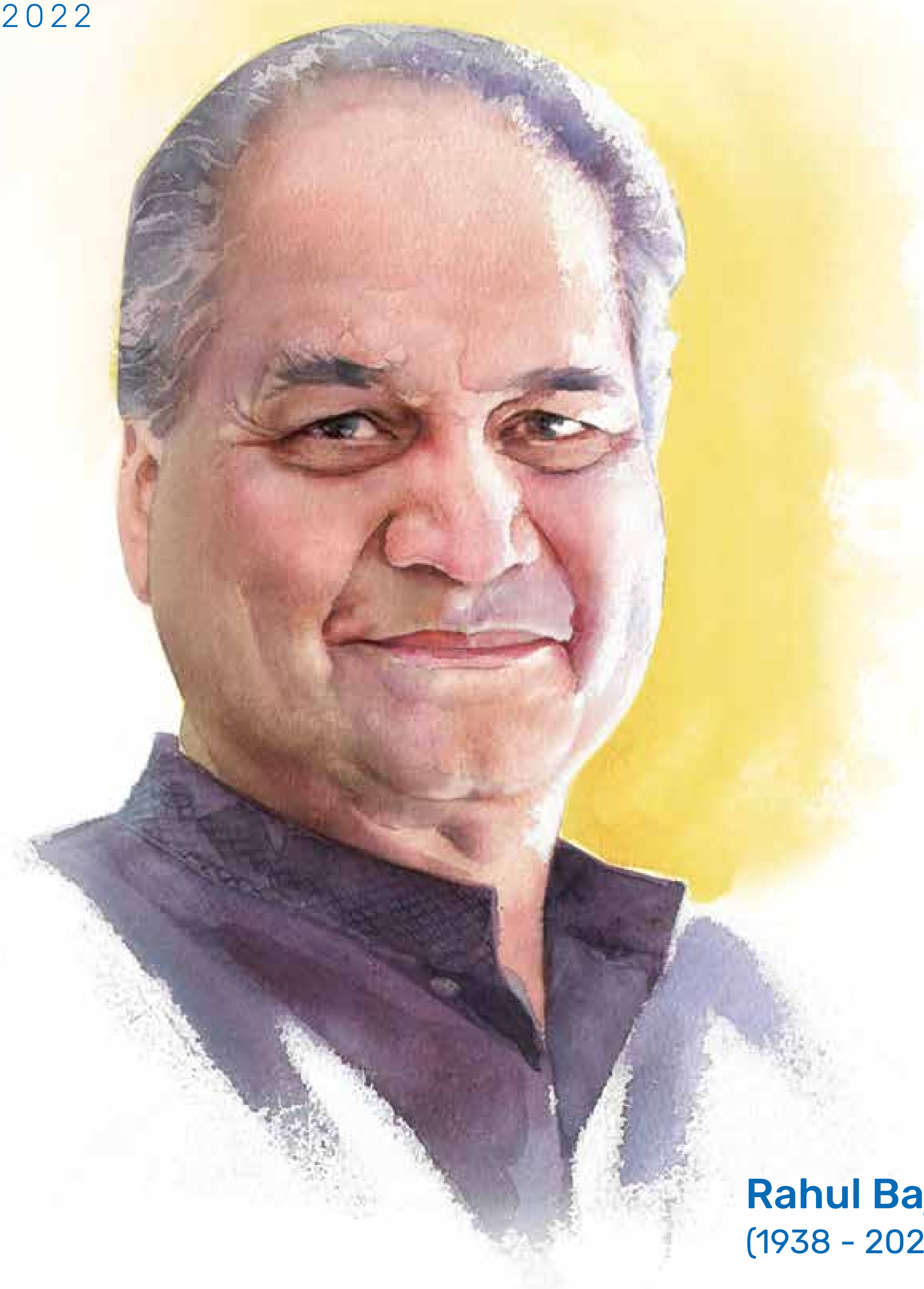
14TH ANNUAL REPORT 2021-2022

BAJAJ HOUSING FINANCE LIMITED



Rahul Bajaj
(1938 - 2022)

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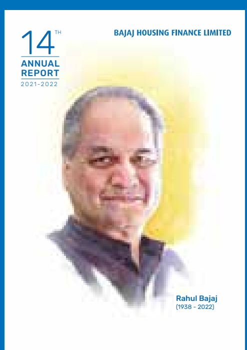

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www.bajajhousingfinance.in

Corporate Information

Board Of Directors

Sanjiv Bajaj
Chairman

Rajeev Jain
Vice Chairman
(w.e.f. 1 May 2022)

Lila Poonawalla

Anami N Roy

Dr. Arindam Kumar Bhattacharya
(w.e.f. 1 May 2022)

Dr. Omkar Goswami
(up to 9 July 2021)

Atul Jain
Managing Director
(w.e.f. 1 May 2022)

Audit Committee

Lila Poonawalla
Chairperson

Anami N Roy

Dr. Arindam Kumar Bhattacharya
(w.e.f. 1 May 2022)

Sanjiv Bajaj
(up to 30 April 2022)

Rajeev Jain
(w.e.f. 1 May 2022)

Nomination and Remuneration Committee

Lila Poonawalla
Chairperson

Anami N Roy

Sanjiv Bajaj
(up to 30 April 2022)

Rajeev Jain
(w.e.f. 1 May 2022)

Risk Management Committee

Directors

Lila Poonawalla
Chairperson

Anami N Roy
(w.e.f. 1 May 2022)

Dr. Arindam Kumar Bhattacharya
(w.e.f. 1 May 2022)

Sanjiv Bajaj

Rajeev Jain

Atul Jain

Senior Executives

Niraj Adiani

Gaurav Kalani
(w.e.f. 1 May 2022)

Ajita Kakade
(w.e.f. 1 May 2022)

Vijay Solanki
(w.e.f. 1 May 2022)

IT Strategy Committee

Directors

Lila Poonawalla
Chairperson

Dr. Arindam Kumar Bhattacharya
(w.e.f. 1 May 2022)

Sanjiv Bajaj

Rajeev Jain

Atul Jain

Senior Executives

Anurag Jain

Gaurav Kalani

Niraj Adiani

Corporate Social Responsibility Committee

Lila Poonawalla
Chairperson

Sanjiv Bajaj
Rajeev Jain

Stakeholders Relationship Committee

Anami N Roy
Chairman

Sanjiv Bajaj

Rajeev Jain

Chief Financial Officer

Gaurav Kalani

Company Secretary

R Vijay
(up to 30 April 2022)

Atul Patni
(w.e.f. 1 May 2022)

Auditors

S R B C & CO. LLP
(up to 13 November 2021)

Khandelwal Jain & Co.
G.D. Apte & Co.
(w.e.f. 16 November 2021)

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

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
Tel. No.: (020) 66807200
Email ID: dt@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

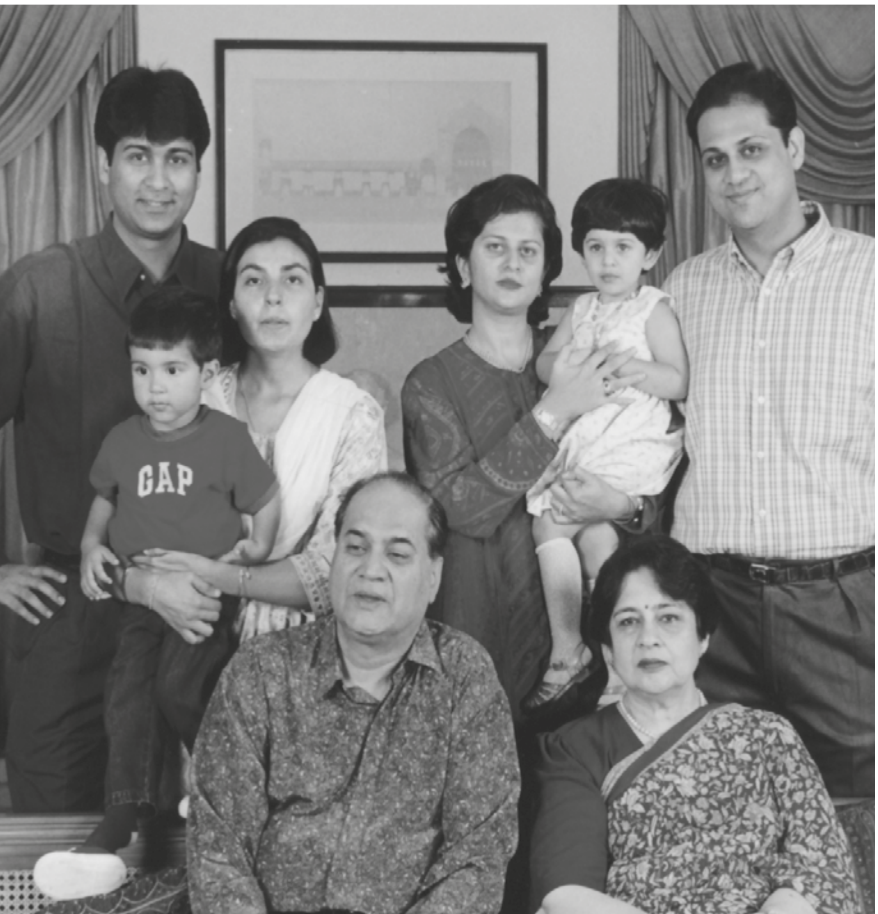
Bajaj Auto Limited Complex,
Mumbai - Pune Road, Akurdi,
Pune – 411 035
Maharashtra

Corporate Office

5th Floor, B2 Cerebrum IT Park,
Kumar City, Kalyani Nagar,
Pune – 411 014

CIN: U65910PN2008PLC132228

"Earlier organisations made individuals, today individuals make an organisation."







Leading the Way

Atul Jain
Managing Director

Gaurav Kalani
Chief Financial Officer

Niraj Adiani
Chief Risk Officer

Ajita Kakade
Chief - Credit and Operations

Vipin Arora
Group Business Head- CRE & Affordable Housing

Jaspreet Chadha
Group Business Head - Home Loans

Gaurav Pruthi
Chief Collections Officer

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 100% subsidiary of Bajaj Finance Ltd. ('BFL'). BHFL is engaged in the business of mortgage lending since 2017-18.

The Covid-19 Pandemic

The beginning of financial year 2021-22 (FY2022) was once again dominated by the Covid pandemic as new waves of infection swept across the world. In India, the second wave (called 'Delta') proved far more lethal than the first that struck in 2020. After a shaky start in some places, the vaccine immunization program by the Indian government and governments across the world has been exemplary. It saved lives and livelihood.

The highly transmissible variant 'Omicron' in early January 2022 (the third wave) spread rapidly across the world. During this wave, India's daily number of reported cases peaked to nearly 350,000 on 20 January 2022. Faced with the prospect of yet more lockdowns, there was fear that the world would face yet another year of slow economic growth. Fortunately, while highly transmissible, Omicron was not as lethal as Delta. So, while many got infected, fatality rate was fortunately low.

The world did not see a re-run of massive drop in GDP as witnessed in FY2021. Thanks to a huge vaccination drive and the preparedness to deal with Covid as a way of life, people, firms and both the central and state governments sensibly dealt with the virus. Consequently, the strong link between Covid waves and fall in GDP growth seem to have considerably reduced. As long as the new variants are like Omicron, we should have less to worry about mass hospitalisations, high mortality, multiple lockdowns and lower growth.

This pandemic has inflicted enormous pain and suffering on to individuals and corporates alike across the world. However, it gave the world an opportunity to reinvent itself to adapt to new ways of life and business. Covid was a real test of resilience and agility for every business. Corporations that have successfully adapted the challenges thrown by Covid have become more resilient and prepared to weather future disruptions. It was not just the corporate sector that has been forced to rapidly adapt. Public services organisations, regulators, governments, and local administrations have demonstrated their potential to adapt and overcome.

Macroeconomic Overview

The Indian economy had begun to recover since the second half of FY2021. Thus, FY2022 began with an expectation that we would soon see GDP surpass the pre-pandemic level of the 2019-20 (FY2020). That has just about been the case, as Chart A shows. Despite the recovery, we as a nation have still lost two years of GDP growth.

Table 1 gives the data on real GDP and Gross value added (GVA) and growth for the last four financial years.

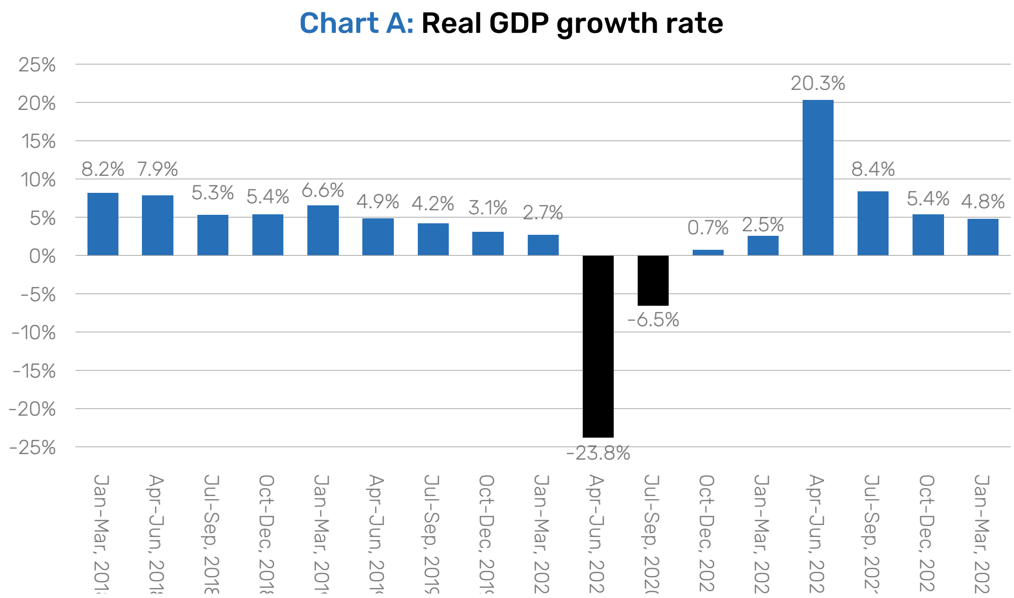
Table 1: Real GDP and GVA and growth, India

	FY2019 (2nd RE)	FY2020 (2nd RE)	FY2021 (1st RE)	FY2022 (2nd AE)
Real GDP (in ₹ trillion)	140.0	145.2	135.6	147.7
Real GVA (in ₹ trillion)	127.4	132.2	125.9	136.3
Real GDP growth	6.5%	3.7%	(6.6%)	8.9%
Real GVA growth	5.9%	3.7%	(4.8%)	8.3%

Source: Government of India, CSO. 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.

Chart A: Growth in real GDP, India



The second advance estimates of national income for FY2022 released by the Central Statistics office (CSO) on 28 February 2022 expect GDP growth in FY2022 to be 8.9%. Sectoral growth estimates show that all three sectors — agriculture, manufacturing, and services — grew well. In absolute terms, the economic output of all the three sectors crossed the pre-pandemic levels of FY2020. The Reserve Bank of India in its Monetary policy report dated 8 April 2022 projected a real GDP growth of 7.2% for the financial year 2022-23 (FY2023).

The service sector which accounts for more than half the Indian economy was most impacted on account of the Covid restrictions especially for activities that needed human contact. Although the overall service sector now contributes to 54% of the GDP as against the pre-pandemic levels of 55%, there is a wide dispersion of performance among the different sub-sectors. The financial, real estate and the public administration segments are now well above the pre-pandemic levels. However, contact sensitive segments like travel, trade and hotels are yet to reach the pre-pandemic levels of value added.

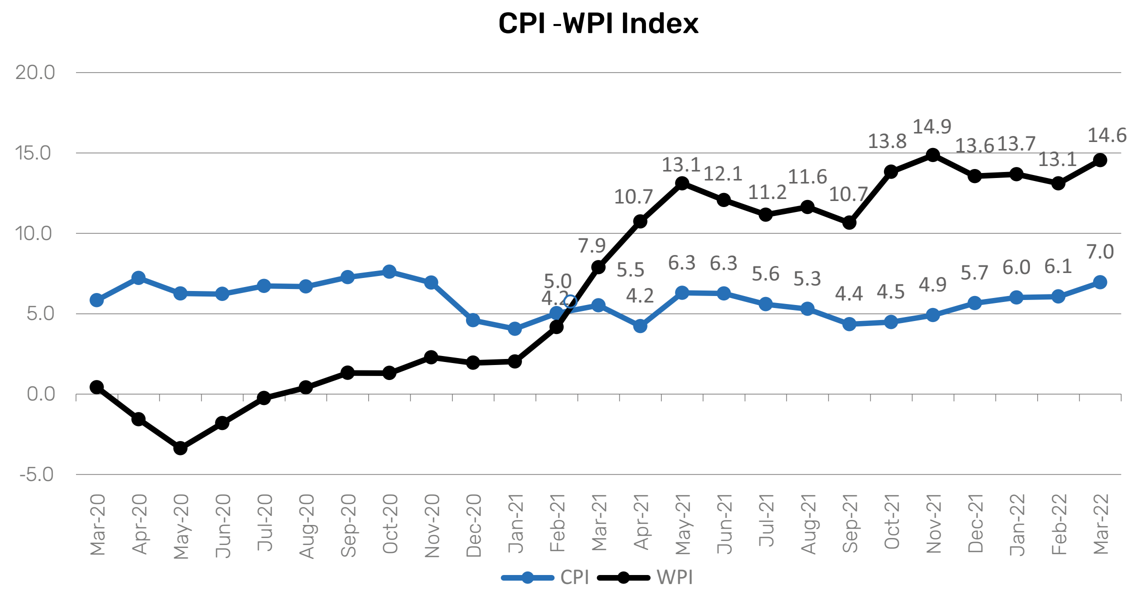
Although private consumption expenditure barely crossed the pre-pandemic levels, growth of government consumption expenditure and gross fixed capital formation made up for the muted private consumption expenditure. GST collection is a good indicator to assess country's growth and economic recovery: it increased by over 30% in FY2022 to ₹ 14.83 lakh crore, indicating revival and growth momentum.

The Government of India announced a growth oriented and expansionary budget for the FY2023 with a strong push on investments to lift economic growth. The compounded annual growth rate for capital expenditure of FY2023 over FY2020 is projected at 28% while revenue expenditure is contained at 12%. The budget's expectation is that such capex-led growth would take India on a growth path even at the cost of a fiscal deficit of 6.4% in FY2023, coming on top of 6.8% in FY2022.

Unfortunately, the conflict in Ukraine has led to chaos in global commodity markets. Crude prices are oscillating between US$100 to US$120 posing a threat to India's economic recovery. How increased commodity prices will unfold is yet to be seen. What is sure, however, is that there will be a considerable impact on inflation which was already a cause of concern.

Inflation has emerged as a global challenge owing to the surge in energy prices, non-food commodities, input prices disruptions of global supply chains and rising freight costs. In India, retail inflation measured by the Consumer Price Index (CPI) edged up to 6.95% in March 2022 from 5.66% in December 2021, nearly 100 bps above the RBI's Monetary Policy Committee's (MPC) comfort zone level of 6.0%. The food group registered a significant decline in prices primarily on account of vegetables, meat and fish, edible oils, and fruits. Fuel inflation eased in December 2021 but remained in double digit and remains a serious cause of worry. Chart B depicts India's Inflation rate (CPI) and wholesale price index (WPI).

Chart B: CPI and WPI, India



Non-food credit growth of the scheduled commercial banks was 7.9% as of 25 February 2022 over 26 February 2021 as against 6.6% for the same period in the previous year. Credit growth to industry accelerated to 6.5% in February 2022 from 1.0% in February 2021. Credit growth within industry was the largest in the medium scale industry which recorded a 71.4% growth in the period followed by a 19.9% growth to micro and small industries. In contrast, large-scale industries saw a meagre 0.5% growth. Credit growth in personal loan segment was 7.9%. Fortnightly data released by the RBI on 21 April 2022 reflected credit growth of the scheduled commercial banks crossed 10% as of 8 April 2022.

The RBI introduced its Resolution Framework-2.0 in May 2021 during the outbreak of the deadly second wave which gave impacted and vulnerable borrowers breathing space to meet their repayment obligations. Simultaneously, the RBI maintained adequate liquidity to support its accommodative stance throughout the year. It resorted to rebalancing liquidity on a dynamic basis without compromising systemic liquidity. Moreover, the RBI kept its key policy rates including repo rate, reverse repo rate and bank rate unchanged at 4%, 3.35% and 4.25% respectively throughout FY2022. Monetary Policy Committee (MPC) in its meeting held on 8 April 2022 indicated possible withdrawal of accommodative stance to bring inflation within its target going forward, while supporting growth. How interest rates will play out in FY2022-23 depends on the speed and magnitude of change in rates and liquidity stance by the RBI.

On balance, we believe that the Indian economy is well positioned to counter the challenges posed by any new waves of the pandemic. The inflation challenge needs to be tackled carefully without resorting to sharp interest rate hikes, as it may dampen the pace of economic recovery. The other serious risk relates to major disruptions in the global supply chains mostly emanating from China; and, more recently, with the Ukraine conflict, from Russia. It is difficult to predict how these will play out. So, we need to be prepared for continuous volatility and external disruptions.

Industry overview

COVID-19 pandemic induced a significant shift in the real estate sector. While construction activities were severely impacted, surge in demand for new houses supported by low interest rates and stamp duty concessions led to an 8-year low housing inventories. After a slump in FY2021, Commercial real-estate sector has again started to gain momentum with all large MNCs and IT firms seeking their employees to restart work from office.

Housing loans portfolio of HFCs and scheduled commercial banks (SCBs) stood at ₹ 21.8 lakh crore as of 31 March 2021, a growth of 8.7% y-o-y. (source: NHB Annual Report 2020-21). FY2022 witnessed increased competition for housing loans across HFCs, NBFCs and banks — banks managed upper hand for most part of FY2022 due to lower cost of funds.

As per various industry reports, the sectoral growth in the next fiscal is pegged to hover between 9-11% and 15% CAGR over the next 5 years. With the increasing interest rate scenario expected over the next year, increase in yields and spread expansion of housing finance companies is expected.

The Government and RBI continues to take series of actions to support the real estate sector. Throughout the pandemic, RBI maintained low policy rates and enabled abundant liquidity. In FY2022, the Government set up National Asset Reconstruction Company (NARCL) and Indian Debt Resolution Company (IDRCL). NARCL will acquire stressed assets from commercial banks and IDRCL will assist in cleaning up of bad loans by liquidating them in the market.

India's real estate market is expected to touch $1 trillion by 2030 and contribute to 13% of the nation's GDP by 2025, driven by rising housing demand, RERA, implementation of the Model Tenancy Act and measures taken to facilitate ease of doing business in India. (*As per NHB report*)

The conflict in Ukraine has led to chaos in global commodity markets. Steel, cement and other construction materials have witnessed massive surge in recent times. This increase in input cost and much needed policy rate action by the RBI to control inflation could moderate the growth momentum in the housing space.

Regulatory Change

Following the amendment in the Finance Act, 2019 and the subsequent notification by the RBI in August 2019, HFCs are now regulated by the RBI. The supervision of HFCs along with regulatory compliances and grievance redressal mechanism remain with NHB.

The Reserve Bank of India has introduced several directions for HFCs which include Master Directions, Principal Business Criteria (PBC), Liquidity Risk Management Framework (LRM) and Liquidity Coverage Ratio (LCR) which harmonized regulations of HFCs with NBFCs to a large extent.

The major development for the HFC sector during the year was inclusion of Housing Finance Companies (having assets worth ₹ 100 Crores or above) within the definition of `Financial Institutions' under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

In FY2022 RBI finalised and released guidelines on `Transfer of Loan Exposures' and `Securitisation of Standard Assets' whose draft frameworks were released earlier in 2020. 31 March 2022 also marks the closure of Pradhan Mantri Awas Yojna (PMAY) Scheme. More than 2,700 BHFL customers benefitted from this scheme during the Financial Year 2021-22 by obtaining cumulative interest subsidy worth more than ₹ 58 crores during the year.

The Company

BHFL started full scale operations in February 2018. BHFL offers following products to its customers: (i) home loans; (ii) loan against property; (iii) lease rental discounting; and (iv) developer financing. It also has a dedicated vertical offering home loans and loan against property to rural individuals and MSME customers. BHFL has started offering affordable housing loans on a pilot basis in FY2022.

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 ratings reaffirm the reputation and trust BHFL has earned for its sound financial management and ability to meet financial obligations. BHFL maintained strong capital, liquidity, risk and profitability profile amidst pandemic situation.

BHFL crossed a milestone of ₹ 50,000 crore Assets Under Management (AUM) in FY2022 in just about four years. Having reached this scale, the key focus of BHFL is to build scale across all its portfolios through process excellence and consistent customer experience to gain psychological heft in the market. To continue its growth momentum across retail and commercial businesses, BHFL continues to make investments for geographic and distribution expansion and deepening of its structures. BHFL continues to deepen its cross-sell framework and expand its distribution reach, both at developer counters and through intermediaries.

BHFL focuses on low risk segments across its portfolio. Individual housing loans, a low risk segment, contribute to about 65% of the portfolio. Even within the low risk individual housing loans segment, nearly 95% of AUM consists of loans given to salaried and self-employed professionals. Going forward, it intends to increase its presence in self-employed and affordable housing segment with a calibrated risk strategy to cover full spectrum of housing loan market.

BHFL is committed to building an optimal mix of housing and non-housing loan portfolio to balance risk and returns. BHFL has created a prudent and differentiated developer financing model with an immaculate portfolio performance. Going forward, BHFL plans to: i) deepen relationship with existing developers; ii) expand reach to new developers with granular exposure strategy; iii) expand its developer financing offerings to new geographies; and iv) create presence with the large developers.

In the commercial real estate portfolio, BHFL continues to expand its product suite by adding new product variants like commercial construction finance, lease rental discounting for build to suit warehousing and lease rental discounting for industrial properties. BHFL plans to further deepen relationship with its customers and create customised products with highest standards of service.

BHFL offers highest standards of engagement and service to its retail and corporate customers. BHFL is continuously investing in creating frictionless processes to provide seamless and consistent experience to its customer throughout the loan lifecycle.

The Company ended the year with a capital-to-risk weighted asset ratio (CRAR) of 19.71% as against regulatory requirement of 15% as on 31 March 2022. On 7 April 2022, the Company made a rights issue of ₹ 2,500 crore to its parent company, Bajaj Finance Limited. This capital raise would help the Company maintain its planned growth trajectory for the next couple of years.

The Company maintained a conservative stance on volumes in the first quarter of the year which was hit by the COVID-19 second wave. The Company staggered its volume revival over a period by growing its volume quarter by quarter and ending the year on a high. BHFL closed FY2022 with an AUM of ₹ 53,322 crore – representing a growth of 37%. The business-wise performance is discussed in the Business Update section.

On the liability side, BHFL kept strong vigil on its cost of borrowings resulting in a decrease of 155 bps over FY2021. As on 31 March 2022, BHFL's borrowings stood at ₹ 41,492 crore. The Company had a liquidity buffer of ₹ 1,655 crore as at the end of FY2022.

Post the second wave, the Company has made significant investments in people, processes, and technology. The Company has expanded its geographical reach as well as deepened its organisation structures. As a result, the Company's operating expenses to NII increased to 29.2% in FY2022 compared to 27.7% in FY2021.

Using its robust risk management and portfolio monitoring framework, BHFL continued to take enhanced credit costs based on emerging trends across its different portfolios. BHFL's Gross and Net NPA as at 31 March 2022 stood at 0.31% and 0.14% respectively. The Company holds a management overlay provision for macroeconomic factors and COVID-19 of ₹ 211 crore as on 31 March 2022.

The performance highlights for FY2022 are given in below.

BHFL's Performance Highlights, FY2022

- Assets under management (AUM): increased by 37% to ₹ 53,322 crore.
- Total income: increased by 19% to ₹ 3,767 crore.
- Net interest income (NII): rose by 36% to ₹ 1,612 crore.
- Opex to NII: increased to 29.2% from 27.7% in FY2021.
- Pre-impairment operating profit: increased by 33% to ₹ 1,141 crore.
- Loan losses and provisions were ₹ 181 crore
- Profit before tax (PBT): increased by 57% to ₹ 960 crore.
- Profit after tax (PAT): increased by 57% to ₹ 710 crore.
- Capital adequacy ratio as of 31 March 2022 was 19.71%, which is well above the RBI norms.

Business Update

COVID-19 had its effect throughout FY2021 on the economy and the business operations of the Company were no exception to it. FY2022 too started with a minor setback with subdued disbursements in the first quarter due to the second COVID-19 wave. BHFL witnessed strong business recoveries from the second quarter and ended the year with highest ever business volumes.

The Company utilised the Pandemic period to streamline and automate various processes to improve customer experience and turnaround time. AUM attrition remained elevated throughout the year due to increased competitive activity led by banks who became aggressive on acquiring retail mortgages on the back of higher liquidity, lower cost of funds and temporary CRAR relief on home loan assets by the RBI. However, BHFL was able to manage it well with significant improvement in its cost of funds which helped the Company remain competitive in mortgage industry.

In the second half of the year, the Company made significant investments in employee resourcing and expansion of location presence to prepare itself for even stronger growth in medium term. The Board of Directors of BHFL approved raising of ₹ 2,500 crore of capital by way of rights issue to Bajaj Finance limited which got infused on 7 April 2022. This capital raise would help BHFL maintain its planned growth trajectory for the next couple of years.

During the year, the Company also seeded a new business line focusing on the affordable segment. This business is in nascent stage being currently in pilot mode across two cities and is expected to start delivering from second half of FY2023.

BHFL AUM grew by 37% to ₹ 53,322 crore as on 31 March 2022.

Home Loans

BHFL offers home loans for ready to move in homes as well as those under construction to mass affluent salaried customers across 58 locations in India with an average loan value of ₹4.9 million. It follows a micro-market presence strategy using a mix of direct and indirect channels. BHFL is the first and only housing finance company that, on a proactive basis, started offering its customers external benchmark (repo) linked home loans, which is published by the RBI.

As at the end of FY2022, the home loans business had AUM of ₹ 33,238 crore, a growth of 39% compared to the end of FY2021.

Loan Against Property

BHFL offers Loans Against Property (LAP) to SMEs, MSMEs, self-employed individuals and professionals against mortgage of their residential and commercial properties. The LAP business is operational in 26 locations across India with an average loan value of ₹ 5.7 million.

It ended FY2022 with AUM of ₹ 6,221 crore, a growth of 31% over FY2021.

Lease Rental Discounting

BHFL focuses on high net worth individuals (HNIs) and developers for their lease rental discounting needs with loan amounts upto ₹ 550 crore. This entails financing against lease rental cashflows of commercial properties occupied by prominent lessees under a long-term lease contract. In FY2022, BHFL started offering warehousing lease rental discounting. BHFL offers these products across 10 cities in India.

The AUM from lease rental discounting grew by 42% in FY2022 to ₹ 6,848 crore.

Developer Loans

BHFL offers construction finance and inventory finance to small and mid-size developers with strong track records of timely delivery of projects and loan repayments with average loan value of ₹ 25 - ₹ 30 crore. It is present in 8 locations across the country. Developer relationships enable BHFL to acquire retail customers for home loans. BHFL also offers Inventory finance to developers against their unsold completed construction inventory. The repayments for these loans are secured through escrow arrangement. In FY2022, BHFL started offering construction finance for commercial properties to its existing customers.

Its AUM from developer loans grew by 52% in FY2022 to ₹ 3,136 crore.

Rural mortgage loans

BHFL offers home loans and loans against property to salaried and self-employed customers across 85 small towns in India. During the year, the Company expanded its geographic presence to Tier-III locations by opening 24 locations. Rural mortgages business operates at an average loan value of nearly ₹ 1.5 million per customer. This business helps BHFL widen its geographic reach and reduce portfolio concentration risk.

BHFL closed FY2022 with rural mortgage loans AUM of ₹ 2,276 crore, a growth of 15%.

Partnerships & Services

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

Assets Under Management (AUM): A Snapshot

Table 2 breaks down the AUM across the major business verticals.

Table 2 (a): Assets Under Management

(₹ in crore)

AUM	FY2022	FY2021	Growth	AUM Mix
Housing loans (including top ups)	33,238	23,943	39%	62%
Loan against property	6,221	4,753	31%	12%
Lease rental discounting	6,848	4,838	42%	13%
Developer finance	3,136	2,057	52%	6%
Rural mortgage loans	2,276	1,980	15%	4%
Other loans	1,603	1,300	23%	3%
Total	53,322	38,871	37%	100%

Table 2 (b): Assets Under Management as per regulatory criteria

(₹ in crore)

AR/AUM	AR FY2022	AUM FY2022	AUM mix FY2022	AR FY2021	AUM FY2021	AUM growth
Housing loans	24,577	27,552	52%	16,613	19,433	42%
Non-housing loans	13,177	15,786	30%	10,598	12,543	26%
CRE-residential housing	2,397	2,409	4%	1,606	1,634	47%
CRE	6,331	7,575	14%	4,602	5,261	44%
Total	46,482	53,322	100%	33,419	38,871	37%

Financial Performance

Table 3 gives BHFL's financial performance for FY2022 vis-à-vis the previous year.

Table 3: BHFL's Financials

(₹ in crore)

Particulars	FY2022	FY2021	Change
Total income	3,767	3,155	19%
Interest and finance charges	2,155	1,966	10%
Net interest income	**1,612**	**1,189**	**36%**
Total operating expenses	471	329	43%
Pre-provisioning operating profit	**1,141**	**860**	**33%**
Loan losses and provisions	181	247	-27%
Profit before tax (PBT)	**960**	**613**	**57%**
Profit after tax (PAT)	**710**	**453**	**57%**
Other comprehensive income/ (expenses)	0	1	-151%
Total comprehensive income	**709**	**454**	**56%**
Earnings per share (EPS) basic, in ₹	1.45	0.93	

Risk Management and Portfolio Quality

As a Housing Finance Company (HFC), BHFL is exposed to credit, liquidity, and interest rate risk. It continues to invest in talent, processes and emerging technologies for building advanced risk and underwriting capabilities.

BHFL has a well-defined risk governance structure which provides for identification, assessment and management of risks. Risk management involves making decisions and establishing governance systems that embed and support effective risk process, as well as building an organizational culture that supports agility. The Company has a Risk Management Committee (RMC) that comprises of its directors and members of its senior management team.

BHFL's balanced approach to portfolio management coupled with a rigorous portfolio review mechanism has enabled it to pick up early warning signals and take corrective actions. BHFL's loan portfolio continues to remain healthy and in the growth mode.

A robust governance framework ensures that board committees approve risk strategies and delegates credit authorities, and robust underwriting practices coupled with continuous risk monitoring ensure that portfolios stays within acceptable risk levels. BHFL follows RBI / NHB prudential norms for asset classifications and Expected Credit Loss (ECL) model prescribed under Ind AS for provisioning.

BHFL calibrates its risk policies and underwriting norms periodically to promptly respond to the changing market scenario. The Company entered FY2022 with tighter risk policies and muted volumes due to resurgence of the delta variant. As economic recovery gained momentum post the Covid second wave, the Company swiftly resorted to gradual roll back of risk actions that it had taken amidst pandemic. The tightening on risk policies which was done in the previous year helped steer the Company through the first and second wave.

The Company remains in high vigilance mode and adapt credit policies / underwriting standards in line with emerging risk metrics across the different business portfolios; and constantly monitors various external market indicators

The RBI, through circular dated 6 August 2020 and 5 May 2021, provided resolution framework for COVID-19 related stress and allowed one-time restructuring (OTR) to specified categories of loans. The OTR book as on 31 March 2022 stood at ₹ 577 crore of which ₹ 142 crore was still under moratorium.

BHFL's Gross and Net NPA as at 31 March 2022 stood at 0.31% and 0.14% respectively. The Company holds a management overlay provision for macroeconomic factors and COVID-19 of ₹ 211 crore as on 31 March 2022.

Asset Liability Management (ALM)

BHFL's total borrowings stood at ₹ 41,492 crore as of 31 March 2022. BHFL's Asset Liability Committee (ALCO) and Investment Committee (IC) constituted by the Board of Directors meets every month to i) monitor asset-liability mismatches; ii) ensure that there are no imbalances on either side of the balance sheet; and iii) ensure that adequate level of liquidity is maintained.

BHFL has a board level Committee of Directors, management level 'Asset Liability Committee (ALCO)' and a sub-committee to monitor its asset liability management. The Company has Board approved liquidity risk management framework and investment policy to monitor interest rate and market risk. Borrowings of the Company are guided by Board approved resource raising policy. BHFL also 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 it continuously tracks the movements across these metrics.

ALCO reviews macroeconomic conditions affecting the housing finance business, liquidity situation and interest rate environment and provides direction to treasury on resource mobilisation and fund planning. It monitors the liquidity coverage ratio (LCR) to maintain adequate liquidity and ensure compliance with regulatory requirement. The LCR as on 31st March 2022 was at 131.2% as against regulatory requirement of 50%.

The ALM position of the Company is based on the maturity buckets as per the guidelines issued by the regulator from time to time. BHFL assesses behavioralised maturity pattern of its assets and liabilities and maintains adequate liquidity for its business. The Company has positive ALM position in 1-7 days, 8-15 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. Its liquid investments as on 31st March 2022 were ₹ 1,655 crore.

Table 4 gives the behavioural maturity pattern of BHFL's asset and liabilities; and depicts its prudent approach towards ALM management.

Table 4: Behaviouralised ALM snapshot as on 31 Mar 2022

(₹ In Crore)

	Particulars	1 to 7 days (one month)	8 to 15 days (one month)	15 to 30/31 days (one 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	687	451	0	0	0	517	0	0	0	0	1,655
	Advances	467	325	419	932	891	2,653	4,469	12,851	8,146	15,329	46,482
	Trade receivable and others	202	252	949	517	1,366	569	1,043	1,385	1,136	1,709	9,129
	Total inflows	**1,357**	**1,028**	**1,368**	**1,449**	**2,258**	**3,739**	**5,512**	**14,236**	**9,281**	**17,038**	**57,266**
B.	**Cumulative total inflows**	**1,357**	**2,384**	**3,752**	**5,201**	**7,459**	**11,198**	**16,710**	**30,947**	**40,228**	**57,266**	
C.	**Outflows**											
	Borrowings repayment	766	499	85	946	1,832	2,906	6,880	20,893	6,116	3,488	44,411
	Other outflows	496	438	1,232	490	251	646	29	21	9	2,502	6,113
	Capital reserves and surplus	0	0	0	0	0	0	0	0	0	6,741	6,741
	Total outflows	**1,262**	**937**	**1,317**	**1,436**	**2,083**	**3,552**	**6,909**	**20,914**	**6,125**	**12,731**	**57,266**
D.	**Cumulative total outflows**	**1,262**	**2,199**	**3,516**	**4,952**	**7,035**	**10,587**	**17,496**	**38,410**	**44,535**	**57,266**	
E.	**Gap (A - C)**	**94**	**91**	**51**	**13**	**175**	**187**	**-1,396**	**-6,677**	**3,156**	**4,307**	
F.	**Cumulative gap (B - D)**	**94**	**185**	**236**	**249**	**424**	**611**	**-786**	**-7,463**	**-4,307**	**0**	
G.	**Cumulative gap (%) (F/D)**	**7%**	**8%**	**7%**	**5%**	**6%**	**6%**	**-4%**	**-19%**	**-10%**	**0%**	
H.	**Permissible cum. gap (%)**	**-10%**	**-10%**	**-20%**								

The assigned portfolio outstanding as on 31 March 2022 stood at ₹ 6,840 crore.

Customer Service

Mortgages is a long duration product and a high involvement buying decision for the customer - which involves frequent and regular interactions. To enable a transparent, convenient and hassle-free customer experience, our dedicated team of customer service supported with transparent operations and strong technology infrastructure, helps us to be responsive to our customers thereby maintaining high standards of customer service. Digital communication, continuous customer feedback and transparency remain key focus areas of the Company while engaging with customers.

The Company strives towards improving and strengthening its customer experience by transitioning from query / complaint resolution to first time right delivery to customers. To uphold highest standards of transparency, BHFL has implemented an end to end proactive communication framework through life stages of customer journey.

BHFL continues to leverage technology to gauge the unstated and emerging service needs of customers. It has introduced machine learning to quickly understand customer sentiments basis tonality and connotation from the communication. During the year, the Company introduced customer service app and revamped its customer portal for quicker and better query resolution and to enhance customer experience.

During FY2022, the Company has revamped 36 operating processes and practices thereby reducing customer complaints by ~30%.

Human Resources

At BHFL, employees are the most valuable assets. In BHFL, employee's performance enhancement, well-being, skill development, growth and engagement remains a key focus area. The Company has increased its employee base by 58% during the year for deepening of existing structures as well as expansion into newer geographies. The Company offers a two day detailed induction program to all new employees. It covers organization orientation, understanding of product and processes and in-person induction for mid to senior managers. BHFL fosters a culture of productive empowerment to build an outcome focused organisation.

Employee well-being has been a key focus area for the Company. Amidst the pandemic, BHFL extended financial assistance to impacted employees and their families along with assistance for hospitalization. A dedicated 24X7 COVID-19 helpline was set up to support employees requiring any support. BHFL carried out vaccination drives across the country to vaccinate employees and their immediate families - 99.9% of employees are now vaccinated.

As on 31 March 2022, BHFL had 3,705 employees.

Internal Control Systems and their Adequacy

BHFL has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by internal team to evaluate the adequacy of all internal controls and processes. All significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee comprises of three directors of which two are independent. The Audit committee reviews the internal audit reports and the adequacy and effectiveness of internal control.

Fulfilment of the RBI and NHB's norms and standards

BHFL fulfils and often exceeds norms and standards laid down by the RBI as well as NHB relating to the recognition and provisioning of non-performing assets and capital adequacy, etc. The capital adequacy ratio of the Company was 19.71% as of 31 March 2022, which is well above the regulatory norm of 15%.

The Reserve Bank of India, vide circular dated 22 October 2020, mandated housing finance companies to have minimum 60% of its assets towards housing finance and 50% of total assets towards housing finance for individuals, in a phased manner by 31 March 2024. BHFL is on track to meet the regulatory requirement by 31 March 2024. As on 31 March 2022, the Company has 55.90% of its assets towards housing finance and 50.93% of total assets towards housing finance for individuals.

Key Ratios

Table 5 gives a summary of key ratios for FY2022 vis-a-vis FY2021.

Table 5: BHFL's Key Ratios

Ratios	FY2022	FY2021
Net interest income to average loans	4.0%	3.9%
Total operating expenses to NII	29%	28%
Return on equity (ROE)	11.1%	7.8%
Capital to risk-weighted assets ratio (CRAR)	19.71%	21.33%
Tier I	18.95%	20.70%
Tier II	0.76%	0.63%
Gross NPA	0.31%	0.35%
Net NPA	0.14%	0.22%
Provisioning coverage ratio (PCR)	54.3%	37.9%
EPS - Basic (₹)	1.45	0.93
Diluted (₹)	1.45	0.93

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 fourteenth Annual Report along with the financial statements for FY2022.

Sad demise of Shri Rahul Bajaj

At the outset, your Directors express their profound grief on sad demise of Shri Rahul Bajaj, the iconic leader of the Group, who passed away on 12 February 2022.

He lived an extraordinary life. He was the architect of one of the most respected business groups in the country, a vocal proponent of entrepreneurship, and a voice of the industry at large.

He stood for what he believed, a man driven by values, and bold in both expression and action. He was the torchbearer of the family legacy that dates back to the founding days of our country and championed the creation of a new India.

While his passing away has left a void amongst us, he leaves behind an unparalleled foundation for all of us to build upon.

The Board places on record its whole-hearted appreciation of the invaluable contribution made by him to the spectacular success of the Group over several decades.

Financial results

The key highlights of the financial results are given below:

(₹ in Crore)

Particulars	FY2022	FY2021	% change over FY2021
Total income	3,767	3,155	19
Finance cost	2,155	1,966	10
Net interest income	**1,612**	**1,189**	**36**
Total operating expenses	471	329	43
Pre-provisioning operating profit	**1141**	**860**	**33**
Impairment on financial instruments	181	247	(27)
Profit before tax	**960**	**613**	**57**
Profit after tax	**710**	**453**	**57**
Retained earnings as at the beginning of the year	**758**	**417**	**82**
Profit after tax	710	453	57
Other comprehensive income on defined benefit plan	(1)	1	(200)
Retained earnings before appropriations	**1,467**	**871**	**68**
Appropriations			
Transfer to reserve fund u/s 29C of the NHB Act, 1987	142	113	26
Retained earnings as at the end of the year	**1325**	**758**	**75**

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

Share capital

There was no change in the share capital of the Company during the year. As on 31 March 2022, the paid-up share capital of the Company stood at ₹ 4,883.33 crore comprising of 4,883,333,329 equity shares of face value of ₹ 10 fully paid-up.

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 at 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 the date of the Report is ₹ 6,712.15 crore comprising of 6,712,155,564 equity shares of face value of ₹ 10 fully paid-up.

During the year FY2022, the Company has not issued any convertible securities and there are no outstanding convertible securities as on 31 March 2022.

Dividend

Considering the capital-intensive nature of the business and current business plan of the Company, your Board decided to plough back the profits of the Company in order to build a strong base for its long-term growth. Accordingly, no dividend is recommended for consideration of the members at the ensuing Annual General Meeting (AGM).

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 ₹ 141.93 crore to reserve fund, which is 20% of its net profit.

Vide amendment dated 5 June 2020 to the Companies (Share Capital and Debenture) Rules, 2014, (the 'Rules') the requirement to invest a sum up to 15% of the amount of debentures maturing during the next financial year, in case of privately placed debentures, is no longer required. Further, in terms of the provisions of the Companies Act, 2013 (the 'Act') and the Rules made thereunder, the Company is exempt from transferring any amount to debenture redemption reserve in respect of privately placed debentures.

Working results of the Company

- Asset Under Management (AUM) as on 31 March 2022 was ₹ 53,322 crore as compared to ₹ 38,871 crore as on 31 March 2021, representing an increase of 37 % over the previous year.
- Loan receivables as on 31 March 2022 was ₹ 46,482 crore as compared to ₹ 33,419 crore as on 31 March 2021, an increase of 39 % over the previous year.
- Total income during FY2022 increased to ₹ 3,767 crore from ₹ 3,155 crore during FY2021 registering a growth of 19 % over the previous year.
- Total operating cost to net interest income increased to 29.2 % from 27.7 % in FY2022.
- Impairment on financial instruments was ₹ 181 crore, which included a contingency provision of ₹ 43 crore for COVID-19.
- The Company ended FY2022 with a Gross NPA of 0.31 % and Net NPA of 0.14 % as against 0.35% and 0.22 % respectively for the year FY2021.
- Profit before tax for FY2022 was ₹ 960 crore as against ₹ 613 crore for FY2021, an increase of 57 % over the previous year.
- The profit after tax for FY2022 was ₹ 710 crore as compared to ₹ 453 crore for FY2021, an increase of 57 % 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'.

Restructuring of loans

The RBI, through its circular dated 6 August 2020 and 5 May 2021, provided resolution framework for COVID-19 related stress and allowed one-time restructuring to specified categories of loans. Loans outstanding of this book as on 31 March 2022 was ₹ 577 crore of which ₹ 142 crore (approximately 0.31% of account receivable as on 31 March 2022) continues to be under moratorium.

Borrowings

The overall borrowing limit approved by the shareholders is ₹ 55,000 crore.

As on 31 March 2022, the borrowings of the Company stood at ₹ 41,492 crore. During FY2022, the Company has issued non-convertible debenture (NCDs) to the tune of ₹ 7,513 crore and redeemed NCDs to the tune of ₹ 3,101 crore. Further, Company has also issued Commercial Papers (CPs) to the tune of ₹ 7,625 crore and redeemed CPs to the tune of ₹ 6,475 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 50% from 31 December 2021 onwards. The LCR of the company as on 31 December 2021 and 31 March 2022 was 56.5% and 131.2% respectively. The monthly average LCR of the Company during the Q3 and Q4 FY2022 was at 95.75% and 108.35% respectively.

Subsidiaries, Associates and Joint Ventures

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

SEBI vide its notification dated 7 September 2021 has amended Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), requiring High Value Debt Listed Companies (HVDs) to adopt a policy for determining material subsidiaries.

As per Regulation 16(1)(c) of the SEBI Listing Regulations, "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. Further, the explanation to above regulation, requires the Company to have a Board approved policy for determining 'material' subsidiaries which shall be hosted on the website. The policy can be accessed at https://www.bajajhousingfinance.in/media/document/9000000028/annexure_32_policy_for_determining_material_subsidiaries.pdf

Accordingly, the Board, at its meeting held on 17 January 2022, adopted the policy for determining material subsidiaries.

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 2022, the Board consisted of four directors of whom two are independent directors including a woman independent director. One of the independent directors is also an independent director on the Board of the holding company viz., BFL.

A. Change in Directorate:

i. Resignation

Dr. Omkar Goswami, Non-Executive Independent Director of the Company tendered his resignation from Directorship of the Company with effect from 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 those mentioned in his resignation letter. The Board places on record its sincere appreciation for the valuable contribution made by him during his tenure on the Board.

ii. Appointment

The Board at its meeting held on 25 April 2022, approved the appointment of Dr. Arindam Kumar Bhattacharya as an Independent Director for a tenure of 5 years with effect from 1 May 2022 subject to approval of shareholders. In the opinion of the Board, Dr. Bhattacharya is a person of integrity and possesses relevant expertise and experience. He also has necessary proficiency in terms of Explanation to Rule 8(5) (iiia) of Companies (Account) Rules, 2014 (as amended).

The Board at its meeting held on 25 April 2022 also approved appointment of Atul Jain, CEO of the Company as the Managing Director for a tenure of 5 years with effect from 1 May 2022, subject to approval of shareholders.

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 with effect from close of business hours on 30 April 2022. He, however, continues on Board of the Company as Non-Executive Director of the Company and has been designated as Vice - Chairman of the Company with effect from 1 May 2022. In his role as Vice- Chairman, he will continue to guide and mentor the senior leadership team of the Company.

The Board comprises of persons with diverse experience and skills, such that it best serves the governance and strategic needs of the Company and its stakeholders. The present composition broadly meets this objective. The directors are persons of eminence in areas such as business, industry, finance, law, administration etc., and bring with them experience / skills which add value to the performance of the Board and Company, as a whole. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender, or nationality.

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

B. Directors liable for rotation:

Rajeev Jain, retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment as a Non-Executive Director. Necessary details for re-appointment, as required under the Act, are given in the Notice convening the fourteenth AGM.

The Board, at its meeting held on 25 April 2022, re-categorized Sanjiv Bajaj, as director not liable to retire by rotation subject to approval of shareholders at the ensuing AGM.

C. Key Managerial Personnel (KMP):

During the FY2022, there was no change in KMP.

However, owing to relinquishment of office of the Managing Director, Rajeev Jain will cease to be the KMP of the Company with effect from close of business hours on 30 April 2022.

R Vijay, Company Secretary, resigned from the office of Company Secretary with effect from close of business hours on 30 April 2022 and consequently will cease to be a KMP. The Board at its meeting held on 25 April 2022, appointed Atul Patni as the Company Secretary and whole time KMP of the Company with effect from 1 May 2022.

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, as amended, Schedule IV read with Regulation 16 of the SEBI Listing Regulations. The independent directors 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.

Policy on directors' appointment and remuneration

On recommendation of the Nomination and Remuneration Committee (NRC), 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) Policy on remuneration of directors, key managerial personnel and other employees.

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

The remuneration policy is available on the Company's website and can be accessed at https://www.bajajhousingfinance.in/media/document/1558446810354/remuneration_policy.pdf

The Board, at its meeting held on 26 April 2021, had increased the sitting fees from ₹ 50,000 to ₹ 100,000 (effective from 1 June 2021) for every meeting of the Board and/or its Committees (except meetings of Corporate Social Responsibility Committee) attended by the non-executive directors of which they are members.

During FY2022, there were no pecuniary relationship/transactions of any of the non-executive directors with the Company apart from their remuneration as directors and transactions in the ordinary course of business and on arm's length basis at par with any member of general public.

Formal annual evaluation

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 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 fulfillment 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 FY2022 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 2021-22 and a consolidated report thereof were arrived at.
- The report of performance evaluation so arrived at was then discussed and noted by the Board at its meeting held on 11 March 2022.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 11 March 2022.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 11 March 2022, 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 11 March 2022 have been furnished in a separate paragraph elsewhere in this report.
- During FY2022, the criteria and process followed by the Company was reviewed by the NRC and the Board, which opined these to be satisfactory.

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

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 attendance of Non-Independent Directors and members of the management. The meeting of Independent Directors of the Company was held on 11 March 2022. Lila Poonawalla 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 2021-22.
- 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.

No sitting fees was paid to the Independent Directors for attending the said meeting.

Number of Board Meetings

The Board met six times during FY2022 on 26 April 2021, 19 July 2021, 25 October 2021, 22 November 2021, 17 January 2022 and 11 March 2022. The gap between any 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:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for FY2022;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Audit Committee

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 and SEBI Listing Regulations.

Dr. Omkar Goswami ceased to be a member of the Audit Committee with effect from 9 July 2021 consequent to his resignation as the Director on the Board of the Company.

During the FY2022, Anami N Roy was appointed as member with effect from 1 June 2021.

During FY2022, the Committee met 5 times i.e. 26 April 2021, 19 July 2021, 25 October 2021, 17 January 2021 and 11 March 2022. 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 Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and SEBI Listing Regulations.

During FY2022, the Committee met two times. The meetings were held on 26 April 2021 and 11 March 2022.

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 Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and SEBI Listing Regulations.

The Board of directors at their meeting held on 17 January 2022, revised the Risk Management Policy of the Company to bring it in line with amendment to the SEBI Listing Regulations. The said policy, *inter-alia*, provides for identification, assessment, control and mitigation of risks faced by the Company including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy.

During FY2022, the Committee met four times viz., on 26 April 2021, 19 July 2021, 25 October 2021 and 17 January 2022.

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 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 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 utilization; 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. Company's advance technology adoption also helped in ensuring business continuity and rapid adoption to Work from Home.

Foreign exchange earnings and outgo

During FY2022, 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 ₹ 2.76 lakh (FY2021 – ₹ 1.30 lakh).

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.

The Management identifies and controls risks through a defined framework in terms of the Risk Management policy. A detailed discussion on the Company's risk management and portfolio quality is covered in the 'Management Discussion and Analysis'.

RBI, vide its circular dated 22 October 2020, reviewed the regulatory framework for HFCs. Vide the said circular, 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.

In terms of NHB circular on Risk Management System – Appointment of Chief Risk Officer dated 29 May 2019, Niraj Adiani has been appointed as the Chief Risk Officer (CRO) of the Company. His term as CRO was for a period of 3 years ending on 30 June 2022. The Board at their meeting held on 25 April 2022, has re-appointed Niraj Adiani for another term of 3 years from 1 July 2022 to 30 June 2025. Further in terms of the said circular, independent meeting of the CRO with the Board in absence of the management is organized every quarter.

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 the Compliance Policy in terms of RBI circular on compliance function & role of CCO dated 11 April 2022.

Significant and material orders

During FY2022, 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.

RBI has released a circular mandating HFCs to adopt Risk Based Internal Audit (RBIA) effective 30 June 2022. However, the Company suo moto adopted RBIA policy with effect from 1 April 2021, in line with the said circular.

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

The Audit Committee regularly reviews the internal audit reports, corrective and preventive actions thereon.

Information system audit

In terms of the Information Technology Framework for HFCs dated 15 June 2018, HFCs are required to have an information system audit at least once in 2 years. During the year under review, a system audit was conducted by a CERT-in empanelled audit firm. 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. The audit revealed no major observations. Necessary continuous improvement actions have been taken in line with the audit observations.

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 reliable financials information, ensuring integrity in conducting business, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors. The Audit committee and Board reviewed the Internal Financial Controls & found them in order.

Business continuity and cyber security

In the wake of COVID-19 pandemic, the Company swiftly leveraged its technological capabilities to ensure that its operations continue under the 'Work-from-Home' protocol in a secure manner including virtual private networks, end user computing devices availability and creation of multiple collaboration platforms. The Company also enabled remote access for identified partners to enable full resources for user support, cloud support, application maintenance and testing. Simultaneously, the Company increased its thrust on digital capabilities to connect with customers for servicing and recovery during the lockdown period.

BHFL'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'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 cybersecurity that establishes a range of organization objectives and priorities that should be achieved in a specific timeframe.

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 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 has been revised on 25 April 2022 and 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.

The concerns may be reported anonymously either through email or through a 'Confidential Feedback Mechanism', which is reviewed by a Whistle Blower Committee comprising senior management representatives from within and outside the organisation. The Audit Committee reviews the functioning of the vigil mechanism/whistle blower policy once a year. It provides safeguards against victimization of directors/ employees/value chain partners who avail of the mechanism and allows for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The policy has been hosted on the Company's website and can be accessed at https://www.bajajhousingfinance.in/media/document/1558446809619/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 FY2022, no person was denied access to the Audit Committee or its chairperson under this policy and no 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 and report on General Shareholder Information.

The Managing Director, Chief Executive Officer 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 auditors of the Company regarding compliance of conditions of corporate governance is annexed to this Report.

Listing

All non-convertible debentures and commercial papers issued by the Company are listed for trading on the wholesale debt market segment of BSE Ltd. Annual listing fees, as prescribed, have been paid to the said stock exchange up to 31 March 2023.

Debenture trustee

The details of the debenture trustee for the privately placed debentures of the Company:

Catalyst Trusteeship Ltd.
GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road,
Pune – 411 038
Tel No. (020) 66807200
Email ID: dt@ctltrustee.com

Credit rating

Details pertaining to Credit Rating of the Company is provided under General Shareholder Information 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 granting exemptions in view of the COVID-19 pandemic.

Statutory auditors

Reserve Bank of India vide its circular dated 27 April 2021 issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). The said guidelines are applicable from H2 FY2022 and onwards in respect of appointment/reappointment of SCAs/SAs of the entities. Accordingly, your Company formulated a Board approved statutory auditor policy and necessary procedure thereunder to be followed for appointment of Auditors. The said policy can be accessed at https://www.bajajhousingfinance.in/media/document/9000000012/statutory_auditor_appointment_policy_clean.pdf

S R B C & Co. LLP audited the accounts of the Company for a continuous period of four years and in terms of above RBI circular, being ineligible to continue as statutory auditors under the said RBI guidelines, tendered their resignation with effect from 13 November 2021.

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. At the ensuing AGM, approval of the members is being sought for their appointment as Joint Statutory Auditor for remaining term of two years from the conclusion of the 14th AGM 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 FY2022 is unmodified, i.e., it does not contain any qualification, reservation, adverse remark or disclaimer.

In terms of the NHB Master Circular – Housing Finance Companies - Auditor's Report (NHB) Directions, 2016, the previous auditors S R B C & C O LLP have submitted an additional report dated 19 July 2021, for FY2021 which has been filed with NHB. 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 2022 is annexed to this Report.

Pursuant to Regulation 24A (2) of SEBI Listing Regulations, a report on secretarial compliance for FY2022 has been issued by Shyamprasad D Limaye and the same will be submitted with the stock exchange within the prescribed timelines. The said report will be made available on the website of the Company.

There are no observations, reservations, qualifications or adverse remark in any of the aforesaid 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 FY2022.
- The provisions of section 148 of the Act relating to cost accounts and cost audit are not applicable to the Company.
- During FY2022, no amount has remained unclaimed pursuant to debentures redeemed during the year.
- During FY2022, 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 recognized stock exchange but have listed their non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, 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 FY2022 is given in the annexed 'Corporate Governance Report'.
- The Company has not defaulted in repayment of loans from any banks and financial institutions.
- The Managing Director, as per the terms of his appointment, does not draw any remuneration from the Company.
- 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. However, during FY2022, eligible employees of the Company were allotted ESOPs of the holding company, i.e., Bajaj Finance Ltd. as per applicable SEBI regulations, performance criteria and compensation practices.

Acknowledgement

The Board places its gratitude and appreciation for the support and co-operation from its members, RBI, NHB 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 in these trying times.

On behalf of the Board of directors

Sanjiv Bajaj
Chairman
25 April 2022

Annual Report on CSR activities for the financial year ended 31 March 2022

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 Company believes that social investments should:

- **Benefit Generations:** 'Investment in resource creation' for use over generations. The Company tries to identify sustainable projects which will benefit the society over long periods.
- **Educate for Self-Reliance and Growth:** To usher in a growth-oriented society and thereby a very strong and prosperous nation, by educating each and every Indian.
- **Promote Health:** 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.
- **Sustain Natural Resources:** Encourages balanced development and ensures least adverse impact on environment – Growth with Mother Nature's–blessings.

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 with effect from 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

Sl. No.	Name of Director	Designation / Nature of Directorship	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	3	3
2.	Sanjiv Bajaj#	Member		3	3
3.	Rajeev Jain	Member		3	2

Notes:
*Lila Poonawalla, Member of the Committee was appointed as a Chairperson of the Committee w.e.f. 26 October 2021.
#Sanjiv Bajaj relinquished his position as a Chairman of the Committee with effect from close of business hours on 25 October 2021. He continues to be member of the Committee.
$ During the year two circular resolutions were passed unanimously.

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 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/policies-and-documents
4.	Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)	:	NOT APPLICABLE
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	:	NIL
6.	Average net profit of the Company as per section 135(5)	:	₹ 383.67 Crore
7.	(a) Two percent of average net profit of the company as per section 135(5)	:	₹ 7.67 Crore
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	:	NIL
	(c) Amount required to be set off for the financial year, if any	:	NIL
	(d) Total CSR obligation for the financial year (7a+7b-7c)	:	₹ 7.67 Crore

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	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
7.67 crore	NOT APPLICABLE, SINCE THERE IS NO UNSPENT AMOUNT				

(b) Details of CSR amount spent against ongoing projects for the financial year: Not applicable since there are no ongoing projects

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ In Cr)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency
				State	District			Name
1	2	3	4	5		6	7	8
1	Procurement of robotic surgical system	(i) Health	Yes	Maharashtra	Aurangabad	7.38	No	Marathwada Medical and Research Institute (Kamalnayan Bajaj Hospital)
2	Global Mills passage school	(ii) Education	Yes	Maharashtra	Pune	0.24	No	Muktangan Education Trust
3	Capacity Building of Organizations on addressing developmental disabilities.	(i) Health care	Yes	Maharashtra	Mumbai	0.05	No	Ummeed Child Development Center
TOTAL:						**7.67**		

(d) Amount spent in Administrative Overheads NIL

(e) Amount spent on Impact Assessment, if applicable NIL

(f) Total amount spent for the financial Year (8b+8c+8d+8e) 7.67 Crore

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ In crore)
(i)	Two percent of average net profit of the company as per section 135(5)	7.67
(ii)	Total amount spent for the Financial Year	7.67
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) 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.

   (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

(a)	Date of creation or acquisition of the capital asset(s).	N.A.
(b)	Amount of CSR spent for creation or acquisition of capital asset.	N.A.
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	N.A.
(d)	Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	N.A.

11. 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

Rajeev Jain
Managing Director
Date: 25 April 2022

Lila Poonawalla
Chairperson, CSR Committee

Independent Auditor's certificate on Corporate Governance

To,
The Members of
Bajaj Housing Finance Limited

1. This Certificate is issued in accordance with the terms of our engagement letter dated January 17, 2022.

2. We have examined the compliance of conditions of Corporate Governance by Bajaj Housing Finance Limited ('the Company'), for the year ended on March 31, 2022, as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Management's Responsibility

3. 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

4. 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.

5. 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.

6. We conducted our examination 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.

7. 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

8. Based on our examination as above and to the best of the information and explanations given to us and 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 of the Listing Regulations during the year ended March 31, 2022.

9. 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

10. 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: 100 515W

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 22113053AHSRSP5604
Pune, April 25, 2022

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105 049W

S. S. Shah
Partner
Membership Number: 033632
UDIN: 22033632AHSVJM4294
Pune, April 25, 2022

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 FY2022.

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 law.
- 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 key senior management team members 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.

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 SMT, 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. According to provisions of the SEBI Listing Regulations, if the non–executive chairman is related to promoter, at least one half of the board of the company should consist of independent directors.

As on 31 March 2022, the Board of the Company consisted of four directors, of whom one was executive (Managing Director), two non-executive independent (including one-woman independent director) and one 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 issues.

The Board met six times during FY2022 viz. on 26 April 2021, 19 July 2021, 25 October 2021, 22 November 2021, 17 January 2022 and 11 March 2022. The gap between two consecutive meetings was less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for FY2022.

Name and Category	Relationship with other directors	No. of Shares held in the Company	No. of Board Meetings		Whether attended the AGM
			Entitled to attend	Attended	
NON-EXECUTIVE CHAIRMAN					
Sanjiv Bajaj	-	100 (Bajaj Finance Limited jointly with Sanjiv Bajaj)	6	6	✓
MANAGING DIRECTOR					
Rajeev Jain	-	100 (Bajaj Finance Limited jointly with Rajeev Jain)	6	6	✓
INDEPENDENT DIRECTORS					
Lila Poonawalla	-	-	6	6	-
Anami N Roy	-	-	6	6	-
Dr. Omkar Goswami*	-	-	1	1	-

*Ceased to be a Director and Independent Director w.e.f. 9 July 2021

The Company has not issued any convertible instruments.

Resignation of Independent Director

Dr. Omkar Goswami who was holding office for a term till 18 May 2025, resigned with effect from close of business hours on 9 July 2021, on account of increasing personal commitments and additional professional work.

He has also confirmed that there are no other material reasons other than aforesaid reasons.

A copy of the intimation submitted to stock exchange can be accessed at https://www.bajajhousingfinance.in/stock-exchange-intimation

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 profession, business, industry, finance, law, administration, research, banking, etc. and bring with them experience/skills which add value to the performance of the Board. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality.

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	Lila Poonawalla	Anami N Roy
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 and the Act and that they are independent of the management of the Company.

Non-executive directors' compensation

The Board at its meeting held on 26 April 2021, had increased the sitting fees from ₹ 50,000 to ₹ 100,000 (effective from 1 June 2021) for every meeting of the Board and/or its Committees of the Board (except CSR Committee) attended by non-executive directors, of which they are members.

Further, approval of Company is being sought at the forthcoming annual general meeting (AGM) of the Company for 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 one or more or to all the non-executive directors as may be decided by the Board of Directors at its discretion from time to time for a period of five years commencing from 1 July 2022 till 31 March 2027.

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 which is proportionate to attendance ensures directors' remuneration is commensurate with their time, effort, attendance and participation.

The Company does not have any ESOP scheme. However, eligible employees of the Company are granted ESOPs of the holding company, i.e., BFL 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.

The independent directors of the Company at its meeting held on 11 March 2022 and expressed their satisfaction on the quality, quantity and timeliness of flow of information between the Company's Management and Board, that is necessary for the Board 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
- Capital expenditure and updates
- Internal financial controls
- Risk management system, risk management policy and strategy followed
- 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
- Details of incidences of fraud
- Supervisory and Observation letters, 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 building talent. This strategy is enabled by hiring most of our employees near the entry level and grooming them using a 'grow from within' career management framework.

Directorships and memberships of Board committees

Table 2: **Number of directorship/committee positions of directors as on 31 March 2022**

	Directorships			Committee positions in listed and unlisted public companies	
Name of Director	**In equity listed companies**	**In unlisted public companies**	**In private limited companies**	**As member (including as chairperson)**	**As chairperson**
Sanjiv Bajaj	5	5	7	8	0
Rajeev Jain	1	1	0	1	0
Lila Poonawalla	2	5	2	6	4
Anami N Roy	6	3	1	8	4

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 2022 (including the Company)

Name of director	Name of listed entity	Category
Sanjiv Bajaj	Bajaj Auto Ltd.	Non-executive, non-independent
	Bajaj Finance Ltd.	Chairman, non-executive non-independent
	Bajaj Finserv Ltd.	Chairman and Managing Director, executive
	Bajaj Holdings & Investment Ltd.	Managing Director and CEO, executive
	Bajaj Housing Finance Ltd. (high value debt listed)	Chairman, non-executive non-independent
	Maharashtra Scooters Ltd.	Chairman, non-executive non-independent
Rajeev Jain	Bajaj Finance Ltd.	Managing Director, executive
	Bajaj Housing Finance Ltd. (high value debt listed)	
Lila Poonawalla	Bajaj Auto Ltd.	Non-executive, independent
	Maharashtra Scooters Limited	
	Bajaj Housing Finance Ltd. (high value debt listed)	
Anami N Roy	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	
	Bajaj Finserv Ltd.	
	Bajaj Holdings & Investment Ltd.	
	Bajaj Housing Finance Ltd. (high value debt listed)	
	Finolex Industries Ltd.	
	Glaxosmithkline Pharmaceuticals Ltd.	

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 has 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.

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.

Pursuant to the SEBI Listing Regulations, the senior management is required to make disclosures to the Board relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company at large. As per the disclosures submitted by the senior management, there were no such transactions during FY2022.

Accordingly, the Company has a Board approved code of conduct for Board members and senior management of the Company. This code has been placed on the Company's website and can be accessed at https://www.bajajhousingfinance.in/media/document/9000000028/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 2022. A declaration to this effect signed by the CEO 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 are in accordance with the provisions of the Act.

Familiarisation programme

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

During FY2022, the directors were updated extensively on the following through presentations at Board meetings:

- Risk Management Framework including technological risk, operational risk, financial risk, market risk, compliance risk, etc.
- Regulatory changes having a bearing on industry and Company's business model.
- IT management including cyber security

Details of familiarisation programmes are placed on the Company's website and can be accessed at https://www.bajajhousingfinance.in/media/document/9000000047/familiarisation_programme.pdf

Whistle blower policy/vigil mechanism

The details are covered under Directors' Report.

Related party transactions

All related party transactions entered during FY2022 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 FY2022 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 FY2022 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 and on 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/media/document/1558446810472/rpt_policy.pdf

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 about greater effectiveness and to ensure compliance with the various requirements under the Act, SEBI Listing Regulations and NBFC/HFC Regulations.

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and NBFC/HFC 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 compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. Brief terms of reference are available on website at https://www.bajajhousingfinance.in/media/document/9000000045/terms_of_reference_of_board_committees.pdf

Meetings and attendance

During FY2022, the Committee met 5 times viz. on 26 April 2021, 19 July 2021, 25 October 2021, 17 January 2021 and 11 March 2022. The meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two consecutive meetings.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, internal auditor, representative of statutory auditors 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 FY2022

		No. of Meetings attended during FY2022 (out of 5)	
Name of director	**Category**	**Entitled to attend**	**Attended**
Lila Poonawalla	Chairperson, Non - Executive and Independent	5	5
Sanjiv Bajaj	Non - Executive and Non - Independent	5	5
Anami N Roy*	Non - Executive and Independent	4	4
Dr. Omkar Goswami**	Non-executive, Independent	1	1

* Anami N Roy was appointed as member of the Committee w.e.f. 1 June 2021

** Dr. Omkar Goswami ceased to be Director of the company w.e.f. close of business hours on 9 July 2021

During FY2022, the Board had accepted all recommendations of the Committee.

Nomination and Remuneration Committee

Pursuant to the Act, SEBI Listing Regulations and NBFC/HFC 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 NBFC Regulations.

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/media/document/9000000045/terms_of_reference_of_board_committees.pdf

Meetings and attendance

During FY2022, the Committee met two times. The meetings were held on 26 April 2021 and 11 March 2022.

Table 5: Composition of the Nomination and Remuneration Committee and attendance record of the members for FY2022

		No. of Meetings attended during FY2022 (out of 2)	
Name of director	**Category**	**Entitled to attend**	**Attended**
Lila Poonawalla	Chairperson, Non – Executive and Independent	2	2
Sanjiv Bajaj	Non – Executive and Non - Independent	2	2
Anami N Roy	Non – Executive and Independent	2	2

During FY2022, 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 Board at its meeting held on 17 January 2022 has amended the terms of reference of the Committee in line with SEBI Listing Regulations 2015

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/media/document/9000000045/terms_of_reference_of_board_committees.pdf

Meetings and attendance

During FY2022, the Committee met four times viz., on 26 April 2021, 19 July 2021, 25 October 2021 and 17 January 2022.

Table 6: Composition of the Risk Management Committee and attendance record of the members for FY2022

Name of director/senior executive	Category	No. of Meetings attended during FY2022 (out of 4)	
		Entitled to attend	Attended
Lila Poonawalla	Chairperson, Non – Executive and Independent	4	4
Sanjiv Bajaj	Non – Executive and Non - Independent	4	4
Rajeev Jain	Managing Director	4	4
Atul Jain	Chief Executive Officer	4	4
Niraj Adiani	Chief Risk Officer	4	4
Gaurav Kalani	Chief Financial Officer	4	3
Anurag Jain	Chief Information Officer & Chief Technology Officer	4	4

Gaurav Kalani and Anurag Jain ceased to be member of the committee w.e.f. 17 January 2022.

During FY2022, 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/media/document/9000000045/terms_of_reference_of_board_committees.pdf

Table 7: Composition of the Stakeholders Relationship Committee

Name of director	Category
Anami N Roy	Chairman, Non – Executive and Independent
Sanjiv Bajaj	Non – Executive and Non - Independent
Rajeev Jain	Managing Director

Meetings and attendance

During FY2022, the Committee was constituted on 17 January 2022.

Table 8: Details of the investor complaints received during FY2022

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

R Vijay, Company Secretary acted as the Compliance Officer.

Information Technology (IT) Strategy Committee

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

The Committee meets once in six months. During FY2022, the Committee met two times viz. on 19 July 2021 and 17 January 2022.

Brief terms of reference are available on website at https://www.bajajhousingfinance.in/media/document/9000000045/terms_of_reference_of_board_committees.pdf

During FY2022, the Committee was apprised, *inter-alia,* on IT Infrastructure Projects, Information Security Projects, new business applications, data analytics, further 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:

Sr. No.	Name of director/senior executive	Category
1	Lila Poonawalla	Chairperson, Non – Executive and Independent
2	Sanjiv Bajaj	Non – Executive
3	Rajeev Jain	Managing Director
4	Atul Jain	Chief Executive Officer
5	Gaurav Kalani	Chief Financial Officer
6	Niraj Adiani	Chief Risk Officer
7	Anurag Jain	Chief Information Officer & Chief Technology Officer

Review Committee under the mechanism for Identification and Reporting of Wilful Defaulters (Review Committee)

NHB vide their circular No.74/2015-16 in terms of which HFCs have to provide for a mechanism for identification and reporting of wilful defaults of Rs. 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 promoter / 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 Board had constituted a "Review Committee under the mechanism for identification and reporting of wilful defaulters" effective 19 May 2020.

During FY2022, there have been no instances of declaration of any borrower as a wilful defaulter.

Table 10: Composition of Review Committee for Wilful Defaulter's Identification is as under:

Name of director/senior executive	Category
Lila Poonawalla	Chairperson, Non – Executive and Independent
Sanjiv Bajaj	Non – Executive
Anami N Roy	Non – Executive and Independent
Rajeev Jain	Managing Director
Atul Jain	CEO

Committee of Director for Asset Liability Management

The Board has constituted a Committee of Director for Asset Liability Management. It comprises of Sanjiv Bajaj and Rajeev Jain. The Committee also invites senior executives of the Company.

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

The said Committee meets on a quarterly basis. 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 FY2022, there were no pecuniary relationship/transactions of any non–executive director with the Company, apart from remuneration as directors and transactions in the ordinary course of business and on arm's length basis at par with any member of general public. During FY2022, the Company did not advance any loans to any of its 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 judgment. 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. In view of the increased demands on non-executive directors' participation in Board and Committee meetings and the higher responsibilities they are required to bear in the interest of higher level of excellence in corporate governance, it is proposed that with effect from 1 July 2022, the non-executive directors be paid commission.

The company is seeking approval of shareholders in ensuing AGM for commission/remuneration paid to non-executive directors not exceeding one percent of the net profits of the company for a term of five years.

Details of Remuneration of directors

All non–executive directors are paid sitting fees 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

For FY2022, Rajeev Jain did not draw any remuneration from the Company as per the terms of his appointment.

Management discussion and analysis

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

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').

The status of compliance with SEBI PIT Regulations are reviewed by Audit Committee and Board on annual basis.

Means of communication

Quarterly, half-yearly and annual financial results are published in the Business Standard.

The Company's website 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 AGMs held during last three years:

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM	Voting percentage of shareholders participated		
			Particulars	**% Favour**	**% Against**
13th AGM	19th July 2021 1:30 PM	Issue of non-convertible debentures through private placement	All shareholders	100	0
			Particulars	**% Favour**	**% Against**
12th AGM	15th July 2020 2:00 PM	Issue of non-convertible debentures through private placement	All shareholders	100	0
			Particulars	**% Favour**	**% Against**
11th AGM	18th July 2019 9:00 AM	Issue of non-convertible debentures through private placement	All shareholders	100	0

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

Details of capital market non-compliance, if any

The Company has complied with all applicable legal requirements. No penalty or stricture has been imposed on the Company by 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, CEO 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 chapter read together with the information given in the 'Directors' Report', the section on 'Management Discussion and Analysis' and 'General Shareholder Information', constitute the compliance report on Corporate Governance during FY2022. 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. 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 Cr (Rupees Five Hundred Crore) or more. Accordingly, the Company being one such entity is required to comply with Regulations 27(2) of SEBI Listing Regulations. The Company has been submitting the quarterly corporate governance compliance report to the stock exchange.

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 FY2022	1
Number of complaints disposed of during FY2022	1
Number of complaints pending at the end of FY2022	0

Fees paid to Statutory Auditors

S R B C & CO LLP acted as Statutory Auditors of the Company till 13 November 2021.

A. Fees paid to S R B C & CO LLP, on a consolidated basis including all entities in their network firm/ entity of which they are a part, is given below:

Sr. no.	Particulars	Amount in lakh (₹)
1	Audit Fees	1.00
2.	Limited Review	1.00
3.	Fees for other services	8.00
	Total	**10.00**

M/s. Khandelwal Jain & Co. and M/s. G D Apte & Co. were appointed as joint statutory auditors of the Company effective 16 November 2021.

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

A. M/s Khandelwal Jain & Co:

Sr. No.	Nature of services	Amount in lakh (₹)
1.	Audit Fee	15.00
2.	Limited Review	4.50
3.	Tax Audit	4.00
	Total	**23.50**

*above fee excludes out of pocket expenses and applicable taxes

B. M/s G D Apte & Co:

Sr. No.	Nature of services	Amount in lakh (₹)
1.	Audit Fee	15.00
2.	Limited Review	4.50
	Total	**19.50**

*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 being High Value Debt Listed entity, the corporate governance requirement are applicable for the first time on a comply or explain basis till 31 March 2023.

Discretionary

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.

3. **Reporting of internal auditor**

   The internal auditor reports directly to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION

14th Annual General Meeting

Day and Date	Wednesday, 15 June 2022
Time	4:00 pm
Venue	Bajaj Finserv Corporate Office, Off Pune -Ahmednagar Road, Viman Nagar, Pune - 411 014
Financial Year	1 April 2021 to 31 March 2022

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 FY2022 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 security code is generated.	1st Floor, 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 the said stock exchanges up to 31 March 2023.

Registrar and share transfer agent

Pursuant to conversion of status from private limited company to public limited company, the name of Registrar and Share Transfer Agent of the Company viz., KFin Technologies Private Limited has been changed to KFin Technologies Limited with effect from 24 February 2022.

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 handles all relevant corporate registry services for the company.

Market price data

The Company is not equity listed entity.

Credit Rating

During FY2022, 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 ₹ 22,969.70 crore for the NCD programme, ₹ 1,000 crore for the subordinate debt programme, ₹ 11,000 crore for its bank loan rating programme.

IND AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 4,000 crore for the NCD and for the subordinate debt programme and ₹ 30,000 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.

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 with a programme size of ₹ 1,000 crore.

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.

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.

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 to commodity price risk. Company is operating in India and is not directly exposed to foreign exchange risk and hedging activities.

Plant location

Company being a housing finance company does not have any manufacturing plant.

Address for correspondence

Registrar & Transfer Agent

KFin Technologies Ltd.
(Formerly known as KFin Technologies Private Limited)
Selenium Building, Tower-B, Plot No 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad, Rangareddi, Telangana- 500 032

Contact details:
Toll free no.1800 309 4001 (24*7)
Email ID: einward.ris@kfintech.com
Website: www.kfintech.com

Company

Corporate Office
Cerebrum IT Park, B2 Building, 5th Floor,
Kumar City, Kalyani Nagar,
Pune - 411014, Maharashtra

Contact details:
Phone No. (020) 7157 6072
Email ID: bhflinvestor.service@bajajfinserv.in
Website: www.bajajhousingfinance.in/contact-information

Declaration by Chief Executive Officer

To,
The Board of Directors
Bajaj Housing Finance Limited

I, Atul Jain, Chief Executive Officer 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 2022.

Atul Jain
Chief Executive Officer
Pune : 21 April 2022

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 - 411035.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company and subject to limitation of physical interaction and verification of records caused by Covid 19 Pandemic.

I certify that the following persons are Directors of the Company (during 01/04/2021 to 31/03/2022) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Sanjivnayan Rahulkumar Bajaj	00014615	Chairman
2	Rajeev Jain	01550158	Managing Director
3	Lila Poonawalla	00074392	Independent Director
4	Anami Narayan Prema Roy	01361110	Independent Director

* Dr. Omkar Goswami (DIN 00004258) ceased to be Director of the Company w.e.f. 09/07/2021

Shyamprasad D. Limaye
FCS 1587 CP 572
UDIN: F001587D000197266

Pune: 25 April 2022

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 2022.

To,
The Members of,
Bajaj Housing Finance Limited,
(CIN: U65910PN2008PLC132228)
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune-411035.

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"). Subject to limitation of physical interaction and verification of records caused by Covid 19 Pandemic, while taking review for the financial year, 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 31st March, 2022, 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 31st March, 2022, 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 Limited 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.

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 72,610 Secured non-convertible debentures amounting to have issued Secured NCD of ₹ 7,261.00 Cr (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 Cr towards unsecured non-convertible debentures.

ii. Issued Commercial Papers amounting to ₹ 7,625.00 crores 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.

Shyamprasad D. Limaye
FCS 1587 CP 572
UDIN: F001587D000197211

Pune: 25 April 2022

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 31st March, 2022 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Shyamprasad D. Limaye
FCS 1587 CP 572

Pune: 25 April 2022

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It is only together that we continue to grow

Independent Auditor's Report on the Audit of 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 March 31, 2022, 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 March 31, 2022, 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 'Auditor's 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.

Emphasis of matter

We draw attention to Note 3 to the financial statements, which describes the uncertainty caused by the continuing COVID-19 pandemic and the related probable events which could impact the Company's estimates of impairment of loans to customers.

Our opinion is not modified in respect of this matter.

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 March 31, 2022. 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 Auditor's 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.

Independent Auditor’s Report on the Audit of the Financial Statements (Contd.)

Sr. No.	Key Audit Matters	How our audit addressed the key audit matter
1.	Impairment of financial assets as at balance sheet date (expected credit losses): 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. In the process, a significant degree of judgement has been applied by the management for: • 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.	• 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. • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 06, 2020, May 05, 2021 and June 04, 2021 and tested the implementation of such policy on a sample basis. • 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 and tested the controls around data extraction and validation. • 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.
	Additional considerations on account of COVID-19 Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company’s business operations, resulting in higher loan losses, the Company has maintained a management overlay of ₹ 211 Crore as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company’s responses thereto, the actual credit loss can be different than that being estimated. In view of such high degree of management’s judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter.	• Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company’s policy on one-time restructuring. • Tested the ECL model, including assumptions used, including capturing of PD and LGD and underlying computation. Assessed the floor / minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). Assessed disclosures included in the financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.

Independent Auditor's Report on the Audit of the Financial Statements (Contd.)

Sr. No.	Key Audit Matters	How our audit addressed the key audit matter
2	**IT systems and controls** Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. 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.	• 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 Auditor's 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 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.

Independent Auditor's Report on the Audit of the Financial Statements (Contd.)

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

Auditor's 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.

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 March 31, 2022 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.

Independent Auditor's Report on the Audit of the Financial Statements (Contd.)

Other Matter

The financial statements of the Company for the year ended March 31, 2021 were audited by S R B C & Co. LLP (the erstwhile statutory auditors) who had expressed an unmodified opinion on those statements vide their audit report dated April 26, 2021.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's 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, 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) According to the information and explanations given to us and based on the audit procedures performed by us, we report that, no managerial remuneration has been paid / provided to its directors by the Company during the year ended March 31, 2022.

   (h) With respect to the other matters to be included in the Auditor's 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 39(a) to the financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

Independent Auditor's Report on the Audit of 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.

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

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 22113053AHSPJA4581

Pune, 25 April 2022

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

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 22033632AHSPWI1343

Pune, 25 April 2022

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 to the Members of Bajaj Housing Finance Limited 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-of -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 March 31, 2022, aggregating ₹ 146.36 crore were categorised as credit impaired ("Stage 3") and ₹ 603.69 crore were categorised as those

Annexure "1" to Independent Auditors' Report (Contd.)

where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note No. 8 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.

(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 ₹ 146.36 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 as applicable 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, we report that 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, we report that 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).

Annexure "1" to Independent Auditors' Report (Contd.)

(ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, we report that 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, we report that 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.

(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, reporting under 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.

(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) According to the information and explanations given to us and procedures performed by us, we report that no whistle-blower complaints were received during the year by the Company.

(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.

Annexure "1" to Independent Auditors' Report (Contd.)

(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 in determining the nature and extent of any audit procedures.

(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 him. Accordingly, the provisions section 192 of the Act are not applicable to the Company.

(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) According to the information and explanation given to us, in the group, there are 16 companies forming part of the promoter/promoter group of the Company which are Core Investment Companies (CICs), as defined in the Regulations.

(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 2021-22 or in the immediately preceding financial year 2020-21.

(xviii) During the year, the erstwhile statutory auditors of the Company have resigned consequent to completion of their tenure in terms of Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by Reserve Bank of India. According to the information and explanations given to us and based on the no objection certificate obtained by us from the outgoing auditor, the outgoing statutory auditors do not have any issues, objections or concerns in respect of their resignation.

(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.

(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.

Annexure "1" to Independent Auditors' Report (Contd.)

(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.

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

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 22113053AHSPJA4581

Pune, 25 April 2022

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

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 22033632AHSPWI1343

Pune, 25 April 2022

Annexure 2 to Independent Auditor's Report

(Referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report to the Members of Bajaj Housing Finance Limited 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 March 31, 2022 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.

Auditor's 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

Annexure 2 to Independent Auditor's Report (Contd.)

reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to 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 March 31, 2022, 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 issued by the ICAI.

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

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 22113053AHSPJA4581

Pune, 25 April 2022

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

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 22033632AHSPWI1343

Pune, 25 April 2022

Balance Sheet

(₹ in crore)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	5.	407.03	461.78
Bank balances other than cash and cash equivalents	6.	0.14	255.00
Trade receivables	7.	237.33	310.66
Loans	8.	46,482.07	33,418.90
Investments	9.	1,248.27	3,266.04
Other financial assets	10.	18.48	33.99
		48,393.32	**37,746.37**
Non-financial assets			
Current tax assets (net)		9.08	4.46
Deferred tax assets (net)	11.	15.58	15.26
Property, plant and equipment	12.	78.09	64.32
Intangible assets under development	12.	1.46	-
Intangible assets	12.	19.11	14.57
Other non-financial assets	13.	10.44	13.40
		133.76	**112.01**
Total assets		**48,527.08**	**37,858.38**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	14.		
(I) Trade payables			
(i) Total outstanding dues to micro enterprises and small enterprises		0.18	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises		36.23	20.90
(II) Other payables			
(i) Total outstanding dues to micro enterprises and small enterprises		-	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises		38.17	21.28
Debt securities	15.	16,489.15	11,332.08
Borrowings (other than debt securities)	16.	24,493.17	20,268.52
Deposits	17.	510.00	-
Other financial liabilities	18.	174.42	151.14
		41,741.32	**31,793.92**

Balance Sheet (Contd.)

(₹ in crore)

Particulars	Note No.	As at 31 March 2022	2021
Non-financial liabilities			
Current tax liabilities (net)		20.06	7.39
Provisions	19.	4.05	2.29
Other non-financial liabilities	20.	20.29	22.56
		44.40	**32.24**
EQUITY			
Equity share capital	21.	4,883.33	4,883.33
Other equity	22.	1,858.03	1,148.89
		6,741.36	**6,032.22**
Total liabilities and equity		**48,527.08**	**37,858.38**
Summary of significant accounting policies	4.		

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
Chief Executive Officer

Sanjiv Bajaj
Chairman

Umesh S. Abhyankar
Partner
Membership No.: 113053

Shailesh Shah
Partner
Membership No.: 033632

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Pune: 25 April, 2022

Statement of Profit and Loss

(₹ in crore)

Particulars	Note No.	Year ended 31 March 2022	2021
Revenue from Operations			
Interest income	23.	3,481.75	2,877.43
Fees and commission income	24.	81.85	74.62
Net gain on fair value changes	25.	58.97	59.85
Sale of services	26.	142.02	142.15
Other operating income	27.	2.07	0.65
Total Revenue from operations		**3,766.66**	**3,154.70**
Other Income	28.	0.47	0.58
Total Income		**3,767.13**	**3,155.28**
Expenses			
Finance costs	29.	2,155.31	1,965.87
Fees and commission expense	30.	4.68	1.33
Impairment on financial instruments	31.	181.07	247.21
Employee benefits expenses	32.	348.80	245.76
Depreciation, amortisation and impairment	12.	25.76	21.77
Other expenses	33.	91.65	60.16
Total Expenses		**2,807.27**	**2,542.10**
Profit before tax		**959.86**	**613.18**
Tax expense			
Current tax		250.40	187.00
Deferred tax charge / (credit)		(0.16)	(27.01)
Total tax expense	11.	**250.24**	**159.99**
Profit after tax		**709.62**	**453.19**
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans		(0.64)	1.27
Income tax effect relating to these items that will not be reclassified to profit or loss		0.16	(0.32)
Subtotal (A)		**(0.48)**	**0.95**
(B) Items that will be reclassified to profit or loss in subsequent periods:		-	-
Income tax effect relating to these items that will be reclassified to profit or loss in subsequent periods		-	-
Subtotal (B)		**-**	**-**
Other comprehensive income for the year, net of tax (A + B)		**(0.48)**	**0.95**
Total comprehensive income for the year		**709.14**	**454.14**

Statement of Profit and Loss (Contd.)

(₹ in crore)

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
Earnings per equity share			
(Nominal value per share ₹ 10/-)			
Basic (₹)	34.	1.45	0.93
Diluted (₹)	34.	1.45	0.93
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

Umesh S. Abhyankar
Partner
Membership No.: 113053

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

Shailesh Shah
Partner
Membership No.: 033632

Pune: 25 April, 2022

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Statement of Changes in Equity

a. Equity share capital

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Balance at the beginning of the year	4,883.33	4,883.33
Balance at the end of the year	**4,883.33**	**4,883.33**

b. Other equity

For the year ended 31 March 2022

(₹ in crore)

Particulars	Note No.	Reserves and Surplus: Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	Capital Contribution from Holding-ESOPs	Total other equity
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)	-	-
Add: Recharge liability towards ESOP issued by holding company		-	-	-	19.23	19.23
Less: Payment to holding on account of recharge liability		-	-	-	(19.23)	(19.23)
Balance as at 31 March 2022	**22**	**166.67**	**365.95**	**1,325.41**	**-**	**1,858.03**

For the year ended 31 March 2021

(₹ in crore)

Particulars	Note No.	Reserves and Surplus: Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	Capital Contribution from Holding-ESOPs	Total other equity
Balance as at 31 March 2020		166.67	110.72	417.36	7.05	701.80
Profit after tax		-	-	453.19	-	453.19
Other comprehensive income (net of tax)		-	-	0.95	-	0.95
Total		**166.67**	**110.72**	**871.50**	**7.05**	**1,155.94**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		-	113.30	(113.30)	-	-
Add: Recharge liability towards ESOP issued by holding company		-	-	-	13.36	13.36
Less: Payment to holding on account of recharge liability		-	-	-	(20.41)	(20.41)
Balance as at 31 March 2021	**22**	**166.67**	**224.02**	**758.20**	**-**	**1,148.89**

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
Chief Executive Officer

Sanjiv Bajaj
Chairman

Umesh S. Abhyankar
Partner
Membership No.: 113053

Shailesh Shah
Partner
Membership No.: 033632

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Pune: 25 April, 2022

Statement of cash flows

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flow from operating activities		
Profit before tax	959.86	613.18
Adjustments for:		
Interest income	(3,481.75)	(2,877.43)
Depreciation, amortisation and impairment	25.76	21.77
Impairment on financial instruments	181.07	247.21
Finance Cost	2,155.31	1,965.87
Share based payment expenses	19.23	13.36
Net loss on disposal of property, plant and equipment and intangible assets	0.48	0.44
Provision no longer required written back	(0.05)	-
Service fees for management of assigned portfolio of loans	(112.53)	(103.74)
Net gain on fair value changes	(58.97)	(59.85)
	(311.59)	**(179.19)**
Cash inflow from interest on loans	3,476.05	2,840.61
Cash inflow from service asset	57.13	38.52
Cash outflow towards finance cost	(2,502.59)	(1,669.72)
Cash generated from operations before working capital changes	**719.00**	**1,030.22**
Working capital changes:		
(Increase)/decrease in trade receivables	3.73	(1.97)
(Increase)/decrease in loans	(13,256.65)	(5,698.50)
(Increase)/decrease in other financial assets	265.40	(275.64)
(Increase)/decrease in other non-financial assets	3.32	(8.59)
Increase/(decrease) in trade payables	15.56	(9.69)
Increase/(decrease) in other payables	16.89	3.45
Increase/(decrease) in other financial liabilities	14.95	80.79
Increase/(decrease) in provisions	1.12	1.28
Increase/(decrease) in other non-financial liabilities	(2.27)	(17.08)
	(12,218.95)	(4,895.73)
Income taxes paid (net of refunds)	(242.35)	(180.04)
Net cash used in operating activities (A)	**(12,461.30)**	**(5,075.77)**
Carried forward	(12,461.30)	(5,075.77)

Statement of cash flows (Contd.)

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Brought forward	(12,461.30)	(5,075.77)
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(18.41)	(6.60)
Sale of property, plant and equipment	1.63	1.51
Purchase of intangible assets and intangible assets under development	(10.71)	(8.43)
Investments measured under FVTPL (net)	1,698.08	(314.45)
Purchase of investments measured under amortised cost	(4,900.00)	(3,475.00)
Sale of investments measured under amortised cost	5,400.00	2,975.00
Interest received on investments	26.73	30.93
Net cash generated from / (used) in investing activities (B)	**2,197.32**	**(797.04)**
C. Cash flow from financing activities		
Payment to holding on account of recharge liability	(19.23)	(20.41)
Proceeds from long term borrowings	15,597.40	7,302.31
Repayments towards long term borrowings	(6,923.39)	(3,026.88)
Short term borrowings (net)	1,054.99	1,428.58
Deposits accepted (other than public deposits) (net)	510.00	-
Payment towards principal portion of lease liability	(10.54)	(7.73)
Net cash generated from financing activities (C)	**10,209.23**	**5,675.87**
Net decrease in cash and cash equivalents (A+B+C)	**(54.75)**	**(196.94)**
Cash and cash equivalents at the beginning of the year	**461.78**	**658.72**
Cash and cash equivalents at the end of the year	**407.03**	**461.78**

Notes:

1) The above statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard 7 - Statement of cash flows.
2) Refer note no. 40 for change in liabilities arising from financing activities.
3) Components of cash and cash equivalents are disclosed in note no. 5.

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

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

Shailesh Shah
Partner
Membership No.: 033632

Pune: 25 April, 2022

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') (Corporate ID No.: U65910PN2008PLC132228) was incorporated as a subsidiary of Bajaj Finserv Limited ('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 Limited (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 Limited (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 (FY2018). 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.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 25 April 2022, Board of Directors of the Company approved and recommended the audited 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 per 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 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') and 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') issued by RBI. 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 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. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

3. Presentation of Financial Statements

The Company presents its balance sheet in the order of liquidity.

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

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

3. Presentation of Financial Statements (Contd.)

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 Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

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.:

i) Business model assessment (Refer note no. 4.4.(i))
ii) Fair value of financial instruments (Refer note no. 4.14, 46 and 47)
iii) Impairment of financial assets (Refer note no. 4.4.(i), 8, 48)
iv) Provisions and other contingent liabilities (Refer note no. 4.9 and 39(a))
v) Provision for tax expenses (Refer note no. 4.5)

Estimation of impairment allowance on financial assets amidst COVID-19 pandemic

Estimates and associated assumptions used for determining the impairment allowance on the Company's financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. The Company has used One Time Restructuring (OTR 1 and 2) and repayment moratorium on loans as early indicators suggesting higher flow rates and loss given default and accordingly accounted for commensurate expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by resurgence of the COVID-19 pandemic and related events could further influence the estimate of credit losses.

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.

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

4. Summary of significant accounting policies (Contd.)

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 measured at fair value of the consideration received or receivable.

(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.

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 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 for a fee is retained, recognises the fair value of future service fee income and service obligations cost on net basis as service fee income in the statement of profit and loss and, correspondingly creates a service asset in balance sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an reversal in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 - 'Financial instruments'.

(d) 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.

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

4. Summary of significant accounting policies (Contd.)

(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.

4.2 Expenditures

(i) Finance Cost

Borrowing costs 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 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. Trade receivables and payables, loan receivables, investments in securities, debt securities and other borrowings, equity capital etc. are some examples of financial instruments.
All financial instruments are at amortised cost, unless otherwise specified."

Date of recognition

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. 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. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

4. Summary of significant accounting policies (Contd.)

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

a) <u>Debt instruments at amortised cost:</u>

The Company measures its financial assets 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.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. 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) <u>Debt instruments at FVOCI:</u>

The Company subsequently classifies its financial assets 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 recognized in the Other Comprehensive Income (OCI). The interest

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

4. Summary of significant accounting policies (Contd.)

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 and dividend income is recorded in interest income and dividend income respectively 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.

The Company's investments into mutual funds, Government securities (trading portfolio), commercial papers and certificate of deposits for trading and short term cash flow management have been classified under this category.

Derecognition of Financial Assets:

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

a) The rights to receive cash flows from the asset have expired; or

b) 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 for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the 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.

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

4. Summary of significant accounting policies (Contd.)

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 on 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.

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 instrument ('lifetime ECL').

One time restructuring of loan accounts allowed by RBI vide circular resolution framework for COVID-19 related stress to the extent having no overdues have been considered to have a significant increase in credit risk and accordingly classified under stage 2.

Financial assets (and the related impairment allowances) 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.

The treatment of the different stages of financial assets and the methodology of determination of ECL is set out below.

a) <u>Credit impaired (stage 3)</u>

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

a) Contractual payments of either principal or interest are past due for more than 90 days;

b) 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 continue to be in stage 3 until they exhibit regular payment of

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

4. Summary of significant accounting policies (Contd.)

renegotiated principal and interest over a minimum observation period, typically 12 months post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

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

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 upto 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- post renegotiation 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.

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 instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application / behavioural score cards 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 reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

4. Summary of significant accounting policies (Contd.)

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 recaliberates 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. 48.

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 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. Few examples of financial liabilities are trade payables, debt securities and other borrowings.

Initial measurement:

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

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

4. Summary of significant accounting policies (Contd.)

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 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 if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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.

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

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

4. Summary of significant accounting policies (Contd.)

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 standalone financial statements for the year ended 31 March 2022 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.7 Intangible assets and amortization thereof

Intangible assets, representing softwares, licenses etc. are initially recognised at cost and subsequently carried at cost less accumulated amortization 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 from use or disposal. 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. 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.

4. Summary of significant accounting policies (Contd.)

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.

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 & 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.

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

4. Summary of significant accounting policies (Contd.)

4.13 Leases

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

(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 payment discounted using the Company's incremental cost of borrowing rate and directly attributable cost. Subsequently, the lease liability is –

(i) increased by interest on lease liability;

(ii) reduce by lease payment made; and

(iii) 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 payment discounted using the Company's incremental cost of borrowing rate 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. Short-term leases and leases of low-value assets :The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(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.

4.14 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. 46 and 47.

4. Summary of significant accounting policies (Contd.)

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.

4.15 Earnings Per Share

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.

4.16 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.

4.17 Recent Indian Accounting Standards / Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

a) Ind AS 103 – Reference to Conceptual Framework
The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

b) Ind AS 16 – Proceeds before intended use
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

c) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract
The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.
d) Ind AS 109 – Annual Improvements to Ind AS (2021)

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

4. Summary of significant accounting policies (Contd.)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

e) Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements."

4.18 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.

4.19 Statement of cash flow

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of: (i) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; (ii) changes during the period in operating receivables and payables; and (iii) all other items for which the cash effects are investing or financing cash flows. Cash and cash equivalents shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

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 standalone financial statements for the year ended 31 March 2022 (Contd.)

5 Cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Cash on hand	-	-
Balances with banks:		
In current accounts*	156.35	211.61
Fixed deposits (with original maturity of 3 months or less)	250.68	250.17
	407.03	**461.78**

*includes ₹ 0.13 crore in current account maintained for employees care fund.

6 Bank balances other than cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with banks		
In fixed deposits (with orignal maturity more than 3 months)	0.14	255.00
	0.14	**255.00**

7 Trade receivables

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Considered good - Unsecured		
Service asset	235.45	180.05
Fees, commission and others	1.88	130.61
	237.33	**310.66**

Impairment allowance recognised on trade and other receivables is ₹ Nil (Previous year: ₹ Nil).
- 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 respectively in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at 31 March 2022

Particular	Not due	Unbilled	Outstanding for following periods from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables								
Considered good	235.45	-	1.88	-	-	-	-	237.33

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

7 Trade receivables (Contd.)

Trade receivables ageing schedule as at 31 March 2021

Particular	Not due	Unbilled	Outstanding for following periods from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables								
Considered good	305.07	-	5.59	-	-	-	-	310.66

8 Loans

(₹ in crore)

Particulars	As at 31 March 2022 At amortised Cost	At FVOCI*	Total	As at 31 March 2021 At amortised Cost	At FVOCI*	Total
Term Loan						
Secured						
Against equitable mortgage of immovable property	9,937.77	35,384.75	45,322.52	6,993.76	25,462.46	32,456.22
Less: Impairment loss allowance	104.02	339.91	443.93	53.54	283.54	337.08
	9,833.75	**35,044.84**	**44,878.59**	**6,940.22**	**25,178.92**	**32,119.14**
Unsecured						
Unsecured loans	1,627.14	-	1,627.14	1,318.44	-	1,318.44
Less: Impairment loss allowance	23.66	-	23.66	18.68	-	18.68
	1,603.48	**-**	**1,603.48**	**1,299.76**	**-**	**1,299.76**
	11,437.23	**35,044.84**	**46,482.07**	**8,239.98**	**25,178.92**	**33,418.90**
Out of above (i):						
Loans in India						
Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Others	11,564.91	35,384.75	46,949.66	8,312.20	25,462.46	33,774.66
Less: Impairment loss allowance	127.68	339.91	467.59	72.22	283.54	355.76
	11,437.23	**35,044.84**	**46,482.07**	**8,239.98**	**25,178.92**	**33,418.90**
Loans outside India	-	-	-	-	-	-
	11,437.23	**35,044.84**	**46,482.07**	**8,239.98**	**25,178.92**	**33,418.90**
Out of above (ii):						
(a) Secured by tangible	9,524.20	35,044.84	44,569.04	6,520.37	25,178.92	31,699.29
(b) Secured by intangible assets	-	-	-	-	-	-
(c) Covered by Bank/ Government Guarantee	309.55	-	309.55	419.85	-	419.85
(d) Unsecured	1,603.48	-	1,603.48	1,299.76	-	1,299.76
	11,437.23	**35,044.84**	**46,482.07**	**8,239.98**	**25,178.92**	**33,418.90**

* The net value is the fair value of these loans

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

8 Loans (Contd.)

Summary of loans by stage distribution

(₹ in crore)

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2*	Stage 3	Total	Stage 1	Stage 2*	Stage 3	Total
Gross carrying amount	46,199.61	603.69	146.36	46,949.66	32,996.17	659.36	119.13	33,774.66
Less: Impairment loss allowance	259.95	128.17	79.47	467.59	178.68	131.88	45.20	355.76
Net carrying amount	**45,939.66**	**475.52**	**66.89**	**46,482.07**	**32,817.49**	**527.48**	**73.93**	**33,418.90**

* Net carrying amount in Stage 2 includes nondelinquent account restructured under RBI resolution framework for COVID-19-related stress of ₹ 286 crore (previous year ₹ 366 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 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**

(₹ in crore)

Particulars	For the year ended 31 March 2021							
	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	**27,778.42**	**89.01**	**293.91**	**22.60**	**23.70**	**9.01**	**28,096.03**	**120.62**
Transfer during the year								
Transfer to stage 1	11.19	1.17	(10.59)	(1.05)	(0.60)	(0.12)	-	-
Transfer to stage 2	(413.53)	(1.33)	416.16	2.23	(2.63)	(0.90)	-	-
Transfer to stage 3	(102.54)	(0.38)	(33.86)	(4.02)	136.40	4.40	-	-
	(504.88)	**(0.54)**	**371.71**	**(2.84)**	**133.17**	**3.38**	**-**	**-**
Impact of changes in credit risk on account of stage movements		(1.11)		89.72		34.68	-	123.29
Changes in opening credit exposures (additional disbursement net of repayments)	(7,855.31)	15.86	(79.03)	8.62	(30.91)	8.09	(7,965.25)	32.57
New credit exposures during the year, net of repayments	13,577.94	75.46	72.77	13.78	4.87	1.74	13,655.58	90.98
Amounts written off during the year	-	-	-	-	(11.70)	(11.70)	(11.70)	(11.70)
Balance as at the end of the year	**32,996.17**	**178.68**	**659.36**	**131.88**	**119.13**	**45.20**	**33,774.66**	**355.76**

The Company has not given any loans or advances in the nature of loans granted to promoters, directors, KMPs and the related parties, either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

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

8 Loans (Contd.)

Details of impairment of financial instruments disclosed in the statement of profit and loss :

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Net impairment loss allowance charge/ (release) for the year	111.83	235.14
Amounts written off during the year	69.24	11.70
Impairment on loans	181.07	246.84
Add: Impairment on other assets	-	0.37
Impairment on financial instruments	**181.07**	**247.21**

9 Investments

(₹ in crore)

Particulars	As at 31 March 2022	2021
(i) At fair value through profit or loss		
In mutual funds*	580.62	2,755.34
Add: Fair value gain	0.20	1.98
	580.82	**2,757.32**
In Government Securities / T-Bill	666.90	-
Add: Fair value gain	0.55	-
	667.45	-
Total (i)	1,248.27	2,757.32
(ii) At Amortised cost		
In Fixed deposits	-	508.72
Total (ii)	**-**	**508.72**
Total (i) + (ii)	**1,248.27**	**3,266.04**

Out of above:

(₹ in crore)

Particulars	As at 31 March 2022	2021
In India	1,248.27	3,266.04
Outside India	-	-
	1,248.27	**3,266.04**

* Includes investment in mutual fund towards employee care ₹ 0.56 crore (Previous year ₹ Nil).

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

10 Other financial assets

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits	6.98	5.53
Others*	11.50	28.46
	18.48	**33.99**

Impairment allowance recognised on other financial assets is ₹ Nil (Previous year: ₹ Nil).

* Includes receivable from assignment pool and amount refundable from Government of India towards Scheme for grant of ex-gratia payment of difference between compound interest and simple interest to borrowers.

11 Deferred tax assets (net)

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

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Profit before tax	959.86	613.18
At corporate tax rate of 25.17% (Previous year: 25.17%)	241.60	154.34
Tax on expenditure not considered for tax provision (net of allowance)	8.78	5.76
Tax on additional deductions	(0.14)	(0.11)
Tax expense (effective tax rate of 26.12%, Previous year 26.09%)	**250.24**	**159.99**

Deferred tax assets (net) recorded in Balance Sheet

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax relates to the following:		
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	1.01	0.22
Depreciation, amortisation and impairment	0.92	0.97
Impairment on Financial Instruments	105.38	76.91
EIR impact on financial instruments measured at amortised cost	0.77	0.76
Lease liability	1.03	0.94
Total of deferred tax assets	109.11	79.80
Deferred tax liabilities		
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	33.82	18.72
Service fees for management of assigned portfolio of loans	59.26	45.32
Unrealised net gain on fair value changes	0.45	0.50
Total of deferred tax liabilities	93.53	64.54
Deferred tax assets/ (liabilities), net	**15.58**	**15.26**

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

11 Deferred tax assets (net) (Contd.)

Changes in deferred tax assets recorded in profit or Loss

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.63)	(0.02)
Impairment on financial instruments	(28.47)	(52.68)
Depreciation, amortisation and impairment	0.05	0.14
EIR impact on financial instruments measured at amortised cost	(0.01)	0.44
Service fees for management of assigned portfolio of loans	13.94	16.42
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	15.10	10.57
Lease liability	(0.09)	(0.48)
Unrealised net gain/(loss) on fair value changes	(0.05)	(1.40)
Total	**(0.16)**	**(27.01)**

Changes in deferred tax recorded in other comprehensive income

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.16)	0.32
	(0.16)	**0.32**

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

12 Property, plant and equipment and intangible assets

For the year ended 31 March 2022

(₹ in crore)

Particulars	Gross Block				Depreciation, amortisation and impairment				Net block
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions/ adjustments	For the year	As at 31 March 2022	As at 31 March 2022
Property, plant and equipment [a]									
Buildings	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 [b]									
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**

For the year ended 31 March 2021

(₹ in crore)

Particulars	Gross Block				Depreciation, amortisation and impairment				Net block
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
Property, plant and equipment [a]									
Buildings	2.39	-	-	2.39	0.34	-	0.04	0.38	2.01
Computers	15.96	0.14	1.40	14.70	6.13	0.58	1.60	7.15	7.55
Furniture and Fixtures	10.64	0.26	0.09	10.81	3.43	0.04	0.85	4.24	6.57
Vehicles	6.92	2.15	0.63	8.44	2.33	0.31	0.76	2.78	5.66
Office equipment	11.79	3.03	1.28	13.54	3.01	0.70	3.59	5.90	7.64
Lease hold improvement	12.23	1.02	0.47	12.78	3.71	0.27	2.67	6.11	6.67
Right-of-use - Premises	44.91	0.96	0.05	45.82	8.09	0.09	9.60	17.60	28.22
Total (i)	**104.84**	**7.56**	**3.92**	**108.48**	**27.04**	**1.99**	**19.11**	**44.16**	**64.32**
Intangible assets [b]									
Computer Software	9.77	9.25	-	19.02	1.79	-	2.66	4.45	14.57
Total (ii)	**9.77**	**9.25**	**-**	**19.02**	**1.79**	**-**	**2.66**	**4.45**	**14.57**
Total (i) + (ii)	**114.61**	**16.81**	**3.92**	**127.50**	**28.83**	**1.99**	**21.77**	**48.61**	**78.89**

Notes

(a) See note no. 4.6 and 4.13

(b) See note no. 4.7

(c) 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.

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

12 Property, plant and equipment and intangible assets (Contd.)

12.A Intangible assets under development aging as at 31 March 2022

(₹ in crore)

Intangible assets under development	Period				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in porgress	1.46	-	-	-	1.46

Intangible assets under development aging as at 31 March 2021

(₹ in crore)

Intangible assets under development	Period				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in porgress	-	-	-	-	-

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

13 Other non-financial assets

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances	0.98	0.62
Advances to suppliers and others*	9.46	12.78
Total	**10.44**	**13.40**

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

14 Payables

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Total outstanding dues of micro enterprises and small enterprises#	0.18	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	36.23	20.90
Total	**36.41**	**20.90**
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	38.17	21.28
Total	**38.17**	**21.28**

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

14 Payables (Contd.)

Trade Payable aging schedule as at 31 March 2022

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

Trade Payable aging schedule as at 31 March 2021

Particulars	Not due	Unbilled	Outstanding from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	19.92	0.96	0.01	0.01	-	20.90

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 2022	As at 31 March 2021
Principal amount due to suppliers under MSMED Act, as at the year end (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	4.62	0.04
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	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	-	-

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

15 Debt securities

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Secured		
Privately placed redeemable non-convertible debentures*	11,730.67	7,963.33
	11,730.67	7,963.33
Unsecured		
Borrowings by issue of commercial paper	3,997.23	2,861.41
Privately placed partly paid redeemable non-convertible debentures	761.25	507.34
	4,758.48	3,368.75
Total	**16,489.15**	**11,332.08**
Out of above		
In India	16,489.15	11,332.08
Outside India	-	-
Total	**16,489.15**	**11,332.08**

* Privately placed redeemable non-convertible debentures are secured by a first pari-passu charge by mortgage of Company's office at Unit No.804, admeasuring 2,610 sq. ft. 8th Floor, Block-A of Wing Delta, bearing old Door nos. 113 to 122 and 128 to 134 and New No.177, Raheja Towers, Anna Salai, Mount Road, Chennai – 600 002 of nominal value and debts/ loan receivables under financing activity as stated in the respective information memorandum.
Quarterly returns or statements of current assets filed by the Company with banks or financial institutions or debenture trustees are in agreement with the books of accounts.
The Company has no pending charges or satisfaction which are required to be registered with ROC.

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2022

(₹ in crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Issued at par and redeemable at par					
366-730	900.00	3,225.52	-	-	4,125.52
731-1095	165.00	1,075.00	-	-	1,240.00
1096-1460	960.00	-	2,999.00	330.00	4,289.00
More than 1460	-	-	-	1,321.67	1,321.67
Issued at par and redeemable at premium					
1096-1460	834.26	-	-	-	834.26
Issued at discount and redeemable at par					
1096-1460	24.34	-	113.89	-	138.22
Interest accrued	544.45	-	6.33	-	550.77
Impact of EIR					(7.54)
Total					**12,491.92**

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2022.
As at 31 March 2022, partly called and paid unsecured debentures of ₹ 761.25 crore.
Amount to be called and paid is ₹105 crore each in Feb 2023, Feb 2024, Feb 2025 and ₹120 crore in Feb 2026.
Amount to be called and paid is ₹147 crore each Mar 2023, Mar 2024 and ₹168 crore in Mar 2025.

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

15 Debt securities (Contd.)

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2021

(₹ in crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Issued at par and redeemable at par					
366-730	-	900.00	-	-	900.00
731-1095	758.06	165.00	1,075.00	-	1,998.06
1096-1460	79.51	960.00	-	-	1,039.51
More than 1460	-	-	-	504.00	504.00
Issued at par and redeemable at premium					
366-730	428.29	-	-	-	428.29
731-1095	1,848.51	834.26	-	-	2,682.77
Issued at discount and redeemable at par					
731-1095	-	24.34	-	-	24.34
Interest accrued	730.72	174.90	-	-	905.62
Impact of EIR					(11.91)
Total					**8,470.67**

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2021.
As at 31 March 2021, partly called and paid unsecured debentures of ₹ 507.35 crore.
Amount to be called and paid is ₹105 crore each in Feb 2022,Feb 2023, Feb 2024, Feb 2025 and ₹120 crore in Feb 2026.
Amount to be called and paid is ₹147 crore each in Mar 2022,Mar 2023, Mar 2024 and ₹168 crore in Mar 2025.

Terms of repayment of commercial paper as at 31 March 2022

(₹ in crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Issued at discount and redeemable at par					
Upto 365	3,998.13	-	-	-	3,998.13
Interest accrued	-	-	-	-	-
Impact of EIR					(0.90)
Total					**3,997.23**

Interest rate ranges from 3.91 % p.a. to 5.15 % p.a. as at 31 March 2022.
Face value of commercial paper is ₹ 4,075 crore as at 31 March 2022 (Previous year ₹ 2,925 crore).

Terms of repayment of commercial paper as at 31 March 2021

(₹ in crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Issued at discount and redeemable at par					
Upto 365	2,861.98	-	-	-	2,861.98
Interest accrued	-	-	-	-	-
Impact of EIR					(0.57)
Total					**2,861.41**

Interest rate ranges from 3.65 % p.a. to 4.55 % p.a.as at 31 March 2021.
Face value of commercial paper is ₹ 2,925 crore as at 31 March 2021 (Previous year ₹ 1,515 crore).

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

16 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Secured*		
Term loans from banks	24,493.17	20,187.36
Loans repayable on demand from banks		
Cash credit / Overdraft facility	-	61.16
Working capital demand loan	-	20.00
Total	**24,493.17**	**20,268.52**
Out of above:		
In India	24,493.17	20,268.52
Outside India	-	-
Total	**24,493.17**	**20,268.52**

* Secured against hypothecation of book debts, loan receivables and other receivables.
Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
The Company has no pending charges or satisfaction which are required to be registered with ROC.

Terms of repayment of term loans as at 31 March 2022

(₹ in crore)

Original maturity of loan (as per Sanction) (In no.of days)	Due within 1 year Total No. of instalments	Due within 1 year ₹ in crore	Due 1 to 2 Years Total No. of instalments	Due 1 to 2 Years ₹ in crore	Due 2 to 3 Years Total No. of instalments	Due 2 to 3 Years ₹ in crore	More than 3 years Total No. of instalments	More than 3 years ₹ in crore	Total ₹ in crore
Quarterly Principal Payment									
1096-1460	4	62.50	4	181.25	5	350.00	-	-	593.75
More than 1460	121	2,359.25	107	2,229.25	66	1,512.57	75	2,447.59	8,548.66
Half yearly Principal Payment									
1096-1460	2	142.86	2	142.86	2	142.86	-	-	428.57
More than 1460	27	1,250.95	38	1,529.29	33	1,203.33	79	3,244.36	7,227.92
Yearly Principal Payment									
More than 1460	14	875.00	13	850.00	8	830.00	7	600.00	3,155.00
Bullet Payment on maturity									
Upto 1095	4	50.00	1	175.00	-	-	-	-	225.00
1096-1460	1	211.25	2	961.25	5	2,000.00	-	-	3,172.50
More than 1460	-	-	3	650.00	-	-	1	500.00	1,150.00
Interest accrued	6	1.03							1.03
Impact of EIR									(9.26)
Total									**24,493.17**

Interest rate ranges from 5.05 % p.a. to 7.12 % p.a. as at 31 March 2022.

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

16. Borrowings (other than debt securities) (Contd.)

Terms of repayment of term loans as at 31 March 2021

(₹ in crore)

Original maturity of loan (as per Sanction) (In no.of days)	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	₹ in crore
Monthly Principal Payment									
Upto 1095	12	150.00	4	50.00	-	-	-	-	200.00
Quarterly Principal Payment									
Upto 1095	2	50.00	-	-	-	-	-	-	50.00
1096-1460	2	31.25	4	62.50	2	31.25	2	200.00	325.00
More than 1460	88	1,395.83	109	2,079.17	95	1,949.17	114	3,540.42	8,964.58
Half yearly Principal Payment									
More than 1460	15	717.62	22	1,167.62	26	1,342.62	47	2,067.69	5,295.54
Yearly Principal Payment									
1096-1460	1	33.32	-	-	-	-	-	-	33.32
More than 1460	11	575.00	13	775.00	12	750.00	8	730.00	2,830.00
Bullet Payment on maturity									
Upto 1095	2	450.00	-	-	-	-	-	-	450.00
1096-1460	1	227.50	1	211.25	2	961.25	-	-	1,400.00
More than 1460	-	-	-	-	3	650.00	-	-	650.00
Interest accrued	6	0.48	-	-	-	-	-	-	0.48
Impact of EIR									(11.56)
Total									**20,187.36**

Interest rate ranges from 5.17 % p.a. to 8.35 % p.a. as at 31 March 2021.

Terms of repayment of working capital demand loan as at 31 March 2021

(₹ in crore)

Original maturity of loan (In no. of days)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
On maturity (Bullet)					
Upto 365	20.00	-	-	-	20.00
Interest accrued	-	-	-	-	-
Impact of EIR	-	-	-	-	-
Total					**20.00**

Interest rate ranges from 6.70 % p.a. to 7.20 % p.a. as at 31 March 2021.

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

17. Deposits

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured		
At Amortised Cost		
From Others (Inter corporate deposit)	510.00	-
Total	**510.00**	**-**

Terms of repayment of Deposits as at 31 March 2022

(₹ in crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
On maturity (Bullet)					
Upto 365	65	-	-	-	65.00
366-730	-	445.00	-	-	445.00
Interest accrued	-	-	-	-	-
Impact of EIR					-
Total					**510.00**

Interest rate ranges from 4.00 % p.a. to 4.10 % p.a.

18. Other financial liabilities

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits	0.08	0.08
Lease Liability*	40.29	31.96
Others**	134.05	119.10
Total	**174.42**	**151.14**

* Disclosures as required by Ind AS 116 - Leases are stated below :

** Includes amount payable to assignment partners and insurance partners.

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

18. Other financial liabilities (Contd.)

a. Lease Liability Movement

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Opening Balance / Transition adjustment	31.96	38.70
Add :		
Addition during the year	19.24	0.96
Interest on Lease Liability	2.46	2.58
Lease modification/ adjustments	-	0.34
Less :		
Deletion during the year	0.37	0.31
Lease rental payments	13.00	10.31
Balance at the end of the year	**40.29**	**31.96**

b. Lease rentals of ₹ 0.89 crores (Previous year ₹ 0.96 crores) pertaining to short-term leases and low value assets has been charged to statement of profit and loss.

c. Future Lease Cash Outflow for all leased assets :

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
- Not later than one year	15.45	11.23
- Later than one year but not later than five years	30.25	22.90
- Later than five years	1.79	2.72

d. Maturity Analysis of Lease Liability:

(₹ in crore)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Lease Liability	11.57	28.72	9.23	22.73

19. Provisions

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Gratuity	1.03	-
Compensated absences	1.37	0.88
Other long term service benefits	1.65	1.41
Total	**4.05**	**2.29**

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

20. Other non-financial liabilities

(₹ in crore)

Particulars	As at 31 March 2022	2021
Statutory Dues	15.08	13.93
Others	5.21	8.63
Total	**20.29**	**22.56**

21. Equity share capital

(₹ in crore)

Particulars	As at 31 March 2022	2021
Authorised		
8,000,000,000 (6,000,000,000) equity shares of ₹ 10 each	8,000.00	6,000.00
Issued		
4,883,333,329 (4,883,333,329) equity shares of ₹ 10 each	4,883.33	4,883.33
Subscribed and paid up		
4,883,333,329 (4,883,333,329) equity shares of ₹ 10 each fully called up and paid up	4,883.33	4,883.33
	4,883.33	**4,883.33**

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

	As at 31 March 2022		As at 31 March 2021	
Equity share capital issued, subscribed and fully paid up	**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
Outstanding at the end of the year	**4,883,333,329**	**4,883.33**	**4,883,333,329**	**4,883.33**

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)

	As at 31 March 2022		As at 31 March 2021	
Particulars	**Nos.**	**₹ in crore**	**Nos.**	**₹ in crore**
Bajaj Finance Limited*	4,883,333,329	4,883.33	4,883,333,329	4,883.33

* A subsidiary of Bajaj Finserv Ltd.

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

21. Equity share capital (Contd.)

d. Details of shareholders holding more than 5% shares in the Company (face value ₹ 10 per share)

	As at 31 March 2022		As at 31 March 2021	
Particulars	**Nos.**	**% Holding**	**Nos.**	**% Holding**
Bajaj Finance Limited (Holding Company)	4,883,333,329	100.00%	4,883,333,329	100.00%

e. Details of shareholding of promoters

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 Limited	4,883,333,329	100.00%	0.00%

Shares held by promoters at the year ended 31 March 2021

S.N.	Promoter name	No. of Shares	% of total shares	% Changes during the year
1	Bajaj Finance Limited	4,883,333,329	100.00%	0.00%

f. Refer note 43. on Capital

22. Other equity

(₹ in crore)

	As at 31 March	
Particulars	**2022**	**2021**
(i) Securities premium		
Balance as at the beginning of the year	166.67	166.67
Balance as at the end of the year (i)	**166.67**	**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	126.96	78.32
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	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	74.40	32.40
Total	**224.02**	**110.72**
Addition / appropriation / withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	81.93	48.64
b) Additional amount transferred u/s 29C of the NHB Act, 1987	-	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	60.00	42.00

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

22. Other equity (Contd.)

(₹ in crore)

Particulars	As at 31 March 2022	2021
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 as at the end 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
Balance as at the end of the year (ii)	**365.95**	**224.02**
(iii) Retained earnings		
Balance as at the beginning of the year	758.20	417.36
Profit for the year	709.62	453.19
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(0.48)	0.95
	1,467.34	**871.50**
Less: Appropriations:		
Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987	81.93	48.64
Transfer to additional statutory reserve in terms of Section 29C of the NHB Act, 1987	-	22.66
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	60.00	42.00
Total appropriations	**141.93**	**113.30**
Balance as at the end of the year (iii)	**1,325.41**	**758.20**
(iv) Capital Contribution from Holding-ESOPs		
Balance as at the beginning of the year	-	7.05
Add: fair value of stock options issued by holding company	19.23	13.36
Less: Payment to holding company towards employee stock option plan (Refer Note no 49)	(19.23)	(20.41)
Balance as at the end of the year (iv)	**-**	**-**
Total (i) to (iv)	**1,858.03**	**1,148.89**

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.

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

22. Other equity (Contd.)

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 five percent of it's 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).

iv. Capital Contribution from Holding-ESOPs

Represents fair value of ESOPs issued by the Holding Company to the employees of the Company.

v. Other comprehensive income

On loans

The Comapny 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. The table gives details of movement of fair value changes:

(₹ in crore)

Particulars	As at 31 March 2022	2021
Balance as at the beginning of the year	-	-
Fair value changes	56.37	200.62
Impairment loss allowances transferred to profit or loss	(56.37)	(200.62)
Balance as at the end of the year	**-**	**-**

23. Interest income

(₹ in crore)

Particulars	Year ended 31 March 2022 – On financial assets measured at Amortised Cost	FVOCI	FVTPL	Total	Year ended 31 March 2021 – On financial assets measured at Amortised Cost	FVOCI	FVTPL	Total
On loans*	1,031.58	2,432.06	-	3,463.64	816.96	2,015.85	-	2,832.81
On investments	-	-	7.15	7.15	-	-	1.53	1.53
On deposits with Banks	10.96	-	-	10.96	43.09	-	-	43.09
Total	**1,042.54**	**2,432.06**	**7.15**	**3,481.75**	**860.05**	**2,015.85**	**1.53**	**2,877.43**

*As per effective interest rate (EIR). Refer note no. 4.1(i)

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

24. Fees and commission income

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Distribution income	33.23	14.75
Fees on value added services and products	7.63	4.94
Service and administration charges	30.69	50.40
Foreclosure income	10.30	4.53
Total	**81.85**	**74.62**

25. Net gain on fair value changes

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Net gain/ (loss) on financial instruments measured at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on investments at FVTPL	60.21	65.44
Unrealised gain/(loss) on investments at FVTPL	(1.24)	(5.59)
Total	**58.97**	**59.85**

26. Sale of services

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Service charges	29.49	38.41
Service fees for management of assigned portfolio of loans	112.53	103.74
Total	**142.02**	**142.15**

27. Other operating income

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Recoveries against financial assets	1.44	0.58
Miscellaneous charges and receipts	0.63	0.07
Total	**2.07**	**0.65**

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

28. Other income

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sundry credit balances appropriated	0.05	-
Income from Rent	0.19	0.19
Interest on income tax refund	0.10	0.37
Miscellaneous income	0.13	0.02
Total	**0.47**	**0.58**

29. Finance costs

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
On financial liabilities measured at amortised cost:		
On debt securities	745.20	623.89
On borrowings other than debt securities	1,400.13	1,335.04
On Deposits	7.52	-
On lease liability	2.46	2.58
On others	-	4.36
Total	**2,155.31**	**1,965.87**

30. Fees and commission expense

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Commission and incentives	0.11	0.04
Loan portfolio management service charges	4.57	1.29
Total	**4.68**	**1.33**

31. Impairment on financial instruments

(₹ in crore)

Particulars	Year ended 31 March 2022			Year ended 31 March 2021		
	At Amortised Cost	At FVOCI	FVTPL	At Amortised Cost	At FVOCI	Total
On loans	50.11	130.96	181.07	40.82	206.02	246.84
On Others	-	-	-	0.37	-	0.37
Total	**50.11**	**130.96**	**181.07**	**41.19**	**206.02**	**247.21**

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

32. Employee benefits expenses

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Employees emoluments	304.72	209.23
Contribution to provident fund and other funds	14.93	12.01
Share based payments to employees	19.23	13.36
Staff welfare expenses	9.92	11.16
Total	**348.80**	**245.76**

33. Other expenses

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Travelling expenses	17.34	7.05
Information technology expenses	13.97	11.44
Repairs and maintenance	8.06	7.50
Communication expenses	7.31	5.54
Advertisement, branding and promotion	5.16	5.91
Outsourcing / back office expenses	5.08	3.75
Rent, taxes and energy cost	4.43	3.41
Legal and professional charges	3.73	1.79
Bank charges	1.93	1.64
Printing and stationery	1.43	0.98
Director's fees	0.50	0.22
Net loss on sale of property, plant and equipment	0.48	0.44
Business support services	0.34	0.21
Insurance	0.19	0.12
Customer experience	0.11	0.71
Auditor's fees and expenses*	0.52	0.10
Expenditure towards Corporate Social Responsibility activities **	7.67	3.91
Miscellaneous expenses	13.40	5.44
Total	**91.65**	**60.16**

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

33. Other expenses (Contd.)

*** Payment to auditor**

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
As auditor		
Audit fee	0.30	0.01
Tax audit fee ₹ 25,000 (Previous year ₹ 25,000)		
Limited review fee	0.04	0.01
In other capacity		
Other services	0.12	0.07
Reimbursement of expenses	0.02	0.01
Total	**0.48**	**0.09**
Total including GST disallowance	**0.52**	**0.10**

**** Corporate Social Responsibility expenditure**

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Gross amount required to be spent by the Company during the year	7.67	3.91
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	7.38	-
(ii) On purposes other than (i) above	0.29	3.91
(c) Excess / (Shortfall) at the end of the year	-	-
(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 and ii	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 standalone financial statements for the year ended 31 March 2022 (Contd.)

34. 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:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders (₹ in crore) (A)	709.62	453.19
Weighted average number of equity shares for basic and diluted earnings per share (B)	4,883,333,329	4,883,333,329
Weighted average number of equity shares for diluted earnings per share (C)	4,883,333,329	4,883,333,329
Earning Per Share (basic) (₹) (A/B)	**1.45**	**0.93**
Earning Per Share (diluted) (₹) (A/C)	**1.45**	**0.93**

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 7th April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45 These shares would be considered for computing 'Earnings per share' from the quarter ending June 30, 2022 onwards.

35. 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.

36. 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.

37. Revenue from contract with customers

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Type of Services		
Distribution income	33.23	14.75
Fees on value added services and products	7.63	4.94
Service and administration charges	30.69	50.40
Foreclosure income	10.30	4.53
Total	**81.85**	**74.62**

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

37. Revenue from contract with customers (Contd.)

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Geographical markets		
India	81.85	74.62
Outside India	-	-
Total	**81.85**	**74.62**
Timing of revenue recognition		
Services transferred at a point in time	81.85	74.62
Services transferred over time	-	-
Total	**81.85**	**74.62**

Contract balances

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Fees, commission and other receivables	1.34	0.56

Impairment allowance recognised for contract balances is Nil (Previous year: Nil)

38. 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	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation as at the beginning of the year	21.25	17.13
Current service cost	3.91	3.70
Interest on defined benefit obligation	1.44	1.14
Remeasurement (gain)/ loss:		
Actuarial (gain)/ loss arising from change in financial assumptions	(0.72)	(0.32)
Actuarial (gain)/ loss arising from change in demographic assumptions	-	-
Actuarial (gain)/ loss arising on account of experience changes	1.08	(1.03)
Benefits paid	(1.37)	(0.34)
Liabilities assumed / (settled)*	-	0.98
Defined benefit obligation as at the end of the year	**25.58**	**21.25**

* On account of business combination within the group

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

38. Employee benefits plan (Contd.)

(ii) Movement in plan assets

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Fair value of plan asset as at the beginning of the year	22.66	17.37
Employer contributions	1.95	3.53
Interest on plan assets	1.59	1.20
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.28)	(0.08)
Benefits paid	(1.37)	(0.34)
Assets acquired / (settled)*	-	0.98
Fair value of plan asset as at the end of the year	**24.55**	**22.66**

* On account of business combination within the group

(iii) Reconciliation of net liability/ (asset)

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Net defined benefit liability/ (asset) as at the beginning of the year	(1.41)	(0.24)
Expense charged to statement of profit & loss	3.76	3.63
Amount recognised in other comprehensive income	0.64	(1.27)
Employers contribution	(1.95)	(3.53)
Net defined benefit liability/ (asset) as at the end of the year	**1.03**	**(1.41)**

(iv) Expenses charged to the statement of profit and loss

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Current service cost	3.91	3.70
Interest cost	(0.15)	(0.07)
Total	**3.76**	**3.63**

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

38. Employee benefits plan (Contd.)

(v) Remeasurement (gains)/losses in other comprehensive income

(₹ in crore)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening amount recognised in other comprehensive income	3.41	4.68
Changes in financial assumptions	(0.72)	(0.32)
Changes in demographic assumptions	-	-
Experience adjustments	1.08	(1.03)
Actual return on plan assets less interest on plan assets	0.28	0.08
Closing amount recognized in other comprehensive income	**4.04**	**3.41**

(vi) Amount recognised in Balance Sheet

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of funded defined benefit obligation	25.58	21.25
Fair value of plan assets	24.55	22.66
Net defined benefit liability recognised in balance sheet	**1.03**	**(1.41)**

(vii) Key actuarial assumptions

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate	7.25%	6.95%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100.00%	100.00%

(viii) Sensitivity analysis for significant assumptions is as shown below:

(₹ in crore)

	As at 31 March 2022		As at 31 March 2021	
Particulars	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(0.04)	0.05	(0.05)	0.05
Impact of decrease in 50 bps on defined benefit obligation	0.05	(0.04)	0.05	(0.05)

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

38. Employee benefits plan (Contd.)

Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

(ix) Projected plan cash flow

(₹ in crore)

Particulars	As at 31 March 2022	2021
Maturity Profile		
Expected benefits for year 1	1.64	1.15
Expected benefits for year 2	1.84	1.30
Expected benefits for year 3	1.94	1.48
Expected benefits for year 4	1.99	1.58
Expected benefits for year 5	2.07	1.60
Expected benefits for year 6	2.07	1.60
Expected benefits for year 7	2.06	1.62
Expected benefits for year 8	2.28	1.63
Expected benefits for year 9	2.11	1.87
Expected benefits for year 10 and above	38.92	34.86

(x) Expected contribution to fund in the next year

(₹ in crore)

Particulars	As at 31 March 2022	2021
Expected contribution to fund in the next year	3.00	3.00

B) Long-term service benefit liability

(₹ in crore)

Particulars	As at 31 March 2022	2021
Present value of unfunded obligations	1.65	1.41
Expense recognised in the statement of profit and loss	0.29	0.29
Discount rate (p.a.)	7.25%	6.95%

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

39. Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of :

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Disputed claims against the company not acknowledged as debts	4.23	1.85

(b) Capital and other commitments

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))		
Tangible	1.64	0.25
Intangible	0.13	0.24
(ii) Other commitments (towards partially disbursed / sanctioned but not disbursed)	4,479.84	2,903.08

40. (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 2022

(₹ in crore)

Particulars	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
	31,632.56	**10,228.46**	**(328.41)**	**41,532.61**

For the year ended 31 March 2021

(₹ in crore)

Particulars	As at 1 April 2020	Cash flows	Other*	As at 31 March 2021
Debt Securities	7,823.59	3,217.18	291.31	11,332.08
Borrowing other than Debt Securities	17,776.85	2,486.83	4.84	20,268.52
Deposits	-	-	-	-
Lease Liability	38.70	(7.73)	0.99	31.96
	25,639.14	**5,696.28**	**297.14**	**31,632.56**

* Other includes Interest accrued and EIR adjustments

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

41. 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	Year ended 31 March 2022 Transaction Value	2022 Outstanding amounts carried in Balance Sheet	2021 Transaction Value	2021 Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries & Fellow Subsidiaries :					
1 Bajaj Finserv Limited (Ultimate Holding company)	Secured non-convertible debentures issued	-	(350.00)	-	(150.00)
	Interest paid on non-convertible debentures	9.00	-	-	-
2 Bajaj Finance Limited (Holding company)	Contribution to Equity (4,883,333,329 shares of ₹10 each)	-	(4,883.33)	-	(4,883.33)
	Security deposit received	-	(0.08)	-	(0.08)
	Rent received	0.19	-	0.19	-
	Assets purchased	0.27	-	0.09	-
	Assets sale	0.38	-	0.07	-
	Purchase of loan portfolio	738.79	-	300.13	-
	Direct assignment of loan portfolio	1,503.69	-	-	-
	Business support charges paid	7.86	-	4.72	-
	Business support charges received	1.14	-	1.50	-
	Fees and commission received	44.64	-	61.28	-
	ESOP recharge cost	19.23	-	20.41	-
	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 Allianz General Insurance Company Ltd.	Insurance expense	3.79	4.54	2.63	3.25
(Fellow subsidiary)	Interest paid on non-convertible debentures	10.57	-	10.51	-
	Asset Purchased	0.01	-	-	-
	Secured non-convertible debentures issued	-	(100.00)	-	(150.00)

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

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

(₹ in crore)

		Year ended 31 March			
		2022		2021	
Name of the related party and nature of relationship	Nature of Transaction	Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
	Secured non-convertible debentures repaid	50.00	-	-	-
4. Bajaj Allianz Life Insurance Company Ltd.	Insurance expense	11.61	0.30	15.22	3.06
(Fellow subsidiary)	Interest paid on non-convertible debentures	33.99	-	16.96	-
	Unsecured non-convertible debentures issued	217.00	(651.00)	-	(434.00)
5. Bajaj Finserv Direct Limited	Business support charges paid	1.05	(0.91)	0.09	-
(Fellow subsidiary)	Assets purchased	-	-	0.12	-
	Assets sale	0.00	-	(0.02)	-
	Other Receipts	-	-	0.07	-
B. Key Management Personnel and their relatives					
1. Sanjiv Bajaj (Non Executive Director)	Sitting Fees	0.17	-	0.07	-
2. Lila Poonawalla	Sitting Fees	0.17	-	0.07	-
(Non Executive Director)					
3. Anami N Roy	Sitting Fees	0.11	-	0.03	-
(Non Executive Director)					
4. Dr. Omkar Goswami	Sitting Fees	0.01	-	0.04	-
(Non Executive Director)					
5. Atul Jain (Chief Executive Officer)	Remuneration (including perquisites)	8.14	(1.14)	7.51	(1.80)
	Fair value of stock options granted by Holding Company	4.46	-	3.23	-
6. Gaurav Kalani (Chief Financial Officer)	Remuneration (including perquisites)	1.64	(0.63)	0.99	(0.25)
	Fair value of stock options granted by Holding Company	0.64	-	0.47	-

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

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

(₹ in crore)

		Year ended 31 March			
		2022		2021	
Name of the related party and nature of relationship	Nature of Transaction	Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
C. Entities in which KMP & their relatives have significant influence					
1. Bajaj Auto Ltd.	Security deposit (paid)	0.00	0.03	-	0.02
	Rent expense	0.06	-	0.05	-
2. Bajaj Holdings and Investment Limited	Secured non-convertible debentures issued	-	-	-	(150.00)
	Secured non-convertible debentures repaid	150.00	-	-	-
	Interest paid on non-convertible debentures	10.41	-	10.41	-
3. Maharashtra Scooters Limited	Secured non-convertible debentures issued	-	(50.00)	-	(25.00)
	Interest paid on non-convertible debentures	1.50	-	-	-
4. Hind Musafir Agency Ltd.	Services received	1.25	(0.18)	0.73	(0.04)
5. Poddar Housing And Development Limited	Interest Income	1.07	-	1.56	0.13
	Loan given	-	-	-	13.00
	Loan repayment received	13.00	-	-	-
6. Ashwin Vijaykumar Jain	Interest Income	0.00	-	0.01	0.00
	Loan given	-	-	0.15	0.15
	Loan repayment received	0.15	-	-	-
D. Post employment benefit entity					
1. Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	2.00	-	3.65	-

Note: -

1. Transactions value are excluding taxes and duties.
2. Amount in bracket denotes credit balance.
3. 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.
4. 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.
5. 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.
6. NCD transaction includes only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting dates.

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

42. Relationship with Struck off Companies

(₹ in crore)

Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company	Balance outstanding 31st March 2022	Balance outstanding 31st March 2021
Gayathri Technocrats Private Limited	Loan Given	No	0.15	0.21
CSE Computer Solutions East Pvt Ltd	Loan Given	No	0.37	0.38

43. Capital

The Company actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirements of the regulator, Reserve Bank of India/National Housing Bank. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI/NHB.

(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 the risks inherent to its business and its growth strategy. The Company endeavors 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 endeavors to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(ii) Regulatory capital

(₹ in crore)

Particulars	As at 31 March 2022	2021
Tier I capital	6,469.01	5,820.36
Tier II capital	259.95	178.68
Total capital	**6,728.96**	**5,999.04**
Total risk weighted assets	**34,126.15**	**28,119.67**
Tier I CRAR	18.95%	20.70%
Tier II CRAR	0.76%	0.63%
Total CRAR	**19.71%**	**21.33%**

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

44. Analytical Ratios

Ratio	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	6,728.96	34,126.15	19.71%	21.33%	-8.22%	NA
Tier I CRAR	6,469.01	34,126.15	18.95%	20.70%	-9.23%	NA
Tier II CRAR	259.95	34,126.15	0.76%	0.63%	17.11%	NA
Debt Equity Ratio	41,492.32	6,741.36	6.15	5.24	14.89%	NA
Liquidity Coverage Ratio	1,074.48	818.95	131.20%	NA	NA	NA

Note : Liquidity Coverage Ratio was not appliable as at 31 March 2021.

45. Events after reporting date

There have been no events after the reporting date that require adjustment in these financial statements.

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 7th April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.

46. 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.

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 46) using quoted market prices of the underlying instruments;

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

46. Fair values (Contd.)

- 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.

47. 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 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 designated under FVTPL	31 March 2022	1,248.27	-	-	1,248.27
Loans designated under FVOCI	31 March 2022	-	35,044.84	-	35,044.84

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

(₹ in crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading designated under FVTPL	31 March 2021	2,757.32	-	-	2,757.32
Loans designated under FVOCI	31 March 2021	-	25,178.92	-	25,178.92

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

47. Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2022:

(₹ in crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
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	237.33	-	-	237.33	237.33
Loans at amortised cost*	11,437.23	-	-	11,437.23	11,437.23
Other financial assets	18.48	-	-	18.48	18.48
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.

Fair value of financial instruments not measured at fair value as at 31 March 2021:

(₹ in crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets					
Cash and cash equivalents	461.78	461.78	-	-	461.78
Bank balances other than cash and cash equivalents	255.00	255.00	-	-	255.00
Trade receivables	310.66	-	-	310.66	310.66
Loans at amortised cost*	8,239.98	-	-	8,239.98	8,239.98
Investments	508.72	508.72	-	-	508.72
Other financial assets	33.99	-	-	33.99	33.99
Total financial assets	**9,810.13**	**1,225.50**	**-**	**8,584.63**	**9,810.13**
Financial liabilities					
Trade payables	20.90	-	-	20.90	20.90
Other payables	21.28	-	-	21.28	21.28
Debt Securities	11,332.08	-	11,491.68	-	11,491.68
Borrowings (other than debt securities)	20,268.52	-	-	20,268.52	20,268.52
Other financial liabilities	151.14	-	-	151.14	151.14
Total financial liabilities	**31,793.92**	**-**	**11,491.68**	**20,461.84**	**31,953.52**

*Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

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

48. 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	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises from: • inability to raise incremental borrowings 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)	Liquidity and funding risk is: • measured by - identification of gaps in the structural and dynamic liquidity statements. - 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 - 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 liquidity buffers, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks and assignment of loans under the guidance of ALCO and Board.
Market risk	Market risk arises from fluctuation in the fair value of future cash flow of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.	Board appointed RMC and ALCO	Market risk is: • measured using basis point value (PV01), modified duration analysis and other measures to determine movements in our portfolios and impact on our income, including the sensitivity of net interest income. Market risks for the Company encompass, Interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturities. • monitored by assessments of fluctuation in the interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities; and • managed by the Company's treasury team under the guidance of ALCO and Investment Committee.

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

48. 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)	Credit risk is: • 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, instalment moratorium, restructuring, one time resolution plan, 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 using level of credit exposures, 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 reviews 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)	Operational risk is: • measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud. • monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework.
			• managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC.

(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 2021-22 (FY2022) - the

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

48. Risk management objectives and policies (Contd.)

weighted average cost of borrowing was 6.18% versus 7.73% despite highly uncertain market conditions. The overall borrowings including debt securities stood at ₹ 41,492 crore as of 31 March 2022.

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 8% of its overall borrowings in normal market scenario. The Company continued to maintain significantly higher amount of liquidity buffer to safeguard itself against any significant liquidity risk emanating from economic volatility owing to continued Covid pandemic. The average liquidity buffer for FY2022 was ₹ 2276 crore. With easing of economic volatility, the Company has brought down its liquidity buffer in a calibrate manner to ₹ 1655 crore as on 31 March 2022.

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

The Company exceeds the regulatory requirement of LCR which mandated maintaining 50% of expected net cash outflows for a stressed scenario in high quality liquid assets (HQLA) by December 2021; which has to be increased to 100% by December 2025 in a phased manner. Currently, the LCR requirement is at 50% for the Company, which and will move to 60% from 1 December 2022. As of 31 March 2022, the Company maintained a LCR of 131.20%, well in excess of the RBI's stipulated norm of 50%.

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

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities :

(₹ in crore)

	As at 31 March 2022			As at 31 March 2021		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Debt securities	7,963.53	11,267.77	19,231.30	6,979.24	5,517.74	12,496.98
Borrowings (other than debt securities)	6,369.90	21,750.95	28,120.85	4,943.42	18,724.77	23,668.19
Deposits	85.03	456.55	541.58	-	-	-
Trade payables	36.41	-	36.41	20.90	-	20.90
Other payables	38.17	-	38.17	21.28	-	21.28
Other financial liabilities	149.50	32.12	181.62	130.33	25.70	156.03
Total	**14,642.54**	**33,507.39**	**48,149.93**	**12,095.18**	**24,268.20**	**36,363.38**

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

48. Risk management objectives and policies (Contd.)

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

(₹ in crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	407.03	-	407.03	461.78	-	461.78
Bank balances other than cash and cash equivalents	0.01	0.13	0.14	254.98	0.02	255.00
Trade receivables	55.43	181.90	237.33	167.55	143.11	310.66
Loans	2,660.43	43,821.64	46,482.07	1,736.52	31,682.38	33,418.90
Investments	1,248.27	-	1,248.27	3,266.04	-	3,266.04
Other financial assets	13.16	5.32	18.48	27.05	6.94	33.99
Non-financial assets						
Current tax assets (net)	-	9.08	9.08	-	4.46	4.46
Deferred tax assets (net)	-	15.58	15.58	-	15.26	15.26
Property, plant and equipment	-	78.09	78.09	-	64.32	64.32
Intangible assets under development	-	1.46	1.46	-	-	-
Other intangible assets	-	19.11	19.11	-	14.57	14.57
Other non-financial assets	10.44	-	10.44	13.40	-	13.40
Total assets	4,394.77	44,132.31	48,527.08	5,927.32	31,931.06	37,858.38
LIABILITIES						
Financial liabilities						
Trade payables	36.41	-	36.41	20.90	-	20.90
Other payables	38.17	-	38.17	21.28	-	21.28
Debt securities	7,423.27	9,065.88	16,489.15	6,704.50	4,627.58	11,332.08
Borrowings (other than debt securities)	4,950.26	19,542.91	24,493.17	3,709.49	16,559.03	20,268.52
Deposits	65.00	445.00	510.00	-	-	-
Other financial liabilities	145.62	28.80	174.42	128.33	22.81	151.14
Non-financial liabilities						
Current tax liabilities (net)	20.06	-	20.06	7.39	-	7.39
Provisions	1.44	2.61	4.05	0.88	1.41	2.29
Other non-financial liabilities	20.29	-	20.29	22.56	-	22.56
Total Liabilities	**12,700.52**	**29,085.20**	**41,785.72**	**10,615.33**	**21,210.83**	**31,826.16**

(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.

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

48. Risk management objectives and policies (Contd.)

Interest rate risk

On Investments

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

Sensitivity analysis as at 31 March 2022 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Investment at FVTPL	1,248.27	1,248.27	(2.35)	2.35
Investment at amortised cost	-	-	-	-

Sensitivity analysis as at 31 March 2021 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Investment at FVTPL	2,757.32	2,757.32	(3.09)	3.09
Investment at amortised cost	508.72	508.72	-	-

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 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	-	-

Sensitivity analysis as at 31 March 2021 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Loans	33,418.90	33,418.90	-	-
Debt Securities	11,332.08	11,491.68	(115.51)	122.72
Borrowings (other than debt securities)	20,268.52	20,268.52	-	-

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

48. Risk management objectives and policies (Contd.)

(c) Credit Risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the 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."

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

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

Computation of impairment on financial instruments

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 3.4 (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. The incremental information of the portfolio performance, in both FY2021 and FY2022, was not considered appropriate for recalibration of ECL model. This was due to continued distortion caused by multiple wave of covid pandemic leading to lockdowns which resulted in very low economic activity, distortion of customers financial position and volitile repayment behaviour, leading to RBI announcing EMI moratorium and OTR. Given the temporary distortion of input variables, the Company has not recalibrated components of its ECL model.

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

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

48. Risk management objectives and policies (Contd.)

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:

	PD				
Lending verticals	**Stage 1**	**Stage 2**	**Stage 3**	**EAD**	**LGD**
Home loans Loan against property Rural mortgage loans Lease rental discounting Developer loans Other loans	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers, and also basis DPD bucket apprach. for retail loans and management evaluation/ judgement for wholesale loans.		100%	EAD is ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period.	LGD is ascertaiend using past trends of recoveries for each set of portfolios and discounted using a reasonable approximation of the original effective rates of interest.

The table below summarises the gross carrying values and the associated allowance for expected credit loss (ECL) stage wise for loan portfolio:

As at 31 March 2022

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross Carrying Value	44,601.52	581.39	139.61	1,598.09	22.30	6.75
Allowance for ECL	246.56	122.48	74.89	13.39	5.69	4.58
ECL Coverage ratio	0.55%	21.07%	53.64%	0.84%	25.52%	67.85%

As at 31 March 2021

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross Carrying Value	31,706.12	633.98	116.12	1,290.05	25.38	3.01
Allowance for ECL	169.91	123.81	43.36	8.77	8.07	1.84
ECL Coverage ratio	0.54%	19.53%	37.34%	0.68%	31.80%	61.13%

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.

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

48. Risk management objectives and policies (Contd.)

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

Product Group	Nature of securities
Home loans	Equitable mortgage of residential properties.
Loan against property	Equitable mortgage of residential and commercial properties.
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 granulisation 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.

Measurement uncertainty and sensitivity analysis of ECL estimates

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

Methodology

The global as well as the Indian economy has passed through a difficult phase in FY2022. The macro numbers have been a reflection of the impact which multiple waves of COVID-19 had on the industry, prices, employment and economy as a whole. The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the Upside and Downside scenarios. 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 use multiple economic factors and test their correlations with past loss trends witnessed. These were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, unemployment rate, crude oil prices and policy interest rates. Based on past correlation trends, CPI (inflation) and unemployment rate were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

During the year, the macro variables have been tested for their resilience in the difficult operating conditions of lockdown, loss of business on account of continued COVID-19 scare and social distancing norms. The first half of the year saw the second Covid wave hitting the country. While the GDP numbers on a y-o-y basis

48. Risk management objectives and policies (Contd.)

might not be a correct indicator due to the Covid base impact of FY21, the Q-o-Q GDP growth registered a decline of 16.9% in Q1 FY22. The Unemployment rate which had touched a peak of 23% in Apr'20, again went up to double digit in 2nd Covid wave and touched a high of 12% in May'21 and remained elevated in Jun'21 as well. For these two months, the consumer price index (CPI or inflation) crossed the RBI comfort level of 6%. Later again in Jan'22, it crossed 6%. Even IIP, which due to base effect of FY21, remained positive, in double digits till Aug'21 moved to a mrginal growth of just 1% from Nov'21 to Feb'22. While FY21 could be considered as a period of immense stress, the current year too was a period of low recovery.

The central scenario taken by the Company takes into account the stress and the downside risk prevalent during most part of the year, by capturing the macro variables numbers of the most difficult period of COVID-19 pandemic i.e. the second wave.

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

For Unemployment, the Company has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators. The Unemployment rate, which after removing the extreme Covid impact of first quarter from FY21 and FY22, shows an increase from 7.2% to 7.44%. In the current scenario, while due to multiple factors including the ongoing Ukraine-Russia stand-off and the situation has become uncertain, forecasting these numbers could lead to biased outcomes. It is acknowledged that there is no reliably ascertainable direct impact of these crisis on the Indian economy and accordingly the estimates have been arrived at.

- While formulating the Central Scenario, the Company has considered that the unemployment number may see an increase in the immediate short run and may remain at an average of 7% over the next few years. The geo-political uncertainty has to be watched closely for evaluating its impact on the macro fundamental in the long run.
- For the downside scenario, the Company believes that the downside risks might have passed, however, there are uncertainties creeping in and that may take the current expected levels of 6.7% cross the double digit by the first half of next financial year, which would be the peak unemployment rate. Going forwards, however, the ownside 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. While forecasting, a cautious stance is adopted that the unemployment levels after reaching the peak in June 2022 quarter, though may improve to a best case of 4% by the end of June 2023 but may come back to an historical (excluding COVID period) 4 year average of 7.1%. The unemployment numbers as such captured the impact of potential disruption that multiple waves of Covid may cause in short run.

CPI had started to improve significantly in Q4 FY21 ranging from 4.06% to 5.52%, soared significantly to nearly 6.3% for two succesive months of May and June 2021 owing to the advent of second wave of Covid-19. Post decline of second wave, CPI normalised to 4.5% to 5% corridor between September to November 2021. CPI again went up to upwards of 6% in Q4 FY22 and closed at a high of 6.95% in March 2022. Elevated level of inflation poses significant challenges from credit risk perspective.

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

48. Risk management objectives and policies (Contd.)

- While the Central Scenario assumed by the Company considers the high inflation in Q4 FY22. Considering RBI projections, disruption on the supply side, and possible impact of future Covid-19 waves, the Company expects inflation to range between 5.1% to 6.35% during FY23, suggesting inflation to remain moderately elevated compared to pre-Covid long term average.
- For the downside scenario, the Company considers that the inflation risk still remains and, therefore, assumes the inflation to see a increase on account of demand-supply imbalances and touch a peak of around 8.88% in Q1 FY23, before easing off to the average of pre-COVID period in the eight year time horizon.
- For the upside scenario, we believe that there would be certain factors which might come into play viz, base effect, higher food grain production, better supply chain management and improving trade scenario etc, and, therefore, inflation may see easing to a base of around 3% before averaging back to the pre-COVID levels.

Risk management amidst Covid-19

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

In a calibrated manner throughout the year, the Company continued to relax the underwriting norms it had tightened during the first wave. It has brought back its underwriting norms to pre-Covid standards from the second half of the year. The gradual relaxation of underwriting and sharp vigilance on portfolio quality have ensured that risk performance of portfolio remains in line or better than the pre-Covid metrics. Further, this agile, calibrated and closely monitored approach to credit risk and timely investment in deepening of debt management services have enabled the Company to weather the pandemic well.
The third wave which started in mid-December 2021 had no significant impact on risk metrics both for new business and the overall portfolio.

The Company carried out multiple risk simulations to assess the potential impact of the second and third wave of the pandemic on portfolio risk and absorbed additional credit costs based on these simulations. The Company saw elevated level of loan losses of ₹ 181 crores in FY2022 owing to the disruption caused by the second and third waves. Given the risk of potential future waves of pandemic and other factors which could impact the Company's risk performance, the Company is carrying management overlay for macro economics factors and COVID-19 of ₹ 211 crore as on 31 March 2022 to account for any tail risk which may emerge from the pandemic and other uncertainities.

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

48. Risk management objectives and policies (Contd.)

ECL sensitivity to future economic conditions

(₹ in crore)

ECL coverage of financial instruments under forecast economic conditions	As at 31 March 2022	As at 31 March 2021
Gross carrying amount of loans	46,949.66	33,774.66
Reported ECL	467.59	355.76
Reported ECL coverage	1.00%	1.05%
Assumptions for stressed central scenario		
Base ECL without macro overlay (based on emperical evidences)	256.59	187.56
Add : Management overlay for Covid-19	177.00	118.20
ECL before management overlay for macro economic factors	433.59	305.76
ECL amounts for alternate scenario		
Central Scenario (80%)	459.49	305.76
Downside scenario (10%)	606.49	903.06
Upside scenario (10%)	393.49	208.46
Reported ECL	467.59	355.76
Management overlay for Macro economics factors and COVID-19		
Management overlay representing COVID-19 stress	177.00	118.20
Management overlay for macro economic factors	34.00	50.00
ECL coverage ratios by scenario		
Central scenario (80%)	0.98%	0.91%
Downside scenario (10%)	1.29%	2.67%
Upside scenario (10%)	0.84%	0.62%

(d) Operational risk

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

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

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

49. 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 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**

As on 31 March 2021

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	23,929	98,127	10,430	5,064	122,056
19-May-20	1,938.60	255,000	-	245,450	-	9,550	245,450
Total		**392,550**	**23,929**	**343,577**	**10,430**	**14,614**	**367,506**

Weighted average fair value of stock options granted during the year is as follows:

(₹ in crore)

Particulars	Year ended 31 March 2022	2021
Grant date	27-Apr-21	19-May-20
No. of options granted	115,446	255,000
Weighted average fair value (₹)	2,108.92	787.24

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

49. Employee stock option plan (Contd.)

Following table depicts range of exercise prices and weighted average remaining contractual life:

As on 31 March 2022

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	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

As on 31 March 2021

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	137,550	3,002.75	3,002.75	3.98
Granted during the year	255,000	1,938.60	1,938.60	-
Cancelled during the year	14,614	1938.60-3002.75	2,307.35	-
Exercised during the year	10,430	3,002.75	3,002.75	-
Outstanding at the end of the year	367,506	1938.60-3002.75	2,292.03	4.51
Exercisable at the end of the year	23,929	1938.60-3002.75	3,002.75	2.40

The weighted average market price of equity shares for options exercised during the year is ₹ 6,158.33 (Previous year ₹ 4,642.40).

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:

Grant date	Risk Free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)*
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

For the year ended 31 March 2022, the Company has accounted expense of ₹ 19.23 crore as employee benefit expenses (note no.32) on the aforesaid employee stock option plan (Previous year ₹ 13.36 crore).

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

50. 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.

(₹ 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).

51. 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)

51.1 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 2022*	% as at 31 March 2021*
Percentage of total assets towards housing finance	55.90%	48.05%
Percentage of total assets towards housing finance for individuals	50.93%	44.13%

*Minimum regulatory percentage to be complied as on March 31, 2022 is 50% and 40% respectively.

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

51. 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.)

51.2 Disclosures:

51.2.1 Capital

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) CRAR (%)	**19.71%**	**21.33%**
(ii) CRAR Tier I capital (%)	18.95%	20.70%
(iii) CRAR Tier II capital (%)	0.76%	0.63%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt instruments	-	-

51.2.2 Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	126.96	78.32
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	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	74.40	32.40
Total	**224.02**	**110.72**
Addition / Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	81.93	48.64
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	-	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	60.00	42.00
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	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**

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

51. 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.)

51.2.3 Investments

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Value of investments		
(i) Gross value of investments		
(a) In India	1,247.52	3,264.06
(b) Outside India		
(ii) Provisions for (depreciation) / appreciation*		
(a) In India	0.75	1.98
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	1,248.27	3,266.04
(b) Outside India	-	-
Movement of provisions held towards (depreciation)/appreciation on investments		
(i) Opening balance	1.98	7.57
(ii) Add: Provisions made during the year (Net of appreciation)	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	1.23	5.59
(iv) Closing balance	0.75	1.98

* Represents unrealised gain due to fair value change

51.2.4 Derivatives

The Company has not entered into any derivative / forward rate agrement / interest rate swap / exchange traded interest rate derivative during the current year and previous year.

51.2.5Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2022

(₹ in crore)

Particulars	1 day to 7days	8 to 14 days	15 days to 30/31 days	Over one month upto 2 months	Over 2 month & upto 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
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 & Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

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

51. 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.)

51.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2021

(₹ in crore)

Particulars	1 day to 7days	8 to 14 days	15 days to 30/31 days	Over one month upto 2 months	Over 2 month & upto 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	-	-	65.63	286.31	653.70	937.80	1,766.05	10,043.68	4,611.41	1,903.94	20,268.52
Deposits	-	-	-	-	-	-	-	-	-	-	-
Market borrowing	1,291.15	-	598.54	1,599.35	812.36	512.23	1,890.87	4,124.23	-	503.35	11,332.08
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	397.04	173.01	404.21	763.37	738.07	2,092.12	3,716.74	10,465.55	6,081.89	8,586.91	33,418.90
Investments*	2,757.32	254.98	-	758.89	-	-	-	0.02	-	-	3,771.21
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of advances have been shown based on behavioural pattern.

* Investments includes fixed deposits of ₹ 505.17 crore shown under Note 5 - cash and cash equivalents & Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

51.2.6 Exposure

51.2.6.1 Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at 31 March 2022	2021
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	33,470.90	24,495.15
(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.). Exposure would also include non-fund based (NFB) limits;	9,950.08	7,022.72
(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	**43,420.98**	**31,517.87**

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

51. 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.)

51.2.6.2 Exposure to Capital Market

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
(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)	-	-
Total Exposure to Capital Market	**-**	**-**

51.2.6.3 Details of financing of parent company products

The Company does not have any financing of Parent Company products during the current and previous year.

51.2.6.4 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.

51.2.6.5 Unsecured Advances

The Company has unsecured advances of ₹ 1603.48 crore (Previous year: ₹ 1299.76 crore). The Company has not granted any advances against intangible collateral.

51.2.6.6 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.

51.3 Miscellaneous

51.3.1 Registration obtained from other financial sector regulators

The Company has obtained registration from Financial Intelligence Units, India vide Registration No. FIHFC00119.

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

51. 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.)

51.3.2 Disclosure of penalties imposed by NHB/RBI and other regulators

During the financial year 2021-22, there were no penalties imposed by NHB or any other regulators. (Previous year 2020-21 : ₹ 50,000/-)

51.3.3 Related party Transactions

Refer Note no. 41 Disclosure of transactions with related parties as required by Ind AS 24

51.3.4 Group Structure

Diagrammatic representation of group structure given below:

Bajaj Holdings & Investment Limited (BHIL) (Entities in which KMP and their relatives have significant influence)

- **Bajaj Finserv Limited (BHIL holds 39.16%) (Ultimate Holding Company)**
  - Bajaj Allianz General Insurance Company Limited (Ultimate Holding Company holds 74%)
  - Bajaj Allianz Life Insurance Company Limited (Ultimate Holding Company holds 74%)
  - Bajaj Finserv Direct Ltd (Ultimate Holding Company holds 80.13%)
  - Bajaj Finserv Health Ltd (Ultimate Holding Company holds 100%)
  - Bajaj Finserv Mutual Fund Trustee Ltd (Ultimate Holding Company holds 100%)
  - Bajaj Finserv Asset Management Ltd (Ultimate Holding Company holds 100%)
  - Bajaj Finserv Ventures Ltd (Ultimate Holding Company holds 100%)
  - **Bajaj Finance Limited (Parent Company holds 52.49%)**
    - **Bajaj Housing Finance Limited (Parent Company holds 100%)**
    - Bajaj Financial Securities Limited (Parent Company holds 100%)
- Bajaj Auto Limited (BHIL holds 33.43%) (Entities in which KMP and their relatives have significant influence)

Above shareholding is as of 31 March 2022

51.3.5 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 2022	As at 31 March 2021
India Ratings	Non-Convertible Debenture & Subordinated debt	IND AAA/Stable	NIL	4,000.00	500.00
	Long-Term Bank Rating	IND AAA/Stable	NIL	30,000.00	15,600.00
	Short-Term Bank Rating	IND A1+	NIL	1,000.00	1,400.00
	Commercial Paper	IND A1+	NIL	6,000.00	5,000.00
CRISIL	Non-Convertible Debenture	CRISIL AAA/Stable	NIL	22,969.70	10,580.00
	Subordinated debt	CRISIL AAA/Stable	NIL	1,000.00	500.00
	Long-Term / Short-Term Bank Rating	CRISIL AAA/Stable	NIL	11,000.00 *	9,000.00*
	Commercial Paper	CRISIL A1+	NIL	6,000.00	5,000.00

* Combined limit for long-term and short-term bank rating

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

51. 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.)

51.3.6 Remuneration of Directors

The Company has paid sitting fees of ₹ 0.50 crore (previous year: ₹ 0.22) to the directors during the current year.

51.4 Additional Disclosures

51.4.1 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 2022	2021
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax/deferred tax and tax adjustments of earlier years	250.24	159.99
3. Provision towards NPA / impairment loss allowance on stage 3 assets	34.27	36.19
4. Provision for Standard Assets / impairment loss allowance on stage 1&2 *	77.56	198.95
5. Other Provision and Contingencies	-	-
*** Breakup of provision for Standard Assets / impairment loss allowance on stage 1&2**		
Commercial Real Estate	7.73	14.77
Commercial Real Estate-Residential Housing	7.12	4.31
Others	62.71	179.87
	77.56	**198.95**

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

51. 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.)

Break up of Loan & Advances and Provisions thereon

(₹ in crore)

Particulars	Housing		Non-Housing	
	As at 31 March		As at 31 March	
	2022	2021	2022	2021
Standard Assets				
a) Total Outstanding Amount	27,150.25	18,219.90	19,653.05	15,435.63
b) Provisions made	205.07	164.36	183.05	146.20
Sub-Standard Assets				
a) Total Outstanding Amount	57.20	52.49	57.80	64.07
b) Provisions made	32.44	19.93	32.22	23.79
Doubtful Assets – Category-I				
a) Total Outstanding Amount	9.60	1.27	21.29	1.30
b) Provisions made	5.65	0.73	8.69	0.75
Doubtful Assets – Category-II				
a) Total Outstanding Amount	0.34	-	0.13	-
b) Provisions made	0.34	-	0.13	-
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	27,217.39	18,273.66	19,732.27	15,501.00
b) Provisions made	243.50	185.02	224.09	170.74

51.4.2 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.

51.4.3 Concentration of Public Deposits, Advances, Exposures and NPAs

51.4.3.1 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.

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

51. 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.)

51.4.3.2 Concentration of Loans & Advances

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Loans & Advances to twenty largest borrowers	3,980.29	2,381.91
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	8.48%	7.05%

51.4.3.3 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Exposure to twenty largest borrowers / customers	4,186.56	2,556.47
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.14%	6.97%

51.4.3.4 Concentration of NPAs

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Exposure to top ten NPA accounts	16.02	13.25

51.4.3.5 Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector As at 31 March 2022	As at 31 March 2021
Housing Loans:		
Individuals	0.27%	0.31%
Builders/Project Loans	0.04%	0.08%
Corporates	0.00%	0.00%
Others	0.00%	0.00%
Non-Housing Loans:		
Individuals	0.55%	0.56%
Builders/Project Loans	0.19%	0.00%
Corporates	0.09%	0.20%
Others	0.00%	0.00%

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

51. 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.)

51.4.4 Movement of NPAs

(₹ in crore)

Particulars	As at 31 March 2022	2021
(I) Net NPAs to Net Advances (%)	0.14%	0.22%
(II) Movement of NPAs (Gross)		
a) Opening balance	119.13	23.70
b) Additions during the year	153.26	115.82
c) Reductions during the year	126.03	20.39
d) Closing balance	146.36	119.13
(III) Movement of Net NPAs		
a) Opening balance	73.93	14.69
b) Additions during the year	46.81	66.72
c) Reductions during the year	53.85	7.48
d) Closing balance	66.89	73.93
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	45.20	9.01
b) Provisions made during the year	106.45	49.10
c) Write-off/write-back of excess provisions	72.18	12.91
d) Closing balance	79.47	45.20

51.4.5 Overseas Assets

The Compnay has not held any overseas assets as on reporting date (P.Y.Nil).

51.4.6 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.

51.4.7 Disclosure of Complaints

Customers Complaints*

Particulars	As at 31 March 2022	2021
a) No. of complaints pending at the beginning of the year	0	27
b) No. of complaints received during the year	505	2126
c) No. of complaints redressed during the year	505	2153
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 standalone financial statements for the year ended 31 March 2022 (Contd.)

52. Disclosure of Frauds as per NHB (ND)/DRS/Policy Circular No.92/2018-19 dated 05 February, 2019

There was no fraud reported to NHB/RBI during the financial year ended 31 March 2022 (Previous year: NIL)

53. The Company has not granted any loans against collateral of gold jewellery in current year and previous year.

54. 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

54.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	As at 31 March 2022	As at 31 March 2021
i) Number of Significant Counterparties*	25	25
ii) Amount(in ₹ crore)	35,583.91	28,334.15
iii) Percentage of funding concentration to total deposits#	NA	NA
iv) Percentage of funding concentration to total liabiities	85.16%	89.03%

* 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

54.2 Disclosures on Top 20 large deposits is not applicable being non deposit taking NBFCs

54.3 Top 10 borrowings

(₹ in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
i) Total amount of top 10 borrowings	26,333.26	18,689.10
ii) Percentage of amount of top 10 borrowings to total borrowings	63.47%	59.14%

Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

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

54. 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.)

54.4 Funding Concentration based on significant instrument/product*

(₹ in crore)

Particulars	As at 31 March 2022	Percentage of total liabilities	As at 31 March 2021	Percentage of total liabilities
i) Non-convertible debentures	12,491.92	29.90%	8,470.67	26.62%
ii) Loans from bank	24,493.17	58.62%	20,268.52	63.69%
iii) Commercial paper	3,997.23	9.57%	2,861.41	8.99%
iv) Deposits	510.00	1.22%	-	0.00%

* 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.

54.5 Stock ratio

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Commercial paper as a percentage of total public funds*	9.63%	9.05%
(ii) Commercial paper as a percentage of total liabilities	9.57%	8.99%
(iii) Commercial paper as a percentage of total assets	8.24%	7.56%
(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*#	20.98%	24.54%
(viii) Other short term liabilities as a percentage of total liabilities #	20.83%	24.36%
(ix) Other short term liabilities as a percentage of total assets #	17.93%	20.48%

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).

54.6 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. 48.

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

55. 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.

Appendix I

		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	409.86	471.33	674.20	775.33
5.	Additional requirements, of which	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
	(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 Requirment w.e.f. Dec 21 (%)**		**50.00%**		**50.00%**
17.	**NHB Requirment Amount**		**298.27**		**413.76**

55. 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.)

****Components of HQLA**

High Quality Liquid Assets (HQLA)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
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**

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) committed credit facilities contracted with customers, and (3) other expected or contracted cash outflows. Inflows comprise of: (1) expected receipt from all performing loans, (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 50% as on 31 March 2022.

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

56. 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'

56.1 Policy for sales out of amortised cost business model portfolios

Refer Note No. 4.4 (i) (b)

56.2 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 2022

(₹ in crore)

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (Provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(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	**-**	**-**	**-**	**-**	**-**
Total (a+b+c)	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
	Stage 3	146.36	79.47	66.89	27.56	51.91
	Total	**46,949.66**	**467.59**	**46,482.07**	**281.16**	**186.43**

* Computed on the value as per the IRACP norms

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

56. 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 2021

(₹ in crore)

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (Provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
(a) Performing Assets						
Standard	Stage 1	32,996.17	178.68	32,817.49	142.95	35.73
	Stage 2	659.36	131.88	527.48	50.25	81.63
Subtotal (a)		**33,655.53**	**310.56**	**33,344.97**	**193.20**	**117.36**
(b) Non-Performing Assets (NPA)						
(i) Substandard	Stage 3	116.56	43.72	72.84	17.49	26.23
(ii) Doubtful up to:						
1 year	Stage 3	2.57	1.48	1.09	0.71	0.77
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal (ii)		2.57	1.48	1.09	0.71	0.77
(iii) Loss	Stage 3	-	-	-	-	-
Subtotal (b)		**119.13**	**45.20**	**73.93**	**18.20**	**27.00**
(c) Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	**-**	**-**
Total (a+b+c)	Stage 1	32,996.17	178.68	32,817.49	142.95	35.73
	Stage 2	659.36	131.88	527.48	50.25	81.63
	Stage 3	119.13	45.20	73.93	18.20	27.00
	Total	**33,774.66**	**355.76**	**33,418.90**	**211.40**	**144.36**

* Computed on the value as per the IRACP norms

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

57. Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP. BC/3/21.04.048/2020-21 dated August 6, 2020

For the half year ended 30 September 2021

(₹ 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 21 (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 2021
	(A)	(B)	(C)	(D)	(E)
Personal Loans	501.90	41.59	10.20	31.54	428.77
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**501.90**	**41.59**	**10.20**	**31.54**	**428.77**

For the half year ended 31 March 2022

(₹ 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 21 (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 2022
	(A)	(B)	(C)	(D)	(E)
Personal Loans	573.78	27.16	0.92	26.81	519.81
Corporate persons	-	-	-	-	-
Of which, MSMEs	2.22	-	-	(0.07)	2.29
Others	1.47	-	-	(0.08)	1.55
Total	**577.47**	**27.16**	**0.92**	**26.66**	**523.65**

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 upto 30 September 2021.

There were 415 borrower accounts having an aggregate exposure of ₹ 90.68 crore to the Company as at 31 March 2022, where resolution plans had been implemented under OTR1.0 and now modified under RBI's Resolution Framework 2.0 dated 5 May 2021.

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

58. 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)

Details of transfer through assignment in respect of loans not in default	Year ended 31 March 2022		Year ended 31 March 2021
Entity	Banks	NBFC	Banks
Count of loan accounts assigned (in numbers)	9468	2063	12,864
Amount of loan account assigned	1,367.41	1,503.68	1,881.63
Retention of beneficial economic interest (MRR)	5%/10%	1%	10%
Weighted average maturity (residual maturity in months)	189.97	139.56	193.80
Weighted average holding period (in months)	20.57	18.45	21.41
Coverage of tangible security	1	1	1.00
Rating-wise distribution of rated loans	N/A	N/A	N/A

(₹ in crore)

Details of acquired through assignment in respect of loans not in default	Year ended 31 March	
	2022	2021
Entity	NBFC	NBFC
Count of loan accounts assigned (in numbers)	2,855	1,171
Amount of loan account assigned	738.78	300.13
Retention of beneficial economic interest (MRR)*	1%	10%
Weighted average maturity (residual maturity in months)	184.99	158.93
Weighted average holding period (in months)	54.76	41.1
Coverage of tangible security	100%	100%
Rating-wise distribution of rated loans	N/A	N/A

* Retained by the originator

(₹ in crore)

Details of stressed loans transferred during the year	Year ended 31 March 2022			Year ended 31 March 2021		
	To ARC	To permitted transferees	To other transferees	To ARC	To permitted transferees	To other transferees
No. of accounts	797	-	-	-	-	-
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	-	-	-	-	-	-

Includes 12 written off accounts (Previous year Nil) with aggregate outstanding of ₹ 2.70 crore (Previous year ₹ Nil) and consideration received thereon ₹ 1.07 (Previous year ₹ Nil).

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

59. 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 Securitisiation transactions during the current year and previous year.

60. 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

Umesh S. Abhyankar
Partner
Membership No.: 113053

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

Shailesh Shah
Partner
Membership No.: 033632

Pune: 25 April, 2022

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

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

61. Annexure 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.

Schedule to the Balance Sheet

(₹ in crore)

Particulars			Amount outstanding as at 31 March 2022	Amount overdue as at 31st March 2022	Amount outstanding as at 31 March 2021	Amount overdue as at 31st March 2021
Liabilities Side						
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**					
	(a)	Debentures				
		Secured	11,730.67	-	7,963.33	-
		Unsecured	761.25	-	507.34	-
		(other than falling within the meaning of public deposits*)				
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	24,493.17	-	20,187.36	-
	(d)	Inter-corporate loans and borrowing	510.00	-	-	-
	(e)	Commercial Paper	3,997.23	-	2,861.41	-
	(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)	-	-	81.16	-
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	-	-	-	-

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

61. Annexure 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. (Contd.)

(₹ in crore)

Particulars	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
Assets side		
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	44,878.59	32,119.14
(b) Unsecured	1,603.48	1,299.76
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	580.82	2,757.32
(iv) Government Securities	667.45	-
(v) Others (Certificate of Deposits and Commercial Paper)	-	-
2 Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-

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

61. Annexure 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. (Contd.)

(₹ in crore)

Particulars	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	508.72
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)	-	-

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

61. Annexure 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. (Contd.)

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 2022		
	Secured	Unsecured	Total
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	44,878.59	1,603.48	46,482.07
	44,878.59	**1,603.48**	**46,482.07**

(₹ in crore)

Category	Amount net of provisions as at 31 March 2021		
	Secured	Unsecured	Total
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	13.00	-	13.00
2 Other than related parties	32,106.14	1,299.76	33,405.90
	32,119.14	**1,299.76**	**33,418.90**

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 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**

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

61. Annexure 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. (Contd.)

(₹ in crore)

Category	Amount as at 31 March 2021	
	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	3,266.04	3,266.04
	3,266.04	**3,266.04**

8 Other information

(₹ in crore)

Particulars	Amount as at 31 March	
	2022	**2021**
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	146.36	119.13
(ii) Net Non-Performing Assets*		
(a) Related parties	-	-
(b) Other than related parties	66.89	73.93
(iii) Assets acquired in satisfaction of debt	-	-

* Provision for ECL Stage 3 has been considered.

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Pune: 25 April, 2022

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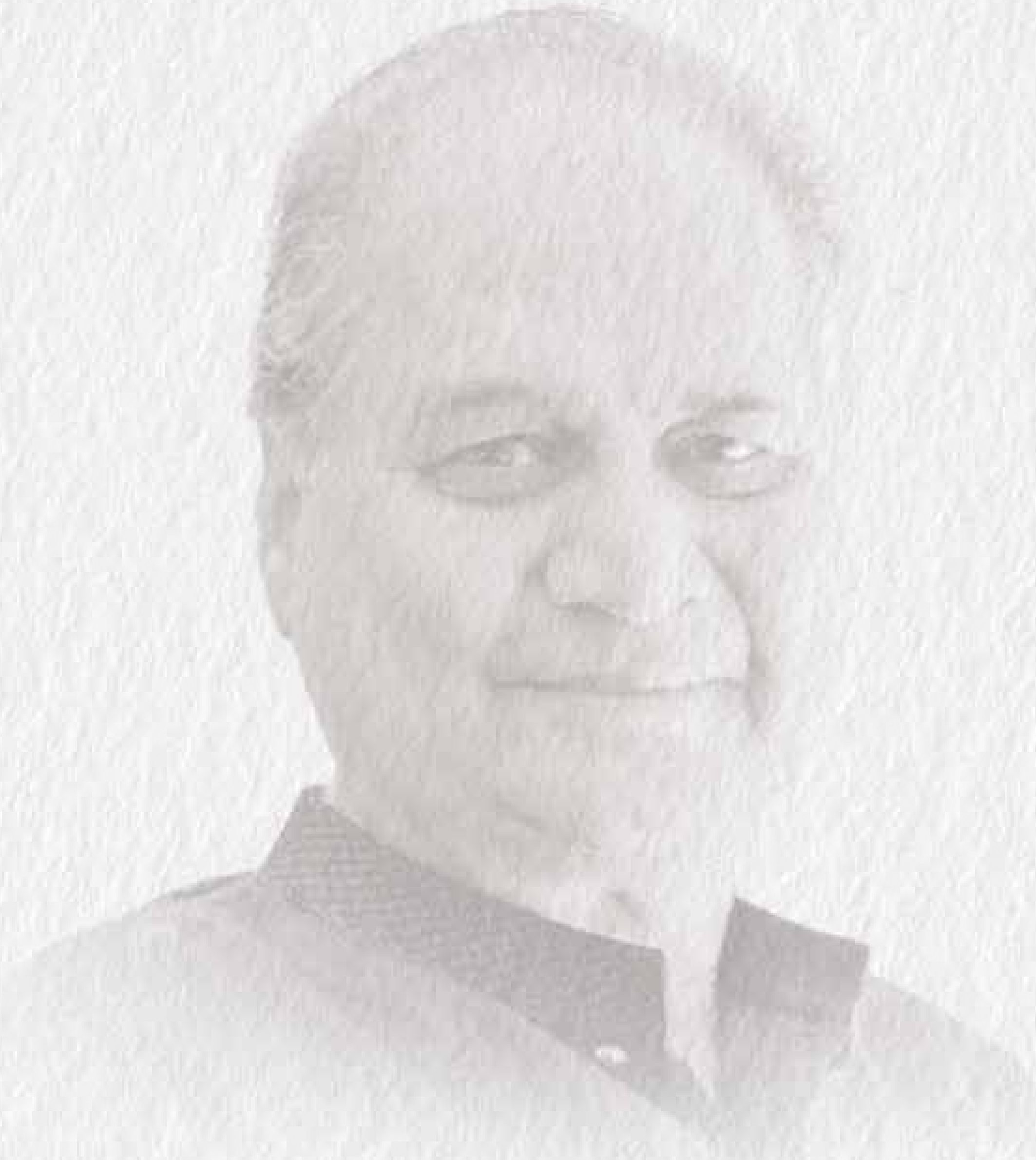

"It is important that all of us work honestly,
ethically and make all our choices consciously".

- Rahul Bajaj

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