible Instruments/ ADRs/ GDRs/ Warrants

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

Commodity Price/Foreign Exchange Risk and Hedging Activities

Being a financial service company, the Company is not exposed directly to commodity price risk. Similarly, it also does not have any direct exposure to foreign exchange risk and hedging activities.

Plant Location

The Company being a Housing Finance Company does not have any manufacturing plant.

Credit Rating

During FY2023, the Company retained its credit rating owing to its high capital adequacy, strong promoter support and tightened credit acceptance criteria. The Company has been assigned the following ratings for its long-term and short-term borrowings:

Long-term debt rating and Bank Loan rating

"CRISIL AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 27,717.80 crore for the NCD programme, ₹ 1,000 crore for the subordinate debt programme, ₹ 16,000 crore for its bank loan rating programme.

"IND AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 7,000 crore for the NCD and for the subordinate debt programme and ₹ 40,000 crore for its bank loan rating programme.

Short-term debt rating and Bank Loan rating

“CRISIL A1+” for its short-term debt programme with a programme size of ₹ 6,000 crore, “CRISIL A1+” for its short-term bank loan facilities interchangeable with in long-term rating amount.

“IND A1+” for its short-term debt programme with a programme size of ₹ 6,000 crore, “IND A1+” for its short-term bank loan facilities interchangeable with in long-term rating amount.

All the above ratings indicate a high degree of safety with regard to timely payment of interest and principal. The details of the long-term and short-term ratings are available on the website at <https://www.bajajhousingfinance.in/credit-rating>.

Tax Deducted at Source ('TDS') on Interest of Listed Non-Convertible Debentures

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

Securityholders' and Investors' Grievances

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

Address for Correspondence

Sr. No.	Particulars	Address	Contact Details
1	Company	<p>Registered Office: Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune - 411 035, Maharashtra</p> <p>Corporate Office: Cerebrum IT Park, B2 Building, 5th Floor, Kumar City, Kalyani Nagar, Pune - 411 014, Maharashtra</p>	<p>Tel No.: (020) 71878060 E-mail ID: bhflinvestor.service@bajajfinserv.in Website: www.bajajhousingfinance.in/contact-information</p>
2	Registrar and Share Transfer Agent	<p>KFin Technologies Ltd. (Formerly known as KFin Technologies Pvt. Ltd.)</p> <p>Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032</p>	<p>Toll Free No.: 1800 309 4001 (24*7) E-mail ID: einward.ris@kfintech.com Website: https://www.kfintech.com/</p>
3	Debenture Trustee	<p>Catalyst Trusteeship Ltd. GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune-411 038, Maharashtra</p>	<p>Tel. No.: (020) 66807200 E-mail ID: ComplianceCTL-Mumbai@ctltrustee.com Website: https://catalysttrustee.com/</p>

DECLARATION BY MANAGING DIRECTOR

To,
The Board of Directors,
Bajaj Housing Finance Limited

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

Atul Jain
Managing Director
DIN: 09561712
Pune: 24 April 2023

CERTIFICATE BY PRACTISING COMPANY SECRETARY

[Pursuant to Schedule V read with Regulation 62 of the SEBI Listing Regulations, 2015 (as amended)]

In the matter of **Bajaj Housing Finance Ltd.** (CIN: U65910PN2008PLC132228) having its registered Office at Akurdi, Pune - 411 035.

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

I certify that the following persons are Directors of the Company (during 01/04/2022 to 31/03/2023) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Sanjivnayan Rahul Kumar Bajaj	00014615	Chairman - Non-Executive - Non-Independent Director
2	Rajeev Jain	01550158	Vice Chairman - Non-Executive - Non-Independent Director
3	Anami Narayan Prema Roy	01361110	Independent Director
4	Dr. Arindam Bhattacharya	01570746	Independent Director
5	Atul Jain	09561712	Managing Director

- Upon completion of her term, Lila Poonawalla (DIN: 00074392) ceased to be Non-Executive Independent Director of the Company on 21/01/2023 (close of business hours).
- Jasmine Chaney (DIN: 07092359) is appointed as Non-Executive Independent Director of the Company w.e.f. 01/04/2023 by the Board of Directors at its meeting held on 16/03/2023.

Place: Pune
Date: 24 April 2023
UDIN: F001587E000173759

Shyamprasad D. Limaye
FCS. 1587 C.P. No 572

SECRETARIAL AUDIT REPORT (FORM NO. MR-3)

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

For the Financial Year ended 31 March 2023.

To,

The Members of,

Bajaj Housing Finance Limited,

(CIN: U65910PN2008PLC132228)

Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune - 411 035.

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

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

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

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

6. Rules, regulations, directions and guidelines issued by the National Housing Bank as are applicable to the Company;

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

- (i) Secretarial Standards pursuant to Section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreement entered into by the Company with BSE Ltd. (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including one Woman Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

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

I further report that, during the period, the Company has:

- i. Allotted 95,860 Secured non-convertible debentures amounting to have issued Secured NCD of ₹ 9586.00 crore (Face Value) on private placement basis from time to time and complied with the rules and regulations under various Acts. The Company has raised ₹ 252.00 crore towards unsecured non-convertible debentures.
- ii. Issued Commercial Papers amounting to ₹ 3,675.00 crore from time to time and complied with the rules and regulations under various Acts.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place: Pune
Date: 24 April 2023
UDIN: F001587E000173671

Shyamprasad D. Limaye
FCS. 1587 C.P. No 572

To,
The Members,
Bajaj Housing Finance Limited,
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune - 411 035.

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

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

Place: Pune
Date: 24 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No 572



HOME LOAN

Finance to purchase residential as well as commercial properties or transfer an existing Home Loan. Industry-best offerings with a customer-first approach – from doorstep document pickup, digital agreement and sanction letter, to customised repayment options and the option to link your interest rate to an external benchmark, i.e., the repo rate.



LOAN AGAINST PROPERTY

Sizeable funds at relatively low interest rates with a convenient repayment tenor. Quick processing with disbursement in the applicant's account in a matter of days. The ideal solution for urgent financial needs, such as working capital for a business, business expansion expenses, or medical expenses.



LEASE RENTAL DISCOUNTING

Finance for real estate construction and business expansion against the borrower's rental lease and income. Monthly rent against the property on lease serves as the collateral for these high value loans.



DEVELOPER FINANCE

Financial solution for real estate developers who specialise in residential projects. As part of Developer Finance, developers can avail of funds under three schemes – construction linked finance, inventory funding scheme, and balance transfer scheme.

Independent Auditors' Report on the Financial Statements

To the Members of **Bajaj Housing Finance Limited**

Opinion

We have audited the accompanying financial statements of **Bajaj Housing Finance Limited** ('the Company'), which comprise the Balance sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ('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 state of affairs of the Company as at 31 March 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

S. N. Key Audit Matters	How our audit addressed the key audit matters
<p>1. Impairment of financial assets as at balance sheet date (expected credit losses):</p> <p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.</p>	<ul style="list-style-type: none"> • We understood and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines. • We assessed the Company's process on timely recognition of impairment in the loan portfolios which included assessing the accuracy of the system generated reports on defaults and ageing. • We have discussed with the management and evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions including factors that affect the PD, LGD and EAD and tested the controls around data extraction and validation.

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

S. N. Key Audit Matters	How our audit addressed the key audit matters
<p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none"> • Staging of loans (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories); • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioural life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/minimal historical defaults. 	<ul style="list-style-type: none"> • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed disclosures included in the financial statements in respect of expected credit losses.
<p>2 IT systems and controls</p> <p>The financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant voluminous transactions. Hence, we identified IT systems and controls over financial reporting as a key audit matter for the Company.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.</p>	<ul style="list-style-type: none"> • We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

Information other than the Financial Statements and Auditors' Report thereon

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

Responsibilities of Management and those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate

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

accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report
 - (g) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
 - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 41(a) to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

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

- iv. The management has represented that to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- v. The management has represented that to the best of its knowledge or belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company to or in any other person(s) or entity(ies) including foreign entities (funding parties) with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- vi. Based on the audit procedures considered reasonable and appropriate in the circumstances carried out by us, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) of Rule 11(e) as provided under clause (iv) and (v) above contain any material misstatements.
- vii. The Company has not declared or paid any dividend during the year and as such the compliance of section 123 of the Act has not been commented upon.
- viii. No comments have been offered as regards the maintenance of books of account using accounting software which has a feature of recording audit trail (edit log) facility under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 since the said requirements under proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 are not applicable to the company for the financial year ended on 31 March 2023.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 23113053BGWSZE3172

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune: 24 April 2023

Pune: 24 April 2023

Annexure 1 to Independent Auditors' Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-to-use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) Fixed assets have been physically verified by the management during the year and according to the information and explanation given to us, no material discrepancies were identified on such verification
- (c) According to the information and explanations given to us and based on the examination of the records of the Company, the title deeds of all the immovable properties were held in the name of the Company. Further, the lease agreements where the Company is a lessee were duly executed in favour of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year and accordingly reporting under paragraph 3 (i)(d) of the order is not applicable for the Company.
- (e) According to the information and explanations given to us and based on the examination of the records of the Company we report that, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company does not have any inventories and accordingly reporting under paragraph 3(ii)(a) of the said Order is not applicable for the Company.
- (b) During the year, the Company has availed working capital limits from banks in excess of ₹ 5 Crores on the basis of security of current assets. On the basis of audit procedures carried out by us we report that, the quarterly statements filed by the Company with banks were in agreement with the books of account of the Company.
- (iii) The Company has made investments in, companies, firms, Limited Liability Partnerships and granted secured or unsecured loans to other parties, during the year, in respect of which:
 - (a) The Company has provided loans or advances in the nature of loans during the year. As the Company's principal business is to give loans, the reporting under paragraph 3(iii)(a) of the Order is not applicable to the Company.
 - (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that, the investments made, guarantees provided and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided, if any, during the year are, prima facie not prejudicial to the Company's interest.
 - (c) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that in respect of loans and advances in the nature of loans (together referred to as 'loan assets'), the schedule of repayment of principal and payment of interest has been stipulated. Note No. 4.4(i) to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at 31 March 2023, aggregating ₹ 137.33 crore were categorised as credit impaired ('Stage 3') and ₹ 359.91 crore were categorised as those where the credit risk has increased significantly since initial recognition ('Stage 2'). Disclosures in respect of such loans have been provided in Note No. 9 to the financial statements. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

Annexure 1 to Independent Auditors' Report (Contd.)

- (d) According to the information and explanations given to us and based on the audit procedures performed by us, total amount overdue including interest for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is ₹ 137.33 crore. Reasonable steps are being taken by the Company for recovery of the principal and interest.
- (e) The Company's principal business is to give loans. Accordingly, paragraph 3(iii)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under paragraph 3(iii)(f) is not applicable to the Company.
- (iv) According to the information and explanations given to us and based on the audit procedures performed by us, there are no loans granted, guarantees and securities given in respect of which provisions of section 185 of the Act are applicable. The Company has not made investment through investment companies. Other provisions of section 186 of the Act are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits or amounts which are deemed deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) The maintenance of cost records is not applicable to the Company pursuant to the provisions of Section 148 (1) of the companies Act, 2013.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us and based on the audit procedures performed by us, there were no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us and based on the audit procedures performed by us, there were no transactions which were not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, the Company is not declared as wilful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilised the money obtained by way of term loans during the year for the purposes for which they were obtained. However, funds not required for immediate utilisation were invested on a short - term basis.

Annexure 1 to Independent Auditors' Report (Contd.)

- (d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the financial statements of the Company, we report that no funds raised on short - term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture and accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture and accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under paragraph 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year except an instance of fraud amounting to ₹ 0.35 crores by a borrower reported by the management in terms of the regulatory provisions applicable to the Company.
- (b) During the year no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We report that whistle-blower complaints received during the year by the Company have been taken into consideration by us.
- (xii) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that the Company is not a Nidhi Company within the meaning of Section 406 of the Act. Accordingly, reporting under paragraph 3(xii)(a) to (c) of the Order is not applicable to the Company.
- (xiii) Based on the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.
- (xiv)(a) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditors for the period under audit have been considered by us.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with any of the directors or persons connected with its directors. Accordingly, the provisions section 192 of the Act are not applicable to the Company.

Annexure 1 to Independent Auditors' Report (Contd.)

- (xvi) (a) In our opinion, the Company is not required to be registered under provisions of section 45-IA of the Reserve Bank of India Act, 1934.
- (b) According to the information and explanations given to us, we report that the Company is registered with a valid Certificate of Registration issued by National Housing Bank and the Company has conducted housing finance activities.
- (c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 ('the Regulations') issued by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (d) In our opinion, and according to the information and explanation given to us, in the group, there are 17 companies forming part of the promoter/promoter group of the Company which are Core Investment Companies (CICs), as defined in the Regulations. As informed to us, the said 17 CICs are unregistered CICs
- (xvii) On the basis of examination of books of account and records of the Company and overall examination of the financial statements, we report that the Company has not incurred cash losses in the financial year 2022-23 or in the immediately preceding financial year 2021-22.
- (xviii) During the year, there has been no resignation of the statutory auditors and as such reporting under paragraph 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Annexure 1 to Independent Auditors' Report (Contd.)

- (xx) (a) According to the information and explanations given to us, the Company does not have any amount remaining unspent under section (5) of section 135 in respect to other than ongoing projects pertaining to current financial year and immediately preceding financial year and accordingly reporting under paragraph 3(xx)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company does not have any amount remaining unspent under section (5) of section 135 in respect of any ongoing projects pertaining to current financial year and immediately preceding financial year and accordingly reporting under paragraph 3(xx)(b) of the Order is not applicable to the Company.
- (xxi) The Company does not have any subsidiary, associate or joint venture and accordingly reporting under paragraph 3(xxi) of the Order is not applicable to the Company.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 23113053BGWSZE3172

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune: 24 April 2023

Pune: 24 April 2023

Annexure 2 to Independent Auditors' Report

(Referred to in paragraph 2 (f) under the heading 'Report on other legal and regulatory requirements' of our report of even date)

Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls with reference to financial statements of Bajaj Housing Finance Limited (the 'Company') as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements

Meaning of Internal Financial Controls with reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 2 to Independent Auditors' Report (Contd.)

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

For Khandelwal Jain & Co.
Chartered Accountants
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Pune, 24 April 2023

Pune, 24 April 2023

Balance Sheet

(₹ in crore)

Particulars	Note No	As at 31 March	
		2023	2022
ASSETS			
Financial assets			
Cash and cash equivalents	5	93.88	407.03
Bank balances other than cash and cash equivalents	6	14.99	0.14
Derivative financial instruments	7	1.37	-
Receivables	8		
Trade receivables		1.59	1.87
Other receivables		0.36	0.01
Loans	9	62,113.89	46,482.07
Investments	10	2,000.91	1,248.27
Other financial assets	11	301.94	253.93
		64,528.93	48,393.32
Non-financial assets			
Current tax assets (net)		3.97	9.08
Deferred tax assets (net)	12	-	15.58
Property, plant and equipment	13	84.92	78.09
Intangible assets under development	13	0.31	1.46
Other Intangible assets	13	28.07	19.11
Other non-financial assets	14	7.94	10.44
		125.21	133.76
Total assets		64,654.14	48,527.08
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables	15		
Trade payables			
Total outstanding dues to micro enterprises and small enterprises		-	0.18
Total outstanding dues to creditors other than micro enterprises and small enterprises		45.93	36.23
Other payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		73.04	38.17
Debt securities	16	19,914.92	16,489.15
Borrowings (other than debt securities)	17	33,654.70	24,493.17
Deposits	18	175.77	510.00
Other financial liabilities	19	211.62	174.42
Total		54,075.98	41,741.32

Balance Sheet (Contd.)

(₹ in crore)

Particulars	Note No	As at 31 March	
		2023	2022
Non-financial liabilities			
Current tax liabilities (net)		16.17	20.06
Provisions	20	15.63	4.05
Deferred tax liabilities (net)	12	28.27	-
Other non-financial liabilities	21	14.90	20.29
		74.97	44.40
Equity			
Equity share capital	22	6,712.16	4,883.33
Other equity	23	3,791.03	1,858.03
		10,503.19	6,741.36
Total liabilities and equity		64,654.14	48,527.08
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Umesh S. Abhyankar
Partner
Membership No.: 113053

Shailesh Shah
Partner
Membership No.: 033632

Pune: 24 April 2023

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial
Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Statement of Profit and Loss

(₹ in crore)

Particulars	Note No	For the year ended 31 March	
		2023	2022
Revenue from Operations			
Interest income	24	5,269.24	3,481.75
Fees and commission income	25	86.22	81.85
Net gain on fair value changes	26	112.04	58.97
Sale of services	27	50.29	142.02
Income on derecognised (assigned) loans	28	134.80	-
Other operating income	29	12.14	2.12
Total Revenue from operations		5,664.73	3,766.71
Other Income	30	0.71	0.42
Total Income		5,665.44	3,767.13
Expenses			
Finance costs	31	3,211.32	2,155.31
Fees and commission expense	32	14.03	4.68
Impairment on financial instruments	33	123.50	181.07
Employee benefits expenses	34	435.14	348.94
Depreciation and amortisation	13	33.40	25.76
Other expenses	35	147.99	91.51
Total Expenses		3,965.38	2,807.27
Profit before exceptional items and tax		1,700.06	959.86
Exceptional Items		-	-
Profit before tax		1,700.06	959.86
Tax expense			
Current tax		399.80	250.40
Deferred tax charge / (credit)		42.46	(0.16)
Total tax expense	12	442.26	250.24
Profit after tax		1,257.80	709.62
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans		5.54	(0.64)
Tax impact on above		(1.39)	0.16
		4.15	(0.48)
Items that will be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the year, net of tax		4.15	(0.48)
Total comprehensive income for the year		1,261.95	709.14

Statement of Profit and Loss (Contd.)

Particulars	Note No	For the year ended 31 March	
		2023	2022
Earnings per equity share			
(Nominal value per share ₹ 10)			
Basic (₹)	36	1.88	1.45
Diluted (₹)	36	1.88	1.45
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Umesh S. Abhyankar
Partner
Membership No.: 113053

Shailesh Shah
Partner
Membership No.: 033632

Pune: 24 April 2023

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial
Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Statement of Changes in Equity

Equity share capital

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Balance at the beginning of the year	4,883.33	4,883.33
Changes in equity share capital during the year (refer note no. 22 (a))	1,828.83	-
Balance at the end of the year	6,712.16	4,883.33

Other equity

For the year ended 31 March 2023

(₹ in crore)

Particulars	Note No.	Reserves and Surplus			Total other equity
		Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	
Balance as at 31 March 2022		166.67	365.95	1,325.41	1,858.03
Profit after tax		-	-	1,257.80	1,257.80
Other comprehensive income (net of tax)		-	-	4.15	4.15
Total		166.67	365.95	2,587.36	3,119.98
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		-	251.56	(251.56)	-
Add: Issue of equity shares to Holding Company		671.05	-	-	671.05
Balance as at 31 March 2023	23	837.72	617.51	2,335.80	3,791.03

For the year ended 31 March 2022

(₹ in crore)

Particulars	Note No.	Reserves and Surplus			Total other equity
		Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	
Balance as at 31 March 2021		166.67	224.02	758.20	1,148.89
Profit after tax		-	-	709.62	709.62
Other comprehensive income (net of tax)		-	-	(0.48)	(0.48)
Total		166.67	224.02	1,467.34	1,858.03
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		-	141.93	(141.93)	-
Balance as at 31 March 2022	23	166.67	365.95	1,325.41	1,858.03

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Atul Jain
Managing Director
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Chief Financial Officer
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Pune: 24 April 2023

Statement of Cash Flows

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
I. Cash flow from operating activities		
Profit before tax	1,700.06	959.86
Adjustments for:		
Interest income	(5,269.24)	(3,481.75)
Depreciation, amortisation and impairment	33.40	25.76
Impairment on financial instruments	123.50	181.07
Finance Costs	3,211.32	2,155.31
Net (gain)/ loss on disposal of property, plant and equipment	0.70	0.48
Provision no longer required written back	-	(0.05)
Service fees for management of assigned portfolio of loans	(22.49)	(112.53)
Income on derecognised (assigned) loans	(134.80)	-
Net (gain)/ loss on financial instruments measured at FVTPL	(112.04)	(58.97)
	(469.59)	(330.82)
Cash inflow from interest on loans	5,040.50	3,476.05
Cash inflow from receivables on assignment of loans	104.64	57.13
Cash outflow towards finance cost	(3,103.62)	(2,502.59)
Cash from operations before working capital changes	1,571.93	699.77
Working capital changes:		
(Increase)/decrease in Bank balances other than cash and cash equivalents	(14.85)	249.89
(Increase)/decrease in trade receivables	0.27	3.72
(Increase)/decrease in other receivables	(0.35)	0.01
(Increase)/decrease in loans	(15,584.98)	(13,256.65)
(Increase)/decrease in other financial assets	3.96	15.51
(Increase)/decrease in other non-financial assets	1.55	3.32
Increase/(decrease) in trade payables	9.52	15.56
Increase/(decrease) in other payables	34.87	16.89
Increase/(decrease) in other financial liabilities	33.16	14.95
Increase/(decrease) in provisions	17.12	1.12
Increase/(decrease) in other non-financial liabilities	(5.39)	(2.27)
	(13,933.19)	(12,238.18)
Income taxes paid (net of refunds)	(398.58)	(242.35)
Net cash used in operating activities (I)	(14,331.77)	(12,480.53)
II. Cash flow from investing activities		
Purchase of property, plant and equipment	(20.37)	(18.41)
Sale of property, plant and equipment	3.87	1.63
Purchase of intangible assets and intangible assets under development	(13.43)	(10.71)
Purchase of investments measured under FVTPL	(43,035.86)	(33,133.80)
Sale of investments measured under FVTPL	42,408.09	34,831.88
Purchase of investments measured under amortised cost	-	(4,900.00)
Sale of investments measured under amortised cost	-	5,400.00
Interest received on investments	46.26	26.73
Net cash generated from / (used) in investing activities (II)	(611.44)	2,197.32

Statement of Cash Flows (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
III. Cash flow from financing activities		
Issue of equity share capital (including securities premium)	2,499.88	-
Proceeds from long term borrowings	26,657.22	15,597.40
Repayments towards long term borrowings	(10,737.42)	(6,923.39)
Short term borrowings (net)	(3,435.11)	1,054.99
Deposits accepted (other than public deposits) (net)	(340.68)	510.00
Payment of lease liability	(13.83)	(10.54)
Net cash generated from financing activities (III)	14,630.06	10,228.46
Net decrease in cash and cash equivalents (I+II+III)	(313.15)	(54.75)
Cash and cash equivalents at the beginning of the year	407.03	461.78
Cash and cash equivalents at the end of the year	93.88	407.03

Components of cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Cash and cash equivalents comprises of:		
Cash on hand	-	-
Balances with banks:		
In current accounts	93.88	156.35
Fixed deposits (with original maturity of 3 months or less)	-	250.68
	93.88	407.03

- The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of cash flows'.
- Refer note no. 42 for change in liabilities arising from financing activities.

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No.: 113053

Pune: 24 April 2023

For Khandelwal Jain & Co.
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Firm Registration No.: 105049W

Shailesh Shah
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Membership No.: 033632

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

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Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial
Officer
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Notes to the Financial Statements for the year ended 31 March 2023

1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Ltd.')(Corporate ID No.: U65910PN2008PLC132228) was incorporated as a subsidiary of Bajaj Finserv Ltd.('BFS') on 13 June 2008, is a company limited by shares and domiciled as well as having its operations in India. The Company was acquired by Bajaj Finance Ltd.(BFL) from BFS in November 2014 to conduct housing finance business in a dedicated subsidiary company and accordingly the Company's name was changed to Bajaj Housing Finance Ltd.(BHFL) on 14 November 2014. It got registered with National Housing Bank ('NHB') as a non deposit taking Housing Finance Company vide certificate no 09.0127.15 on 24 September 2015. BHFL is a 100% subsidiary of BFL and started its operation in financial year 2017-18. The Non convertible debentures (NCDs) of the Company are listed on the Bombay Stock Exchange (BSE), India. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property, (iii) lease rental discounting, (iv) developer financing, (v) rural mortgage loans and (vi) unsecured loans. The Company has its registered office at Akurdi, Pune, Maharashtra (India) and its principal place of business is at 5th floor, B2 Building, Cerebrum IT Park, Kalyani Nagar, Pune, Maharashtra (India). Under the scale based regulations for NBFCs, the Company has been classified as NBFC-UL (upper layer) by the RBI vide press release dated 30 September 2022.

The financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 24 April 2023, Board of Directors of the Company approved and recommended the financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

2. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 ('the Act') along with other relevant provisions of the Act, the updated Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, dated 17 February, 2021 as amended ('the RBI Master Directions'), notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') and other applicable RBI circulars/notifications. The Company uses accrual basis of accounting except in case of significant uncertainties.(Refer note no. 4.1(i), 4.1(ii)(a) and 4.1(ii)(d)).

The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company, in denomination of crore rounded off to two decimal places as permitted by Schedule III to the Act. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

3. Presentation of Financial Statements

The Company presents its Balance Sheet in the order of liquidity.

The Company prepares and presents its Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the format prescribed by Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only where it has legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously as permitted by Ind AS. Similarly, the Company offsets incomes and expenses and reports the same on a net basis where the netting off reflects the substance of the transaction or other events as permitted by Ind AS.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

3. Presentation of Financial Statements (Contd.)

Critical accounting estimates and judgements

The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

- Business model assessment (Refer note no. 4.4.(i))
- Fair value of financial instruments (Refer note no. 4.15, 48 and 49)
- Impairment of financial assets (Refer note no. 4.4.(i), 9, 50)
- Provisions and other contingent liabilities (Refer note no. 4.9 and 41)
- Provision for tax expenses (Refer note no. 4.5)

4. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Income

(i) Interest income

The Company recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all incomes and cost attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments / receipts through the expected life of the financial asset / financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets (as set out in note no. 4.4 (i) regarded as 'Stage 3'), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired (as outlined in note no. 4.4 (i)), the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/ non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 - 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 - 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is recognised at transaction price is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)**(a) Fees and commission**

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

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

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

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

(b) Net gain on fair value changes

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains/loss on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

(c) Sale of services

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

(d) Income on derecognised (assigned) loans

The Company, on de-recognition of financial assets under the direct assignment transactions, recognises the right of excess interest spread (EIS) which is difference between interest on the loan portfolio assigned and the applicable rate at which the direct assignment is entered into with the assignee. The Company 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'.

(e) Other operating income

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

(iii) Other Income

Other income is accounted on accrual basis, except in case of significant uncertainties.

(iv) Taxes

Incomes are recognised net of the goods and services tax, wherever applicable.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.2 Expenditures

(i) Finance Cost

Borrowing cost on financial liabilities is recognised using the EIR method (Refer note no. 4.1.(i)).

(ii) 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, fees paid under guarantee scheme and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

(iii) Other expenses

Expenses are recognised net of the goods and services tax, except where credit for the input tax is not statutorily permitted.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.4 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are measured at amortised cost, unless otherwise specified.

All financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments along with the certainty of ultimate collection in case of financial assets. For tradable securities, the Company recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity.

Initial measurement

All financial assets are recognised initially at fair value adjusted for incremental transaction costs that are directly attributable to the acquisition of the financial asset except for following :

- Financial assets measured at FVTPL which are recognised at fair value; and
- Trade receivables that do not contain a significant financing component (as defined in Ind AS 115) which are recorded at transaction price.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into three categories as per the Company's Board approved policy:

- (a) Debt instruments at amortised cost
- (b) Debt instruments at FVOCI
- (c) Debt instruments at FVTPL

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)**4.4 Financial instruments** (Contd.)(a) Debt instruments at amortised cost:

The Company measures its debt instruments at amortised cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the nature of portfolio, and the period for which the interest rate is set and other factors which are integral to a lending arrangement.

The Company determines its business model that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios on the books of the Company, it may enter into immaterial and infrequent transactions to sell these portfolios to banks and/ or asset reconstruction companies without affecting the business model of the Company.

After initial measurement, such financial assets are subsequently measured at amortised cost on Effective Interest Rate (EIR). For further details, refer note no. 4.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

(b) Debt instruments at FVOCI

The Company subsequently classifies its debt instruments as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in the Other Comprehensive Income (OCI). The interest income on these assets are recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as mortgage loans portfolio where the Company periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

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

(c) Debt instruments at FVTPL

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest is recorded in Statement of Profit and Loss according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

Derecognition of Financial Assets

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised if the present value of fee to be received is not expected to compensate the Company adequately for performing the service. If the present value of fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- The carrying amount (measured at the date of derecognition) and
- The consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial Assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The Company on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction of sale of portfolio which doesn't affect the business model of the Company.

Reclassification of financial assets

The Company changes classification of its financial assets only on account of changes in its business model for managing those financial assets. Such reclassifications are given prospective impact as per the principles laid down in Ind AS 109 'Financial Instruments'.

Impairment of financial assets

(A) General Approach

Expected credit losses ('ECL') are recognised for applicable financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments as per the Board approved policy.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Life time ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)**4.4 Financial instruments** (Contd.)

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

Financial assets are written off in full, when there is no realistic prospect of recovery. The Company may apply enforcement activities to certain qualifying financial assets written off.

Treatment of the different stages of financial assets and the methodology of determination of ECL**(a) Credit impaired (stage 3)**

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Loan accounts where either principal and/or interest are past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans are upgraded to stage 1 if-

- The loan which was restructured is not in default for a period till repayment of 10% of principal outstanding or 12 months, whichever is later; and
- Other loans of such customer are not in default during this period; and
- There are no other indications of impairment.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, any overdue of more than 1 day past due and up to 90 days past due as on the reporting date is considered as an indication of financial assets to have suffered a significant increase in credit risk. Additionally, for mortgage loans, the Company recognised stage 2 based on other indicators such as frequent delay in payments beyond due dates.

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

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

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

ECL resulting from default events that are possible in the next 12 months are recognised for financial assets in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using behavioural analysis and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and current profile of customers. Additionally, forecasts of future macro situations and economic conditions are considered as part of forward economic guidance (FEG) model. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors. In addition, the estimation of ECL takes into account the time value of money.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company recalibrates above components of its ECL model on a periodical basis by using the available incremental and recent information as well as assessing changes to its statistical techniques for a granular estimation of ECL.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 50.

(B) Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and other financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables 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 historical observed default rates are updated for changes in the forward looking estimates.

(ii) **Financial liabilities**

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)**4.4 Financial instruments** (Contd.)

may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Initial measurement

All financial liabilities are recognised initially at fair value adjusted for incremental transaction costs that are directly attributable to the financial liabilities except in the case of financial liabilities recorded at FVTPL where the transaction costs are charged to the statement of profit or loss.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method (Refer note no 4.1(i)). Any gains or losses arising on derecognition of liabilities are recognised in the statement of profit or loss.

Derecognition

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

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only where it has legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously as permitted by Ind AS.

(iv) Derivative Financial Instruments

The Company enters into interest rate swaps (derivative financial instruments) to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company designates derivatives as hedges of the fair value of recognised liabilities (fair value hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge Accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value 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. Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

Fair value hedges hedge the exposure to changes in the fair value of a recognised liability, or an identified portion of such liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the Statement of Profit and Loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the Balance Sheet and is also recognised in the Statement of Profit and Loss in Finance Cost.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company 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.

4.5 Taxes

(i) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside the profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.6 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, if any, consistent with the criteria specified in Ind AS 16 'Property, plant and equipment'.

Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as 'Capital work-in-progress'.

Recognition and Derecognition

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income/expenses in the Statement of Profit and Loss when the asset is derecognised.

Depreciation on property, plant and equipment

- (a) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets.
- (b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.
- (c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.
- (d) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- (e) Useful life as used by the Company and as indicated in Schedule II are listed below:

Nature of assets	Useful life as per Schedule II	Useful life adopted by the Company
Building	60 years	60 years
Computers		
End user machines	3 years	4 years
Servers and Networks	6 years	6 years
Office equipment	5 years	5 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

Based on internal assessment, the Management believes that the useful lives adopted by the Company best represent the period over which Management expects to use these assets.

- (f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.7 Intangible assets and amortisation thereof

Intangible assets, representing softwares, licenses etc. are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment, if any. The Company recognises internally generated intangible assets when it is certain that the future economic benefit attributable to the use of such intangible assets are probable to flow to the Company and the expenditure incurred for development of such intangible assets can be measured reliably. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company. The intangible assets including those internally generated are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in the Statement of Profit and Loss when the asset is derecognised.

4.8 Impairment on non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

4.9 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made as a contingent liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

4.10 Foreign currency translation

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss or other comprehensive income as permitted under the relevant Ind AS.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)**4.11 Retirement and other employee benefits**

- (i) Gratuity: Payment for present liability of future payment of gratuity is made to the approved gratuity fund viz. Bajaj Auto Ltd. gratuity fund trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in Plan Assets managed by LIC and BALICL as compared to actuarial liability determined by an appointed Actuary using the projected unit credit method are recognised as a liability. Gains or losses through remeasurements of the net defined benefit liability/ (assets) are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent periods.
- (ii) Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (e.g., Employees' Provident Fund Organisation (EPFO)) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Since the Company pays all Provident fund and Pension fund contributions to EPFO, no actuarial assumptions are required to measure the obligation or the expense and there is no possibility of any actuarial gain or loss. Moreover, the obligations are measured on an undiscounted basis, except where they are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.
- (iii) Short term employee benefits: The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

Remeasurements on defined benefit plans, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

4.12 Employee Stock Option Scheme

The Holding Company operates Employee Stock Option Scheme through a trust formed for the purpose and had issued ESOPs to the employees of the Company.

The cost of transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised in employee benefits expenses at fair value of recharge liability over the period in which the service conditions are fulfilled and settled in cash.

4.13 Share based payments

The Company carries out fair value cost assessment of employee stock options on the grant date using Black Scholes model. The cost towards employees of the Company is recognised as employee benefits expenses and that pertaining to employees of subsidiaries are recovered from subsidiaries, over the period in which the service conditions are fulfilled. The cumulative expense/ recharge recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for grants that do not ultimately vest because of non fulfilment of service conditions. Service conditions are not taken into account while determining the grant date fair value of options, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.14 Leases

The Company follows Ind AS 116 'Leases' for all long term and material lease contracts.

(i) As a lessee

Measurement of lease liability

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

- increased by interest on lease liability;
- reduced 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, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 'Leases' for low value assets and short term leases has been adopted by Company, wherever applicable.

(ii) As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms.

4.15 Fair value measurement

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 48 and 49.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)**4.16 Earnings Per Share**

Basic EPS is calculated in accordance with Ind AS 33 'Earnings per share' by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

4.17 Segment Reporting

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment. The Company operates in a single geographical segment i.e. domestic.

4.18 Recent Indian Accounting Standards / Pronouncements

Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 1 April 2023 :

Ind AS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

Ind AS 1 - Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

Ind AS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023. The Company is currently assessing the impact of the amendments.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.19 Collateral Valuation

The nature of products across these broad product categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company 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. The Company does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

4.20 Statement of cash flow

Cash flows are reported using indirect method as permitted under Ind AS 7, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash and cash equivalent shown in the financial statement exclude items which are not available for general use as on reporting date.

Cash receipt and payment for items in which the turnover is quick, the amounts are large, and the maturities are short are shown on net basis. Such items are termed as short term borrowings/investments and others are termed as long term borrowings/investments in the statement of cash flows. Accordingly, the Company has classified investments designated under FVTPL and borrowings such as commercial papers, cash credit, overdraft facility, working capital demand loan as short term in the statement of cash flows. Cash flows from deposits (other than public deposits) are shown on net basis as permitted under Ind AS 7.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

5. Cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Cash on hand	-	-
Balances with banks:		
In current accounts*	93.88	156.35
Fixed deposits (with original maturity of 3 months or less)	-	250.68
Total	93.88	407.03

*includes ₹ 0.10 crore in current account maintained for employees care fund (Previous year: ₹ 0.13 crore)

6. Bank balances other than cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Fixed deposits (with original maturity more than 3 months)	14.99	0.14
Total	14.99	0.14

7. Derivative financial instruments

(₹ in crore)

Particulars	As at 31 March 2023		
	Notional Amount	Fair value assets	Fair Value Liabilities
Interest Rate Derivatives			
Interest Rate Swaps (Fair Value Hedge)	100.00	1.37	-
Total	100.00	1.37	-

(₹ in crore)

Particulars	As at 31 March 2022		
	Notional Amount	Fair value assets	Fair Value Liabilities
Interest Rate Derivatives			
Interest Rate Swaps (Fair Value Hedge)	-	-	-
Total	-	-	-

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of interest rate swaps. The Company undertakes such transactions for hedging borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

8. Receivables

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Trade receivables		
Considered good - Unsecured		
Fees, commission and others	1.60	1.87
Less: Impairment allowance	0.01	-
	1.59	1.87
Other receivables		
Considered good - unsecured		
Others	0.36	0.01
Less: Impairment allowance	-	-
	0.36	0.01
Total	1.95	1.88

-No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

-No trade receivables are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at 31 March 2023

Particulars	Not due	Unbilled	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables								
(i) Considered good	-	-	1.59	-	-	-	-	1.59
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-
Disputed Trade Receivables								
(i) Considered good			-	-	-	-	-	-
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-

Trade receivables ageing schedule as at 31 March 2022

Particulars	Not due	Unbilled	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables								
(i) Considered good	-	-	1.87	-	-	-	-	1.87
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-
Disputed Trade Receivables								
(i) Considered good			-	-	-	-	-	-
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

9. Loans

(₹ in crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	At amortised Cost	At FVOCI*	Total	At amortised Cost	At FVOCI*	Total
Term Loan						
I. Secured						
Against equitable mortgage of immovable property	13,052.50	47,482.45	60,534.95	9,642.74	35,384.75	45,027.49
Less: Impairment loss allowance	129.12	368.78	497.90	101.76	339.91	441.67
Total (I)	12,923.38	47,113.67	60,037.05	9,540.98	35,044.84	44,585.82
II. Unsecured						
Unsecured loans	2,104.31	-	2,104.31	1,922.17	-	1,922.17
Less: Impairment loss allowance	27.47	-	27.47	25.92	-	25.92
Total (II)	2,076.84	-	2,076.84	1,896.25	-	1,896.25
Total (I+II)	15,000.22	47,113.67	62,113.89	11,437.23	35,044.84	46,482.07
Out of above :						
I. Loans in India						
Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
	-	-	-	-	-	-
Others	15,156.81	47,482.45	62,639.26	11,564.91	35,384.75	46,949.66
Less: Impairment loss allowance	156.59	368.78	525.37	127.68	339.91	467.59
	15,000.22	47,113.67	62,113.89	11,437.23	35,044.84	46,482.07
II. Loans outside India	-	-	-	-	-	-
Total (I+II)	15,000.22	47,113.67	62,113.89	11,437.23	35,044.84	46,482.07
Out of above						
(i) Secured by tangible	12,823.37	47,113.67	59,937.04	9,231.43	35,044.84	44,276.27
(ii) Secured by intangible assets	301.51	-	301.51	292.77	-	292.77
(iii) Covered by Bank/ Government Guarantee	100.01	-	100.01	309.55	-	309.55
(iv) Unsecured	1,775.33	-	1,775.33	1,603.48	-	1,603.48
Total (i+ii+iii+iv)	15,000.22	47,113.67	62,113.89	11,437.23	35,044.84	46,482.07

*The net value is the fair value of these loans

Loans including installment and interest outstanding amounts to 5.77 crore in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI].

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are (a) repayable on demand or (b) without specifying any terms or period of repayment.

Loan details

(₹ in crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	At amortised Cost	At FVOCI	Total	At amortised Cost	At FVOCI	Total
Total Gross loan	15,371.30	47,512.09	62,883.39	11,727.70	35,505.99	47,233.69
Less: EIR impact	214.49	29.64	244.13	162.79	121.24	284.03
Total for gross term loan net of EIR impact	15,156.81	47,482.45	62,639.26	11,564.91	35,384.75	46,949.66

Notes to financial statements for the year ended 31 March 2023 (Contd.)

9. Loans (Contd.)

Summary of loans by stage distribution

(₹ in crore)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2*	Stage 3	Total	Stage 1	Stage 2*	Stage 3	Total
Gross carrying amount	62,142.02	359.91	137.33	62,639.26	46,199.61	603.69	146.36	46,949.66
Less: Impairment loss allowance	359.66	78.37	87.34	525.37	259.95	128.17	79.47	467.59
Net carrying amount	61,782.36	281.54	49.99	62,113.89	45,939.66	475.52	66.89	46,482.07

*Net carrying amount in Stage 2 includes nondelinquent account restructured under RBI resolution framework for COVID-19-related stress of ₹ 94 crore (previous year ₹ 286 crore) where there were no overdue. Such loans get reclassified to Stage 1, post 12 months of satisfactory performance.

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans

(₹ in crore)

Particulars	For the year ended 31 March 2023							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
Balance as at the beginning of the year	46,199.61	259.95	603.69	128.17	146.36	79.47	46,949.66	467.59
Transfer during the year								
Transfer to stage 1	239.13	24.24	(226.58)	(24.10)	(12.55)	(0.14)	-	-
Transfer to stage 2	(141.05)	(26.56)	159.89	33.81	(18.84)	(7.25)	-	-
Transfer to stage 3	(54.38)	(20.03)	(78.60)	(39.85)	132.98	59.88	-	-
	43.70	(22.35)	(145.29)	(30.14)	101.59	52.49	-	-
Impact of changes in credit risk on account of stage movements		(28.45)		28.00		38.86	-	38.41
Changes in opening credit exposures (additional disbursement net of repayments)	(9,950.71)	4.44	(103.82)	(48.71)	(60.84)	(32.21)	(10,115.37)	(76.48)
New credit exposures during the year, net of repayments	25,849.42	146.07	5.33	1.05	2.93	1.44	25,857.68	148.56
Amounts written off during the year					(52.71)	(52.71)	(52.71)	(52.71)
Balance as at the end of the year	62,142.02	359.66	359.91	78.37	137.33	87.34	62,639.26	525.37

Notes to financial statements for the year ended 31 March 2023 (Contd.)

9. Loans (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
Balance as at the beginning of the year	32,996.17	178.68	659.36	131.88	119.13	45.20	33,774.66	355.76
Transfer during the year								
Transfer to stage 1	185.49	31.79	(179.45)	(29.83)	(6.04)	(1.96)	-	-
Transfer to stage 2	(316.14)	(1.91)	317.77	2.56	(1.63)	(0.65)	-	-
Transfer to stage 3	(63.32)	(0.36)	(55.93)	(11.91)	119.25	12.27	-	-
	(193.97)	29.52	82.39	(39.18)	111.58	9.66	-	-
Impact of changes in credit risk on account of stage movements		(20.93)		50.68		60.57	-	90.32
Changes in opening credit exposures (additional disbursement net of repayments)	(8,224.41)	(45.15)	(154.99)	(17.71)	(19.22)	32.17	(8,398.62)	(30.69)
New credit exposures during the year, net of repayments	21,621.82	117.83	16.93	2.50	4.11	1.11	21,642.86	121.44
Amounts written off during the year	-	-	-	-	(69.24)	(69.24)	(69.24)	(69.24)
Balance as at the end of the year	46,199.61	259.95	603.69	128.17	146.36	79.47	46,949.66	467.59

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
Net impairment loss allowance charge/ (release) for the year	57.78	111.83
Amounts written off during the year	52.71	69.24
Impairment allowance on undrawn loan commitments	12.32	-
Impairment on loans	122.81	181.07
Add: Impairment on other assets	0.69	-
Impairment on financial instruments	123.50	181.07

Notes to financial statements for the year ended 31 March 2023 (Contd.)

10. Investments

Particulars	(₹ in crore)	
	As at 31 March	
	2023	2022
At fair value through profit or loss		
I. In mutual funds	577.26	580.62
Add: Fair value gain/(loss)	1.23	0.20
Total (I) *	578.49	580.82
II. In Government Securities / T-Bill	1,422.62	666.90
Add: Fair value gain/(loss)	(0.20)	0.55
Total (II)	1,422.42	667.45
Total (I+II)	2,000.91	1,248.27

Out of above

Particulars	(₹ in crore)	
	As at 31 March	
	2023	2022
In India	2,000.91	1,248.27
Outside India	-	-
	2,000.91	1,248.27

* All the investments are in the debt oriented mutual fund schemes which includes investments for employee care fund of ₹ 0.93 crore (Previous year ₹ 0.56 crore).

11. Other financial assets

Particulars	(₹ in crore)	
	As at 31 March	
	2023	2022
Security deposits	7.52	6.98
Receivables on assigned loans	288.10	235.45
Others*	7.00	11.50
	302.62	253.93
Less: Impairment loss allowance**	0.68	-
Total	301.94	253.93

* Includes receivable from pools purchased under direct assignment ₹ 4.30 crore (Previous year ₹ 11.50 crore).

** Impairment allowance recognised on receivable on assigned loans is ₹ 0.63 crore (Previous year ₹ Nil).

12. Deferred tax assets (net)

Reconciliation of tax expenses and profit before tax multiplied by corporate tax rate

Particulars	(₹ in crore)	
	As at 31 March	
	2023	2022
Profit before tax	1,700.06	959.86
Tax at corporate tax rate of 25.17% (Previous year: 25.17%)	427.91	241.60
Tax on expenditure not considered for tax provision (net of allowance)	14.38	8.78
Tax on additional deductions	(0.03)	(0.14)
Tax expense (effective tax rate of 26.01%, Previous year 26.07%)	442.26	250.24

Notes to financial statements for the year ended 31 March 2023 (Contd.)

12. Deferred tax assets (net) (Contd.)

For the year ended 31 March 2023

Particulars	(₹ in crore)			Balance as at 31 March 2023
	Balance as at 31 March 2022	Recognised in profit and loss	Recognised in OCI	
I. Deferred tax asset				
Property, plant and equipment and Intangible assets	0.92	0.10	-	1.02
Remeasurements of employee benefits	1.00	0.59	(1.39)	0.20
Expected credit loss	105.38	9.61	-	114.99
EIR impact on financial instruments measured at amortised cost	0.52	(0.17)	-	0.35
Mark to Market impact on fair value hedge	-	0.01	-	0.01
Right of use assets and lease liability (net)	1.03	0.02	-	1.05
Gross deferred tax assets (I)	108.85	10.16	(1.39)	117.62
II. Deferred tax liabilities				
Service asset on Assigned loans	59.26	13.25	-	72.51
Deduction of special reserve as per section 36(1) (viii) of the Income Tax Act, 1961	33.83	39.26	-	73.09
Unrealised net gain on fair value changes	0.18	0.06	-	0.24
Other temporary differences	-	0.05	-	0.05
Gross deferred tax liabilities (II)	93.27	52.62	-	145.89
Deferred tax assets/ (liabilities), net (I-II)	15.58	(42.46)	(1.39)	(28.27)

For the year ended 31 March 2022

Particulars	(₹ in crore)			Balance as at 31 March 2022
	Balance as at 31 March 2021	Recognised in profit and loss	Recognised in OCI	
I. Deferred tax asset				
Depreciation and amortisation	0.97	(0.05)	-	0.92
Disallowance u/s 43B of the Income Tax Act, 1961	0.22	0.62	0.16	1.00
Impairment of financial instruments	76.91	28.47	-	105.38
EIR impact on financial instruments measured at amortised cost	0.76	(0.24)	-	0.52
Lease liability	0.94	0.09	-	1.03
Gross deferred tax assets (I)	79.80	28.89	0.16	108.85
II. Deferred tax liabilities				
Service fees for management of assigned portfolio of loans	45.32	13.94	-	59.26
Deduction of special reserve as per section 36(1) (viii) of the Income Tax Act, 1961	18.72	15.11	-	33.83
Unrealised net gain on fair value changes	0.50	(0.32)	-	0.18
Gross deferred tax liabilities (II)	64.54	28.73	-	93.27
Deferred tax assets/ (liabilities), net (I-II)	15.26	0.16	0.16	15.58

Notes to financial statements for the year ended 31 March 2023 (Contd.)

13. Property, plant and equipment and intangible assets

For the year ended 31 March 2023

(₹ in crore)

Particulars	Gross Block			As at 31 March 2023	Depreciation, amortisation and impairment			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
Property, plant and equipment^(a)									
Buildings ^(b)	2.39	-	-	2.39	0.41	-	0.04	0.45	1.94
Computers	22.90	7.03	4.77	25.16	8.92	1.86	5.08	12.14	13.02
Furniture and Fixtures	11.74	2.06	0.81	12.99	5.10	0.72	1.02	5.40	7.59
Vehicles	11.37	9.70	2.03	19.04	3.13	0.43	1.91	4.61	14.43
Office equipment	14.53	0.44	0.15	14.82	8.41	0.11	2.74	11.04	3.78
Lease hold improvement	13.12	1.11	-	14.23	8.20	-	2.04	10.24	3.99
Right-of-use - Premises	64.76	18.36	1.10	82.02	28.55	0.68	13.98	41.85	40.17
Total (i)	140.81	38.70	8.86	170.65	62.72	3.80	26.81	85.73	84.92
Intangible assets^(c)									
Computer Software	27.91	15.56	-	43.47	8.80	(0.01)	6.59	15.40	28.07
Total (ii)	27.91	15.56	-	43.47	8.80	(0.01)	6.59	15.40	28.07
Total (i+ii)	168.72	54.26	8.86	214.12	71.52	3.79	33.40	101.13	112.99

For the year ended 31 March 2022

(₹ in crore)

Particulars	Gross Block			As at 31 March 2022	Depreciation, amortisation and impairment			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
Property, plant and equipment^(a)									
Buildings ^(b)	2.39	-	-	2.39	0.38	-	0.03	0.41	1.98
Computers	14.70	10.93	2.73	22.90	7.15	1.68	3.45	8.92	13.98
Furniture and Fixtures	10.81	0.94	0.01	11.74	4.24	0.01	0.87	5.10	6.64
Vehicles	8.44	4.79	1.86	11.37	2.78	0.79	1.14	3.13	8.24
Office equipment	13.54	1.08	0.09	14.53	5.90	0.06	2.57	8.41	6.12
Lease hold improvement	12.78	0.67	0.33	13.12	6.11	0.31	2.40	8.20	4.92
Right-of-use - Premises	45.82	19.24	0.30	64.76	17.60	-	10.95	28.55	36.21
Total (i)	108.48	37.65	5.32	140.81	44.16	2.85	21.41	62.72	78.09
Intangible assets^(c)									
Computer Software	19.02	8.89	-	27.91	4.45	-	4.35	8.80	19.11
Total (ii)	19.02	8.89	-	27.91	4.45	-	4.35	8.80	19.11
Total (i+ii)	127.50	46.54	5.32	168.72	48.61	2.85	25.76	71.52	97.20

Notes

- (a) See note no. 4.6 and 4.14
(b) Title deeds of immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee) are held in the name of the Company.
(c) See note no. 4.7

Notes to financial statements for the year ended 31 March 2023 (Contd.)

13. Property, plant and equipment and intangible assets (Contd.)**13.A Intangible assets under development**

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Opening balance	1.46	0.62
Additions during the year	10.72	4.11
Deductions/Adjustments	(11.87)	(3.27)
Closing balance	0.31	1.46

13.B Intangible assets under development aging**As at 31 March 2023**

(₹ in crore)

Particulars	Period				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in progress	0.31	-	-	-	0.31

As at 31 March 2022

(₹ in crore)

Particulars	Period				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in progress	1.46	-	-	-	1.46

The Company does not have any project temporary suspended or any Intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence Intangible asset under development completion schedule is not applicable.

14. Other non-financial assets

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Capital advances	0.03	0.98
Advances to suppliers and others*	7.91	9.46
Total	7.94	10.44

* (a) includes excess CSR spend of ₹ 0.64 crore (Previous year: Nil)

(b) Impairment allowance recognised on advances to suppliers and others is ₹ 0.01 crore (Previous year: ₹ 0.37 crore).

Notes to financial statements for the year ended 31 March 2023 (Contd.)

15. Payables

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Trade payables		
Total outstanding dues of micro enterprises and small enterprises# (₹24,480)		0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	45.93	36.23
Total	45.93	36.41
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	73.04	38.17
Total	73.04	38.17

#Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year-end are furnished below:

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Principal amount due to suppliers under MSMED Act, as at the year end (₹24,480) (since paid)		0.18
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	3.46	4.62
Interest paid to suppliers under MSMED Act (other than section 16)	-	-
Interest paid to suppliers under MSMED Act (section 16)	0.09	0.03
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

Trade Payable aging schedule as at 31 March 2023

(₹ in crore)

Particulars	Not due	Unbilled	Outstanding from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	more than 3 years	
(i) MSME (₹24,480)	-	-		-	-	-	-
(ii) Others	-	42.89	2.97	0.05	0.02		45.93
(iii) Disputed dues - MSME			-	-	-	-	-
(iv) Disputed dues - Others			-	-	-	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

15. Payables (Contd.)**Trade Payable aging schedule as at 31 March 2022**

(₹ in crore)

Particulars	Not due	Unbilled	Outstanding from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	more than 3 years	
(i) MSME	-	-	0.18	-	-	-	0.18
(ii) Others	-	32.52	3.67	0.02	0.01	0.01	36.23
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-

16. Debt securities

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
At amortised cost		
Secured		
Privately placed redeemable non-convertible debentures*	18,476.39	11,730.67
	18,476.39	11,730.67
Unsecured		
Borrowings by issue of commercial paper	423.49	3,997.23
Privately placed partly paid redeemable non-convertible debentures	1,015.04	761.25
	1,438.53	4,758.48
Total	19,914.92	16,489.15
Out of above		
In India	19,914.92	16,489.15
Outside India	-	-
Total	19,914.92	16,489.15

*All the Privately placed secured redeemable non-convertible debentures of the Company including those issued during the year ended 31 March 2023 are fully secured by first pari passu charge by mortgage of the Company's immovable property at Chennai and/or by hypothecation of book debts/loan receivables to the extent as stated in the respective information memorandum. Further, the Company has, at all times, for the non-convertible debentures, maintained asset cover as stated in the respective information memorandum which is sufficient to discharge the principal amount, interest accrued thereon and such other sums as mentioned therein.

The quarterly statements or returns of assets filed by the Company with banks, financial institutions and debenture trustees are in agreement with books of accounts. The amount reported in quarterly statements is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties as required by banks, financial institutions and debenture trustees.

The Company has no pending charges or satisfaction which are required to be registered with ROC.

As a part of Interest rate risk management, the Company has entered into INR interest rate swaps of a notional amount of ₹ 100 crore.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

16. Debt securities (Contd.)

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2023

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Redeemable at par					
Up to 2 years	3,225.00	1,250.00	-	-	4,475.00
2-3 years	1,075.00	985.00	4,350.00	-	6,410.00
3-4 years	-	2,150.00	720.00	-	2,870.00
More than 4 years	-	-	-	5,175.00	5,175.00
Redeemable at premium					
3-4 years	-	-	-	-	-
Interest accrued	613.87	13.33	-	-	627.20
Fair value gain/ loss on NCD hedged through interest rate swap					1.39
Impact of EIR					(67.16)
Total					19,491.43

Interest rate ranges from 5.00 % p.a. to 8.04 % p.a. as at 31 March 2023.

Amount to be called and paid is ₹ 105 crore each in Jan 2024, Jan 2025 and ₹ 120 crore in Jan 2026.

Amount to be called and paid is ₹ 147 crore each Mar 2024, Mar 2025 and ₹ 168 crore in Mar 2026.

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2022

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Redeemable at par					
Up to 2 years	900.00	3,225.00	-	-	4,125.00
2-3 years	165.00	1,075.00	985.00	-	2,225.00
3-4 years	990.00	-	2,150.00	330.00	3,470.00
More than 4 years	-	-	-	1,327.00	1,327.00
Redeemable at premium					
3-4 years	800.80	-	-	-	800.80
Interest accrued	544.25	-	6.33	-	550.58
Impact of EIR					(6.46)
Total					12,491.92

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2022.

Amount to be called and paid is ₹ 105 crore each in Jan 2023, Jan 2024, Jan 2025 and ₹ 120 crore in Jan 2026.

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

Notes to financial statements for the year ended 31 March 2023 (Contd.)

17. Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
At amortised cost		
Secured*		
Term loans from banks	31,495.22	24,493.17
Loans repayable on demand from banks		
Cash credit / Overdraft facility	141.76	-
Working capital demand loan	17.72	-
Term loans from others		
National Housing Bank	2,000.00	-
Total	33,654.70	24,493.17
Out of above:		
In India	33,654.70	24,493.17
Outside India	-	-
Total	33,654.70	24,493.17

* Secured against hypothecation of book debts, loan receivables and other receivables.

a) Nature of security for term loans taken from Banks

The quarterly statements or returns of assets filed by the Company with banks, financial institutions and debenture trustees are in agreement with books of accounts. The amount reported in quarterly statements is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties as required by banks, financial institutions and debenture trustees.

b) Nature of security for term loans taken from NHB

- (i) All the outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.10 times of outstanding amount as per sanctioned terms.
- (ii) During FY23, the Company has been availed refinance facility from NHB of ₹ 2000 crore under 'Regular Refinance Scheme' and 'Affordable Housing Scheme' for long term liquidity support in respect of eligible individual Housing loans"

c) The Company has no pending charges or satisfaction which are required to be registered with ROC.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

17. Borrowings (other than debt securities) (Contd.)

Terms of repayment of term loan from banks as at 31 March 2023

(₹ in crore)

Original maturity of loan (as per Sanction) (In no. of years)	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 years		Total	
	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore
Quarterly Principal Payment										
2-3 years	2	31.25							2	31.25
3-4 years			2	200.00					2	200.00
More than 4 years	129	2,496.86	103	2,154.16	80	1,584.36	150	3,527.00	462	9,762.38
Half yearly Principal Payment										
3-4 years	2	142.86	2	142.86					4	285.72
More than 4 years	43	1,688.94	48	1,608.11	46	2,052.10	123	5,977.82	260	11,326.97
Yearly Principal Payment										
3-4 years	2	436.25	1	375.00					3	811.25
More than 4 years	15	958.34	11	838.33	7	643.33	18	2,540.00	51	4,980.00
Bullet Payment on maturity										
2-3 years			1	250.00					1	250.00
3-4 years			1	500.00					1	500.00
More than 4 years	3	650.00					3	2,700.00	6	3,350.00
Interest accrued										2.93
Impact of EIR										(5.28)
Total									792	31,495.22

Interest rate ranges from 5.05 % p.a. to 9.02 % p.a. as at 31 March 2023.

Terms of repayment of term loan from NHB as at 31 March 2023

(₹ in crore)

Original maturity of loan (as per Sanction) (In no. of years)	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 years		Total	
	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore
Quarterly Principal Payment										
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									249	2,000.00

Interest rate ranges from 5.52 % p.a. to 7.55 % p.a. as at 31 March 2023.

Terms of repayment of working capital demand loan as at 31 March 2023

(₹ in crore)

Original maturity of loan (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
	On maturity (Bullet)				
Up to 1 year	17.72	-	-	-	17.72
Interest accrued and impact of EIR	-	-	-	-	-
Total					17.72

Notes to financial statements for the year ended 31 March 2023 (Contd.)

17. Borrowings (other than debt securities) (Contd.)**Terms of repayment of term loans from banks as at 31 March 2022**

(₹ in crore)

Original maturity of loan (as per Sanction) (In no. of years)	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 years		Total	
	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore
Quarterly Principal Payment										
Up to 2 years	1	300.00							1	300.00
2-3 years	4	62.50	2	31.25					6	93.75
3-4 years	12	598.33			2	200.00			14	798.33
More than 4 years	110	2,032.58	99	2,082.58	63	1,439.87	72	2,395.29	344	7,950.32
Half yearly Principal Payment										
3-4 years	2	142.86	2	142.86	2	142.86			6	428.58
More than 4 years	27	1,250.94	38	1,529.30	34	1,241.80	78	3,205.88	177	7,227.92
Yearly Principal Payment										
3-4 years	1	150.00	1	225.00	1	375.00			3	750.00
More than 4 years	13	725.00	12	625.00	8	505.00	6	550.00	39	2,405.00
Bullet Payment on maturity										
Up to 2 years	5	2,175.00							5	2,175.00
2-3 years	4	50.00			1	250.00			5	300.00
3-4 years	1	211.25	1	211.25	1	500.00			3	922.50
More than 4 years			3	650.00			1	500.00	4	1,150.00
Interest accrued			-	-	-	-	-	-		1.03
Impact of EIR										(9.26)
Total									607	24,493.17

Interest rate ranges from 5.05 % p.a. to 7.12 % p.a. as at 31 March 2022.

18. Deposits

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Unsecured		
At Amortised Cost		
From Others (Inter corporate deposit)	175.77	510.00
Total	175.77	510.00

Terms of repayment of Deposits as at 31 March 2023

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
On maturity (Bullet)					
Up to 1 year	2.78	-	-	-	2.78
Over 1 to 2 years	-	165.34	-	-	165.34
Over 2 to 3 years	-	-	1.20	-	1.20
Interest accrued	6.45	-	-	-	6.45
Total					175.77

Interest rate ranges from 7.28 % p.a. to 7.60 % p.a.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

18. Deposits (Contd.)

Terms of repayment of Deposits as at 31 March 2022

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
On maturity (Bullet)					
Up to 1 year	65	-	-	-	65.00
Over 1 to 2 years	-	445.00	-	-	445.00
Interest accrued and impact of EIR					-
Total					510.00

Interest rate ranges from 4.00 % p.a. to 4.10 % p.a.

19. Other financial liabilities

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Security deposits	0.08	0.08
Lease Liability*	44.33	40.29
Others**	167.21	134.05
Total	211.62	174.42

*Disclosures as required by Ind AS 116 - Leases are stated below :

** Includes amount payable to assignment partners and insurance partners

** Includes amount for employee care fund of ₹ 1.03 crore (Previous year ₹ 0.69 crore).

a. Lease Liability Movement

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Opening Balance / Transition adjustment	40.29	31.96
Add :		
Addition during the year	18.36	19.24
Interest on Lease Liability	2.77	2.46
Lease modification/ adjustments	-	-
Less :		
Deletion during the year	0.49	0.37
Lease rental payments	16.60	13.00
Balance at the end of the year	44.33	40.29

b. Lease rentals of ₹ 0.75 crore (Previous year ₹ 0.89 crore) pertaining to short-term leases, low value assets and GST disallowance on lease rentals have been charged to Statement of Profit and Loss.

c. Future Lease Cash Outflow for all leased assets

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
-Not later than one year	16.25	15.45
-Later than one year but not later than five years	34.45	30.25
-Later than five years	0.09	1.79

Notes to financial statements for the year ended 31 March 2023 (Contd.)

19. Other financial liabilities (Contd.)**d. Maturity Analysis of Lease Liability**

(₹ in crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Lease Liability	13.55	30.78	11.57	28.72

e. Amount recognised in Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Interest on lease liabilities	2.77	2.46
Depreciation charge for the year	13.98	10.95
(Gain)/loss on pre-mature lease closure	(0.07)	(0.07)
Total	16.68	13.34

20. Provisions

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Provision for employee benefits		
Gratuity	-	1.03
Compensated absences	1.34	1.37
Other long term service benefits	1.97	1.65
Others provisions		
Impairment allowance on undrawn loan commitments	12.32	-
Total	15.63	4.05

21. Other non-financial liabilities

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Statutory Dues	12.87	15.08
Others	2.03	5.21
Total	14.90	20.29

Notes to financial statements for the year ended 31 March 2023 (Contd.)

22. Equity share capital

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Authorised		
8,000,000,000 (8,000,000,000) equity shares of ₹ 10 each	8,000.00	8,000.00
Issued		
6,71,21,55,564 (4,88,33,33,329) equity shares of ₹ 10 each	6,712.16	4,883.33
Subscribed and paid up		
6,71,21,55,564 (4,88,33,33,329) equity shares of ₹ 10 each fully called up and paid up	6,712.16	4,883.33
Total	6,712.16	4,883.33

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

(₹ in crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	₹ in crore	Nos.	₹ in crore
Outstanding at the beginning of the year	4,883,333,329	4,883.33	4,883,333,329	4,883.33
Add: Issue of equity shares on right basis	1,828,822,235	1,828.83	-	-
Outstanding at the end of the year	6,712,155,564	6,712.16	4,883,333,329	4,883.33

The Company has allotted 1,828,822,235 equity shares having face value of ₹ 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7 April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.

b. Terms/rights/restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company (face value ₹ 10 per share)

(₹ in crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	₹ in crore	Nos.	₹ in crore
Bajaj Finance Limited*	6,712,155,564	6,712.16	4,883,333,329	4,883.33

* A subsidiary of Bajaj Finserv Ltd.

d. Details of shareholders holding more than 5% shares in the Company (face value ₹ 10 per share)

(₹ in crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	% Holding	Nos.	% Holding
Bajaj Finance Ltd. (Holding Company)	6,712,155,564	100.00%	4,883,333,329	100.00%

Notes to financial statements for the year ended 31 March 2023 (Contd.)

22. Equity share capital (Contd.)

e. Details of shareholding of promoters
Shares held by promoters at the year ended 31 March 2023

S.N.	Promoter name	No. of Shares	% of total shares	% Changes during the year
1	Bajaj Finance Ltd.	6,712,155,564	100.00%	0.00%

Shares held by promoters at the year ended 31 March 2022

S.N.	Promoter name	No. of Shares	% of total shares	% Changes during the year
1	Bajaj Finance Ltd.	4,883,333,329	100.00%	0.00%

23. Other equity

Particulars	(₹ in crore)	
	As at 31 March	
	2023	2022
(i) Securities premium		
Balance as at the beginning of the year	166.67	166.67
Add: Received during the year		
On right issue of shares	671.05	-
Balance as at the end of the year (i)	837.72	166.67
(ii) Statutory reserve in terms of Section 29C of the NHB Act, 1987		
Balance as at the beginning of the year		
(a) Statutory Reserve u/s 29C of the NHB Act, 1987	208.89	126.96
(b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
(c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	134.40	74.40
Total	365.95	224.02
Addition / appropriation / withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	95.56	81.93
(b) Additional amount transferred u/s 29C of the NHB Act, 1987	-	-
(c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	156.00	60.00
Less:		
(a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Additional amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(c) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

23. Other equity (Contd.)

Particulars	(₹ in crore)	
	As at 31 March	
	2023	2022
Balance as at the end of the year		
(a) Statutory Reserve u/s 29C of the NHB Act, 1987	304.45	208.89
(b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
(c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	290.40	134.40
Balance as at the end of the year (ii)	617.51	365.95
(iii) Retained earnings		
Balance as at the beginning of the year	1,325.41	758.20
Profit for the year	1,257.80	709.62
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	4.15	(0.48)
	2,587.36	1,467.34
Less: Appropriations:		
Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987	95.56	81.93
Transfer to additional statutory reserve in terms of Section 29C of the NHB Act, 1987	-	-
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	156.00	60.00
Total appropriations	251.56	141.93
Balance as at the end of the year (iii)	2,335.80	1,325.41
Total (i+ii+iii)	3,791.03	1,858.03

Nature and purpose of other equity:

i. Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

ii. Statutory Reserve in terms of Section 29C of the National Housing Bank Act, 1987

Reserve Fund is created as per the Section 29C of the National Housing Bank Act, 1987, which requires every housing finance company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the Profit and Loss Account and before any dividend is declared. However, the Company has transferred twenty percent of its net profit during the previous year to the reserve fund. This includes Special Reserve created to avail the deduction as per the provisions of Section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes.

iii. Retained earnings

Retained earnings represents the surplus in Profit and Loss Account after appropriation.

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

- (a) actuarial gains and losses; and
- (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

Notes to financial statements for the year ended 31 March 2023 (Contd.)

23. Other equity (Contd.)**iv. Other comprehensive income**On loans:

The Company recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss.

Movement of fair value changes:

Particulars	As at 31 March	
	2023	2022
Balance as at the beginning of the year	-	-
Fair value changes	28.87	56.37
Impairment loss allowances transferred to profit or loss	(28.87)	(56.37)
Balance as at the end of the year	-	-

(₹ in crore)

24. Interest income

Particulars	As at 31 March 2023				As at 31 March 2022			
	Amortised Cost*	FVOCI*	FVTPL	Total	Amortised Cost*	FVOCI*	FVTPL	Total
On loans#	1,506.54	3,703.61	-	5,210.15	1,031.58	2,432.06	-	3,463.64
On investments	-	-	57.40	57.40	-	-	7.15	7.15
On deposits with Banks	1.69	-	-	1.69	10.96	-	-	10.96
Total	1,508.23	3,703.61	57.40	5,269.24	1,042.54	2,432.06	7.15	3,481.75

(₹ in crore)

*As per effective interest rate (EIR). Refer note no. 4.1(i)

#Net of interest on credit impaired assets amounting to ₹ 26.69 crore (Previous Year ₹ 28.52 crore).

25. Fees and commission income

Particulars	For the year ended 31 March	
	2023	2022
Distribution income	39.81	33.23
Fees on value added services and products	-	7.33
Service and administration charges	34.89	30.99
Foreclosure income	11.52	10.30
Total	86.22	81.85

(₹ in crore)

26. Net gain on fair value changes

Particulars	For the year ended 31 March	
	2023	2022
Net gain/ (loss) on financial instruments measured at fair value through profit or loss on trading portfolio	-	-
Realised gain/(loss) on investments at FVTPL	111.80	60.21
Unrealised gain/(loss) on investments at FVTPL	0.24	(1.24)
Total	112.04	58.97

(₹ in crore)

Notes to financial statements for the year ended 31 March 2023 (Contd.)

27. Sale of services

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Service charges	27.80	29.49
Service fees for management of assigned portfolio of loans	22.49	112.53
Total	50.29	142.02

28. Income on derecognised (assigned) loans

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Income on derecognised (assigned) loans	134.80	-
Total	134.80	-

29. Other operating income

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Bad debt recoveries	10.29	1.44
Miscellaneous charges and receipts	1.85	0.68
Total	12.14	2.12

30. Other income

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Income from Rent	0.20	0.19
Interest on income tax refund	0.30	0.10
Miscellaneous income	0.21	0.13
Total	0.71	0.42

31. Finance costs

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
On financial liabilities measured at amortised cost:		
On debt securities	1,112.52	745.20
On borrowings other than debt securities	2,074.64	1,400.13
On Deposits	21.39	7.52
On lease liability	2.77	2.46
Total	3,211.32	2,155.31

Notes to financial statements for the year ended 31 March 2023 (Contd.)

32. Fees and commission expense

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Commission and incentives	0.28	0.11
Loan portfolio management service charges	13.75	4.57
Total	14.03	4.68

33. Impairment on financial instruments

(₹ in crore)

Particulars	For the year ended 31 March 2023			For the year ended 31 March 2022		
	At Amortised Cost	At FVOCI	Total	At Amortised Cost	At FVOCI	Total
On loans [#]	54.70	68.11	122.81	50.11	130.96	181.07
On Others	0.69	-	0.69	-	-	-
Total	55.39	68.11	123.50	50.11	130.96	181.07

[#]Net of interest on credit impaired assets amounting to ₹ 26.69 crore (Previous Year ₹ 28.52 crore).

34. Employee benefits expenses

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Employees emoluments	382.88	304.72
Contribution to provident fund and other funds	18.20	15.68
Share based payments to employees	26.83	19.23
Staff welfare expenses	7.23	9.31
Total	435.14	348.94

35. Other expenses

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Travelling expenses	24.29	18.01
Information technology expenses	23.76	13.97
Repairs, maintenance and office expenses	15.17	11.56
Employee training, recruitment and management cost	10.92	2.17
Outsourcing / back office expenses	10.64	8.41
Advertisement, branding and promotion	9.78	5.16
Communication expenses	9.38	7.31
Rent, taxes and energy cost	6.12	4.43
Legal and professional charges	4.30	3.27
Bank charges	1.98	1.93
Customer experience	1.97	0.11
Printing and stationery	1.93	1.43

Notes to financial statements for the year ended 31 March 2023 (Contd.)

35. Other expenses (Contd.)

Particulars	(₹ in crore)	
	For the year ended 31 March	
	2023	2022
Director's fees, commission and expenses	1.14	0.50
Net loss on disposal of property, plant and equipment	0.70	0.48
Auditors' fees and expenses*	0.57	0.52
Insurance	0.29	0.19
Business support services	0.02	0.34
Expenditure towards Corporate Social Responsibility activities **	12.68	7.67
Miscellaneous expenses	12.35	4.05
Total	147.99	91.51

*Auditors' fees & expenses

Particulars	(₹ in crore)	
	For the year ended 31 March	
	2023	2022
As auditor		
Audit fee	0.30	0.30
Tax audit fee (Previous year ₹ 25,000)	0.04	
Limited review fee	0.09	0.04
In other capacity		
Other services	0.04	0.12
Reimbursement of expenses	0.06	0.02
Total	0.53	0.48
Total including GST disallowance	0.57	0.52

** Corporate Social Responsibility expenditure

Particulars	(₹ in crore)	
	For the year ended 31 March	
	2023	2022
(a) Gross amount required to be spent by the Company during the year	12.68	7.67
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	7.38
(ii) On purposes other than (i) above	13.32	0.29
(c) Excess / (Shortfall) at the end of the year	0.64	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	NA	NA
(f) Nature of CSR activities (activities as per Schedule VII)	Activities mentioned in i, ii, iii, x	Activities mentioned in i and ii
(g) Details of related party transactions	-	-
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

36. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Net profit attributable to equity shareholders (₹ in crore) (A)	1,257.80	709.62
Weighted average number of equity shares for basic and diluted earnings per share (B)	6,68,20,92,733	4,88,33,33,329
Weighted average number of equity shares for diluted earnings per share (C)	6,68,20,92,733	4,88,33,33,329
Earning Per Share (basic) (₹) (A/B)	1.88	1.45
Earning Per Share (diluted) (₹) (A/C)	1.88	1.45

37. Segment information

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment. The Company operates in a single geographical segment i.e. domestic.

38. Transfer of financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

39. Revenue from contract with customers

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Type of Services		
Distribution income	39.81	33.23
Fees on value added services and products	-	7.33
Service and administration charges	34.89	30.99
Foreclosure income	11.52	10.30
Total	86.22	81.85
Geographical markets		
India	86.22	81.85
Outside India	-	-
Total	86.22	81.85
Timing of revenue recognition		
Services transferred at a point in time	86.22	81.85
Services transferred over time	-	-
Total	86.22	81.85

Notes to financial statements for the year ended 31 March 2023 (Contd.)

39. Revenue from contract with customers (Contd.)

Contract balances

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Fees, commission and other receivables	1.60	1.34

Impairment allowance recognised for contract balances is ₹ 0.01 crore (Previous year: Nil)

40. Employee benefits plan

(I) Defined benefit plans

(A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, an employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

(i) Movement in defined benefit obligations

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Defined benefit obligation as at the beginning of the year	25.58	21.25
Current service cost	5.01	3.91
Interest on defined benefit obligation	1.80	1.44
Remeasurement (gain)/ loss:		
Actuarial (gain)/ loss arising from change in financial assumptions	(0.58)	(0.72)
Actuarial (gain)/ loss arising from change in demographic assumptions	-	-
Actuarial (gain)/ loss arising on account of experience changes	(5.33)	1.08
Benefits paid	(1.92)	(1.37)
Liabilities assumed / (settled)*	7.43	-
Defined benefit obligation as at the end of the year	31.99	25.58

* On account of business combination within the group

(ii) Movement in plan assets

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Fair value of plan asset as at the beginning of the year	24.55	22.66
Employer contributions	2.89	1.95
Interest on plan assets	1.77	1.59
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.37)	(0.28)
Benefits paid	(1.92)	(1.37)
Assets acquired / (settled)*	7.43	-
Fair value of plan asset as at the end of the year	34.35	24.55

* On account of business combination within the group

Notes to financial statements for the year ended 31 March 2023 (Contd.)

40. Employee benefits plan (Contd.)

(iii) Reconciliation of net liability/ (asset)

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Net defined benefit liability/ (asset) as at the beginning of the year	1.03	(1.41)
Expense charged to Statement of Profit and Loss	5.04	3.76
Amount recognised in other comprehensive income	(5.54)	0.64
Employers contribution	(2.89)	(1.95)
Net defined benefit liability/ (asset) as at the end of the year	(2.36)	1.03

(iv) Expenses charged to the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Current service cost	5.01	3.91
Interest cost	0.03	(0.15)
Total	5.04	3.76

(v) Remeasurement (gains)/losses in other comprehensive income

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
Opening amount recognised in other comprehensive income	4.04	3.41
Changes in financial assumptions	(0.58)	(0.72)
Changes in demographic assumptions	-	-
Experience adjustments	(5.33)	1.08
Actual return on plan assets less interest on plan assets	0.37	0.28
Closing amount recognised in other comprehensive income	(1.50)	4.04

(vi) Amount recognised in Balance Sheet

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Present value of funded defined benefit obligation	31.99	25.58
Fair value of plan assets	34.35	24.55
Net defined benefit liability recognised in Balance Sheet	(2.36)	1.03

(vii) Key actuarial assumptions

Particulars	As at 31 March	
	2023	2022
Discount rate	7.45%	7.25%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100.00%	100.00%

Notes to financial statements for the year ended 31 March 2023 (Contd.)

40. Employee benefits plan (Contd.)

(viii) Sensitivity analysis for significant assumptions is as shown below

Particulars	As at 31 March 2023		As at 31 March 2022	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(4.31)%	4.44%	(4.46)%	4.59%
Impact of decrease in 50 bps on defined benefit obligation	4.61%	(4.19)%	4.78%	(4.33)%

(ix) Projected plan cash flow

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Maturity Profile		
Expected benefits for year 1	2.27	1.64
Expected benefits for year 2	2.41	1.84
Expected benefits for year 3	2.46	1.94
Expected benefits for year 4	2.61	1.99
Expected benefits for year 5	2.61	2.07
Expected benefits for year 6	2.59	2.07
Expected benefits for year 7	2.86	2.06
Expected benefits for year 8	2.67	2.28
Expected benefits for year 9	5.98	2.11
Expected benefits for year 10 and above	44.54	38.92

(x) Expected contribution to fund in the next year

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Expected contribution to fund in the next year	1.00	3.00

(B) Long-term service benefit liability

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Present value of unfunded obligations	1.97	1.65
Expense recognised in the Statement of Profit and Loss	0.52	0.29
Discount rate (p.a.)	7.45%	7.25%

Notes to financial statements for the year ended 31 March 2023 (Contd.)

41. Contingent liabilities and commitments
(a) Contingent liabilities not provided for in respect of

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Disputed claims against the Company not acknowledged as debts	3.49	4.23

(b) Capital and other commitments

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))		
- Tangible	2.81	1.64
- Intangible	1.36	0.13
(ii) Other commitments (towards partially disbursed / sanctioned but not disbursed)	6,178.57	4,479.84

42. (a) Changes in capital and asset structure arising from Financing Activities

The Company does not have any financing activities which affect the capital and asset structure of the Company without the use of cash and cash equivalents.

(b) Changes in liability arising from Financing Activities

For the year ended 31 March 2023

(₹ in crore)

	As at 1 April 2022	Cash flows	Other*	As at 31 March 2023
Debt Securities	16,489.15	3,329.03	96.74	19,914.92
Borrowing other than Debt Securities	24,493.17	9,155.66	5.87	33,654.70
Deposits	510.00	(340.68)	6.45	175.77
Lease Liability	40.29	(13.83)	17.87	44.33
Total	41,532.61	12,130.18	126.93	53,789.72

For the year ended 31 March 2022

(₹ in crore)

	As at 1 April 2021	Cash flows	Other*	As at 31 March 2022
Debt Securities	11,332.08	5,507.20	(350.13)	16,489.15
Borrowing other than Debt Securities	20,268.52	4,221.80	2.85	24,493.17
Deposits	-	510.00	-	510.00
Lease Liability	31.96	(10.54)	18.87	40.29
Total	31,632.56	10,228.46	(328.41)	41,532.61

* Other includes Interest accrued and EIR adjustments

Notes to financial statements for the year ended 31 March 2023 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2023		For the year ended 31 March 2022	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries and Fellow Subsidiaries:					
1 Bajaj Finserv Ltd. (Ultimate Holding company)	Secured non-convertible debentures issued	-	(550.00)	-	(350.00)
	Interest paid on non-convertible debentures	20.81	-	9.00	-
	Business support charges paid	3.63	-	-	-
	ESOP Recharge	0.60	(0.71)	-	-
2 Bajaj Finance Ltd. (Holding company)	Contribution to Equity (6,71,21,55,564 shares of ₹ 10 each)	2,500.00	(6,712.16)	-	(4,883.33)
	Security deposit received	-	(0.08)	-	(0.08)
	Rent received	0.20	-	0.19	-
	Assets purchased	0.79	(0.10)	0.27	-
	Assets sold	0.48	0.35	0.38	-
	Purchase of loan portfolio	-	-	738.79	-
	Direct assignment of loan portfolio	1,789.90	-	1,503.69	-
	Business support charges paid	16.83	(2.32)	7.86	-
	Business support charges received	0.81	-	1.14	-
	Fees and commission received	66.30	0.02	44.64	-
	ESOP recharge	26.17	-	19.23	-
	Investment in Inter Corporate Deposits	-	-	4,900.00	-
	Investment repayment received	-	-	4,900.00	-
	Interest income on investments in inter-corporate deposits	-	-	3.82	-
	Short term loan taken	-	-	750.00	-
Short term loan repaid	-	-	750.00	-	
3 Bajaj Financial Securities Ltd. (Fellow Subsidiary)	Company's contribution towards NPS	0.45	-	-	-
4 Bajaj Finserv Direct Ltd. (Subsidiary of Ultimate Holding company)	Business support charges paid	0.66	-	1.05	(0.91)
	Assets purchased	0.09	-	-	-
	Assets sold (₹ 33,647 previous year: ₹ 12,971)	-	-	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

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

		(₹ in crore)			
Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2023		For the year ended 31 March 2022	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
5 Bajaj Allianz General Insurance Company Ltd. (Subsidiary of Ultimate Holding company)	Insurance expense	4.42	0.63	3.79	4.54
	Interest paid on non-convertible debentures	-	-	10.57	-
	Asset Purchased	-	-	0.01	-
	Secured non-convertible debentures issued	-	(150.00)	-	(100.00)
	Secured non-convertible debentures repaid	100.00	-	50.00	-
	Interest paid on non-convertible debentures	7.10	-	-	-
6 Bajaj Allianz Life Insurance Company Ltd. (Subsidiary of Ultimate Holding company)	Insurance expense	9.10	0.65	11.61	0.30
	Interest paid on non-convertible debentures	50.94	-	33.99	-
	Unsecured non-convertible debentures issued	217.00	(868.00)	217.00	(651.00)
B. Key Management Personnel and their relatives					
1 Sanjiv Bajaj (Chairman)	Sitting Fees	0.14	-	0.17	-
	Commission	0.07	(0.06)	-	-
2 Rajeev Jain (Vice Chairman)	Sitting Fees	0.15	-	-	-
	Commission	0.11	(0.09)	-	-
3 Atul Jain (Managing Director)	Short term employee benefit	10.29	(0.04)	8.14	(1.14)
	Share based payment	8.06	-	4.46	-
4 Lila Poonawala (Director till 21 Jan 2023)	Sitting Fees	0.16	-	0.17	-
	Commission	0.08	(0.07)	-	-
5 Anami Narayan Roy (Director)	Sitting Fees	0.16	-	0.11	-
	Commission	0.09	(0.08)	-	-
6 Dr. Arindam K Bhattacharya (Director w.e.f. 1 May 2022)	Sitting Fees	0.07	-	-	-
	Commission	0.05	(0.05)	-	-
7 Dr. Omkar Goswami (Non Executive Director till 9 July 2021)	Sitting Fees	-	-	0.01	-
8 Gaurav Kalani (Chief Financial Officer)*	Short term employee benefit	2.23	(0.77)	1.64	(0.63)
	Share based payment	0.80	-	0.64	-
9 Atul Patni (Company Secretary w.e.f. 1 May 2022)*	Short term employee benefit	0.48	-	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2023		For the year ended 31 March 2022	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
C. Other Entities					
1 Bajaj Auto Ltd.	Security deposit (paid)	-	0.03		0.03
	Rent expense	0.06	-	0.06	-
	Business support charges paid	1.27	-	-	-
2 Bajaj Holdings and Investment Limited	Secured non-convertible debentures issued	-	-	-	-
	Secured non-convertible debentures repaid	-	-	150.00	-
	Business support charges paid	1.51	-	-	-
	Interest paid on non-convertible debentures	-	-	10.41	-
3 Maharashtra Scooters Limited	Secured non-convertible debentures issued	-	(50.00)	-	(50.00)
	Interest paid on non-convertible debentures	2.90	-	1.50	-
4 Hind Musafir Agency Ltd.	Services received	4.06	-	1.25	(0.18)
5 Bajaj Allianz Staffing Solutions Ltd.	Manpower supply services	12.79	-	-	-
6 Poddar Housing And Development Limited	Interest Income	-	-	1.07	-
	Loan repayment received	-	-	13.00	-
7 Ashwin Vijaykumar Jain	Interest Income	-	-	-	-
	Loan repayment received	-	-	0.15	-
D. Post employment benefit entity					
1 Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	3.02	-	2.00	-

*Key managerial personnel as per section 2(51) of the Companies Act, 2013. Disclosure of transactions made in compliance with RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and RBI Circular for Disclosures in Financial Statements- Notes to Accounts of NBFC dated 19 April 2022.

Notes

- Transactions value are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- 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.
- Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosure has been made only when there have been transactions with those parties.
- Related parties as defined under clause 9 of the Indian Accounting Standard – 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.
- NCD transaction includes only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting dates.
- The Company has allotted 1,828,822,235 equity shares having face value of ₹ 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7 April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

44 Relationship with Struck off Companies**For the year ended 31 March 2023**

(₹ in crore)

Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company	Balance outstanding 31 March 2023
CSE Computer Solutions East Pvt Ltd	Loan Given	No	0.36

For the year ended 31 March 2022

(₹ in crore)

Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company	Balance outstanding 31 March 2022
Gayathri Technocrats Private Limited*	Loan Given	No	0.15
CSE Computer Solutions East Pvt Ltd	Loan Given	No	0.37

* Company has repaid all outstanding loan amount during the year ended 31 March 2023.

45. Capital

The Company actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirements of the regulator, the Reserve Bank of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by the RBI.

(i) Capital management**Objective**

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

Planning

The Company's assessment of capital requirement is aligned to 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 interest rate.

The Company monitors its capital adequacy ratio (CRAR) on a monthly basis through its assets liability management committee (ALCO).

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

Notes to financial statements for the year ended 31 March 2023 (Contd.)

45. Capital (Contd.)

(ii) Regulatory capital

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Tier I capital	10,184.74	6,469.01
Tier II capital	359.66	259.95
Total capital	10,544.40	6,728.96
Total risk weighted assets	45,901.75	34,126.15
Tier I CRAR	22.19%	18.95%
Tier II CRAR	0.78%	0.76%
Total CRAR	22.97%	19.71%

46. Analytical Ratios

Ratio	Numerator (₹ in crore)	Denominator (₹ in crore)	As at 31 March 2023	As at 31 March 2022	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	10,544.40	45,901.75	22.97%	19.71%	14.19%	NA
Tier I CRAR	10,184.74	45,901.75	22.19%	18.95%	14.60%	NA
Tier II CRAR	359.66	45,901.75	0.78%	0.76%	2.56%	NA
Debt Equity Ratio	53,745.39	10,503.19	5.12	6.15	-20.28%	NA
Liquidity Coverage Ratio	1,516.30	1,012.73	149.72%	131.20%	12.37%	NA

47. Events after reporting date

There have been no events after the reporting date that require adjustment in these financial statements.

48. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

48. Fair values (Contd.)**Valuation methodologies adopted**

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note 49) using quoted market prices of the underlying instruments;
- Fair value of loans held for 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 measured at FVOCI. The fair value of these loans have been determined under level 3.

The Company has determined that the carrying values of cash and cash equivalents, 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 value are deemed to be fair value.

49. Fair value hierarchy

The Company determines fair values of financial instruments according to the following hierarchy:

- Level 1-** valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.
- Level 2-** valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3-** valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

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 designated under FVTPL	31 March 2023	2,000.91	-	-	2,000.91
Loans designated under FVOCI	31 March 2023	-	47,113.67	-	47,113.67
Derivative financial instrument	31 March 2023	-	1.37	-	1.37

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 March 2022	1,248.27	-	-	1,248.27
Loans designated under FVOCI	31 March 2022	-	35,044.84	-	35,044.84
Derivative financial instrument	31 March 2022	-	-	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

49. Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value 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					
Cash and cash equivalents	93.88	93.88	-	-	93.88
Bank balances other than cash and cash equivalents	14.99	14.99	-	-	14.99
Trade receivables	1.59	-	-	1.59	1.59
Other receivables	0.36	-	-	0.36	0.36
Loans at amortised cost*	15,000.22	-	-	15,000.22	15,000.22
Other financial assets	301.94	-	-	301.94	301.94
Total financial assets	15,412.98	108.87	-	15,304.11	15,412.98
Financial liabilities					
Trade payables	45.93	-	-	45.93	45.93
Other payables	73.04	-	-	73.04	73.04
Debt securities	19,914.92	-	19,844.15	-	19,844.15
Borrowings (other than debt securities)	33,654.70	-	-	33,654.70	33,654.70
Deposits	175.77	-	-	175.77	175.77
Other financial liabilities	211.62	-	-	211.62	211.62
Total financial liabilities	54,075.98	-	19,844.15	34,161.06	54,005.21

*Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

Fair value of financial instruments not measured at fair value as at 31 March 2022:

(₹ in crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial Assets					
Cash and cash equivalents	407.03	407.03	-	-	407.03
Bank balances other than cash and cash equivalents	0.14	0.14	-	-	0.14
Trade receivables	1.87	-	-	1.87	1.87
Other receivables	0.01	-	-	0.01	0.01
Loans at amortised cost*	11,437.23	-	-	11,437.23	11,437.23
Other financial assets	253.93	-	-	253.93	253.93
Total financial assets	12,100.21	407.17	-	11,693.04	12,100.21
Financial liabilities					
Trade payables	36.41	-	-	36.41	36.41
Other payables	38.17	-	-	38.17	38.17
Debt Securities	16,489.15	-	16,545.35	-	16,545.35
Borrowings (other than debt securities)	24,493.17	-	-	24,493.17	24,493.17
Deposits	510.00	-	-	510.00	510.00
Other financial liabilities	174.42	-	-	174.42	174.42
Total financial liabilities	41,741.32	-	16,545.35	25,252.17	41,797.52

*Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies

A summary of the major risks faced by the Company, its measurement, monitoring and management are described as under:

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	<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, the Company's business plan and prevailing market conditions. liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and Board approved liquidity risk framework. monitored by <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 HFCs. a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. periodic reviews by ALCO of liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. managed by the Company's treasury team under liquidity risk management framework through various means like HQLA, liquidity buffers, sourcing of long-term funds, positive asset liability mismatch, keeping strong pipeline of sanctions from banks, assignment of loans and Contingency Funding Plan (CFP) to counter extreme liquidity situation under the guidance of ALCO and Board.
Market risk	Market risk arises from fluctuation in the fair value of future cash flow of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.	Board appointed RMC and ALCO	<p>Market risk for the Company encompasses exposures to 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. The Company has a market risk management module which is integrated with it's treasury system. ; and managed by the Company's treasury team under the guidance of ALCO and Investment Committee and in accordance with Board approved Investment and Market Risk policy

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Credit Risk	Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company.	Board 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 the Company. Various metrics such as instalment default rate, overdue position, restructuring, resolution plans, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk. monitored by RMC and CRO through review of level of credit exposure, portfolio monitoring, contribution of repeat customers, bureau data, concentration risk of geography, customer and portfolio; and assessment of any major change in the business environment including economic, political as well as natural calamity / pandemic. managed by a robust control framework by the risk and debt management unit. This is achieved by continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and review of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, debt management and risk containment along with business. The same is periodically reviewed by the Board appointed RMC.
Operational risk	Operational risk is the risk arising from inadequate or failed internal processes or controls, its people and system and also from external events.	Board appointed RMC / Senior Management and Audit Committee (AC)	<p>Operational risk is:</p> <ul style="list-style-type: none"> measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud. monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework. managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC.

(a) Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company maintains a judicious mix of borrowings from banks, money markets and continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings along with liquidity buffer framework has helped the Company maintain a healthy asset liability position and interest rate during the financial year 2022-23 (FY2023) - the weighted average cost of borrowing was 6.88% versus 6.18% despite highly uncertain market conditions. The overall borrowings including debt securities stood at ₹ 53,745 crore as of 31 March 2023 (previous year ₹ 41,492 crore).

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

The Company continuously monitors liquidity in the market; and as a part of its ALM strategy maintains a liquidity buffer through an active investment desk to reduce this risk. The Company endeavours to maintain liquidity buffer of 5% to 7% of its overall borrowings in normal market scenario. The average liquidity buffer for FY2023 was ₹ 3082 crore. With easing of economic volatility, the Company has brought down its liquidity buffer in a calibrate manner to ₹ 2,110 crore as on 31 March 2023.

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

The Company exceeds the regulatory requirement of LCR which mandate maintaining prescribed coverage of expected net cash outflows for a stressed scenario in the form of high quality liquid assets (HQLA). As of 31 March 2023, the Company maintained a LCR of 149.72%, well in excess of the RBI's stipulated norm of 60%. LCR requirement will move to 70% from 1 December 2023 and to 100% by December 2025.

The Company has a Board approved Contingency Funding Plan (CFP) to respond quickly to any anticipated or actual stressed market conditions. The primary goal of the Contingency Funding Plan (CFP) is to provide a framework of action plan for contingency funding when the Company experiences a reduction to its liquidity position, either from causes unique to the Company or systemic events limiting its ability to maintain normal operations and service to customers. The CFP defines the framework to assess, measure, monitor, and respond to potential contingency funding needs. CFP also clearly lays down the Specific contingency funding sources, conditions related to the use of these sources and when they would be used. Roles and responsibilities of the Crisis Management Group constituted under the CFP have been identified to facilitate the effective execution of CFP in a contingency event.

The table below summarises the maturity profile of the undiscounted cashflow of the Company'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	6,010.36	18,675.79	24,686.15	7,963.53	11,267.77	19,231.30
Borrowings (other than debt securities)	9,017.88	32,248.50	41,266.38	6,369.90	21,750.95	28,120.85
Deposits	15.29	179.65	194.94	85.03	456.55	541.58
Trade payables	45.93	-	45.93	36.41	-	36.41
Other payables	73.04	-	73.04	38.17	-	38.17
Other financial liabilities	183.46	34.62	218.08	149.50	32.12	181.62
Total	15,345.96	51,138.56	66,484.52	14,642.54	33,507.39	48,149.93

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

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

(₹ in crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	93.88	-	93.88	407.03	-	407.03
Bank balances other than cash and cash equivalents	0.03	14.96	14.99	0.01	0.13	0.14
Derivative Financial Instrument	-	1.37	1.37			
Trade receivables	1.59		1.59	1.87		1.87
Other receivables	0.36		0.36	0.01		0.01
Loans	2,147.69	59,966.20	62,113.89	2,660.43	43,821.64	46,482.07
Investments	2,000.91	-	2,000.91	1,248.27	-	1,248.27
Other financial assets	74.17	227.77	301.94	66.71	187.22	253.93
Non-financial assets						
Current tax assets (net)	-	3.97	3.97	-	9.08	9.08
Deferred tax assets (net)	-	-	-	-	15.58	15.58
Property, plant and equipment	-	84.92	84.92	-	78.09	78.09
Intangible assets under development	-	0.31	0.31	-	1.46	1.46
Other intangible assets	-	28.07	28.07	-	19.11	19.11
Other non-financial assets	7.94	-	7.94	10.44	-	10.44
Total assets	4,326.57	60,327.57	64,654.14	4,394.77	44,132.31	48,527.08
LIABILITIES						
Financial liabilities						
Trade payables	45.93	-	45.93	36.41	-	36.41
Other payables	73.04	-	73.04	38.17	-	38.17
Debt securities	5,335.89	14,579.03	19,914.92	7,423.27	9,065.88	16,489.15
Borrowings (other than debt securities)	6,746.89	26,907.81	33,654.70	4,950.26	19,542.91	24,493.17
Deposits	9.23	166.54	175.77	65.00	445.00	510.00
Other financial liabilities	180.76	30.86	211.62	145.62	28.80	174.42
Non-financial liabilities						
Current tax liabilities (net)	16.17	-	16.17	20.06	-	20.06
Provisions	1.87	13.76	15.63	1.44	2.61	4.05
Deferred tax liabilities (net)	-	28.27	28.27	-	-	-
Other non-financial liabilities	14.90	-	14.90	20.29	-	20.29
Total Liabilities	12,424.68	41,726.27	54,150.95	12,700.52	29,085.20	41,785.72

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)**(b) Market risk**

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.

Interest rate risk**On Investments**

The Company manages the duration of its investment portfolio with an objective to optimise the return with minimal possible fair value change impact. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR, PV01 and Modified Duration and other parameters as defined in its Investment and Market risk policy.

Sensitivity analysis as at 31 March 2023 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Investment at FVTPL	2,000.91	2,000.91	(7.75)	7.75
Investment at amortised cost	-	-	-	-

Sensitivity analysis as at 31 March 2022 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Investment at FVTPL	1,248.27	1,248.27	(2.35)	2.35
Investment at amortised cost	-	-	-	-

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is 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	62,113.89	62,113.89	-	-
Debt Securities	19,914.92	19,844.15	(473.15)	502.50
Borrowings (other than debt securities)	33,654.70	33,654.70	-	-

Sensitivity analysis as at 31 March 2022 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Loans	46,482.07	46,482.07	-	-
Debt Securities	16,489.15	16,545.35	(248.77)	263.38
Borrowings (other than debt securities)	24,493.17	24,493.17	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

(c) Credit Risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans, (v) rural mortgage loans and (vi) unsecured loans. The Company assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

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

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

Treatment and classification methodology of different stages of financial assets is detailed in note no. 4.4 (i)

Computation of impairment on financial instruments

The Company calculates impairment on financial instruments as per ECL approach prescribed under Ind AS 109 'Financial instrument'. ECL uses three main components: PD (Probability of Default), LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions. For further details of computation of ECL please refer to significant accounting policies note no 4.4 (i).

The Company recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. Accordingly, during the year, the Company has redeveloped its ECL model and implemented the same with the approval of Audit Committee and the Board. The Company follows simplified ECL approach under Ind AS 109 'Financial instruments' for trade receivables, and other financial assets.

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

Lending verticals	PD			EAD	LGD
	Stage 1	Stage 2	Stage 3		
Home loans	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers, and also basis DPD bucket approach. for retail loans and management evaluation/judgement for wholesale loans.			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.
Loan against property					
Rural mortgage loans					
Lease rental discounting			100%		
Developer loans					
Other loans					

The table below summarises the gross carrying values and the associated allowance for expected credit loss (ECL) stage wise for loan portfolio:

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)**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	60,059.13	347.53	128.29	2,082.89	12.38	9.04
Allowance for ECL	341.94	74.97	80.99	17.72	3.40	6.35
ECL Coverage ratio	0.57%	21.57%	63.13%	0.85%	27.46%	70.24%

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	44,306.87	581.01	139.61	1,892.74	22.68	6.75
Allowance for ECL	244.39	122.39	74.89	15.56	5.78	4.58
ECL Coverage ratio	0.55%	21.07%	53.64%	0.82%	25.49%	67.85%

Collateral valuation

The Company offers loans to customers across various lending verticals as articulated above. These loans includes both unsecured loans and loans secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

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

Product Group	Nature of securities
Home loans	Equitable mortgage of residential and commercial properties.
Loan against property	
Rural mortgage loans	
Lease rental discounting	
Developer loans	

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company exercises its right of repossession across all secured products. 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. The Company does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

Analysis of Concentration Risk

The Company focuses on granulation of loans portfolios by expanding its geographic reach to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

ECL sensitivity analysis to forward economic conditions and management overlay

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

The ECL model and its input variables are recalibrated periodically using available incremental and recent information. It is possible that internal estimates of PD and LGD rates used in the ECL model may not always capture all the characteristics of the market and the external environment as at the reporting date. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased estimation of forward looking economic adjustment to its ECL. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the Upside and Downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the Central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

The Company uses multiple economic factors and test their correlations with past loss trends witnessed for building its forward economic guidance (FEG) model. During the current year, the Company evaluated various macro factors GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, unemployment rate, crude oil prices and policy interest rates.

Based on past correlation trends, CPI (inflation) and unemployment rate reflected acceptable correlation with past loss trends and were considered appropriate by the Management. Unemployment has a direct relation with the income levels and thus the growth of the economy from the expenditure side. Inflation and inflationary expectations affect the disposable income of people. Accordingly, both these macro-variables directly and indirectly impact the economy. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

For Unemployment, the Company has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators.

In FY2023, Unemployment rate over the quarters has been oscillating around 7.5% versus pre covid levels of around 7%, indicating normalisation towards its central scenario.

- While formulating the Central Scenario, the Company has considered that the current unemployment rate of 7.5% may move towards an average of 7% over the next few years.
- For the downside scenario, the Company believes that the downside risks might have passed, however, the downside peak unemployment rate might reach 8.78%. However, as per mean reversion approach, the downside scenario assumes it to fall from the peak and normalise to around 7% within next three years.
- For the upside scenario, the Company acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. Therefore, while forecasting, a positive stance has been adopted with the expectation that the unemployment levels may not drop significantly. The unemployment rate may improve to a best case of 5.2% by the end of June 2024 but may come back to an historical (excluding COVID period) 4-year average of 7%.

Consumer Price Index (CPI or inflation) crossed the RBI comfort level of 6% and remained above 6% for first seven months of FY2023. Later again in Jan'23, it crossed 6%. MPC is taking corrective measures to control inflation through monetary tightening and has projected inflation to reach a level of 5.3% in FY2024.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

- The Central Scenario assumed by the Company considers a persistent inflation around 6% in Q4 FY2023. We have, however, seen higher levels of inflation in the first half of FY2023 and the Company expects inflation to come down in FY2024, which is in line with the Central bank's projection. However, keeping a conservative approach, company expects inflation to range between 5.7% to 6.2% during FY2024, suggesting inflation to decline moderately compared to previous year.
- For the downside scenario, the Company considers that the inflation risk may continue due to various uncertainties (SVB crisis, geopolitical conflict, elections etc.), and therefore assumes the inflation to touch a peak of around 6.95% in Q2 FY2024, and subsequently normalise to around 5% within next three years.
- For the upside scenario, we believe that there would be certain factors which might come into play viz, base effect, higher food grain production, continuously falling WPI, better supply chain management etc, and, therefore, inflation may see easing to a base of around 3% before averaging back to the pre-COVID levels.

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

(₹ in crore)

	As at 31 March	
	2023	2022
ECL coverage of financial instruments under forecast economic conditions		
Gross carrying amount of loans	62,639.26	46,949.66
Reported ECL on loans	525.37	467.59
Reported ECL coverage	0.84%	1.00%
Base ECL without macro overlay	288.37	256.59
Add : Management overlay	205.00	177.00
ECL before adjustment for macro economic factors	493.37	433.59
ECL amounts for alternate scenario		
Central Scenario (80%)	518.12	459.49
Downside scenario (10%)	713.17	606.49
Upside scenario (10%)	395.50	393.49
Reported ECL	525.37	467.59
Management and Macro Economic overlay		
- Management overlay	205.00	177.00
- Overlay for macro economic factors	32.00	34.00
ECL coverage ratios by scenario		
Central scenario (80%)	0.83%	0.98%
Downside scenario (10%)	1.14%	1.29%
Upside scenario (10%)	0.63%	0.84%

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

(d) Operational risk

Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the Company's business activities, as well as in the related support functions. BHFL has in place an internal Operational Risk Management (ORM) Framework to manage operational risk in an effective and efficient manner. This framework aims at assessing and measuring the magnitude of risks, its monitoring and mitigation. The key objective is to enable the Company to ascertain an increased likelihood of an operational risk event occurring in a timely manner to take steps to mitigate the same. It starts with identifying and defining KRI's/KPIs through process analysis and ending with formulation of action plans in response to the observed trends in the identified metrics. This is achieved through determining key process areas, converting them to measurable and quantifiable metrics, setting tolerance thresholds for the same and monitoring and reporting on breaches of the tolerance thresholds in respect of these metrics. Corrective actions are initiated to bring back the breached metrics within their acceptable threshold limits by conducting the root cause analysis to identify the failure of underlying process, people, systems, or external events.

Further, the Company has a comprehensive internal control systems and procedures laid down around various key activities viz. loan acquisition, customer service, IT operations, finance function etc. Internal Audit also conducts a detailed review of all the functions at least once a year which helps to identify process gaps on timely basis. Information Technology and Operations functions have a dedicated compliance and control units who on continuous basis review internal processes. This enables the Management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis.

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

51. Employee stock option plan

The Nomination and Remuneration Committee of the holding Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Details of grants 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
A) From Bajaj Finance Ltd. (Holding Company) (BFL)							
16-May-19	3,002.75	137,550	56,488	27,457	38,514	15,091	83,945
19-May-20	1,938.60	255,000	58,514	107,452	58,708	30,326	165,966
27-Apr-21	4,736.55	115,446	19,014	78,078	8,111	10,243	97,092
26-Apr-22	7,005.50	117,897	-	116,409	-	1,488	116,409
B) From Bajaj Finserv Ltd. (Ultimate Holding Company) (BFS)							
28-Apr-22	1,482.64	47,340	-	47,340	-	-	47,340
Total		673,233	134,016	376,736	105,333	57,148	510,752

As on 31 March 2022

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
16-May-19	3,002.75	137,550	38,592	57,516	26,152	15,290	96,108
19-May-20	1,938.60	255,000	36,044	167,900	24,305	26,751	203,944
27-Apr-21	4,736.55	115,446	-	107,352	-	8,094	107,352
Total		507,996	74,636	332,768	50,457	50,135	407,404

Notes to financial statements for the year ended 31 March 2023 (Contd.)

51. Employee stock option plan (Contd.)

Weighted average fair value of stock options granted during the year is as follows:

Particulars	For the year ended 31 March		
	2023	2023	2022
	BFS	BFL	BFL
Grant date	28-Apr-22	26-Apr-22	27-Apr-21
No. of options granted	47,340	117,897	115,446
Weighted average fair value (₹)	689.20	3,240.10	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 BFL	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	407,404	1938.60-4736.55	2,926.90	5.77
Granted during the year	117,897	7,005.50	7,005.50	-
Cancelled during the year	7,013	1938.60-7005.50	3,840.86	-
Exercised during the year	54,876	1938.60-4736.55	2,591.88	-
Outstanding at the end of the year	463,412	1938.60-7005.50	3,990.38	5.38
Exercisable at the end of the year	134,016	1938.60-7005.50	2,784.11	3.55

The weighted average market price of equity shares for options exercised during the year is ₹ 6,427 (Previous year ₹ 6,158.33).

As on 31 March 2023

Total for all grants BFS	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	47,340	1,482.64	1,482.64	-
Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	47,340	1,482.64	1,482.64	9.08
Exercisable at the end of the year	-	-	-	-

As on 31 March 2022

Total for all grants BFL	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	367,506	1938.60-3002.75	2,292.03	4.51
Granted during the year	115,446	4,736.55	4,736.55	-
Cancelled during the year	35,521	1938.60-4736.55	2,882.51	-
Exercised during the year	40,027	1938.60-3002.75	2,356.58	-
Outstanding at the end of the year	407,404	1938.60-4736.55	2,926.90	5.77
Exercisable at the end of the year	74,636	1938.60-3002.75	2,488.84	3.89

Notes to financial statements for the year ended 31 March 2023 (Contd.)

51. Employee stock option plan (Contd.)

Method used for accounting for share based payment plan:

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Total for all grants	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 (₹)
A) For ESOP granted by BFL					
16-May-19	7.09%	3.5 –6.5 years	34.03%	0.13%	3,002.75
19-May-20	5.07%	3.5 –6.5 years	42.95%	0.83%	1,938.60
27-Apr-21	5.65%	3.5 –6.5 years	42.51%	0.21%	4,736.55
26-Apr-22	6.56%	3.5 –6.5 years	41.87%	0.29%	7,005.50
B) For ESOP granted by BFS					
28-Apr-22	6.75%	3.5 –6.5 years	34.19%	0.02%	14,826.40

For the year ended 31 March 2023, the Company has accounted expense of ₹ 26.83 crore as employee benefit expenses (note no.34) on the aforesaid employee stock option plan (Previous year ₹ 19.23 crore).

52. Utilisation of Borrowed funds

Details of transaction where the Company has received fund from entities (Funding Party) with the understanding that the Company shall directly or indirectly lend or invest in other entities.

For the year ended 31 March 2023

Name of Funding Party	Date of fund received	Amount of fund received	Name of other intermediaries' or ultimate beneficiaries	Date of fund loaned	Amount of fund loaned
'J.V.N Exports Pvt Ltd Address: No B05, 5th Floor, Solus Jain Heights, J C Road, 1st Cross Road, Bangalore - 560027, Karnataka PAN: AAACJ4483F CIN: U07010KA1993PTC014766	29-Aug-22	6.00	Radiant Equity Management Pvt Ltd	31-Aug-22	6.00
	14-Sep-22	0.30	Address: No 255-B, Bommasandra Industrial Area, Bommasandra Village	17-Sep-22	0.30
	18-Nov-22	0.30	Anekal T K, Bangalore - 560099,	19-Nov-22	0.30
	18-Jan-23	0.50	Karnataka PAN: AABCR3645N CIN: U63090KA1994PTC143382	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 PAN: AACCC3489Q CIN: U45203KA2003PTC094179	14-Sep-22	26.45	Karuna Ventures Pvt Ltd	22-Sep-22	157.00
	15-Sep-22	38.58	Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd		
	19-Sep-22	29.76	Phase, Bangalore Urban, Karnataka, 560078		
	21-Sep-22	40.78	PAN: AADCK7179G		
	22-Sep-22	29.76	CIN: U74110KA2009PTC050575		

(₹ in crore)

Notes to financial statements for the year ended 31 March 2023 (Contd.)

52. Utilisation of Borrowed funds (Contd.)

For the year ended 31 March 2022

(₹ in crore)

Name of Funding Party	Date of fund received	Amount of fund received	Name of other intermediaries' or ultimate beneficiaries	Date of fund loaned	Amount of fund loaned
Karuna Ventures Pvt Ltd Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 PAN: AADCK7179G CIN: U74110KA2009PTC050575	07-Dec-21	65.00	Tenshi Kaizen Private Limited Address: Plot no. 46, Higher pharmatech pvt. Ltd., 1st phase, KIADB industrial area, Harohalli, Ramanagar, Karnataka, 562112 PAN: AABCH8821J CIN: U24230KA2007PTC042337	09-Dec-21	61.50
Premsagar Infra Realty Private Limited Address: 191/A/2A/1/2, Tower E, Tech Park One, Next to Don Bosco School, Off Airport Road, Yerwada, Pune 411006 PAN: AAACP5702B CIN: U55701PN1991PTC134103	18-Nov-21	445.00	A2Z Online Services Private Limited Address: Third floor Tower E Tech Park One, Next to Don Bosco School, Yerwada, Pune-411006 PAN: AACCA5376J CIN: U74140PN2000PTC139217	29-Nov-21	420.00

The Company 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)

53. Disclosures as required in terms of Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended)
53.1 Principal Business Criteria

Principal Business Criteria for the Company to be classified as 'Housing Finance Company' as per the Paragraph 4.1.17 of Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, updated as on 28 December, 2021 is given below:

Criteria	% as at 31 March 2023*	% as at 31 March 2022
Percentage of total assets towards housing finance	58.30%	55.90%
Percentage of total assets towards housing finance for individuals	50.74%	50.93%

*Minimum regulatory percentage to be complied as on 31 March 2023 is 55% and 45% respectively.

53.2 Disclosures:
53.2.1 Capital

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
(i) CRAR (%)	22.97%	19.71%
(ii) CRAR Tier I capital (%)	22.19%	18.95%
(iii) CRAR Tier II capital (%)	0.78%	0.76%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt instruments	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.2 Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Balance at the beginning of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	208.89	126.96
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	134.40	74.40
Total	365.95	224.02
Addition / Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	95.56	81.93
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	156.00	60.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Additional amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	304.45	208.89
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	290.40	134.40
Total	617.51	365.95

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.3 Investments

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Value of investments		
(i) Gross value of investments		
(a) In India	1,999.88	1,247.52
(b) Outside India		
(ii) Provisions for (depreciation) / appreciation*		
(a) In India	1.03	0.75
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	2,000.91	1,248.27
(b) Outside India	-	-
Movement of provisions held towards (depreciation) / appreciation on investments		
(i) Opening balance	0.75	1.98
(ii) Add: Provisions made during the year (Net of appreciation)	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	(0.28)	1.23
(iv) Closing balance	1.03	0.75

* Represents unrealised gain due to fair value change

53.2.4 Derivatives

Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
(i) The notional principal of swap agreements ^	100	NA
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1.37	NA
(iii) Collateral required upon entering into swaps	NA	NA
(iv) Concentration of credit risk arising from the swaps *	NA	NA
(v) The fair value of the swap book	1.37	NA

* Concentration arising from SWAP is with Banks

^ Interest rate Swaps entered into during the year for ₹ 100 crore (Previous year ₹ Nil) which are outstanding as on 31 March 2023. The Company did not have outstanding position as on 31 March 2022.

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

Financial Risk Management

The Company has to manage various risks associated with the lending business. These risks include liquidity risk, interest rate risk and counterparty risk.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

The Investment and market risk policy, ALM Policy and currency and interest rate risk hedging policy as approved by the Board sets limits for exposures on various parameters. The Company manages its interest rate in accordance with the guidelines prescribed therein.

Liquidity risk and Interest rate risks, arising out of maturity mismatch of assets and liabilities, are managed through regular monitoring of maturity profiles. As a part of Asset Liability Management, the Company has also entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate liability. Counter party risk is reviewed periodically to ensure that exposure to various counter parties is well diversified and is within the limits specified by policy.

Constituents of Hedge Management Framework

Financial Risk Management of the Company constitutes the Audit and Governance Committee, Asset Liability Committee (ALCO), Investment Committee and the Risk Management Committee.

The Company periodically monitors various counter party risk and market risk limits, within the risk architecture and processes of the Company.

Hedging Policy

The Company has a Interest rate risk and currency risk hedging approved by the Board of Directors. For derivative contracts designated as hedges, the Company documents at inception, the relationship between the hedging instrument and hedged item. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed by the Investment Committee/ALCO at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cashflows of the hedged item that are attributed to the hedged risk are offset by changes in the fair value or cashflows of the hedging instrument.

Measurement and Accounting

All derivative contracts are recognised on the Balance Sheet and measured at fair value. Hedge accounting is applied to all the derivative instruments as per IND AS 109. Gain/loss arising on account of fair value changes are recognised in the Statement of Profit and Loss to the extent of ineffective portion of hedge instruments and hedged items. The gains/losses of effective portion of hedge instrument are offset against gain/losses of hedged items in P&L or in Other Comprehensive Income depending on the type of hedge.

The Company has entered into fair value hedges like interest rate swaps on fixed rate rupee liabilities as a part of the Interest rate risk management whereby a portion of the fixed rate liabilities are converted to floating rate. The Company has a mark to market gain of ₹ 1.37 crore on outstanding fair value hedges.

B. Quantitative Disclosure - Interest Rate Derivatives

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
(i) Derivatives (Notional Principal Amount)	100.00	-
(ii) Market to Market Positions	-	-
(a) Assets (+)	1.37	-
(b) Liability (-)	-	-
(iii) Credit Exposure	1.37	-
(iv) Unhedged Exposures	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)
53.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)
As at 31 March 2023

(₹ in crore)

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month up to 2 months	Over 2 month and up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 Years	Total
Liabilities											
Borrowings from bank	17.72	-	59.55	110.31	1,315.90	1,373.53	3,688.90	10,344.20	11,943.00	2,801.59	31,654.70
ICD	-	-	-	-	-	6.42	2.81	166.54	-	-	175.77
NHB Refinance	-	-	-	-	-	60.33	120.65	482.61	482.62	853.79	2,000.00
Market borrowing	-	-	441.42	88.88	109.72	1,726.39	2,969.48	9,422.90	1,835.64	3,320.49	19,914.92
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	713.63	413.26	646.54	1,357.92	1,304.13	3,714.93	6,477.60	17,819.59	10,340.04	19,326.25	62,113.89
Investments*	363.49	215.00	24.88	99.36	-	699.15	599.06	14.96	-	-	2,015.90
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of advances have been shown based on behavioural pattern.

*Investments includes fixed deposits of ₹ 14.99 crore shown under Note 5 - cash and cash equivalents and Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

As at 31 March 2022

(₹ in crore)

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over one month up to 2 months	Over 2 month and up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 Years	Total
Liabilities											
Borrowings from bank	-	-	74.79	126.96	1,106.47	908.55	2,733.49	12,892.38	5,626.72	1,023.81	24,493.17
Deposits	-	-	-	-	-	-	65.00	445.00	-	-	510.00
NHB Refinance	-	-	-	-	-	-	-	-	-	-	-
Market borrowing	766.16	499.30	9.98	818.72	725.54	1,997.46	2,606.11	7,415.77	329.75	1,320.36	16,489.15
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	467.11	324.71	419.05	932.02	891.26	2,653.10	4,469.39	12,850.68	8,145.66	15,329.09	46,482.07
Investments*	530.78	450.68	-	-	-	517.50	-	0.13	-	-	1,499.09
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of advances have been shown based on behavioural pattern.

*Investments includes fixed deposits of ₹ 250.82 crore shown under Note 5 - cash and cash equivalents and Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.6 Exposure

53.2.6.1 Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
a) Direct Exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	44,679.07	33,470.90
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	19,587.78	9,950.08
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total Exposure to Real Estate Sector*	64,266.85	43,420.98

* Exposure includes non-fund based (NFB) limits and undrawn loan commitment towards partially disbursed / sanctioned but not disbursed.

In addition to above, the Company has loan exposures amounting ₹ 2,737.91 crore as on 31 March 2023 (Previous year ₹ 3,028.69 crore) pertaining to commercial properties not required to be classified as commercial real estate exposure and on properties used for dual purpose of commercial and residential usage.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)**53.2.6.2 Exposure to Capital Market**

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
(ix) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds*	-	-
x) Financing to stockbrokers for margin trading*	-	-
xi) All exposures to Alternative Investment Funds:*		
i. Category I	-	-
ii. Category II	-	-
iii. Category III	-	-
Total Exposure to Capital Market	-	-

* Disclosure pursuant to RBI Circular - RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs

53.2.6.3 Details of financing of parent company products

The Company does not have any financing of Parent Company products during the current and previous year.

53.2.6.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The Company has not exceeded the prudential exposure limits during the current and previous year.

53.2.6.5 Unsecured Advances

The Company has unsecured advances of ₹ 2,076.84 crore (Previous year: ₹ 1,896.25 crore) which includes advances of ₹ 301.51 crore (Previous year: ₹ 292.77 crore) against intangible collateral.

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.6.6 Exposure to group companies engaged in real estate business

The Company does not have any exposure to group companies engaged in real estate business during the current and previous year.

53.3 Miscellaneous

53.3.1 Registration obtained from other financial sector regulators

The Company has obtained registration from Financial Intelligence Units, India vide Registration No. FIHFC00119.

53.3.2 Disclosure of penalties imposed by NHB/RBI and other regulators

During the financial year 2022-23, there were no penalties imposed by NHB or any other regulators. (Previous year 2021-22 : Nil)

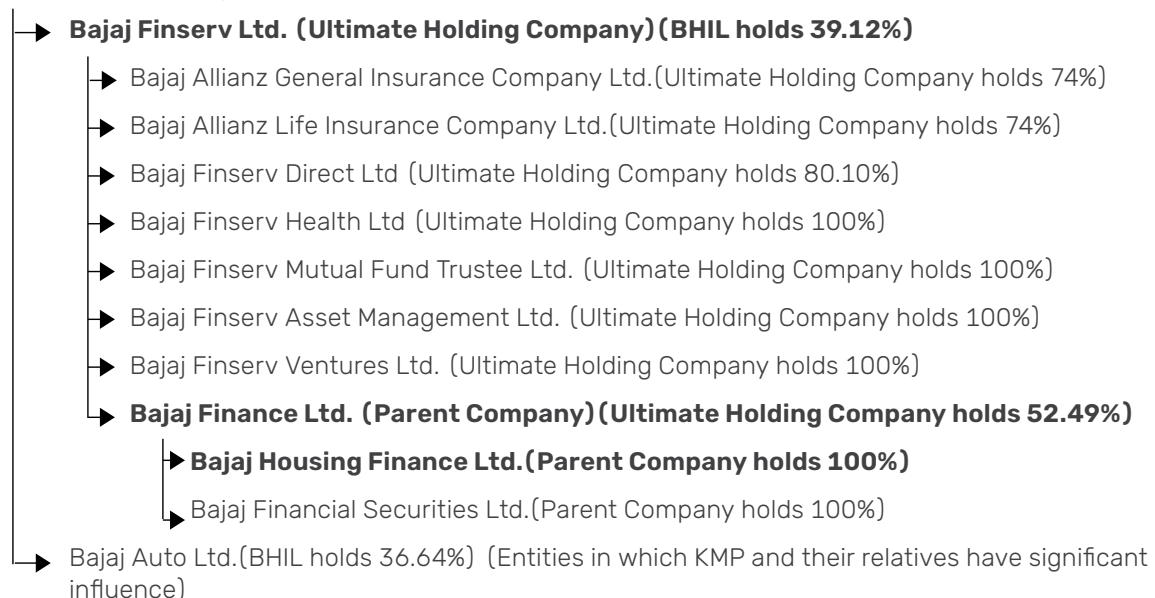
53.3.3 Related party Transactions

Refer Note no. 43 Disclosure of transactions with related parties as required by Ind AS 24

53.3.4 Group Structure

Diagrammatic representation of group structure given below:

Bajaj Holdings and Investment Ltd.(BHIL) (Entities in which KMP and their relatives have significant influence)



Above shareholding is as of 31 March 2023

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)**53.3.5 Rating assigned by Credit Rating Agencies and migration of rating during the year**

(₹ in crore)

Rating Agency	Instruments	Rating assigned	Migration in ratings during the year	As at 31 March	
				2023	2022
India Ratings	Non-Convertible Debenture and Subordinated debt	IND AAA/Stable	NIL	7,000.00	4,000.00
	Long-Term Bank Rating/ Short-Term Bank Rating	IND AAA (Stable) / IND A1+	NIL	40,000.00	31,000.00
	Commercial Paper	IND A1+	NIL	6,000.00	6,000.00
CRISIL	Non-Convertible Debenture	CRISIL AAA/Stable	NIL	27,717.80	22,969.70
	Subordinated debt	CRISIL AAA/Stable	NIL	1,000.00	1,000.00
	Long-Term / Short-Term Bank Rating	CRISIL AAA/(Stable) / CRISIL A1+	NIL	16,000.00	11,000.00
	Commercial Paper	CRISIL A1+	NIL	6,000.00	6,000.00

53.3.6 Remuneration of Directors

(₹ in crore)

Particulars	For the year ended 31 March	
	2023	2022
1. Sanjiv Bajaj	0.21	0.17
2. Rajeev Jain	0.26	-
3. Atul Jain	18.35	12.60
4. Lila Poonawala	0.24	0.17
5. Anami Narayan Roy	0.25	0.11
6. Dr. Arindam K Bhattacharya	0.12	-
7. Dr. Omkar Goswami	-	0.01

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.4 Additional Disclosures

53.4.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax/deferred tax and tax adjustments of earlier years	442.26	250.24
3. Provision towards NPA / impairment loss allowance on stage 3 assets	7.87	34.27
4. Provision for Standard Assets / impairment loss allowance on stage 1 and 2 *	49.91	77.56
5. Provision for employee benefits	(3.10)	0.35
6. Other Provision and Contingencies	13.01	-
* Breakup of provision for Standard Assets / impairment loss allowance on stage 1 and 2		
Commercial Real Estate	35.56	7.73
Commercial Real Estate-Residential Housing	20.77	7.12
Others	(6.42)	62.71
Total	49.91	77.56

Break up of Loan and Advances and Provisions thereon

(₹ in crore)

Particulars	Housing		Non-Housing	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Standard Assets				
a) Total Outstanding Amount	37,718.59	27,150.25	24,783.34	19,653.05
b) Provisions made	233.98	205.07	204.05	183.05
Sub-Standard Assets				
a) Total Outstanding Amount	46.22	57.20	55.36	57.80
b) Provisions made	24.91	32.44	31.70	32.22
Doubtful Assets – Category-I				
a) Total Outstanding Amount	14.87	9.60	13.16	21.29
b) Provisions made	13.45	5.65	12.23	8.69
Doubtful Assets – Category-II				
a) Total Outstanding Amount	1.91	0.34	5.81	0.13
b) Provisions made	1.92	0.34	3.13	0.13
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets	-	-	-	-
Total				
a) Total Outstanding Amount	37,781.59	27,217.39	24,857.67	19,732.27
b) Provisions made	274.26	243.50	251.11	224.09

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)
53.4.2 Draw Down from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987

The Company has not drawn any amount from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987 during the current year.

53.4.3 Concentration of Public Deposits, Advances, Exposures and NPAs
53.4.3.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

The Company is non public deposit taking housing finance company and has not accepted any public deposits during the current year.

53.4.3.2 Concentration of Loans and Advances

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Total Loans and Advances to twenty largest borrowers	5,613.23	3,980.29
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	8.96%	8.48%

53.4.3.3 Concentration of all Exposure (including off-Balance Sheet exposure)

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Total Exposure to twenty largest borrowers / customers	6,140.49	4,186.56
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.92%	8.14%

53.4.3.4 Concentration of NPAs

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
Total Exposure to top ten NPA accounts	15.29	16.02

53.4.3.5 Sector-wise NPAs

(₹ in crore)

Sector	As at 31 March 2023			As at 31 March 2022		
	Total Advances in the sector	Gross NPAs	Gross NPAs% to total advances in the sector	Total Advances in the sector	Gross NPAs	Gross NPAs% to total advances in the sector
Housing Loans:						
Individuals	32,883.58	62.97	0.19%	24,801.83	66.07	0.27%
Builders/Project Loans	4,898.01	0.03	0.00%	2,415.56	1.07	0.04%
Non-Housing Loans:						
Individuals	13,590.11	69.95	0.51%	12,906.46	71.12	0.55%
Builders/Project Loans	2,657.15	-	0.00%	1,933.46	3.70	0.19%
Corporates	8,610.41	4.38	0.05%	4,892.35	4.40	0.09%

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.4.4 Movement of NPAs

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
(I) Net NPAs to Net Advances (%)	0.08%	0.14%
(II) Movement of NPAs (Gross)		
a) Opening balance	146.36	119.13
b) Additions during the year	135.91	153.26
c) Reductions during the year	144.94	126.03
d) Closing balance	137.33	146.36
(III) Movement of Net NPAs		
a) Opening balance	66.89	73.93
b) Additions during the year	35.73	46.81
c) Reductions during the year	52.63	53.85
d) Closing balance	49.99	66.89
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	79.47	45.20
b) Provisions made during the year	100.18	106.45
c) Write-off/write-back of excess provisions	92.31	72.18
d) Closing balance	87.34	79.47

53.4.5 Overseas Assets

The Company has not held any overseas assets as on reporting date (P.Y.Nil).

53.4.6 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

The Company does not have any SPVs sponsored in current year and previous year which were required to be consolidated as per accounting Norms.

53.4.7 Disclosure of Complaints

Customers Complaints*

Particulars	As at 31 March	
	2023	2022
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	417	505
c) No. of complaints redressed during the year	417	505
d) No. of complaints pending at the end of the year	0	0

*includes complaints reported through NHB - GRIDS Portal is 111 (previous year 415)

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently.

54.1 Exposure to real estate sector and capital market (Refer Note no. 53.2.6.1 and 53.2.6.2)

54.2 Sectoral exposure

Sector	Type of Loan	As at 31 March 2023			As at 31 March 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector*	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector*
Agriculture and allied activities							
	Loan against property	23.63	-	0.00%	20.35	-	0.00%
Industries							
	Loan against property	1,219.97	4.41	0.36%	940.03	6.93	0.74%
Services							
	Commercial Real estate (including CRE-RH)	19,208.49	0.03	0.00%	9,964.67	4.77	0.05%
	Loan against property- professionals	807.97	2.68	0.33%	811.26	1.72	0.21%
	Loan against property-others	2,596.08	33.19	1.28%	3,336.06	34.75	1.04%
Personal loans							
	Housing loans (including Top-up)	42,016.10	82.38	0.20%	33,272.44	86.99	0.26%
	Loan against property	1,132.51	5.63	0.50%	1,441.49	4.45	0.31%
Others							
	Unsecured loans	1,813.08	9.01	0.50%	1,643.20	6.75	0.41%
Total		68,817.83	137.33	0.20%	51,429.50	146.36	0.28%

*Gross NPA ratio is computed on the total exposure (includes on-balance sheet and off-balance sheet exposure) i.e Percentage of Gross NPAs to total exposure of respective sectors. However, actual Gross NPA ratio of the Company is computed on the basis of on-balance sheet exposure and accordingly both are not comparable.

54.3 Intra-group exposures

The Company does not have any Intra-group exposures during the current year and previous year.

54.4 Unhedged foreign currency exposure

The Company does not has unhedged foreign currency exposure during the current year and previous year.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently. (Contd.)

54.5 Related Party Disclosure

(₹ in crore)

Related Party Items	Parent		Fellow Subsidiary		Directors		Key Management Personnel		Management Personnel		Others		Total	
	As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balance Sheet														
Borrowings														
Outstanding at the year end	(550.00)	(350.00)	(1,018.00)	(751.00)	-	-	-	-	(50.00)	(50.00)	(1,618.00)	(1,151.00)	(1,618.00)	(1,151.00)
Maximum during the year	(550.00)	(350.00)	(1,118.00)	(801.00)	-	-	-	-	(50.00)	(200.00)	(1,718.00)	(1,351.00)	(1,718.00)	(1,351.00)
Deposits														
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum during the year														
Advances														
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum during the year														
Investments														
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum during the year														
Contribution to Equity Share Capital	(6,712.16)	(4,883.33)	-	-	-	-	-	-	-	-	(6,712.16)	(4,883.33)	(6,712.16)	(4,883.33)
Other Payables	(3.21)	(0.08)	-	(0.91)	(0.40)	(1.14)	(0.77)	(0.63)	-	(0.18)	(4.38)	(2.94)	(4.38)	(2.94)
Other Receivables	0.37	-	1.28	4.84	-	-	-	-	0.03	0.03	1.68	4.87	1.68	4.87
Transactions during the year														
Purchase of fixed assets	0.79	0.27	0.09	0.01	-	-	-	-	-	-	0.88	0.28	0.88	0.28
Purchase of other assets (loan portfolio)	-	738.79	-	-	-	-	-	-	-	-	-	738.79	-	738.79
Sale of fixed assets	0.48	0.38	-	-	-	-	-	-	-	-	0.48	0.38	0.48	0.38
Purchase of investments	-	4,900.00	-	-	-	-	-	-	-	-	-	4,900.00	-	4,900.00
Sale of investments	-	4,900.00	-	-	-	-	-	-	-	-	-	4,900.00	-	4,900.00
Borrowings	-	750.00	217.00	217.00	-	-	-	-	-	-	217.00	967.00	217.00	967.00
Borrowings repaid	-	750.00	100.00	50.00	-	-	-	-	-	150.00	100.00	950.00	100.00	950.00
Loan repayment received	-	-	-	-	-	-	-	-	0.15	-	-	13.15	-	13.15
Interest paid	20.81	9.00	58.04	44.56	-	-	-	-	2.90	11.91	81.75	65.47	81.75	65.47
Interest received	-	3.82	-	-	-	-	-	-	0.00	-	-	4.89	-	4.89

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54.5 Related Party Disclosure (Contd.)

(₹ in crore.)

Related Party Items	Parent		Fellow Subsidiary		Directors		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Others														
Business Support Charges Paid	20.46	7.86	0.66	1.05	-	-	-	-	-	-	2.78	-	23.90	8.91
Business support charges received	0.81	1.14	-	-	-	-	-	-	-	-	-	-	0.81	1.14
Fees and commission received	66.30	44.64	-	-	-	-	-	-	-	-	-	-	66.30	44.64
Equity Contribution received (including Premium)	2,500.00	-	-	-	-	-	-	-	-	-	-	-	2,500.00	-
Security deposit received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security deposit (paid)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct assignment of loan portfolio	1,789.90	1,503.69	-	-	-	-	-	-	-	-	-	-	1,789.90	1,503.69
ESOP recharge	26.77	19.23	-	-	-	-	-	-	-	-	-	-	26.77	19.23
Rent income	0.20	0.19	-	-	-	-	-	-	-	-	-	-	0.20	0.19
Insurance expense	-	-	13.52	15.40	-	-	-	-	-	-	-	-	13.52	15.40
Sitting Fees	-	-	-	-	0.68	0.46	-	-	-	-	-	-	0.68	0.46
Commission	-	-	-	-	0.40	-	-	-	-	-	-	-	0.40	-
Short term employee benefit	-	-	-	-	10.29	8.14	2.71	1.64	-	-	-	-	13.00	9.78
Share based payment	-	-	-	-	8.06	4.46	0.80	0.64	-	-	-	-	8.86	5.10
Rent expense	-	-	-	-	-	-	-	-	-	-	0.06	0.06	0.06	0.06
Services received	-	-	-	-	-	-	-	-	-	-	4.06	1.25	4.06	1.25
Manpower supply services	-	-	-	-	-	-	-	-	-	-	12.79	-	12.79	-
Company's contribution towards NPS	-	-	0.45	-	-	-	-	-	-	-	-	-	0.45	-
Gratuity	-	-	-	-	-	-	-	-	-	-	3.02	2.00	3.02	2.00

- Amount in bracket denotes credit balance.
- The Company has allotted 1,828,822,235 equity shares having face value of ₹ 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7 April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.
- Disclosure of transactions made in compliance with RBI Master Direction – Non-Banking Financial Company (Reserve Bank) Directions, 2021 and RBI Circular for Disclosures in Financial Statements- Notes to Accounts of NBFC dated 19 April 2022 which includes Key managerial personnel as per section 2(51) of the Companies Act, 2013.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently. (Contd.)

54.6 Disclosure of complaints

54.6.1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

S.N.	Particulars	As at 31 March	
		2023	2022
Complaints received by the NBFC from its customers			
(a)	Number of complaints pending at beginning of the year	0	0
(b)	Number of complaints received during the year	417	505
(c)	Number of complaints disposed during the year	417	505
	- of which, number of complaints rejected by the NBFC	0	0
(d)	Number of complaints pending at the end of the year	0	0

Disclosure on complaints received from Office of Ombudsman and Awards unimplemented not given as the Company, being a HFC, is not included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

54.6.2 Top five grounds of complaints received by the NBFCs from customer

For the year ended 31 March 2023

Grounds of complaints	Number of complaints pending as at 1 April 2022	Number of complaints received during the year	% increase/ (decrease) in the number of complaints received over the previous year	Number of complaints pending as at 31 March 2023	number of complaints pending beyond 30 days as at 31 March 2023
1 Part payment related	0	104	(30%)	0	0
2 Foreclosure of loan related	0	119	40%	0	0
3 EMI/Loan related	0	52	(40%)	0	0
4 Value added services related	0	60	(37%)	0	0
5 Levy of charges related	0	29	(40%)	0	0
6 Others	0	53	29%	0	0
	0	417		0	0

For the year ended 31 March 2022

Grounds of complaints	Number of complaints pending as at 1 April 2021	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending as at 31 March 2022	number of complaints pending beyond 30 days as at 31 March 2022
1 Part payment related	0	149	NA	0	0
2 EMI/Loan related	0	87	NA	0	0
3 Value added services related	0	95	NA	0	0
4 Foreclosure of loan related	0	85	NA	0	0
5 Levy of charges related	0	48	NA	0	0
6 Others	0	41	NA	0	0
	0	505	NA	0	0

54.7 There were no breach of covenant of loan availed or debt securities issued in current year and previous year.

54.8 There were no divergence in respect of provisioning requirements and identification of Gross NPAs assessed by RBI/ NHB in current year and previous year.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently. (Contd.)

54.9 Loans to Directors, Senior Officers and relatives of Directors

(₹ in crore)

Particulars	Year ended 31 March	
	2023	2022
Directors and their relatives	-	N.A.
Entities associated with directors and their relatives	-	N.A.
Senior Officers and their relatives	2.61	N.A.

The circular on Loans and Advances-Regulatory Restrictions-NBFC is effective from 1 October 2022. The above disclosure is provided for loans/contracts entered on or after 1 October 2022.

55. Disclosure of Frauds as per NHB (ND)/DRS/Policy Circular No.92/2018-19 dated 05 February, 2019

There was one case of fraud amounting to ₹ 35.44 lakhs as reported to NHB during the financial year ended 31 March 2023 (Previous year: nil)

56. The Company has not granted any loans against collateral of gold jewellery in current year and previous year.

57. Disclosures in respect of Liquidity Risk Management Framework as referred in para 3.1.1 of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
57.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	As at 31 March	
	2023	2022
i) Number of Significant Counterparties*	19	25
ii) Amount (₹ in crore)	41,978.99	35,583.91
iii) Percentage of funding concentration to total deposits#	NA	NA
iv) Percentage of funding concentration to total liabilities	77.52%	85.16%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

Total public deposits

Total liabilities are excluding Equity share capital and Other equity.

57.2 Disclosures on Top 20 large deposits is not applicable being non deposit taking NBFCs

57.3 Top 10 borrowings

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
i) Total amount of top 10 borrowings	34,898.10	26,333.26
ii) Percentage of amount of top 10 borrowings to total borrowings	64.93%	63.47%

Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

57. Disclosures in respect of Liquidity Risk Management Framework as referred in para 3.1.1 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Contd.)

57.4 Funding Concentration based on significant instrument/product*

Particulars	(₹ in crore)			
	As at 31 March 2023	Percentage of total liabilities	As at 31 March 2022	Percentage of total liabilities
i) Non-convertible debentures	19,491.43	35.99%	12,491.92	29.90%
ii) Loans from bank	31,654.70	58.46%	24,493.17	58.62%
iii) Loans from NHB	2,000.00	3.69%	-	0.00%
iv) Commercial paper	423.49	0.78%	3,997.23	9.57%
v) Deposits (Inter Corporate Deposits)	175.77	0.32%	510.00	1.22%

* Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

Total liabilities are excluding Equity share capital and Other equity.

57.5 Stock ratio

Particulars	As at 31 March	
	2023	2022
(i) Commercial paper as a percentage of total public funds*	0.79%	9.63%
(ii) Commercial paper as a percentage of total liabilities	0.78%	9.57%
(iii) Commercial paper as a percentage of total assets	0.66%	8.24%
(iv) Non convertible debentures (original maturity of less than 1 year) as a percentage of total public funds*	NA	NA
(v) Non convertible debentures (original maturity of less than 1 year) as a percentage of total liabilities	NA	NA
(vi) Non convertible debentures (original maturity of less than 1 year) as a percentage of total assets	NA	NA
(vii) Other short term liabilities as a percentage of total public funds**	22.33%	20.98%
(viii) Other short term liabilities as a percentage of total liabilities #	22.16%	20.83%
(ix) Other short term liabilities as a percentage of total assets #	18.56%	17.93%

Total liabilities are excluding equity share capital and other equity.

* Public funds are considered as total of borrowings from NCD, CP, Bank Loans and ICDs.

#Other short term liabilities are residual maturities with in 12 months of Bank loan, NCDs and other liabilities(excl. CPs).

57.6 Institutional set-up for liquidity risk management

The Company manages its Liquidity Risk Management Framework through various means like liquidity buffers, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks and assignment of loans under the guidance of ALCO and Board. For qualitative disclosure on liquidity risk management, refer note no. 50.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

58. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Quarter on quarter LCR for the year ended 31 March 2023

(₹ in crore)

Particulars	Q1 FY23		Q2 FY23		Q3 FY23		Q4 FY23	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets								
1. **Total High Quality Liquid Assets (HQLA)	852.14	852.14	1,069.38	1,069.38	1,035.87	1,035.87	1,519.63	1,519.63
Cash Outflows								
2. Deposits (for deposit taking companies)							-	-
3. Unsecured wholesale funding	456.38	524.84	788.18	906.41	349.33	401.72	640.72	736.83
4. Secured wholesale funding	998.49	1,148.26	899.78	1,034.75	1,299.06	1,493.92	1,084.41	1,247.07
5. Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities								
6. Other contractual funding obligations#	1,420.23	1,633.27	2,315.01	2,662.26	1,940.28	2,193.83	2,367.38	2,722.48
7. Other contingent funding obligations	-	-	-	-	-	-	-	-
8. TOTAL CASH OUTFLOWS	2,875.10	3,306.37	4,002.97	4,603.42	3,588.67	4,089.47	4,092.51	4,706.38
Cash Inflows								
9. Secured lending	-	-	-	-	-	-	-	-
10. Inflows from fully performing exposures	482.98	362.23	560.14	420.11	538.97	404.23	613.83	460.37
11. Other cash inflows*	5,148.21	3,861.16	8,871.38	6,653.54	8,126.95	6,095.21	6,268.75	4,701.56
12. TOTAL CASH INFLOWS	5,631.19	4,223.39	9,431.52	7,073.65	8,665.92	6,499.44	6,882.58	5,161.93
	Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13. TOTAL HQLA		852.14		1,069.38		1,035.87		1,519.63
14. TOTAL NET CASH OUTFLOWS		826.59		1,150.86		1,022.37		1,176.59
15. LIQUIDITY COVERAGE RATIO (%)		103.09%		92.92%		101.32%		129.15%
16. NHB Requirement (%)		50.00%		50.00%		60.00%		60.00%
17. NHB Requirement Amount (E in crore)		413.30		575.43		511.18		588.30
**Components of HQLA								
	Actual Cashflow	Stressed Cashflow	Actual Cashflow	Stressed Cashflow	Actual Cashflow	Stressed Cashflow	Actual Cashflow	Stressed Cashflow
1. Assets to be included as HQLA without any haircut	852.14	852.14	1,069.38	1,069.38	1,035.87	1,035.87	1,519.63	1,519.63
2. Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3. Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
4. Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-	-	-	-	-
Total HQLA	852.14	852.14	1,069.38	1,069.38	1,035.87	1,035.87	1,519.63	1,519.63

Notes to financial statements for the year ended 31 March 2023 (Contd.)

58. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Contd.)

Quarter on quarter LCR for the year ended 31 March 2022

(₹ in crore)

Particulars	Q3 FY22		Q4 FY22	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets				
1. **Total High Quality Liquid Assets (HQLA)	571.15	571.15	896.65	896.65
Cash Outflows				
2. Deposits (for deposit taking companies)			-	-
3. Unsecured wholesale funding	500.00	575.00	932.47	1,072.34
4. Secured wholesale funding	409.85	471.34	674.20	775.33
5. Additional requirements, of which	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities				
6. Other contractual funding obligations#	1,165.04	1,339.79	1,271.68	1,462.43
7. Other contingent funding obligations	-	-	-	-
8. TOTAL CASH OUTFLOWS	2,074.89	2,386.13	2,878.35	3,310.10
Cash Inflows				
9. Secured lending	-	-	-	-
10. Inflows from fully performing exposures	415.22	311.41	478.03	358.52
11. Other cash inflows*	5,711.26	4,283.44	4,421.18	3,315.89
12. TOTAL CASH INFLOWS	6,126.48	4,594.85	4,899.21	3,674.41
	Total Adjusted Value		Total Adjusted Value	
13. TOTAL HQLA		571.15		896.65
14. TOTAL NET CASH OUTFLOWS		596.53		827.52
15. LIQUIDITY COVERAGE RATIO (%)		95.75%		108.35%
16. NHB Requirement w.e.f. Dec 21 (%)		50.00%		50.00%
17. NHB Requirement Amount		298.27		413.76
**Components of HQLA				
	Actual Cashflow	Stressed Cashflow	Actual Cashflow	Stressed Cashflow
1. Assets to be included as HQLA without any haircut	571.15	571.15	896.65	896.65
2. Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-
3. Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-
4. Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-
Total HQLA	571.15	571.15	896.65	896.65

#Other contractual funding obligations includes outflows from sanctioned but not disbursed and partially disbursed cases in next 30 Days as per ALM.

*Other cash inflows includes undrawn sanctioned term loan and CC lines from banks and other parties.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

58. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Contd.)

The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein Balance Sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity HFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the Balance Sheet date is derived by arriving the stressed expected cash inflow and outflow for the next 30 calendar days. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

Company for purpose of computing outflows, has considered: (1) all the contractual debt repayments, (2) expected outflows from credit facilities contracted with customers, and (3) other expected or contracted cash outflows. Inflows comprise of: (1) expected receipt from all performing loans and other receivables, (2) liquid investment which are unencumbered and have not been considered as part of HQLA and (3) CC/OD/ Committed credit line from Banks and parent company.

For the purpose of HQLA the Company considers: (1) Unencumbered government securities, (2) Cash and Bank balances.

The LCR is computed by dividing the stock of HQLA by its total net stressed cash outflows over next 30 days. LCR guidelines have become effective from 1 December 2021, requiring HFCs to maintain minimum LCR of 50%, LCR is gradually required to be increased to 100% by 1 December 2025. HFCs are required to maintain LCR of 60% as on 31 March 2023.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

59. Disclosure pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20 Dated 13 March 2020

59.1 Policy for sales out of amortised cost business model portfolios

Refer Note No. 4.4 (i)

59.2 A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'

As at 31 March 2023

(₹ in crore)

Asset classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross carrying amount as per Ind AS (3)	Loss allowance (Provisions) as required under Ind AS 109 (4)	Net carrying amount (5) = (3) - (4)	Provision required as per IRACP norms* (6)	Difference between Ind AS 109 provision and IRACP norms (7) = (4) - (6)
(a) Performing Assets						
Standard	Stage 1	62,142.02	359.66	61,782.36	312.16	47.50
	Stage 2	359.91	78.37	281.54	15.33	63.04
Subtotal (a)		62,501.93	438.03	62,063.90	327.49	110.54
(b) Non-Performing Assets (NPA)						
(i) Substandard	Stage 3	101.58	56.61	44.97	15.84	40.77
(ii) Doubtful up to:						
1 year	Stage 3	28.03	25.68	2.35	8.60	17.08
1 to 3 years	Stage 3	7.72	5.05	2.67	3.31	1.74
More than 3 years	Stage 3	-	-	-	-	-
Subtotal (ii)		35.75	30.73	5.02	11.91	18.82
(iii) Loss	Stage 3	-	-	-	-	-
Subtotal (b)		137.33	87.34	49.99	27.75	59.59
(c) Other items						
Others including Loan commitments and derivatives	Stage 1	5,246.98	12.32	5,234.66	0.01	12.31
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (c)		5,246.98	12.32	5,234.66	0.01	12.31
Total (a+b+c)	Stage 1	67,389.00	371.98	67,017.02	312.17	59.81
	Stage 2	359.91	78.37	281.54	15.33	63.04
	Stage 3	137.33	87.34	49.99	27.75	59.59
	Total	67,886.24	537.69	67,348.55	355.25	182.44

* Computed on the value as per the IRACP norms

Notes to financial statements for the year ended 31 March 2023 (Contd.)

59. Disclosure pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20 Dated 13 March 2020 - A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments' (Contd.)**As at 31 March 2022**

(₹ in crore)

Asset classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross carrying amount as per Ind AS (3)	Loss allowance (Provisions) as required under Ind AS 109 (4)	Net carrying amount (5) = (3) - (4)	Provision required as per IRACP norms* (6)	Difference between Ind AS 109 provision and IRACP norms (7) = (4) - (6)
(a) Performing Assets						
Standard	Stage 1	46,199.61	259.95	45,939.66	210.32	49.63
	Stage 2	603.69	128.17	475.52	43.28	84.89
Subtotal (a)		46,803.30	388.12	46,415.18	253.60	134.52
(b) Non-Performing Assets (NPA)						
(i) Substandard	Stage 3	114.99	64.66	50.33	18.48	46.18
(ii) Doubtful up to:						
1 year	Stage 3	30.90	14.34	16.56	8.86	5.48
1 to 3 years	Stage 3	0.47	0.47	-	0.22	0.25
More than 3 years	Stage 3	-	-	-	-	-
Subtotal (ii)		31.37	14.81	16.56	9.08	5.73
(iii) Loss	Stage 3	-	-	-	-	-
Subtotal (b)		146.36	79.47	66.89	27.56	51.91
(c) Other items						
	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (c)		-	-	-	-	-
Total (a+b+c)		46,949.66	467.59	46,482.07	281.16	186.43

* Computed on the value as per the IRACP norms

Notes to financial statements for the year ended 31 March 2023 (Contd.)

60. Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020

For the half year ended 30 September 2022

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 31 March 22 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year*	Of (A) amount paid by the borrowers during the half-year*	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 30 September 2022
	(A)	(B)	(C)	(D)	(E)
Personal Loans	524.36	24.15	0.75	44.07	456.14
Corporate persons	3.84	0.28	-	0.02	3.54
Of which, MSMEs	2.29	0.28	-	0.03	1.98
Others	1.55	-	-	(0.01)	1.56
Total	528.20	24.43	0.75	44.09	459.68

For the half year ended 31 March 2023

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 30 September 22 (A) [§]	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year*	Of (A) amount paid by the borrowers during the half-year*	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 31 March 2023
	(A)	(B)	(C)	(D)	(E)
Personal Loans	456.14	30.31	0.37	39.23	386.60
Corporate persons	3.54	0.25	-	0.76	2.53
Of which, MSMEs	1.97	-	-	0.74	1.23
Others	1.57	0.25	-	0.02	1.30
Total	459.68	30.56	0.37	39.99	389.13

represents debt that slipped into NPA and was subsequently written off during the half-year.

* represents receipts net of interest accruals and drawdown, if any and account roll back to standard during the half year.

§ Includes account restructured under OTR 2.0 up to 31 March 2023.

61. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR REC.51/21.04.048/2021-22 dated 24 September 2021

(₹ in crore)

For the year ended 31 March

Details of transfer through assignment in respect of loans not in default	For the year ended 31 March			
	2023		2022	
Entity	Bank	NBFC	Banks	NBFC
Count of loan accounts assigned (in numbers)	1964	6257	9468	2063
Amount of loan account assigned	444.81	1,789.89	1,367.41	1,503.68
Retention of beneficial economic interest (MRR)	10%	1%	5%/10%	1%
Weighted average maturity (residual maturity in months)	133.74	126.71	189.97	139.56
Weighted average holding period (in months)	18.24	18.15	20.57	18.45
Coverage of tangible security	100%	100%	1	1
Rating-wise distribution of rated loans	N/A	N/A	N/A	N/A

Notes to financial statements for the year ended 31 March 2023 (Contd.)

**61. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR
REC.51/21.04.048/2021-22 dated 24 September 2021** (Contd.)

(₹ in crore)

Details of acquired through assignment in respect of loans not in default	For the year ended 31 March	
	2023	2022
Entity	HFC	NBFC
No. of accounts acquired through Direct Assignment (in numbers)	299	2855
Amount of loan account acquired	24.64	738.78
Beneficial economic interest acquired	10%	1%
Weighted average maturity (residual maturity in months)	192.54	184.99
Weighted average holding period (in months)	43.19	54.76
Coverage of tangible security	100%	100%
Rating-wise distribution of rated loans	N/A	N/A

(₹ in crore)

Details of stressed loans transferred during the year	For the year ended 31 March 2023			For the year ended 31 March 2022		
	To ARC	To permitted transferees	To other transferees	To ARC	To permitted transferees	To other transferees
No. of accounts	-	-	-	797.00	-	-
Aggregate principal outstanding of loans transferred	-	-	-	107.56	-	-
Weighted average residual tenor of the loans transferred (in years)	-	-	-	6.36	-	-
Net book value of loans transferred (at the time of transfer)	-	-	-	70.67	-	-
Aggregate consideration	-	-	-	53.19	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-

Previous year includes 12 written off accounts with aggregate outstanding of ₹ 2.70 crore and consideration received thereon ₹ 1.07 crore.

**62. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/85 DOR.STR
REC.53/21.04.177/2021-22 dated 24 September 2021**

The Company has not entered into any Securitisation transactions during the current year and previous year.

63. Amounts less than ₹ 50,000 have been shown at actual against respective line items which are statutorily required to be disclosed.

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Umesh S. Abhyankar
Partner
Membership No.: 113053

Shailesh Shah
Partner
Membership No.: 033632

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial
Officer
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Pune: 24 April 2023

Annexure (Forming part of the financial statements)

Schedule to the Balance Sheet

As required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN. HFC CC.No.120/03.10.136/2020-21, updated as on 28 December, 2021.

Particulars	(₹ in crore)			
	Amount outstanding as at 31 March 2023	Amount overdue as at 31 March 2023	Amount outstanding as at 31 March 2022	Amount overdue as at 31 March 2022
Liabilities Side				
1 Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
Secured	18,476.39	-	11,730.67	-
Unsecured	1,015.04	-	761.25	-
(other than falling within the meaning of public deposits*)				-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	33,495.22	-	24,493.17	-
(d) Inter-corporate loans and borrowing	175.77	-	510.00	-
(e) Commercial Paper	423.49	-	3,997.23	-
(f) Public Deposits (As defined in Paragraph 4.1.30 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21, updated as on 28 December, 2021.)	-	-	-	-
(g) Other Loans (Cash credit and working capital demand loan)	159.48	-	-	-
2 Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of Unsecured debentures				-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	-	-	-	-
(c) Other public deposits	-	-	-	-
	-	-	-	-

Annexure (Forming part of the financial statements) (Contd.)

Schedule to the Balance Sheet (Contd.)

Particulars	Amount outstanding as at 31 March 2023	Amount outstanding as at 31 March 2022
(₹ in crore)		
Assets side		
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	60,037.05	44,585.82
(b) Unsecured	2,076.84	1,896.25
4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards asset financing activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
5 Break-up of Investments		
Current Investments		
1 Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	578.49	580.82
(iv) Government Securities	1,422.42	667.45
(v) Others (Certificate of Deposits and Commercial Paper)		
2 Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

Annexure (Forming part of the financial statements) (Contd.)

Schedule to the Balance Sheet (Contd.)

(₹ in crore)

Particulars	Amount outstanding as at 31 March 2023	Amount outstanding as at 31 March 2022
Long Term investments		
1 Quoted		
(i) Share	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted		
(i) Shares	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

(₹ in crore)

Category	Amount net of provisions as at 31 March 2023		
	Secured	Unsecured	Total
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	60,037.05	2,076.84	62,113.89
	60,037.05	2,076.84	62,113.89

(₹ in crore)

Category	Amount net of provisions as at 31 March 2022		
	Secured	Unsecured	Total
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	44,585.82	1,896.25	46,482.07
	44,585.82	1,896.25	46,482.07

Annexure (Forming part of the financial statements) (Contd.)

Schedule to the Balance Sheet (Contd.)

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in crore)

Category		Amount as at 31 March 2023	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	2,000.91	2,000.91
		2,000.91	2,000.91

(₹ in crore)

Category		Amount as at 31 March 2022	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	1,248.27	1,248.27
		1,248.27	1,248.27

8 Other information

(₹ in crore)

Particulars	As at 31 March	
	2023	2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	137.33	146.36
(ii) Net Non-Performing Assets*		
(a) Related parties	-	-
(b) Other than related parties	49.99	66.89
(iii) Assets acquired in satisfaction of debt	-	-

* Provision for ECL Stage 3 has been considered.

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Gaurav Kalani
Chief Financial
Officer

Atul Patni
Company Secretary
F10094

Sanjiv Bajaj
Chairman
DIN: 00014615

Rajeev Jain
Vice Chairman
DIN: 01550158

Anami Roy
Director
DIN: 01361110

Pune: 24 April 2023



Bajaj Housing Finance Limited

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