BAJAJ HOUSING FINANCE LIMITED

13th ANNUAL REPORT

2020-21

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CORPORATE INFORMATION

Board of Directors

Sanjiv Bajaj
Chairman

Rajeev Jain
Managing Director

Lila Poonawalla
Dr. Omkar Goswami
Anami N Roy

Audit Committee

Lila Poonawalla
Chairperson

Sanjiv Bajaj

Dr. Omkar Goswami

Nomination and Remuneration Committee

Lila Poonawalla
Chairperson

Sanjiv Bajaj

Anami N Roy

Corporate Social Responsibility Committee

Sanjiv Bajaj
Chairman

Lila Poonawalla
Rajeev Jain

Chief Executive Officer

Atul Jain

Chief Financial Officer

Gaurav Kalani

Company Secretary

R Vijay

Statutory Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

State Bank of India
Canara Bank
HDFC Bank
Union Bank of India
Central Bank of India
Bank of India
ICICI Bank
Axis Bank
IndusInd Bank
Bank of Baroda

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 Pvt. Ltd.

(earlier known as Karvy Fintech 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
Maharashtra

CIN: U65910PN2008PLC132228

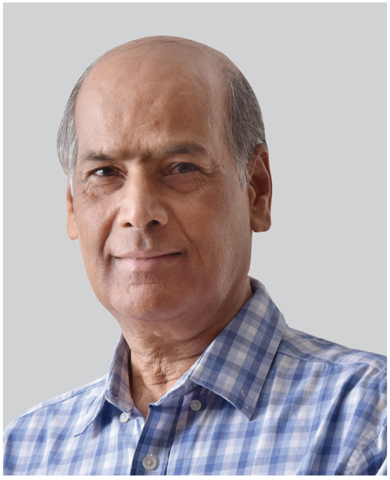
LEADING THE WAY


Sanjiv Bajaj


Rajeev Jain


Lila Poonawalla


Dr. Omkar Goswami


Anami N Roy


Atul Jain

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 COVID-19 pandemic is a once in a lifetime occurrence that has brought with it unimaginable suffering to people and to almost all sections of the economy. When the pandemic struck and led to nationwide lockdowns to curtail the transmission of disease, it was natural to fear that the global economy would stay in extreme stress of the kind not seen since the Great Depression and would have a long-lasting economic impact.

To counter the crippling impact of the lockdowns on economies, the world's policymakers have resorted to fiscal and monetary measures never seen before in global economic history. It still remains to be seen if these relief measures sufficed, and whether actions taken by governments across the globe adequately compensated for the disruptions created in the lives of people.

Fortunately, science prevailed. Multiple vaccines were found with impressive efficacy levels in less than a year — which will probably rank as among one of the most incredible achievements in science. The announcement of successful development of vaccines seemed to lift spirits around the world. Unfortunately, the advent of winter saw several countries battle second waves of COVID-19 infections, including more virulent strains leading to partial lockdowns. The race between vaccines and variants is heating up as massive vaccination drives are underway. Much depends on blocking transmission and not just the disease.

The only three preventives are masks, social distancing and vaccinations. However, to vaccinate even half of the world's population of 7.8 billion is going to take years. The production, storage and distribution challenges require that governments prioritise the vaccinations in a judicious manner so as to limit the human toll.

Fortunately for India, which is home to some of the largest vaccine makers in the world, the supply constraints should be limited and temporary. Moreover, our experience in implementing large scale vaccination programmes should help in vaccinating our vulnerable population. Even so, with many states in India witnessing a seriously full-blown second surge of COVID-19, the vaccination challenge is enormous.

After an estimated historic correction of -3.3% in 2020, the International Monetary Fund (IMF) has projected the global economy to grow 6% in calendar year 2021 and 4.4% in 2022 on the back of the fiscal and monetary support provided by governments the world over coupled with widespread vaccination.

We know that India can ill afford another country-wide lockdown such as was imposed from March to June 2020. The impact on the economy and employment was severe in the first instance; and cannot be repeated yet again.

The lockdown that continued throughout the first quarter of the FY2020 saw India's GDP for April-June 2020 contracting by a massive 24.4%. Even the second quarter was terrible, with GDP shrinking by 7.3% in July-September 2020. Thereafter, we have seen a rebound — thanks to the resilience of our citizens, our entrepreneurs and of our economy.

The third quarter (October-December 2020) saw a small positive growth of 0.4% compared to the same period in the previous year. The second advance estimates of national income for FY2021 released by the Central Statistical Office (CSO) on 26 February 2021 anticipates the total contraction for FY2021 to be 8% — implying a significant 'V' shaped bounce-back in the second half of the year. The most recent IMF forecast has also raised India's GDP growth estimate for FY2022 from 11.5% to 12.5%. If that were to occur, it will be the most significant growth turnaround among all the major nations of the world, including China.

The only grey cloud at present is the huge surge in infections that started with the second wave beginning in early March 2021. Hopefully, a serious increase in the pace of vaccinations across the country will bring this surge down; and if we keep all enterprises and workers open for business, it should not affect the economy in any significant manner.

Macroeconomic Overview

Given the impact of the pandemic, FY2021 was expected to be an extremely demanding year. The consensus was that GDP growth in FY2021 would not only be negative but also would constitute the greatest fall in growth since 1979-80.

In fact, the degrowth in GDP was much larger than expected. For April-June 2020, real GDP contracted by a massive 24.4%. India had never recorded a quarter of negative growth since it began issuing such data publicly in 1996. No other large economy shrank so much during the pandemic. In the second quarter, July-September 2020, GDP again contracted by 7.3%. The consensus was that growth in the second half of the fiscal year would be far less than what was needed to erase the effect of the deep recession in the first half.

Thankfully, we began to witness early signs on resumption of economic activity in the second half of the year with several high frequency indicators suggesting that the economy was back on to positive growth. The third quarter (October-December 2020) recorded a GDP growth of 0.4%. And, as mentioned earlier, the second advance estimates of national income for FY2021 released by the CSO indicates a negative GDP growth of 8% for FY2021. Though this was bad enough, the contraction will be far less than earlier thought of — and we should see the fourth quarter (January-March 2021) showing relatively robust growth.

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

Table 1: Growth in real GDP and GVA, India

(₹ in Crore)

Particulars	FY2018 (3rd RE)	FY2019 (2nd RE)	FY2020 (1st RE)	FY2021 (2nd AE)
Real GDP growth	6.8%	6.5%	4.0%	(8.0%)
Real GVA growth	6.2%	5.9%	4.1%	(6.5%)

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

Retail inflation, measured by the Consumer Price Index (CPI), which had moderated in March 2020 with food inflation easing from double digits in December 2019-January 2020 again surged on account of supply disruptions in April 2020 to 8.6% from 7.8% in March 2020 despite agriculture being the bright spot. CPI breached the RBI's upper tolerance threshold of 6% for six consecutive months (June to November 2020) before falling to 4.6% in December 2020 on the back of easing food prices and favourable base effects. The RBI monetary policy dated 7 April 2021 estimates the CPI inflation for the fourth quarter at 5%.

The Government of India's relief measures comprising (i) direct fiscal spending and transfers to the poor; (ii) loan and guarantee schemes; and (iii) the RBI's liquidity measures aided growth in bank credit, enabled abundant liquidity in the financial sector — which was directed toward impacted segments like industrial and service sector.

Various measures taken by the RBI ensured sufficient liquidity at all times during FY2021, and thus calmed sentiments in bond markets which had seen volatile conditions in March and April 2020. The RBI reduced its policy rates only once during this fiscal on 22 May 2020 by 40 basis points (bps) to 4%. As an additional measure to increase credit intermediation, the RBI increased the margin between repo and reverse repo from 25 bps to 65 bps. The central bank's unprecedented monetary easing and open market purchases kept interest rates at comfortable levels during the year despite a record growth in government borrowings. It was only after the announcement of a growth-centric and expansionary Union Budget for 2021-22 that yields in bond markets rose on expectations of the increased borrowing programme of the Government of India.

While the RBI has maintained an accommodative stance so far, multiple factors like sticky inflation levels, elevated crude oil prices, and risks of US treasury yields will play a part in its ultra-accommodative stance and may have a consequential impact on interest rates in FY2022.

The government is taking on the onus of heavy lifting to revive the investment cycle. A growth-centric and expansionary Union Budget for 2021-22 puts out hope that it will set the tone for infrastructure growth over the next few years. The fiscal deficit for 2021-22 is budgeted at 6.8% of India's GDP — though high but way below the revised estimate of 9.5% in 2020-21. Given the unprecedented economic havoc caused by the pandemic, such deficits are in line with actions taken globally. Indeed, most experts feel that FY2022 is a year when fiscal discipline will be kept in partial abeyance. Even so, implementation of the various budget measures is now all-crucial for the economic and fiscal health of the nation.

We believe that the resilience shown by the Indian economy coupled with (i) a growth-centric Union Budget and (ii) the RBI maintaining an accommodative stance to sustain growth on a durable basis, will see the Indian economy grow at a faster clip than other economies. As mentioned earlier, the only cause for concern is the resurgence of infections and partial lockdowns in some states.

Industry Overview

The size of India's real estate sector in 2017 stood at 120 billion US dollars. The real estate sector in India is expected to contribute 13% to the country's GDP by 2025 and is expected to reach 1 trillion US dollars by 2030. The outstanding Individual housing loans of HFCs and Banks amounted to around ₹ 20 lakh crore as at the end of 2019-20. This represented 9.8 per cent of India's GDP. (source NHB Annual Report 2019-20)

The real estate sector and residential property had been reeling with issues of delayed project deliveries and stalled projects leading to a build-up of unsold inventory over the years. By end of December 2019, the unsold inventory had already reached to about 13.32 lakh units worth ₹ 9.27 lakh crore — representing 43 months of inventory at various stages of the project cycle across top 8 cities. (source NHB Annual Report 2019-20)

The onslaught of COVID-19 and the resultant lockdown across the country led to a substantial slowdown in loan acquisition in the first quarter of the year. With the gradual opening of the economy, the housing market started recovering. Sluggish sales, even before the outbreak of pandemic, had constrained developers from increasing prices in major cities. The stable prices and relief measures like reduction in stamp duties announced by various states led to the housing market gradually rebalancing and recovering from the troughs into which they had plunged in the first quarter.

The credit growth of the scheduled commercial banks in housing loans and commercial real estate plummeted to 8.45% and 1.59% respective as of 26 Feb 2021 compared to 17.13% and 15.13% respectively as of 28 Feb 2020.

The abundant systemic liquidity on account of the RBI's monetary measures was used by most banks to move to lower risk assets like housing mortgages. As interest rates stabilized and banks lowered interest rates on CASA balances, they used it to price home loans at a much lower price. These highly attractive rates resulted in an uptick in home loan volumes. However, these also resulted in balance transfer pressure for non-bank lenders in favour of banks in the initial period. The non-bank lender's cost of funds reduced after a lag and they too started offering lower interest rates.

To provide succour to customers, the authorities went all out to offer relief by announcing equated monthly interest (EMI) moratoriums, Emergency Credit Line Guarantee Scheme for the SME sector, relief on compound interest and a resolution framework for COVID-19 related stress. NBFCs and HFCs were more impacted than banks as these entities had to provide moratorium to their customers, without getting similar relief on their liabilities.

Customer servicing and debt recovery was already envisaged as a challenge during the pandemic induced stress. Individuals were losing their livelihoods and businesses were struggling to overcome disruptions while facing demand-supply constraints. Debt recovery in the first half of the fiscal was severely disrupted. However, the second half saw some semblance of normalcy with the gradual opening up of the economy as customers and lenders came to terms with the emerging scenario. However, this pandemic induced disruption has impacted the portfolio quality of all lenders; and they will have to redefine customer service and debt recovery in the post-pandemic world.

Thus, HFC business model was severely tested in FY2021. The fact that many HFCs have managed to overcome this severe stress without significant impact is a testimony to their resilience. With superior capital adequacy, abundant liquidity, favourable interest rate environment, frugal cost management and lower non-performing loan assets (NPAs), the HFC sector is well poised to seize the opportunity provided in the post pandemic revival cycle.

Regulatory Change

Following the amendment in the Finance Act, 2019 and the subsequent notification by the Reserve Bank of India (RBI) in August 2019, HFCs would be treated as one of the categories of non-banking financial companies (NBFCs) for regulatory purposes and accordingly would come under RBI's direct oversight. The RBI issued revised regulatory framework for HFCs vide Master Direction on 17 Feb 2021. The supervision of HFCs along with regulatory compliances and grievance redressal mechanism continues to remain with NHB.

The Company

BHFL (earlier known as 'Bajaj Financial Solutions Limited') was incorporated as a subsidiary of Bajaj Finserv Limited ('BFS') on 13 June 2008. It was acquired by BFL in November 2014 with the intent to conduct housing finance business in a dedicated subsidiary company. The Company's name was changed to Bajaj Housing Finance Limited on 14 November 2014 and it received its certificate of registration from NHB as a Housing Finance Company on 24 September 2015.

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

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 has always maintained strong capital, liquidity, risk and profitability profile amidst pandemic situation to retain the highest credit rating across all types of borrowings.

The Company had to steer through a difficult year due to the COVID-19 pandemic. In the face of the pandemic, the Company focused on conservation and prudence which encompassed capital management, maintaining abundant liquidity, operating expenses management, expansion of collections and servicing capability, strengthening of underwriting norms and a very sharp view on risk metrics.

The Company remains well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 21.33% as against regulatory requirement of 14% as on 31 March 2021.

The Company maintained a conservative stance on volumes as post-lockdown restrictions were gradually lifted in June 2020. The Company staggered its volume revival over a period. It was only the fourth quarter that the Company started delivering pre COVID-19 levels of AUM growth. The Company closed FY2021 with an AUM of ₹ 38,871 crore — representing a growth of 19%. The business-wise performance is discussed in detail in the Business Update section.

On the liability side, BHFL continued to maintain higher liquidity buffers to counter reduced EMI inflows induced by moratoriums and continued contractual liability for repayments. While maintaining higher liquidity buffers, it also kept strong vigil on its cost of borrowings resulting in a decrease of 48 bps over FY2020. As on 31 March 2021, BHFL's borrowings stood at ₹ 31,601 crore. The Company had a liquidity buffer of ₹ 3,771 crore as at the end of FY2021.

The Company has a strong control over its operating expenses with modularity built across various costs. The acquisition and loan processing costs were further moderated in view of lower volumes amidst the pandemic. As a result, the Company's operating expenses to net interest income (NII) improved to 27.7% in FY2021 compared to 32.9% in FY2020.

Using its robust risk management and portfolio monitoring framework, BHFL took enhanced credit costs based on emerging trends across its different portfolios. BHFL's Gross and Net NPA as at 31 March 2021 stood at 0.35% and 0.22% respectively. The Company holds a management overlay provision for macroeconomic factors and COVID-19 of ₹ 166 crore as on 31 March 2021.

In the backdrop of this exceptional year and the Company's steps to overcome the challenges it faced, the performance highlights for FY2021 are given below.

BHFL's Performance Highlights, FY2021

- Assets under management (AUM): increased by 19% to ₹ 38,871 crore.
- Total income: increased by 19% to ₹ 3,155 crore.
- Net interest income (NII): rose by 15% to ₹ 1,189 crore.
- Opex to NII: improved to 27.7% from 32.9% in FY2020.
- Pre-impairment operating profit: increased by 24% to ₹ 860 crore.
- Impairment on financial instruments were ₹ 247 crore including a management overlay provision of ₹ 116 crore.
- Profit before tax (PBT): increased by 8% to ₹ 613 crore.
- Profit after tax (PAT): increased by 8% to ₹ 453 crore.
- Capital adequacy ratio as of 31 March 2021 was 21.33%, which is well above the RBI norms.

Business Update

In the first half of the fiscal, BHFL primarily focused on capital conservation, ensuring abundant liquidity, operating cost control, prudent provisioning and gradual restart of business activities post lockdown. It witnessed recovery in business volumes from the second quarter of the fiscal. However, due to heightened attrition pressure driven by lower interest rate offerings by banks, the AUM saw earlier levels of growth only in the last quarter of FY2021.

BHFL's borrowings are largely from banks and as it managed to reduce its pricing in the second half of FY2021, it started offering competitive pricing to its customers.

BHFL AUM grew by 19% to ₹ 38,871 crore as on 31 March 2021.

Home Loans

BHFL offers home loans to mass affluent salaried customers in 32 locations across India for amounts ranging from ₹ 3 million to ₹ 15 million. It offers home loans for ready to move in homes as well as those under construction. It follows a micro-market presence strategy using a mix of direct and indirect channels.

As at the end of FY2021, the home loans business had AUM of ₹ 23,943 crore, a growth of 12% over FY2020.

Loan Against Property

BHFL offers Loan 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 13 locations across India.

It ended FY2021 with AUM of ₹ 4,753 crore, a growth of 19% over FY2020.

Lease Rental Discounting

BHFL focuses on high net worth individuals (HNIs) and developers for their lease rental discounting needs with loan amounts ranging from ₹ 5 crore to ₹ 200 crore. It offers this product across eight cities in India. Moreover, it offers financing against lease rental cashflows of commercial properties occupied by prominent lessees under a long-term lease contract.

The AUM from lease rental discounting grew by 65% in FY2021 to ₹ 4,838 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. It is present in eight 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.

Its AUM, as at 31 March 2021, stood at ₹ 2,057 crore.

Rural Mortgage Loans

BHFL offers home loans and loans against property to salaried and self-employed customers across 93 small towns in India. Rural mortgages business operates at an average loan value of nearly ₹ 1.3 million per customer. This business helps BHFL widen its geographic reach and reduce portfolio concentration risk.

It closed FY2021 with AUM of ₹ 1,980 crore.

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: A Snapshot

Table 2 breaks down the asset under management across the major business verticals.

Table 2: Assets Under Management

(₹ in Crore)

Particulars	FY2021	FY2020	Growth	AUM Mix
Housing loans (including top ups)	23,943	21,435	12%	62%
Loan against property	4,753	3,996	19%	12%
Lease rental discounting	4,838	2,940	65%	13%
Developer finance	2,057	1,774	16%	5%
Rural mortgage loans	1,980	1,629	22%	5%
Other loans	1,300	931	40%	3%
Total	**38,871**	**32,705**	**19%**	**100%**

Financial Performance

Table 3 gives BHFL's financial performance for FY2021 vis-à-vis the previous year.

Table 3: BHFL's Financials

(₹ in Crore)

Particulars	FY2021	FY2020	Change
Total income	3,155	2,646	19%
Interest and finance charges	1,966	1,616	22%
Net interest income	1,189	1,030	15%
Total operating expenses	329	339	(3%)
Pre-provisioning operating profit	860	691	24%
Impairment on financial instruments	247	124	99%
Profit before tax (PBT)	613	567	8%
Profit after tax (PAT)	453	421	8%
Other comprehensive income/ (expenses)	1	(1)	200%
Total comprehensive income	454	420	8%
Earnings per share (EPS) basic, in ₹	0.93	1.12	

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

Risk Management and Portfolio Quality

As a 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 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. Robust underwriting practices and 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 calibrated its risk policies and underwriting standards to respond to the pandemic. It significantly tightened underwriting standards to ensure risk metrics and quality of the post-lockdown book is in line or better than that pre-COVID-19 levels. This, combined with a slowdown in demand, resulted in the Company's AUM not growing in line with earlier years.

As economic recovery gained momentum from the second half, and early risk metric reached pre-COVID-19 levels, the Company gradually relaxed the tighter underwriting norms it had adopted. This led to AUM growth slowly reaching pre-COVID-19 levels across most businesses. The Company remains in high vigilance mode and continues to adapt credit policy / underwriting standards in line with emerging risk metrics across the different business portfolios; and constantly monitors various external market indicators, including a watch over the spread of infection and coverage of vaccination across its geographic spread.

BHFL carried out multiple risk simulations to assess the potential impact of the pandemic on its Impairment on financial instruments estimate and continued to absorb additional credit costs based on these simulations. BHFL's Gross and Net NPA as at 31 March 2021 stood at 0.35% and 0.22% respectively. The Company holds a management overlay provision for macroeconomic factors and COVID-19 of ₹ 166 crore as on 31 March 2021.

Asset Liability Management (ALM)

BHFL had a total borrowing of ₹ 31,601 crore as on 31 March 2021. It has a robust ALCO and Investment committee which meets every month and continuously monitors asset-liability mismatches to ensure that there are no imbalances on either side of the balance sheet.

BHFL has a Board level 'Asset Liability Committee' and a sub-committee as well as support group to monitor its Asset Liability Management. It also has a liquidity risk management framework and an Investment policy which covers interest rate and market risk. ALCO and Investment committee meets every month to review macroeconomic conditions affecting housing finance business, liquidity situation and interest rate environment, and provide direction to treasury on fund planning and business metrics. The Company 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.

The ALM position of BHFL 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. BHFL has maintained significantly cumulative positive ALM position across all buckets including the 1-7 days, 8-15 days and 15-31 days, while the extant RBI regulation permits a negative ALM mismatch of up to 10%, 10% and 20% respectively. Its liquid investments as on 31 March 2021 were ₹ 3,771 crore.

Table 5 gives the behavioural maturity pattern of BHFL's asset and liabilities; and depicts its prudent approach towards ALM management.

Table 5: Behaviouralised ALM snapshot as on 31 Mar 2021

(₹ in Crore)

Particulars	1 to 7 days	8 to 15 days	15 to 30/31 days	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
A. Inflows											
Cash and investments	2,969	255	0	759	0	0	0	0	0	0	3,983
Advances	397	173	404	763	738	2,092	3,717	10,466	6,082	8587	33,419
Trade receivable and others	77	77	826	1,507	1,257	1,024	224	834	967	1375	8,168
Total inflows	**3,443**	**505**	**1,230**	**3,029**	**1,995**	**3,116**	**3,941**	**11,300**	**7,049**	**9,962**	**45,570**
B. Cumulative total inflows	**3,443**	**3,948**	**5,178**	**8,207**	**10,202**	**13,318**	**17,259**	**28,559**	**35,608**	**45,570**	
C. Outflows											
Borrowings repayment	1,291	0	664	1,886	1,466	1,450	4,476	14,168	5,861	3,703	34,965
Other outflows	287	277	550	292	171	442	29	9	11	2,505	4,573
Capital reserves and surplus	0	0	0	0	0	0	0	0	0	6032	6,032
Total outflows	**1,578**	**277**	**1,214**	**2,178**	**1,637**	**1,892**	**4,505**	**14,177**	**5,872**	**12,240**	**45,570**
D. Cumulative total outflows	**1,578**	**1,855**	**3,069**	**5,247**	**6,884**	**8,776**	**13,281**	**27,458**	**33,330**	**45,570**	
E. Gap (A - C)	**1,865**	**228**	**16**	**851**	**358**	**1,224**	**(564)**	**(2,877)**	**1,177**	**(2,278)**	**0**
F. Cumulative gap (B - D)	**1,865**	**2,093**	**2,109**	**2,960**	**3,318**	**4,542**	**3,978**	**1,101**	**2,278**	**0**	
G. Cumulative gap (%) (F/D)	**118%**	**113%**	**69%**	**56%**	**48%**	**52%**	**30%**	**4%**	**7%**	**0%**	
H. Permissible cum. gap (%)	**(10%)**	**(10%)**	**(20%)**								

The assigned portfolio outstanding as on 31 March 2021 stood at ₹ 5,452 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 coupled with transparent operations enabled by strong technology infrastructure helps us to be responsive to our customers and maintain high standard of customer service. Digital communication, continuous customer feedback and transparency remain key focus areas of the Company while engaging with customers.

Human Resources

Employees are the company's most valuable assets. BHFL focusses on continuously training and upgrading the work skills of its employees. It runs various induction and training programmes throughout the year in functional areas as well as in the areas of leadership, soft skills, train the trainer, etc. As on 31 March 2021, BHFL had 2,348 employees.

The well-being of our employees has always been at the centre of our philosophy.

In response to the COVID-19 outbreak, the Company took number of steps to prevent the spread. These included i) migrating from physical to digital trainings and conferences; ii) curtailing domestic travels; iii) taking precautionary measures like sanitisation of offices, availability of hand sanitisers and masks; iv) Introducing operations in multiple shifts to ensure lesser number of employees at the workplace, and v) implementing various COVID-19 related policies for the welfare of the employees such as financial aid, 18 days of paid leaves to infected employees and a dedicated 24x7 helpline to support employees and their families.

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 an in house 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 controls.

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 21.33% as of 31 March 2021, which is well above the regulatory norm of 14%.

Key Ratios

Table 4 gives a summary of key ratios for FY2021 vis-a-vis FY2020.

Table 4: BHFL's Key Ratios

Ratios	FY2021	FY2020
Net interest income to average loans	3.87%	4.55%
Total operating expenses to NII	27.67%	32.91%
Return on equity (ROE)	7.80%	9.12%
Capital to risk-weighted assets ratio (CRAR) *	21.33%	25.15%
Tier I	20.70%	24.48%
Tier II	0.63%	0.67%
Gross NPA	0.35%	0.08%
Net NPA	0.22%	0.05%
Provisioning coverage ratio (PCR)	37.94%	38.02%
EPS - Basic (₹)	0.93	1.12
Diluted (₹)	0.93	1.12

*CRAR computed for the year ended 31 March 2020 is based on the financial statement of the Company which complies in all material respects with previous GAAP, as noted by the Board of Directors for regulatory and supervisory purposes pursuant to the NHB Circular No. NHB (ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018.

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

At the outset, your Company's Board of directors humbly submits its commiseration to the families of all employees and others who succumbed to this dreadful pandemic.

Your directors present the thirteenth Annual Report along with the audited financial statements for FY2021. This report read with the Management Discussion and Analysis includes the details of macro-economic scenario, Company's performance, various initiatives taken by the Company as well as its approach to risk management.

Financial results

The highlights of the financial results are given below:

(₹ in Crore)

Particulars	FY2021	FY2020	% change over FY2020
Total income	3,155	2,646	19
Finance Cost	1,966	1,616	22
Net interest income	**1,189**	**1,030**	**15**
Total operating expenses	329	339	(3)
Pre-provisioning operating profit	**860**	**691**	**24**
Impairment on financial instruments	247	124	99
Profit before tax	**613**	**567**	**8**
Profit after tax	**453**	**421**	**8**
Retained earnings as at the beginning of the year	**417**	**82**	**409**
Profit after tax	453	421	8
Other comprehensive income on defined benefit plan	1	(1)	200
Retained earnings before appropriations	**871**	**502**	**74**
Appropriations			
Transfer to reserve fund u/s 29C of the NHB Act, 1987	113	84	35
Retained earnings as at the end of the year	**758**	**417**	**82**

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

Dividend

The Directors do not recommend any dividend 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, 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 voluntarily transferred a sum of ₹ 113.30 crore to reserve fund which is 25% of it's net profit, higher than the prescribed threshold.

Vide amendment dated 5 June 2020 to the Companies (Share Capital and Debenture) Rules, 2014, (the 'Rules') the requirement to invest a sum upto 15% of the amount of debentures maturing during the next financial year, in case of privately placed debentures, has been done away with. Further, in terms of the provisions of the Companies Act, 2013 (the 'Act') and the Rules, 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 2021 was ₹ 38,871 crore as compared to ₹ 32,705 crore as on 31 March 2020, representing an increase of 19% over the previous year.
- Loan receivables as on 31 March 2021 was ₹ 33,419 crore as compared to ₹ 27,975 crore as on 31 March 2020, an increase of 19% over the previous year.
- Total income during FY2021 increased to ₹ 3,155 crore from ₹ 2,646 crore during FY2020 registering a growth of 19% over the previous year.
- Total operating cost to net interest income improved significantly to 28% from 33% in FY2020.
- Impairment on financial instruments was ₹ 247 crore, which included a contingency provision of ₹ 116 crore for COVID-19.
- The Company ended FY2021 with a Gross NPA of 0.35% and Net NPA of 0.22%.
- Profit before tax for FY2021 was ₹ 613 crore as against ₹ 567 crore for FY2020, an increase of 8% over the previous year.
- The profit after tax for FY2021 was ₹ 453 crore as compared to ₹ 421 crore for FY2020, an increase of 8% over the previous year. This was due to the Company's healthy net interest margin, operating efficiencies and prudent risk management.

Operations

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

Moratorium and restructuring of loans

The Reserve Bank of India (RBI) issued guidelines on 27 March 2020 permitting all commercial banks, co-operative banks, All India Financial Institutions and NBFCs (including housing finance companies) to give moratorium to their customers in respect of instalments falling due between 1 March 2020 to 31 May 2020. It then further extended the moratorium period by three months till 31 August 2020, vide its notification dated 23 May 2020. Accordingly, the Company offered moratorium to its customers based on a Board approved policy.

The RBI, through its circular dated 6 August 2020, provided a resolution framework for COVID-19 related stress and allowed a one-time restructuring of specified categories of loans from 1 September 2020 till 31 December 2020. In line with the RBI's framework and Board approved policy, the Company executed restructuring to the tune of ₹ 602 crore (approximately 1.7% of AUM).

Borrowings

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

During FY2021, the Company has issued non-convertible debenture (NCDs) to the tune of ₹ 2,227 crore and redeemed NCDs to the tune of ₹ 420 crore.

Subsidiaries, associates and joint ventures

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

Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') provides that a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity shall be termed as a material subsidiary.

The net worth of the Company exceeds 10% of the consolidated net worth of Bajaj Finance Ltd. (BFL) and Bajaj Finserv Ltd. (BFS); and therefore, is a material subsidiary of BFL and BFS, as per the SEBI Listing Regulations.

Directors and key managerial personnel (KMP)

As on 31 March 2021, the Board consisted of 5 directors of whom 3 are independent directors. Two of the independent directors are also independent directors on the Board of the holding company viz., BFL.

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

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

A. Change in Directorate:

Dr. Omkar Goswami and Anami N Roy were appointed as independent directors of the Company with effect from 19 May 2020, for a term of 5 consecutive years. In the opinion of the Board, Dr. Omkar Goswami and Anami N Roy possess integrity, requisite expertise and experience (including proficiency). Their appointment was approved by the shareholders at the AGM held on 15 July 2020.

B. Directors liable for rotation:

Sanjiv Bajaj, retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment. Necessary details for re-appointment, as required under the Act, are given in the Notice convening the 13th AGM.

C. KMP:

There was no change in the KMP during the year.

Declaration by independent directors

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

Policy on directors' appointment and remuneration

The Company has a Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes and independence of directors, duly approved by its Board.

The said policy also provides for 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 non–executive directors (including independent directors) were paid a sitting fee of ₹ 50,000 per meeting for Board/its Committee meetings (of which they are members) attended by them during the FY2021.

The Board at its meeting held on 26 April 2021, has increased the sitting fees from ₹ 50,000 per meeting to ₹ 100,000 per meeting (effective from 1 June 2021) of the Board and/or its Committees attended by them.

During FY2021, 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.

The said Policy is hosted on the Company's website
https://www.bajajhousingfinance.in/media/document/1558446810354/remuneration_policy.pdf

Meeting of independent directors

Pursuant to the Act, 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. Accordingly, independent directors of the Company met on 15 March 2021 and:

- noted the report of performance evaluation from the Chairman of the Board for the year 2020-21;
- 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 non-executive directors; 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.

The independent directors present elected Dr. Omkar Goswami as Chairman for the meeting. All independent directors were present at the meeting.

Performance Evaluation

Pursuant to the provisions of the Act, the Board has carried out an annual performance evaluation of its own performance, that of its Committees and individual directors. The manner in which formal annual evaluation of performance was carried out by the Board is given below:

1. The Nomination and Remuneration Committee (NRC), at its meeting held on 20 March 2017, revised the criteria for performance evaluation.
2. Based on the said criteria, questionnaire-cum-rating sheets were deployed using an IT platform for seeking feedback of the directors with regards to the performance of the Board, its Committee, Chairman and individual directors.
3. From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, its Committees, Chairman and individual directors for the year 2020-21 and a consolidated report thereof were arrived at.
4. The report of performance evaluation so arrived at, was then noted and discussed by the Board at its meeting held on 15 March 2021.
5. The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 15 March 2021.
6. Under the law, as per the report of performance evaluation, the Board shall determine, *inter alia*, whether to continue the term of appointment of the independent director.
7. Based on the report and evaluation, the NRC and Board at their respective meetings held on 15 March 2021, determined that the appointment of independent directors may continue.
8. During FY2021, the criteria and process followed by the Company was reviewed by the NRC and Board and they opined it to be satisfactory.

No director, other than the Chairpersons of the Board and NRC, have access to the individual ratings given by directors.

Number of Board Meetings

The Board met five (5) times during FY2021 on 18 May 2020, 15 July 2020, 20 October 2020, 18 January 2021 and 15 March 2021. The gap between two consecutive meetings was less than one hundred and twenty days.

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. Directors have separate and independent access to the officers of the Company.

The independent directors of the Company met on 15 March 2021 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 following information, *inter alia*, are also being placed before the Board at regular intervals:

- 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 Risk Management, Asset-Liability and IT Strategy Committees
- Compliance with fair practices code
- Functioning of customer grievance redressal mechanism
- Details of incidences of fraud
- Supervisory and Observation letters issued by NHB/RBI

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.

Audit Committee

The Company has an Audit Committee fulfilling the requirements under the Act and clause 50.1 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and para 3(I) of the erstwhile Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

The composition of the Committee as on 31 March 2021 was as under:

Name of Director	Category
Lila Poonawalla	Chairperson, non-executive, independent
Sanjiv Bajaj	Non-executive
Dr. Omkar Goswami	Non-executive, independent

The Committee reviews, *inter alia*, the financial statements, adequacy of the internal audit function, the internal audit reports and grants approval for transactions to be entered into by the Company with its related parties. The Committee also performs all such functions as per the Act, RBI/NHB regulations and circulars, as amended, and as may be entrusted by the Board.

During FY2021, the Committee met five times. The meetings were held on 18 May 2020, 15 July 2020, 20 October 2020, 18 January 2021 and 15 March 2021. In addition to the members of the Audit Committee, these meetings were attended by the Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Internal auditor and other senior executives considered necessary for providing inputs to the Committee and representatives of the statutory auditors.

Pursuant to SEBI Circular on Enhanced Governance Norms for Credit Rating Agencies, dated 4 November 2019, the Chairperson of Audit Committee interacted with credit rating agencies, *inter alia*, to discuss issues on related party transactions, internal financial controls and other material disclosures made by the management, which have a bearing on rating of the listed NCDs.

During FY2021, all the recommendations of the Committee were accepted by the Board.

Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee fulfilling the requirements under the Act and clause 50.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and para 3(II) of the erstwhile Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

The composition of the Committee as on 31 March 2021 was as under:

Name of Director	Category
Lila Poonawalla	Chairperson, non-executive, independent
Sanjiv Bajaj	Non-executive
Anami N Roy	Non-executive, independent

The terms of reference of the Committee, *inter alia*, includes formulation of criteria for determining qualifications, positive attributes and independence of a director, identifying persons who are qualified to become directors of the Company, specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommending of remuneration policy for directors, key managerial personnel and other employees and devising a policy on Board diversity. The Committee also reviews the remuneration of the CEO and other senior management of the Company.

During FY2021, the Committee met two times. The meetings were held on 18 May 2020 and 15 March 2021.

Risk Management Committee

The Company has a Risk Management Committee fulfilling the requirements of clause 50.3 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and para 3(III) of the erstwhile Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

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

The composition of the Committee as on 31 March 2021 was as under:

Members	Category/ designation
Lila Poonawalla	Chairperson, non-executive, independent director
Sanjiv Bajaj	Non-executive director
Rajeev Jain	Managing Director
Atul Jain	Chief Executive Officer
Gaurav Kalani	Chief Financial Officer
Niraj Adiani	Chief Risk Officer
Anurag Jain	Chief Information Officer and Chief Technology Officer

The Company re-calibrated its risk management framework and approach to enable it to tide over the ongoing COVID-19 pandemic. These included:

- Tightening of underwriting and Loan to Value (LTV) norms.
- Buttressing of collection infrastructure and capacity.
- Building multiple scenarios on potential COVID-19 credit cost impacts taking into consideration lockdown, behaviour of moratorium customers, collection capacity management, changes in regulatory forbearance and response of the economy after the lockdown.
- Proactive contingency provisioning to the tune of ₹ 166 crore.

The terms of reference of the Committee, covers management of integrated risk and to perform such other functions as may be entrusted by the Board.

During FY2021, the Committee met twice viz., on 18 May 2020 and 20 October 2020.

Information Technology (IT) Strategy Committee

The Company has IT Strategy Committee fulfilling the requirements under the Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017 and NHB Policy circular no. 90 dated 15 June 2018.

The composition of the Committee as on 31 March 2021 was as under:

Members	Category/Designation
Lila Poonawalla	Chairperson, non-executive, independent director
Sanjiv Bajaj	Non- executive director
Rajeev Jain	Managing Director
Atul Jain	Chief Executive Officer
Gaurav Kalani	Chief Financial Officer
Niraj Adiani	Chief Risk Officer
Anurag Jain	Chief Information Officer and Chief Technology Officer

The Committee meets once in six months. During FY2021, the Committee met on 15 July 2020 and 18 January 2021. The Committee, *inter alia*, reviews the IT strategies in line with its corporate strategies, cyber security arrangements and other matters related to IT governance.

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 in accordance with the provisions and guidelines issued by NHB/RBI. 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 and based on the information provided by the Management, the directors state that:

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

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for FY2021;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

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

Particulars of loans, guarantees and investments

The Company, being a housing finance company registered with NHB and engaged in the business of giving 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 of the loans given as required under the aforesaid section have not been made in this Report.

Information regarding investments is detailed in the financial statements.

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/Ministry of Corporate Affairs is hosted on the Company's website and can be accessed at https://www.bajajhousingfinance.in/annual-reports

Share capital

There was no change in the share capital of the Company during the year.

As on 31 March 2021, 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.

Related party transactions

All contracts/arrangement/transactions entered by the Company during FY2021 with related parties were on arm's length basis and in the ordinary course of business of the Company. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, the details of transactions entered is also reviewed by the Audit Committee on a quarterly basis.

Details of transactions with related parties during FY2021 are provided in the notes to the financial statements. There were no transactions 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 formulated a policy on materiality of related party transactions and on dealing with related party transactions, duly approved by the Board. The policy is available on the website of the Company at https://www.bajajhousingfinance.in/media/document/1558446810472/rpt_policy.pdf and is also provided below:

"Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016" ('NHB Directions') require a housing finance company to formulate a policy on materiality of related party transactions and also on dealing with such related party transactions.

Accordingly, a policy is hereby framed as under:

1. All related party transactions (RPTs) of the Company covered under the Companies Act, 2013 and relevant provision of accounting standards will be approved by the Audit Committee of the Board from time to time.
2. Consent of the Board and the Shareholders would be taken in respect of all RPTs, except in the following cases:
   I. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder; or
   II. Where the transactions are entered into by the company in its ordinary course of business and are on an arms' length basis;
3. Material transactions mean the transactions which are above the threshold limits specified in the Companies Act, 2013 and Rules thereunder.

Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 and Rules thereunder and other applicable provisions for the time being in force.

The above policy is subject to change from time to time.

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

The operations of the Company are not energy intensive. However, the Company implements various energy conservation measures across all its functions and value chain. Key initiatives of the Company are given below:

- 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 leverages innovative and cutting edge digital ecosystem for customer acquisition and servicing. It has moved its entire enterprise IT ecosystem on cloud, leading to flexible architecture for its business applications, data warehousing and analytics, which 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 improvised productivity in areas of business operations and customer service 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 during COVID-19 lockdown.

Foreign exchange earnings and outgo

During FY2021, 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 ₹ 1.30 lakh (FY2020 - ₹ 0.35 lakh).

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 Housing Finance Companies (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.

As per 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. Further in terms of the said circular, independent meeting of the CRO with the Board in absence of the CEO is organised every quarter.

Compliances regarding insider trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, ('the SEBI PIT Regulations') the Company has a Board approved code of conduct to regulate, monitor and report trading by 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.

Corporate social responsibility

The composition of the Committee as on 31 March 2021 was as under:

Name of Director	Category
Sanjiv Bajaj	Chairman, non-executive
Rajeev Jain	Managing Director
Lila Poonawalla	Non-executive, independent

The terms of reference of the Committee, *inter alia*, includes formulating and recommending to the Board a Corporate Social Responsibility Policy, recommending the amount of expenditure as Corporate Social Responsibility and monitoring implementation of the Policy.

Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the 'CSR Rules') have been amended substantially with effect from 22 January 2021.

In terms of the provisions of the Act read with the amended CSR Rules, the Annual Report on CSR activities under the format prescribed in Annexure II of the said CSR Rules is annexed to this report.

In line with the said amendments, the Board, at its meeting held on 26 April 2021, amended the existing Policy. The policy including the composition of the CSR Committee is uploaded on the website of the Company at https://www.bajajhousingfinance.in/media/document/1558447882720/csr_policy.pdf

Further in terms of the amended CSR Rules, CFO has certified that the funds disbursed have been utilized for the purpose and in the manner approved by the Board for FY2021.

Significant and material orders

During FY2021, there were no significant or material orders passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

National Housing Bank post conducting inspection of the Company based on the financial position as on 31 March 2019, vide its letter dated 1 September 2020, imposed a penalty of ₹ 45,000 for non-fulfilment of LTV norms in few cases and ₹ 5,000 for not circulating auditors' certificate along with Information Memorandum published in connection with private placement of debentures. The Company confirms that this is neither financially significant nor material in nature and does not affect the going concern status of the Company.

Internal audit

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function process owners undertake corrective action in their respective areas.

Significant audit observations and corrective actions thereon are presented to the Audit Committee.

RBI, through its circular dated 3 February 2021, has introduced Risk Based Internal Audit 'RBIA' for NBFCs, by which applicable NBFCs shall put in place a RBIA Audit Framework by 31 March 2022.

The provisions of the said circular are not applicable to the Company. However, voluntarily, considering it as a good corporate governance practice and on the recommendation of the Audit Committee, the Board, has approved such an RBIA policy along with appropriate processes and plans for internal audit. This has been implemented from 1 April 2021.

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.

Business continuity and cyber security

In the wake of COVID-19 pandemic, the Company swiftly leveraged its technological capabilities to ensure that 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 for team meetings over digital media. 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 to manage the demand with elastic scalability and rapid provisioning while reducing total cost of ownership and turnaround time.

BHFL has an existing Information Security Plan and Business Continuity Plan which is periodically reviewed, tested and updated by Chief Information and Technology Officer. During the unprecedented time of lockdown due to COVID-19 pandemic, execution of the plan assisted the Company in continued operations and service of customer without significant delays or drop in quality of service. Business Continuity Plan is tested to address disruption risks including traditional emergencies like fires, floods, earthquakes and tornados as well as risks from physical and cyber terrorism, cybercrime, computer and telecommunication, equipment failures, theft, employee sabotage, lockdown situation etc.

In addition to other controls, an awareness program is conducted for all employees using the digital channel. All employees of the Company must undergo a mandatory online learning module on information security and affirm that they have understood and are aware of the protocols to be followed. Regular information security awareness bits are also sent to all employees for awareness and training purpose.

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.

The whistle blower policy/vigil mechanism enables a director or an employee to report to the management, without fear of victimisation, any unacceptable and/or unethical behaviour, suspected or actual fraud, violation of the Company's Code of Conduct or ethics policy and instances of leak or suspected leak of unpublished price sensitive information which are detrimental to the organisation's interest. It provides safeguards against victimisation of directors/employees who avail of the mechanism and allows for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The policy has been appropriately communicated to the employees within the organisation and has also 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 including whistle blower policy and affirm that they have understood and are aware of vital aspects of the policy.

During FY2021, no employee was denied access to the Chairperson of Audit Committee under this policy and no complaints were received under the vigil mechanism of the Company.

Listing

The secured and unsecured redeemable NCDs 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 upto 31 March 2022.

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

During FY2021, the Company retained its credit rating owing to 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

"CRISIL AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 10,580 crore for the NCD programme, ₹ 500 crore for the subordinate debt programme, ₹ 9,000 crore for its bank loan rating programme.

"IND AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 500 crore for the NCD programme and ₹ 15,600 crore for its bank loan rating programme.

Short term debt rating

"CRISIL A1+" for its short-term debt programme with a programme size of ₹ 5,000 crore.

"IND A1+" for its short-term debt programme with a programme size of ₹ 5,000 crore.

"IND A1+" for its short-term bank loan facilities with a programme size of ₹ 1,400 crore.

"CRISIL A1+" for its short-term bank loan facilities.

All the above ratings indicate a high degree of safety with regard to timely payment of interest and principal. The Company updates its long term and short term ratings on its website and can be accessed at https://www.bajajhousingfinance.in/credit-rating

NHB/RBI guidelines

RBI, vide its 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 of individuals, in a phased manner. HFCs that do not fulfil the said criteria have been provided time till 31 March 2024 for transition in a phased manner. Such HFCs are also required to have a transition plan approved by the Board. The Board, at its meeting held on 18 January 2021, approved the said transition plan.

Statutory disclosures

- The financial statements of the Company are placed on the Company's website at https://www.bajajhousingfinance.in/annual-reports and on the website of Bajaj Finance Ltd. at https://www.bajajfinserv.in/finance-investor-relation-annual-reports and Bajaj Finserv Ltd. at https://www.bajajfinserv.in/finserv-investor-relations-annual-reports
- There is no change in the nature of business of the Company during FY2021.
- The provisions of section 148 of the Act relating to cost accounts and cost audit are not applicable to the Company.
- During FY2021, no amount has remained unclaimed pursuant to debentures redeemed during the year.
- Details required under the provisions of section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (the 'Remuneration Rules') containing, *inter alia*, the ratio of remuneration of directors to median remuneration of employees, percentage increase in the median remuneration, are annexed to this Report.
- Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Remuneration Rules containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.
- The Company being a housing finance company, the provisions relating to Chapter V of the Act, i.e., acceptance of deposit, are not applicable. The Board has passed a resolution confirming non-acceptance of public deposits.
- 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. During FY2021, no case of sexual harassment was reported.
- The Company has not defaulted in repayment of loans from banks and financial institutions.
- The Managing Director, as per the terms of his appointment, does not draw any remuneration from the Company.

- The Company issued a formal letter of appointment to independent directors in the manner as provided in the Act.
- The Company does not have any ESOP scheme. However, eligible employees of the Company are allotted ESOPs of the holding company, i.e., BFL as per applicable SEBI regulations, performance criteria and compensation practices.
- The Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2021, as amended, provides that any public company not having its equity shares listed but having only its NCDs that are issued on private placement basis listed shall not be considered as a listed company for the purpose of the Act. The amendment is effective 1 April 2021. Considering that the Company has only NCDs issued on private placement basis, it is classified as an unlisted company and is eligible for several relaxations. However, the Company continues to follow the governance framework in line with those applicable to listed entities.

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

In terms of section 139 of the Act, S R B C & CO LLP, Chartered Accountants, (Firm Registration No. 324982E/E300003) were appointed as statutory auditors of the Company to hold office from the conclusion of the 9th AGM of the Company till the conclusion of the 14th AGM. The statutory auditors have confirmed they are not disqualified from continuing as auditors of the Company.

The audit report by S R B C & CO LLP, for FY2021 is unmodified, i.e., it does not contain any qualification, reservation, adverse remark or disclaimer.

In terms of the Master Circular – Housing Finance Companies - Auditor's Report (NHB) Directions, 2016, the auditors have also submitted an additional report dated 15 July 2020, for FY2020 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, practising company secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

A report from the secretarial auditor in the prescribed Form MR-3 for the year ended 31 March 2021 is annexed to this Report. It does not contain any qualification, reservation, adverse remark or disclaimer.

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.

Acknowledgement

The Board places its gratitude and appreciation for the support and co–operation from its members, NHB, RBI 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
26 April 2021

Remuneration details under Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended, for the financial year ended 31 March 2021

Name of Director/ Key Managerial Personnel	Ratio of Remuneration of director to Median Remuneration of employees	% increase in Remuneration in the financial year
A. Whole time director		
Rajeev Jain – Managing Director	NIL	NIL
B. Non- executive directors		
Sanjiv Bajaj - Chairman	NIL	NIL
Lila Poonawalla	NIL	NIL
Dr. Omkar Goswami	NIL	NIL
Anami N Roy	NIL	NIL
C. Key Managerial Personnel		
Rajeev Jain, Managing Director		NIL
Atul Jain, Chief Executive Officer		5.00
Gaurav Kalani, Chief Financial Officer		2.90
R Vijay, Company Secretary		NIL
D. % increase in Median Remuneration of employees other than managing director		2.85
E. Number of permanent employees on the rolls of the Company as on 31 March 2021		2,348

Note:

No remuneration was paid to any of the directors, except sitting fees.

Notes on Disclosures under Rule 5

1. Average percentage increase in salary of employees other than Managing Director is 4.7%
2. The Managing Director does not draw any remuneration from the Company.
3. The remuneration paid as above was as per the Remuneration Policy of the Company

Annual Report on CSR activities for the financial year ended 31 March 2021

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:** Encourage balanced development and ensure least adverse impact on environment – Growth with Mother Nature's–blessings.

Brief Contents of CSR Policy

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

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

- Philosophy, Approach and Direction;
- Guiding Principles for selection, implementation and monitoring of activities; and
- 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 attended during the year
1.	Sanjiv Bajaj	Chairman	0	0
2.	Lila Poonawalla	Member		0
3.	Rajeev Jain	Member		0

#circular resolutions were passed during the year.

3. Web-link where the following are disclosed on the website of the Company:

   a. Composition of CSR Committee : https://www.bajajhousingfinance.in/composition-board-of-committees

   b. CSR Policy : https://www.bajajhousingfinance.in/media/document/1558447882720/csr_policy.pdf

   c. CSR Projects approved by Board : https://www.bajajhousingfinance.in/media/document/1558447882720/csr_policy.pdf

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 : Not applicable

6. Average net profit of the Company as per section 135(5) : ₹ 193.95 crore

7. (a) Two percent of average net profit of the company as per section 135(5) : ₹ 3.88 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) : ₹ 3.88 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
3.91 crore	NOT APPLICABLE, SINCE THERE IS NO UNSPENT AMOUNT				

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in Cr.)	Amount spent in the current financial year (₹ in Cr.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Implementing Agency
				State	District					Name
1.	Supporting children with developmental disabilities	Health care (i)	Yes	Maharashtra	Mumbai	36	1.20	0.95	No	Ummeed Child Development Center
	Total							**0.95**		

Note:
There is no amount transferred to unspent CSR account for any of the projects as per section 135(6).

(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.	Global Mills passage school	Education (ii)	Yes	Maharashtra	Pune	1.76	No	Muktangan Education Trust
2.	Capacity Building of Organizations on addressing developmental disabilities.	Health care (i)	Yes	Maharashtra	Mumbai	1.20	No	Ummeed Child Development Center
Total						**2.96**		

Note:
Information on CSR Registration number for the implementing agencies is not given in point 8(b) &(c), since the process of registration is yet to commence at MCA's end.

(d) Amount spent on Administrative Overheads (₹) NIL

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

(f) Total amount spent for the financial Year (8b+8c+8d+8e) (₹) 3.91 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)	3.88
(ii)	Total amount spent for the financial year	3.91
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.03*

* As on date, there is no proposal to set off

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable

   (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not applicable

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: Not applicable

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	Sanjiv Bajaj
Managing Director	Chairman of CSR Committee

Date: 26 April 2021

CSR AT BAJAJ HOUSING FINANCE AND BAJAJ FINSERV GROUP COMPANIES

The Bajaj Group's humanitarian philosophy was articulated by Shri Jamnalalji Bajaj, who had advised that all business activities should look for opportunities for philanthropy and that these philanthropic contributions to society should be above any thought of business gains. As the Government of India implemented Corporate Social Responsibility rules in 2014, the Bajaj Group of Companies significantly scaled up its activities in the social development space. The Group has collaborated with more than 300 NGO partners – the projects supported are in health, education, women's empowerment, and environmental sustainability – and has made fund allocations of over ₹ 13,000 crore till date.

Healthcare and child welfare are the two main focus areas in the Group's philanthropic work. Specifically, the Group companies support interventions in fighting malnutrition; reaching out to underserved communities with holistic healthcare facilities; and provision of shelter for street children.

Healthcare

The absence of affordable healthcare is one of the main challenges for India, and this drawback leads to high maternal and infant mortality rates and malnourishment as well as widespread communicable and non-communicable diseases. The Bajaj Group strives to mitigate this through a wide variety of projects that provide vulnerable communities with access to best-in-class treatment for paediatric cancer, epilepsy, diabetes, heart ailments, etc.

In addition to direct tertiary care (which is the level of care where sophisticated healthcare infrastructure is required), our programmes with our NGO partners Bandhan (Konnagar, West Bengal) and CRY (Rajasthan) also seek to provide healthcare to expecting mothers and children in rural areas.

Ensuring child health in the first few years of their life, when the growth spurt occurs, is a key priority. The prevalence of underweight children in India is among the highest in the world, and malnourished children often either perish early or grow up with diseases. The Bajaj Group has supported a diverse range of interventions addressing this issue in 500+ remote tribal villages across India – conventional nutrition support in districts of Maharashtra (Gadchiroli, Nandurbar, Palghar, Amravati); technology-led mother and child healthcare in tribal areas of southern Rajasthan; and revival of traditional millet superfoods by gene campaign in Uttarakhand.

Child Protection

The Group's support for child protection and shelter programmes –implemented by Rainbow Homes, SOS, Pride, Tara Mobile Creche, Janaseva Foundation, Seva Mandir, and others – provides vulnerable children with protection and also education and life skills. In many cases, a safe shelter for the children enables their parents to undertake their economic activities. Together, these protection-focused interventions reach more than 2.5 lakh children, and entail a commitment of over ₹ 100 crore .

COVID-19 response

On March 26, 2020, the day the Government of India imposed the nationwide lockdown to curb the spread of the novel coronavirus, the Bajaj Group pledged ₹ 100 crore to the fight against COVID-19. Working with the Government of India and a network of 200+ NGO partners, the Group made a commitment to ensure that resources like healthcare and other necessities of life reach those who need it the most. The Group made a contribution of ₹ 47 crore towards the upgrade of key healthcare infrastructure across Pune, Sikar, Udham Singh Nagar, and Aurangabad.

The focus was on upgrading the Urban, Rural and Peri-urban facilities via the provision of equipment and consumables, and by supporting the operation of COVID-19 care units and isolation wards. Critical equipment was provided to the tertiary care facilities in our core districts and 21 facilities were targeted for key healthcare upgrade in a phased manner. These facilities have played a key role during the second wave of the pandemic.

In related programmes, the Group reached out to people left in deep distress by the stoppage of economic activities following the lockdown. More than 20 lakh meals were distributed in Pune and Aurangabad; 10,000 dry ration packets and equivalent were distributed in Sikar; and more than 40 lakh meals/ration equivalent were given to migrants in Maharashtra, Uttarakhand, and Rajasthan.

Supporting distressed livelihoods was a key part of the Group's strategy in the first wave of the pandemic. Projects were initiated with Jankidevi Bajaj Gram Vikas Sanstha (JBGVS), Sasakawa India Leprosy Foundation, Pradan, Sahjeevan, Gramin Evam Samajik Vikas Sanstha, iCreate India, SVP-Jagruti, Aarohi, and Reanalysis (in collaboration with JBGVS) to start pilots on livelihood, focusing on geographies that had seen the return of migrant workers, so that they would not remain unemployed.

Employment

Banking, financial service and insurance (BFSI) is a growing sector in India that requires very specific attitude, skills, and domain knowledge. To help fresh graduates and final-year undergraduate students to make a career in BFSI, a special course has been designed by Bajaj Finserv. This course, CPBFI (a customised certificate programme in banking, finance, and insurance) not only increases the employability of the Indian youth, but also creates a local talent pool for the BFSI sector in Tier 2 and 3 cities.

To design the course, the Group has partnered with a top management school and experts in the field of mental health. The CPBFI training is imparted by a team of corporate trainers, who go beyond the curriculum and share their corporate experience with the students, becoming their mentors in the process.

A final round of interviews is conducted by recruiters from Bajaj Finserv and its subsidiaries, where the students gain experience of a corporate recruitment process and receive feedback about their own readiness for the industry. Bajaj Finserv has already conducted 2 job fairs on a pilot basis. Going forward, a placement division would be set up to provide employment opportunities for the CPBFI alumni in BFSI and allied sectors. The project is functional across 9 states and 55 districts and more than 9,500 students have benefited from the programme.

Secretarial audit report form no. MR-3 of Subsidiary Company

[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 2021

To,
The Members of
Bajaj Housing Finance Limited,
(CIN: U65910PN2008PLC132228)
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune-411 035

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Bajaj Housing Finance Limited** (hereinafter called as 'the company'). Subject to limitation of physical interaction and verification of records caused by COVID-19 pandemic lock down while taking review after completion of 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 31 March 2021, complied with the applicable statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31 March 2021, 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;

    (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

    (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;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 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 (for debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During FY2021 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 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 107,510 secured non-convertible debentures amounting to ₹ 1,975.00 crore on private placement basis from time to time and complied with the rules and regulations under various Acts. The company has also received ₹ 252 crore on unsecured non-convertible debentures.

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 F001587C000175486

Pune: 26 April 2021

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

My Secretarial Audit Report for the Financial Year ended on 31 March 2021 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
UDIN F001587C000175486

Pune: 26 April 2021

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, 2021, the Statement of Profit and Loss, including the statement of 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.

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, 2021, 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, 2021. 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.)

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial assets as at balance sheet date (expected credit losses) *(as described in note 8 of the financial statements)*	
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 behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/ minimal historical defaults. **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 ₹ 166 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.	• Read 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 issued on March 13, 2020. • 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 6, 2020 and tested the implementation of such policy on a sample basis. • 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. • 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 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.
(b) 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.

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

Other Information

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.

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.

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

- 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, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

(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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the 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 38 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 21213935AAAAB01943
Pune: April 26, 2021

Annexure 1 to Independent Auditor's Report

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Bajaj Housing Finance Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Annexure 1 to Independent Auditor's Report (Contd.)

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting on the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 21213935AAAAB01943
Pune: April 26, 2021

Annexure 2 to Independent Auditor's Report

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

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

We have audited the internal financial controls with reference to financial statements of Bajaj Housing Finance Limited (the "Company") as of March 31, 2021 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 reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 21213935AAAAB01943
Pune: April 26, 2021

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
ASSETS			
Financial assets			
Cash and cash equivalents	5	461.78	658.72
Bank balances other than cash and cash equivalents	6	255.00	-
Trade receivables	7	310.66	118.47
Loans	8	33,418.90	27,975.41
Investments	9	3,266.04	2,508.02
Other financial assets	10	33.99	8.37
		37,746.37	**31,268.99**
Non-financial assets			
Current tax assets (net)		4.46	11.10
Deferred tax assets (net)	11	15.26	-
Property, plant and equipment	12	64.32	77.80
Intangible assets	12	14.57	7.98
Other non-financial assets	13	14.36	6.55
		112.97	**103.43**
Total assets		**37,859.34**	**31,372.42**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	14		
Trade payables			
Total outstanding dues to micro enterprises and small enterprises		-	0.24
Total outstanding dues to creditors other than micro enterprises and small enterprises		20.90	30.35
Other payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		21.28	17.83

Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
Debt securities	15	11,332.08	7,823.59
Borrowings (other than debt securities)	16	20,268.52	17,776.85
Other financial liabilities	17	144.63	73.59
		31,787.41	**25,722.45**
Non-financial liabilities			
Current tax liabilities (net)		7.39	7.07
Provisions	18	2.29	2.28
Deferred tax liabilities (net)	11	-	11.43
Other non-financial liabilities	19	30.03	44.06
		39.71	**64.84**
EQUITY			
Equity share capital	20	4,883.33	4,883.33
Other equity	21	1,148.89	701.80
		6,032.22	**5,585.13**
Total liabilities and equity		**37,859.34**	**31,372.42**
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 S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Pune: 26 April, 2021

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2021	2020
Revenue from operations			
Interest income	22	2,877.43	2,303.08
Fees and commission income	23	74.62	100.08
Net gain on fair value changes	24	59.85	73.71
Sale of services	25	142.15	169.15
Others	26	0.65	-
Total revenue from operations		**3,154.70**	**2,646.02**
Other Income	27	0.58	0.21
Total income		**3,155.28**	**2,646.23**
Expenses			
Finance costs	28	1,965.87	1,616.03
Fees and commission expense	29	1.33	1.30
Impairment on financial instruments	30	247.21	124.33
Employee benefits expenses	31	245.76	248.51
Depreciation and amortisation expenses	12	21.77	23.14
Other expenses	32	60.16	65.47
Total Expenses		**2,542.10**	**2,078.78**
Profit before tax		**613.18**	**567.45**
Tax expense			
Current tax		187.00	126.10
Deferred tax charge / (credit)		(27.01)	20.02
Total tax expense		**159.99**	**146.12**
Profit after tax		**453.19**	**421.33**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans		1.27	(1.99)
Income tax effect relating to these items that will not be reclassified to profit or loss		(0.32)	0.39
		0.95	**(1.60)**

Statement of Profit and Loss (Contd.)

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2021	2020
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		-	-
		-	**-**
Other comprehensive income for the year, net of tax		**0.95**	**(1.60)**
Total comprehensive income for the year		**454.14**	**419.73**
Earnings per equity share (Nominal value per share ₹ 10/-)			
Basic (₹)	33	0.93	1.12
Diluted (₹)	33	0.93	1.12
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 S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Pune: 26 April, 2021

Statement of Changes in Equity

Equity share capital

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Balance at the beginning of the year	4,883.33	3,550.00
Changes in equity share capital during the year (refer note no. 20(a))	-	1,333.33
Balance at the end of the year	**4,883.33**	**4,883.33**

Other equity

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)	-	-
Less: Payment to holding company towards employee stock option plan (Refer Note no 46)		-	-	-	(7.05)	(7.05)
Balance as at 31 March 2021	**21**	**166.67**	**224.02**	**758.20**	**-**	**1,148.89**

For the year ended 31 March 2020

(₹ 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 2019		-	26.45	81.90	-	108.35
Profit after tax		-	-	421.33	-	421.33
Other comprehensive income (net of tax)		-	-	(1.60)	-	(1.60)
Total		**-**	**26.45**	**501.63**	**-**	**528.08**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		-	84.27	(84.27)		-
Add: Issue of equity shares to Holding Company		166.67	-	-	-	166.67
Add: Fair value of ESOPs issued by Holding Company		-	-	-	7.05	7.05
Balance as at 31 March 2020	**21**	**166.67**	**110.72**	**417.36**	**7.05**	**701.80**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Pune: 26 April, 2021

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Statement of Cash Flows

(₹ In Crore)

	Particulars	For the year ended 31 March 2021	2020
(I)	**Cash flow from operating activities**		
	Profit before tax	**613.18**	**567.45**
	Adjustments for:		
	Interest income	(2,877.43)	(2,303.08)
	Depreciation and amortisation expenses	21.77	23.14
	Impairment on financial instruments	247.21	124.33
	Finance Costs	1,965.87	1,616.03
	Net (gain)/ loss on disposal of property, plant and equipment	0.44	0.49
	Share based payments to employees	-	7.05
	Service fees for management of assigned portfolio of loans	(103.74)	(129.81)
	Net (gain)/ loss on financial instruments measured at FVTPL	(59.85)	(73.71)
		(192.55)	**(168.11)**
	Cash inflow from interest on loans	2,840.61	2,286.61
	Cash inflow from service asset	38.52	16.53
	Cash outflow towards finance cost	(1,669.72)	(1,247.51)
	Cash generated from operations before working capital changes	**1,016.86**	**887.52**
	Working capital changes:		
	(Increase) / decrease in trade receivables	(1.97)	(1.30)
	(Increase) / decrease in loans	(5,698.50)	(10,763.52)
	(Increase) / decrease in other financial assets	(275.64)	(0.56)
	(Increase) / decrease in other non-financial assets	(8.63)	(2.52)
	Increase / (decrease) in trade payables	(9.69)	14.53
	Increase / (decrease) in other payables	3.45	(11.27)
	Increase / (decrease) in other financial liabilities	77.78	(257.50)
	Increase / (decrease) in provisions	1.28	(4.72)
	Increase / (decrease) in other non-financial liabilities	(14.03)	23.26
		(4,909.09)	(10,116.08)
	Income taxes paid (net of refunds)	(180.04)	(128.13)
	Net cash used in operating activities (I)	**(5,089.13)**	**(10,244.21)**
(II)	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(6.60)	(24.70)
	Proceeds from sale of property, plant and equipment	1.51	1.12
	Purchase of intangible assets	(8.43)	(3.65)
	Purchase of investments measured at FVTPL	(21,391.29)	(55,545.26)
	Proceeds from sale of investments measured at FVTPL	21,076.84	54,866.91
	Purchase of investments measured under amortised cost	(3,475.00)	-
	Proceeds from sale of investments measured under amortised cost	2,975.00	-

Statement of Cash Flows (Contd.)

(₹ In Crore)

	Particulars	For the year ended 31 March 2021	2020
	Interest received on investments measured at FVTPL, Amortised Cost and cash equivalent fixed deposits	30.93	12.02
	Net cash used in investing activities (II)	**(797.04)**	**(693.56)**
(III)	**Cash flow from financing activities**		
	Issue of equity share capital (including securities premium)	-	1,500.00
	Payment to holding on account of recharge liability	(7.05)	-
	Debt securities issued (net)	3,217.18	(178.77)
	Borrowings other than debt securities issued (net)	2,486.83	10,174.57
	Payment of lease liability	(7.73)	(6.29)
Net cash generated from financing activities (III)		**5,689.23**	**11,489.51**
Net increase/ (decrease) in cash and cash equivalents (I+II+III)		**(196.94)**	**551.74**
Cash and cash equivalents at the beginning of the year		**658.72**	**106.98**
Cash and cash equivalents at the end of the year		**461.78**	**658.72**

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) Components of cash and cash equivalents are disclosed in note no. 5.

As per our report of even date

On behalf of the Board of Directors

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Pune: 26 April, 2021

Notes to financial statements for the year ended 31 March 2021

1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') 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 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 26 April 2021, 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, 17 February, 2021 ('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. 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 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.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

3. Presentation of Financial Statements (Contd.)

Critical accounting estimates and judgements:

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

i) Business model assessment (Refer note no. 4.4.(i))

ii) Fair value of financial instruments (Refer note no. 4.15, 43, and 44)

iii) Effective interest rate (EIR) (Refer note no. 4.1.(i))

iv) Impairment of financial assets (Refer note no. 4.4.(i), 8, 45)

v) Provisions and other contingent liabilities (Refer note no. 4.10 and 38(a))

vi) Provision for tax expenses (Refer note no. 4.6)

vii) Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment (Refer note no. 4.7)

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) 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.

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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

Other revenues on sale of services are recognised as per Ind AS 115 - 'Revenue from contracts with customers' as articulated above in 'other revenue from operations'.

(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.

(iii) Other Income

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

(iv) Taxes

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

Subsequent measurement

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

a) Debt instruments at amortised cost

b) Debt instruments at FVOCI

c) Debt instruments at FVTPL

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

a) Debt instruments at amortised cost:

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) Debt instruments at FVOCI:

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 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, commercial papers and certificate of deposits for trading and short term cash flow management have been classified under this category.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

Impairment on financial assets:

A) General Approach

Expected Credit losses ('ECL') are recognised for 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'. Lifetime ECL is recoginsed 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 or default, 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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

a) Credit impaired (stage 3)

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

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.

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation 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, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

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

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

- 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. 45.

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

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities 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.

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

4.6 Property, plant and equipment

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

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

Nature of assets	Useful life as per Schedule II	Useful life adopted by the Company
Computers	3 years	4 years
Leasehold improvements	3 years	Primary lease period or 5 years whichever is less

For the above class of asset, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

(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.

4.7 Intangible assets and amortization thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortization and accumulated impairment. The intangible assets 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 and contingent liabilities

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

4.10 Foreign currency translation

Initial recognition:

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

Conversion:

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

Exchange differences:

All exchange differences are accounted in the Statement of Profit and Loss.

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) Compensated absences: Privilege leave entitlements are recognised as a liability as per the rules of the Company. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed actuary. 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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

4.13 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.

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.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company."

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. 43 and 44.

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

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.15 Change in accounting estimates

The Company has changed the following accounting estimates in property, plant and equipments :

1. Change of estimated useful life to Computer and Vehicles from 3 years to 4 years and from 4 years to 8 years respectively.
2. Depreciation method for Building has been changes from WDV method to SLM method.

   Had the Company applied the estimates followed in the previous year, the profit before tax for the period would had been lower by ₹ 2.83 Crore.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

5. Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	-	-
Balance with banks:		
In current accounts	211.61	7.24
Fixed deposits (with original maturity less than 3 months)	250.17	651.48
	461.78	**658.72**

6. Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks		
In fixed deposits orignal maturity more than 3 months	255.00	-
	255.00	**-**

7. Trade receivables

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Considered good - unsecured		
Service asset*	180.05	114.83
Fees, commission and others**	130.61	3.64
	310.66	**118.47**

* includes receivable from related parties ₹ 36.01 Crore (Previous year: ₹ 47.99)

** includes receivable from related parties ₹ nil (Previous year: ₹ 0.74)

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

8. Loans

(₹ In Crore)

Particulars	As at 31 March 2021 At amortised Cost	As at 31 March 2021 At FVOCI*	As at 31 March 2021 Total **	As at 31 March 2020 At amortised Cost	As at 31 March 2020 At FVOCI*	As at 31 March 2020 Total
Term loans						
Secured						
Against equitable mortgage of immovable property	6,993.76	25,462.46	32,456.22	5,415.50	21,742.46	27,157.96
Less: Impairment loss allowance	53.54	283.54	337.08	30.61	82.92	113.53
	6,940.22	**25,178.92**	**32,119.14**	**5,384.89**	**21,659.54**	**27,044.43**
Unsecured						
Unsecured loans	1,318.44	-	1,318.44	938.07	-	938.07
Less: Impairment loss allowance	18.68	-	18.68	7.09	-	7.09
	1,299.76	**-**	**1,299.76**	**930.98**	**-**	**930.98**
	8,239.98	**25,178.92**	**33,418.90**	**6,315.87**	**21,659.54**	**27,975.41**
Out of above						
Loans in India						
Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Others	8,312.20	25,462.46	33,774.66	6,353.57	21,742.46	28,096.03
Less: Impairment loss allowance	72.22	283.54	355.76	37.70	82.92	120.62
	8,239.98	**25,178.92**	**33,418.90**	**6,315.87**	**21,659.54**	**27,975.41**
Loans outside India	-	-	-	-	-	-
	8,239.98	**25,178.92**	**33,418.90**	**6,315.87**	**21,659.54**	**27,975.41**

* The net value is the fair value of these loans

** includes advances to related parties ₹ 13.17 Crore (Previous year: ₹ nil)

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2021 Stage 1	As at 31 March 2021 Stage 2*	As at 31 March 2021 Stage 3	As at 31 March 2021 Total	As at 31 March 2020 Stage 1	As at 31 March 2020 Stage 2	As at 31 March 2020 Stage 3	As at 31 March 2020 Total
Gross carrying amount	32,996.17	659.36	119.13	33,774.66	27,778.42	293.91	23.70	28,096.03
Less: Impairment loss allowance	178.68	131.88	45.20	355.76	89.01	22.60	9.01	120.62
Net carrying amount	**32,817.49**	**527.48**	**73.93**	**33,418.90**	**27,689.41**	**271.31**	**14.69**	**27,975.41**

*Net carrying amount in Stage 2 includes nondelinquent account restructured under RBI resolution framework for COVID-19-related Stress of ₹ 366 Crore where there were no overdue as of 31 March 2021.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

8. Loans (Contd.)

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 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	-	-
Sub-total	**(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**

(₹ In Crore)

Particulars	For the year ended 31 March 2020							
	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	17,291.64	22.55	59.63	3.30	9.50	3.36	17,360.77	29.21
Transfers during the year								
Transfers to stage 1	16.21	1.12	(15.85)	(1.07)	(0.36)	(0.05)	-	-
Transfers to stage 2	(278.51)	(0.46)	278.51	0.46	-	-	-	-
Transfers to stage 3	(97.12)	(0.17)	(14.07)	(1.05)	111.19	1.22	-	-
Sub-total	**(359.42)**	**0.49**	**248.59**	**(1.66)**	**110.83**	**1.17**	**-**	**-**
Impact of changes in credit risk on account of stage movements		(1.00)		22.89		8.36		30.25
Changes in opening credit exposures (additional disbursement net of repayments)	(5,327.63)	15.33	(90.47)	(7.08)	(74.78)	22.99	(5,492.88)	31.24
New credit exposures during the year, net of repayments	16,173.83	51.64	76.16	5.15	11.07	6.05	16,261.06	62.84
Amounts written off during the year	-	-	-	-	(32.92)	(32.92)	(32.92)	(32.92)
Balance as at the end of the year	**27,778.42**	**89.01**	**293.91**	**22.60**	**23.70**	**9.01**	**28,096.03**	**120.62**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

8. Loans (Contd.)

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

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Net impairment loss allowance charge/ (release) for the year	235.14	91.41
Amounts written off during the year	11.70	32.92
Impairment on loans	246.84	124.33
Add: Impairment on other assets	0.37	-
Impairment on financial instruments	**247.21**	**124.33**

9. Investments

(₹ In Crore)

Particulars	As at 31 March 2021	2020
(i) At fair value through profit or loss		
In mutual funds	2,755.34	2,500.45
Add: Fair value gains	1.98	7.57
Total (i)	**2,757.32**	**2,508.02**
(ii) At Amortised cost		
In Fixed deposits	508.72	-
Total (ii)	**508.72**	**-**
Total	**3,266.04**	**2,508.02**

Out of above:

(₹ In Crore)

Particulars	As at 31 March 2021	2020
In India	3,266.04	2,508.02
Outside India	-	-
	3,266.04	**2,508.02**

Impairment allowance recognised on these investments is ₹ Nil (Previous year ₹ Nil).

Notes to financial statements for the year ended 31 March 2021 (Contd.)

10. Other financial assets

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits*	5.53	5.75
Advances to related parties	6.41	2.07
Other Advances**	22.05	0.55
	33.99	**8.37**

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

*Includes security deposits with related parties ₹ 0.02 Crore (Previous year ₹ 0.02 Crore)

**See note no. 52.3

11. Deferred tax assets (net)

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

(₹ In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before tax	**613.18**	**567.45**
At corporate tax rate of 25.17% (Previous year: 25.17%)	**154.34**	**142.83**
Tax on expenditure not considered for tax provision (net of allowance)	5.76	2.39
Tax on additional deductions	(0.11)	(0.10)
Tax impact due to revaluation of deferred tax due to change in Income tax rate*		1.00
Tax expense (effective tax rate of 26.09%, Previous year 25.75%)	**159.99**	**146.12**

* Company opted for reduced corporate tax rate of 25.17% under section 115BAA of the Income Tax Act, 1961

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

Deferred tax assets/ (liabilities) recorded in balance sheet

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax relates to the following:		
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	0.22	0.52
Depreciation and amortisation	0.97	1.11
Impairment on Financial Instruments	76.91	24.23
Lease liability	0.94	0.46
Total of deferred tax assets	**79.03**	**26.32**
Deferred tax liabilities		
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	18.72	8.15
EIR impact on financial instruments measured at amortised cost	44.55	27.70
Unrealised net gain on fair value changes	0.50	1.90
Total of deferred tax liabilities	**63.77**	**37.75**
Deferred tax assets/ (liabilities), net	**15.26**	**(11.43)**

Changes in deferred tax assets/ (liabilities) recorded in profit or Loss

(₹ In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.02)	1.34
Impairment on financial instruments	(52.68)	(17.92)
Depreciation and amortisation	0.14	(1.21)
EIR impact on financial instruments measured at amortised cost	16.85	30.81
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	10.57	6.00
Lease liability	(0.48)	(0.46)
Unrealised net gain/(loss) on fair value changes	(1.40)	1.46
Total	**(27.01)**	**20.02**

Changes in deferred tax recorded in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	0.32	(0.39)
	0.32	**(0.39)**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

12. Property, Plant and equipment and intangible assets

For the year ended 31 March 2021

(₹ In Crore)

	Gross Block				Depreciation and amortisation				Net block
Particulars	**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**

For the year ended 31 March 2020

(₹ In Crore)

	Gross Block				Depreciation and amortisation				Net block
Particulars	**As at 1 April 2019**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2020**	**As at 1 April 2019**	**Deductions/ adjustments**	**For the year**	**As at 31 March 2020**	**As at 31 March 2020**
Property, plant and equipment [(a)]									
Buildings	2.39	-	-	2.39	0.24	-	0.10	0.34	2.05
Computers	9.69	7.03	0.76	15.96	1.86	0.43	4.70	6.13	9.83
Furniture and Fixtures	7.53	3.04	(0.07)	10.64	1.62	0.01	1.82	3.43	7.21
Vehicles	3.83	3.42	0.33	6.92	0.74	0.10	1.69	2.33	4.59
Office equipment	7.57	4.95	0.73	11.79	1.00	0.07	2.08	3.01	8.78
Lease hold improvement	6.84	6.26	0.87	12.23	1.03	0.37	3.05	3.71	8.52
Right-of-use - Premises	28.74*	16.90	0.73	44.91	-	0.10	8.19	8.09	36.82
Total (i)	**66.59**	**41.60**	**3.35**	**104.84**	**6.49**	**1.08**	**21.63**	**27.04**	**77.80**
Intangible assets [(b)]									
Computer Software	6.85	2.92	-	9.77	0.28	-	1.51	1.79	7.98
Total (ii)	**6.85**	**2.92**	**-**	**9.77**	**0.28**	**-**	**1.51**	**1.79**	**7.98**
Total (i) + (ii)	**73.44**	**44.52**	**3.35**	**114.61**	**6.77**	**1.08**	**23.14**	**28.83**	**85.78**

*Represents right to use assets recognised on application of Ind AS 116 (revised) w.e.f April 01, 2019.

Note
(a) See note no. 4.6 and 4.13
(b) See note no. 4.7

Notes to financial statements for the year ended 31 March 2021 (Contd.)

13. Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Capital advances	0.62	1.44
Indirect tax credits available for utilisation	0.96	0.92
Advances to suppliers and others*	12.78	4.19
	14.36	**6.55**

* includes advances to related parties ₹ 6.31 Crore (Previous year: ₹ 0.17 Crore)

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

14. Payables

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises#	-	0.24
Total outstanding dues of creditors other than micro enterprises and small enterprises*	20.90	30.35
Total	**20.90**	**30.59**
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises**	21.28	17.83
Total	**21.28**	**17.83**

* Includes payable to related parties ₹ 0.04 Crore (Previous year ₹ 4.80 Crore).

** Includes payable to related parties ₹ 1.80 Crore (Previous year ₹ 5.58).

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 2021	As at 31 March 2020
Principal amount due to suppliers under MSMED Act, as at the year end (since Paid)	-	0.24
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	0.04	4.95
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act Section 16) (₹ 1,313)		0.12
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 financial statements for the year ended 31 March 2021 (Contd.)

15. Debt securities

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Secured		
Privately placed redeemable non-convertible debentures*#	7,963.33	6,119.32
	7,963.33	6,119.32
Unsecured		
Borrowings by issue of Commercial Paper	2,861.41	1,450.88
Privately placed partly paid redeemable non-convertible debentures$	507.34	253.39
	3,368.75	1,704.27
Total	**11,332.08**	**7,823.59**
Out of above		
In India	11,332.08	7,823.59
Outside India	-	-
Total	**11,332.08**	**7,823.59**

*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.

#Related parties are current holders of ₹ 476.55 Crore in aggregate of the above debt securities (Previous year ₹ 301.10).

$Related parties are current holders of ₹ 436.76 Crore in aggregate of the above debt securities (Previous year ₹ 218.20).

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					
Upto 365	-	-	-	-	-
366-730	-	900.00	-	-	900.00
731-1095	758.47	165.00	1,075.00	-	1,998.47
1096-1460	79.97	960.00	-	-	1,039.97
More than 1460	-	-	-	504.00	504.00
Issued at par and redeemable at premium					
Upto 365	-	-	-	-	-
366-730	428.29	-	-	-	428.29
731-1095	1,848.50	834.26	-	-	2,682.76
1096-1460	-	-	-	-	-
More than 1460					-
Issued at discount and redeemable at par	-	-	-	-	
Upto 365	-	-	-	-	-
366-730	-	-	-	-	-
731-1095	-	26.35	-	-	26.35
1096-1460	-	-	-	-	-
More than 1460	-	-	-	-	-
Interest accrued and impact of EIR					890.83
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 and ₹ 120 Crore in Feb 2025
Amount to be called and paid is ₹ 147 Crore each in Mar 2022,Mar 2023, Mar 2024 and ₹ 168 Crore in Mar 2025

Notes to financial statements for the year ended 31 March 2021 (Contd.)

15. Debt securities (Contd.)

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2020

(₹ In Crore)

Original maturity of NCDs (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					
731-1095	-	758.32	165.00	-	923.32
1096-1460	100.00	79.80	960.00	-	1,139.80
More than 1460	-	-	-	252.00	252.00
Issued at par and redeemable at premium					
366-730	320.00	-	-	-	320.00
731-1095	-	428.29	-	-	428.29
1096-1460	-	1,848.51	834.26	-	2,682.77
Issued at discount and redeemable at par					
366-730	-	-	-	-	-
731-1095	-	-	-	-	-
1096-1460	-	-	24.50	-	24.50
Interest accrued and impact of EIR					602.03
Total					**6,372.71**

Interest rate ranges from 6.94% p.a. to 9.21% p.a. as at 31 March 2020
As at 31 March 2020, partly called and paid unsecured debentures of ₹ 253.39 Crore.
Amount to be called and paid is ₹ 105 Crore each in Feb 2021, Feb 2022,Feb 2023, Feb 2024 and ₹ 120 Crore in Feb 2025
Amount to be called and paid is ₹ 147 Crore each in Mar 2021, Mar 2022,Mar 2023, Mar 2024 and ₹ 168 Crore in Mar 2025

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 and 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)

Terms of repayment of commercial paper as at 31 March 2020

(₹ 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	1,452.13	-	-	-	1,452.13
Interest accrued and impact of EIR					(1.25)
Total					**1,450.88**

Interest rate ranges from 6.60% p.a. to 7.85% p.a. as at 31 March 2020
Face value of commercial paper is ₹ 1,515 Crore as at 31 March 2020

Notes to financial statements for the year ended 31 March 2021 (Contd.)

16. Borrowings (other than debt securities)

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Secured*		
Term loans from banks	20,187.36	17,714.41
Loans repayable on demand from banks		
Cash credit	61.16	49.77
Working capital demand loan	20.00	12.67
Total	**20,268.52**	**17,776.85**
Out of above		
In India	20,268.52	17,776.85
Outside India	-	-
Total	**20,268.52**	**17,776.85**

* Secured against hypothecation of book debts, loan receivables and other receivables.

Terms of repayment of term loans as at 31 March 2021

Original maturity of loan (In no.of days)	Due within 1 year No. of instalments	Due within 1 year ₹ in Crore	Due 1 to 2 Years No. of instalments	Due 1 to 2 Years ₹ in Crore	Due 2 to 3 Years No. of instalments	Due 2 to 3 Years ₹ in Crore	More than 3 years No. of instalments	More than 3 years ₹ in Crore	Total ₹ in Crore
Monthly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	5	62.50	-	-	-	-	-	-	62.50
731 to 1095	7	87.50	4	50.00	-	-	-	-	137.50
More than 1095	-	-	-	-	-	-	-	-	-
Quarterly									
Upto 365	8	165.00	-	-	-	-	-	-	165.00
366 to 730	20	406.25	13	280.63	-	-	-	-	686.88
731 to 1095	44	741.25	26	546.88	12	255.63	-	-	1,543.75
More than 1095	20	164.58	74	1,314.17	85	1,724.79	115	3,715.42	6,918.96
Half yearly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	6	230.77	-	-	-	-	-	-	230.77
731 to 1095	7	332.85	7	270.77	-	-	-	-	603.62
More than 1095	2	154.00	15	896.85	26	1,342.62	47	2,067.69	4,461.15
Yearly									
Upto 365	1	50.00	-	-	-	-	-	-	50.00
366 to 730	1	25.00	2	200.00	-	-	-	-	225.00
731 to 1095	4	210.00	1	25.00	2	275.00	-	-	510.00
More than 1095	6	323.32	10	550.00	10	475.00	8	730.00	2,078.32
On maturity (Bullet)									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	-	-	-	-	-	-	-	-	-
731 to 1095	3	677.50	-	-	-	-	-	-	677.50
More than 1095	-	-	1	211.25	5	1,611.25	1	25.00	1,847.50
Interest accrued and impact of EIR									(11.08)
Total									**20,187.36**

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

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
Upto 365	20.00	-	-	-	20.00
Interest accrued and impact of EIR					-
Total					**20.00**

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

Terms of repayment of term loans as at 31 March 2020

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
	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	₹ in Crore
Quarterly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	30	486.46	14	300.00	-	-	-	-	786.46
731 to 1095	18	282.29	50	947.90	21	491.67	-	-	1,721.86
More than 1095	4	16.67	20	164.58	82	1,482.31	166	3,476.71	5,140.27
Half yearly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	3	192.46	6	230.77	-	-	-	-	423.23
731 to 1095	2	154.00	6	307.85	7	270.77	-	-	732.62
More than 1095	-	-	2	154.00	13	846.85	69	3,253.96	4,254.81
Yearly									
Upto 365	3	80.00	-	-	-	-	-	-	80.00
366 to 730	1	30.00	1	25.00	-	-	-	-	55.00
731 to 1095	5	223.34	4	210.00	1	25.00	-	-	458.34
More than 1095	-	-	6	323.32	10	550.00	23	1,015.96	1,889.28
On maturity (Bullet)									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	4	50.00	5	62.50	-	-	-	-	112.50
731 to 1095	1	100.00	10	765.00	4	50.00	-	-	915.00
More than 1095	1	50.00	-	-	1	211.25	5	899.71	1,160.96
Interest accrued and impact of EIR									(15.92)
Total									**17,714.41**

Interest rate ranges from 6.59% p.a. to 9.00% p.a. as at 31 March 2020

Terms of repayment of working capital demand loan as at 31 March 2020

(₹ 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
Upto 365	12.67	-	-	-	12.67
Interest accrued and impact of EIR					-
Total					**12.67**

Interest rate ranges from 7.80% p.a. to 8.10% p.a. as at 31 March 2020

Notes to financial statements for the year ended 31 March 2021 (Contd.)

17. Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2021	2020
Security deposits*	0.08	0.08
Lease Liability**	31.96	38.70
Others***	112.59	34.81
	144.63	**73.59**

*Includes amounts pertaining to related parties ₹ 0.08 Crores (previous year 0.08 Crores)
**Disclosures as required by Ind AS 116 - Leases are stated below :
***Includes amounts pertaining to related parties ₹ 0.26 Crore (previous year 0.12 Crores)

a. Lease Liability Movement

(₹ In Crore)

Particulars	As at 31 March 2021	2020
Balance as at the beginning of the year	38.70	28.74
Add :		
Addition during the year	0.96	16.90
Interest on Lease Liability	2.58	2.79
Lease modification/ adjustments	0.34	-
Less :		
Derecognised during the year	0.31	0.65
Lease rental payments	10.31	9.08
Balance as at the end of the year	**31.96**	**38.70**

b. Lease rentals of ₹ 0.96 Crores (Previous year ₹ 1.13 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 2021	2020
- Not later than one year	11.23	10.90
- Later than one year but not later than five years	22.90	32.00
- Later than five years	2.72	3.49

d. Maturity Analysis of Lease Liability as at 31 March 2021:

(₹ In Crore)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Lease Liability	9.23	22.73	8.15	30.55

Notes to financial statements for the year ended 31 March 2021 (Contd.)

18. Provisions

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Compensated absences	0.88	1.16
Other long term service benefits	1.41	1.12
	2.29	**2.28**

19. Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory Dues	14.89	18.58
Others	15.14	25.48
	30.03	**44.06**

20. Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
6,000,000,000 (6,000,000,000) equity shares of ₹ 10 each	6,000.00	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 2021		As at 31 March 2020	
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	3,550,000,000	3,550.00
Add: Issue of equity shares on right basis	-	-	1,333,333,329	1,333.33
Outstanding at the end of the year	**4,883,333,329**	**4,883.33**	**4,883,333,329**	**4,883.33**

1,333,333,329 fully paid-up equity shares of face value of ₹ 10/- each were allotted at premium of ₹ 1.25 per share on 5 February 2020 to Bajaj Finance Limited, holding company of the Company on rights basis.

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

20. Equity share capital (Contd.)

c. Shares held by holding company (face value ₹ 10 per share)

Particulars	As at 31 March 2021 Nos.	As at 31 March 2021 ₹ in Crore	As at 31 March 2020 Nos.	As at 31 March 2020 ₹ 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.

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

Particulars	As at 31 March 2021 Nos.	As at 31 March 2021 % Holding	As at 31 March 2020 Nos.	As at 31 March 2020 % Holding
Bajaj Finance Limited* (Holding Company)	4,883,333,329	100.00%	4,883,333,329	100.00%

* A subsidiary of Bajaj Finserv Ltd.

21. Other equity

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Securities premium		
Balance as at the beginning of the year	166.67	-
Add: Received during the year		
On right issue of shares	-	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	78.32	19.05
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	32.40	7.40
Total	**110.72**	**26.45**
Addition / appropriation / withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	48.64	59.27
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	42.00	25.00
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	-	-

Notes to financial statements for the year ended 31 March 2021 (Contd.)

21. Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
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	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
Balance as at the end of the year (ii)	**224.02**	**110.72**
(iii) Retained earnings		
Balance as at the beginning of the year	**417.36**	**81.90**
Profit for the year	453.19	421.33
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	0.95	(1.60)
	871.50	**501.63**
Less: Appropriations:		
Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987	48.64	59.27
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	42.00	25.00
Total appropriations	**113.30**	**84.27**
Balance as at the end of the year (iii)	**758.20**	**417.36**
(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	-	-
Less: Payment to holding company towards employee stock option plan (Refer Note no 46)	(7.05)	7.05
Balance as at the end of the year (iv)	**-**	**7.05**
Total (i) to (iv)	**1,148.89**	**701.80**

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 financial statements for the year ended 31 March 2021 (Contd.)

21. 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 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 2021	2020
Balance as at the beginning of the year	-	-
Fair value changes	200.62	62.97
Impairment loss allowances transferred to profit or loss	(200.62)	(62.97)
Balance as at the end of the year	-	-

22. Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2021 – On financial assets measured at: Amortised Cost	FVOCI	FVTPL	Total	For the year ended 31 March 2020 – On financial assets measured at: Amortised Cost	FVOCI	FVTPL	Total
On loans*	816.96	2,015.85	-	2,832.81	630.67	1,660.60	-	2,291.27
On investments	-	-	1.53	1.53	-	-	0.83	0.83
On deposits with Banks	43.09	-	-	43.09	10.98	-	-	10.98
	860.05	**2,015.85**	**1.53**	**2,877.43**	**641.65**	**1,660.60**	**0.83**	**2,303.08**

*As per Effective Interest Rate (EIR). Refer note no. 4.1(i)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

23. Fees and commission income

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Distribution income	14.75	65.26
Fees on value added services and products	4.94	16.77
Service and administration charges	50.40	15.78
Foreclosure income	4.53	2.27
	74.62	**100.08**

24. Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Net gain/ (loss) on financial instruments measured at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on investments at FVTPL	65.44	67.66
Unrealised gain/(loss) on investments at FVTPL	(5.59)	6.05
	59.85	**73.71**

25. Sale of services

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Service charges	38.41	39.34
Service fees for management of assigned portfolio of loans	103.74	129.81
	142.15	**169.15**

26. Others

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Bad debt recoveries	0.58	-
Miscellaneous charges and receipts	0.07	-
	0.65	**-**

27. Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Income from Rent	0.19	0.17
Interest on income tax refund	0.37	-
Miscellaneous income	0.02	0.04
	0.58	**0.21**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

28. Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
On financial liabilities measured at amortised cost:		
On debt securities	623.89	649.98
On borrowings other than debt securities	1,335.04	963.26
On lease liability	2.58	2.79
Other finance cost	4.36	-
	1,965.87	**1,616.03**

29. Fees and commission expense

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Commission and incentives	0.04	0.50
Loan portfolio management service charges	1.29	0.80
	1.33	**1.30**

30. Impairment on financial instruments

(₹ In Crore)

	For the year ended 31 March 2021			For the year ended 31 March 2020		
Particulars	**At Amortised Cost**	**At FVOCI**	**Total**	**At Amortised Cost**	**At FVOCI**	**Total**
On loans	40.82	206.02	246.84	35.80	88.53	124.33
On Others	0.37	-	0.37	-	-	-
	41.19	**206.02**	**247.21**	**35.80**	**88.53**	**124.33**

31. Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Employees emoluments	209.23	223.05
Contribution to provident fund and other funds	12.01	10.44
Share based payments to employees	13.36	7.05
Staff welfare expenses	11.16	7.97
	245.76	**248.51**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

32. Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Information technology expenses	11.44	8.17
Repairs and maintenance	7.50	5.92
Travelling expenses	7.05	14.85
Advertisement, branding and promotion	5.91	9.10
Communication expenses	5.54	3.45
Outsourcing / back office expenses	3.75	3.47
Rent, taxes and energy cost	3.41	3.83
Legal and professional charges	1.79	2.14
Bank charges	1.64	1.52
Printing and stationery	0.98	1.83
Customer experience	0.71	0.15
Net loss on sale of property, plant and equipment	0.44	0.49
Director's fees	0.22	0.18
Business support services	0.21	0.41
Insurance	0.12	0.17
Auditor's fees and expenses*	0.10	0.09
Expenditure towards Corporate Social Responsibility activities **	3.91	0.56
Miscellaneous expenses	5.44	9.14
	60.16	**65.47**

*** Payment to auditor (net of GST credit availed)**

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
As auditor		
Audit fee	0.01	0.01
Tax audit fee (₹ 25,000, previous year: 25,000)		
Limited review fee	0.01	0.01
In other capacity		
Other services	0.08	0.04
Reimbursement of expenses	-	0.03
	0.10	**0.09**

**** Corporate Social Responsibility expenditure**

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
(a) Gross amount required to be spent by the Company during the year	3.91	0.56
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	3.91	0.56
	3.91	**0.56**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

33. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Net profit attributable to equity shareholders (₹ in Crore) (A)	453.19	421.33
Weighted average number of equity shares for basic and diluted earnings per share (B)	4,883,333,329	3,754,007,285
Earning Per Share (basic & diluted) (₹) (A/B)	**0.93**	**1.12**

34. Segment information

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

35. 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.

36. Revenue from contract with customers

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Type of Services		
Distribution income	14.75	65.26
Fees on value added services and products	4.94	16.77
Service and administration charges	50.40	15.78
Foreclosure income	4.53	2.27
Sale of services	142.15	169.15
Total	**216.77**	**269.23**
Geographical markets		
India	216.77	269.23
Outside India	-	-
Total	**216.77**	**269.23**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

36. Revenue from contract with customers (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Timing of revenue recognition		
Services transferred at a point in time	216.77	269.23
Services transferred over time	-	-
Total	**216.77**	**269.23**

Contract balances

(₹ In Crore)

Particulars	As at 31 March 2021	2020
Service assets	180.05	114.83
Fees, commission and other receivables	0.56	3.20

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

37. Employee benefits plan

(I) Defined benefit plans

A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, an employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

i) Movement in defined benefit obligations

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Defined benefit obligation as at the beginning of the year	**17.13**	**11.87**
Current service cost	3.70	2.48
Interest on defined benefit obligation	1.14	0.89
Remeasurement (gain)/ loss:		
Actuarial (gain)/ loss arising from change in financial assumptions	(0.32)	1.50
Actuarial (gain)/ loss arising from change in demographic assumptions	-	-
Actuarial (gain)/ loss arising on account of experience changes	(1.03)	0.63
Benefits paid	(0.34)	(0.69)
Liabilities assumed / (settled)*	0.98	0.45
Defined benefit obligation as at the end of the year	**21.25**	**17.13**

* On account of business combination within the group

Notes to financial statements for the year ended 31 March 2021 (Contd.)

37. Employee benefits plan (Contd.)

ii) Movement in plan assets

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Fair value of plan asset as at the beginning of the year	**17.37**	**9.75**
Employer contributions	3.53	6.93
Interest on plan assets	1.20	0.79
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.08)	0.14
Benefits paid	(0.34)	(0.69)
Assets acquired / (settled)*	0.98	0.45
Fair value of plan asset as at the end of the year	**22.66**	**17.37**

* On account of business combination within the group

iii) Reconciliation of net liability/ (asset)

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Net defined benefit liability/ (asset) as at the beginning of the year	**(0.24)**	**2.12**
Expense charged to statement of profit & loss	3.63	2.58
Amount recognised in other comprehensive income	(1.27)	1.99
Employers contribution	(3.53)	(6.93)
Net defined benefit liability/ (asset) as at the end of the year	**(1.41)**	**(0.24)**

iv) Expenses charged to the statement of profit and loss

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Current service cost	3.70	2.48
Interest cost	(0.07)	0.10
Total	**3.63**	**2.58**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

37. Employee benefits plan (Contd.)

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

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Opening amount recognised in other comprehensive income	**4.68**	**2.69**
Changes in financial assumptions	(0.32)	1.50
Changes in demographic assumptions	-	-
Experience adjustments	(1.03)	0.63
Actual return on plan assets less interest on plan assets	0.08	(0.14)
Closing amount recognized in other comprehensive income	**3.41**	**4.68**

vi) Amount recognised in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2021	2020
Present value of funded defined benefit obligation	21.25	17.13
Fair value of plan assets	22.66	17.37
Net defined benefit liability recognised in balance sheet	**(1.41)**	**(0.24)**

vii) Key actuarial assumptions

(₹ In Crore)

Particulars	As at 31 March 2021	2020
Discount rate	6.95%	6.80%
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:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(4.84%)	4.99%	(5.03%)	5.19%
Impact of decrease in 50 bps on defined benefit obligation	5.21%	(4.69%)	5.42%	(4.86%)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

37. 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 2021	As at 31 March 2020
Maturity Profile		
Expected benefits for year 1	1.15	0.86
Expected benefits for year 2	1.30	0.96
Expected benefits for year 3	1.48	1.07
Expected benefits for year 4	1.58	1.22
Expected benefits for year 5	1.60	1.26
Expected benefits for year 6	1.60	1.28
Expected benefits for year 7	1.62	1.29
Expected benefits for year 8	1.63	1.30
Expected benefits for year 9	1.87	1.31
Expected benefits for year 10 and above	34.86	29.13

x) Expected contribution to fund in the next year

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Expected contribution to fund in the next year	3.00	1.50

B) Long-term service benefit liability

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of unfunded obligations	1.41	1.12
Expense recognised in the statement of profit and loss	0.29	0.39
Discount rate (p.a.)	6.95%	6.80%

Notes to financial statements for the year ended 31 March 2021 (Contd.)

38. Contingent liabilities and commitments

a) Contingent liabilities not provided for in respect of :

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Disputed claims against the company not acknowledged as debts	1.85	0.79

b) Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))	0.49	1.05
(ii) Other commitments (towards partially disbursed / un-encashed loans)	2,903.08	515.65

39. Changes in liability arising from financing activities

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
Lease Liability	38.70	(7.73)	0.99	31.96
	25,639.14	**5,696.28**	**297.14**	**31,632.56**

For the year ended 31 March 2020

(₹ In Crore)

Particulars	As at 1 April 2019	Cash flows	Other	As at 31 March 2020
Debt Securities	7,632.36	(178.77)	370.00	7,823.59
Borrowing other than Debt Securities	7,603.77	10,174.57	(1.49)	17,776.85
Lease Liability	-	(6.29)	44.99	38.70
	15,236.13	**9,989.51**	**413.50**	**25,639.14**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2021 Transaction Value	2021 Outstanding amounts carried in Balance Sheet	2020 Transaction Value	2020 Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries & Fellow Subsidiaries :					
1 Bajaj Finserv Limited (Ultimate Holding company)	Secured non-convertible debentures issued	-	(150.34)	-	-
2 Bajaj Finance Limited (Holding company)	Contribution to Equity (4,88,33,33,329 shares of ₹ 10 each)	-	(4,883.33)	1,500.00	(4,883.33)
	Security deposit received	-	(0.08)	-	(0.08)
	Rent received	0.19	-	0.17	0.02
	Assets purchased	0.09	-	0.30	-
	Assets sale	0.07	-	0.33	0.18
	Purchase of loan portfolio	300.13	-	-	-
	Direct assignment of loan portfolio	-	-	1,454.20	-
	Business support charges paid	4.72	-	5.00	(4.67)
	Business support charges received	1.50	-	1.50	-
	Fees and commission received	42.46	-	46.67	0.50
	ESOP recharge cost	13.36	-	7.05	7.05
	Settlement of ESOP	20.41	-	-	-
	Service Asset Income	(1.47)	36.01	53.33	47.99
	Amount received against service asset income	14.67	-	7.34	-
	Interest income on Service Assets	4.15	-	2.00	-
	Others receipts	-	-	0.02	-
	Other payments	-	-	0.12	-
3 Bajaj Allianz General Insurance Company Ltd.	Insurance premium adjusted (including cancellation receipts)	0.04	0.02	1.09	(0.12)
(Fellow subsidiary)	Insurance expense	2.63	3.25	0.91	0.09
	Interest paid on non-convertible debentures	10.51	-	-	-
	Secured non-convertible debentures issued	-	(150.99)	-	(150.94)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2021 Transaction Value	2021 Outstanding amounts carried in Balance Sheet	2020 Transaction Value	2020 Outstanding amounts carried in Balance Sheet
4 Bajaj Allianz Life Insurance Company Ltd.	Insurance premium adjusted (including cancellation receipts)	18.30	(0.26)	198.53	0.46
(Fellow subsidiary)	Insurance expense	0.88	3.06	0.50	0.07
	Loan insurance expense	14.34	-	-	-
	Interest paid on non-convertible debentures	16.96	-	-	-
	Unsecured non-convertible debentures issued	-	(436.76)	-	(218.20)
5 Bajaj Finserv Direct Limited	Business support charges paid	0.09	-	4.92	(0.13)
(Fellow subsidiary)	Assets purchased	0.12	-	0.11	-
	Assets sale	(0.02)	-	0.19	0.05
	Other Receipts	0.07	-	0.13	-
B. Key Management Personnel and their relatives					
1 Sanjiv Bajaj	Sitting Fees	0.07	-	0.06	-
(Non Executive Director)					
2 Nanoo Pamnani	Sitting Fees	-		0.06	-
(Non Executive Director)					
3 Lila Poonawalla	Sitting Fees	0.07	-	0.06	-
(Non Executive Director)					
4 Anami N Roy	Sitting Fees	0.03	-	-	-
(Non Executive Director)					
5 Dr. Omkar Goswami	Sitting Fees	0.04	-	-	-
(Non Executive Director)					
6 Atul Jain	Remuneration	7.51	(1.80)	9.76	(5.58)
(Chief Executive Officer)	Fair value of ESOPs issued by Holding Company	3.23		4.33	-
C. Other entities					
1 Bajaj Auto Ltd.	Security deposit (paid)	-	0.02	-	0.02
	Interest expense on lease obligation (Transaction for year ended 31 March 2021: ₹ 46,962)			0.01	-

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2021 Transaction Value	2021 Outstanding amounts carried in Balance Sheet	2020 Transaction Value	2020 Outstanding amounts carried in Balance Sheet
1 Bajaj Auto Ltd.	Lease liability recognised at inception	-	(0.04)	0.13	(0.09)
	Payment towards lease obligation	0.05		0.04	-
2 Bajaj Holdings and Investment Limited	Secured non-convertible debentures issued	-	(150.16)	-	(150.16)
	Interest paid on non-convertible debentures	10.41			
3 Maharashtra Scooters Limited	Secured non-convertible debentures issued		(25.06)		-
4 Hind Musafir Agency Ltd.	Services received	0.73	(0.04)	2.43	-
5 Poddar Housing And Development Limited	Loan given	-	13.00	-	-
	Interest Income	1.71	0.02	-	-
6 Ashwin Vijaykumar Jain	Loan given	0.15	0.15	-	-
	Loan repayment received (transaction for year ended 31 March 2021: ₹ 34,380)		-	-	
	Interest Income (outstanding as at 31 March 2021: ₹ 16,025)	0.01		-	-
D. Post employment benefit entity					
1 Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	3.65	-	2.50	-
2 Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	-	-	4.50	-

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.
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 financial statements for the year ended 31 March 2021 (Contd.)

41. 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)

	As at 31 March	
Particulars	**2021**	**2020**
Tier I capital	5,820.36	5,495.58
Tier II capital	178.68	151.25
Total capital	**5,999.04**	**5,646.83**
Total risk weighted assets	**28,119.67**	**22,450.99**
Tier I CRAR	20.70%	24.48%
Tier II CRAR	0.63%	0.67%
Total CRAR	**21.33%**	**25.15%**

CRAR computed for the year ended 31 March 2020 is based on the financial statement of the Company which complies in all material respects with previous GAAP, as noted by the Board of Directors for regulatory and supervisory purposes pursuant to the NHB Circular No. NHB (ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018.

42. Events after reporting date

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

43. 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 44) using quoted market prices of the underlying instruments;
- Fair value of loans held for a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

The Company has determined that the carrying values of cash and cash equivalents, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

44. 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 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

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2020:

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31 March 2020	2,508.02	-	-	2,508.02
Loans designated under FVOCI	31 March 2020	-	21,659.54	-	21,659.54

Notes to financial statements for the year ended 31 March 2021 (Contd.)

44. Fair value hierarchy (Contd.)

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	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	144.63	-	-	144.63	144.63
Total financial liabilities	**31,787.41**	**-**	**11,491.68**	**20,455.33**	**31,947.01**

*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 2020:

(₹ 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	658.72	658.72	-	-	658.72
Trade receivables	118.47	-	-	118.47	118.47
Loans at amortised cost*	6,315.87	-	-	6,315.87	6,315.87
Other financial assets	8.37	-	-	8.37	8.37
Total financial assets	**7,101.43**	**658.72**	**-**	**6,442.71**	**7,101.43**
Financial liabilities					
Trade payables	30.59	-	-	30.59	30.59
Other payables	17.83	-	-	17.83	17.83
Debt securities	7,823.59	-	7,925.42	-	7,925.42
Borrowings (other than debt securities)	17,776.85	-	-	17,776.85	17,776.85
Other financial liabilities	73.59	-	-	73.59	73.59
Total financial liabilities	**25,722.45**	**-**	**7,925.42**	**17,898.86**	**25,824.28**

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. 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
Market 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 Committee of Directors and 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 as well as the Company's business plan in line with prevailing market conditions. • monitored by - assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. - a constant calibration of sources of funds in line with emerging market conditions in banking and money markets - periodic reviews by ALCO relating to the liquidity position 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 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.
Credit Risk	Credit risk is the risk of financial loss arising out of a customer or counterparty 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 of a customer or counterparty to the Company. Various metrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. • monitored by RMC and CRO using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks and assessment of any major change in the business environment including economic, political as well as natural calamity / pandemic. • managed by a robust control framework by the risk and collection department. This is acheived by continuously aligning credit and collection policies and resourcing, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed risk management committee(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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

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 during the financial year 2020-21.

The Company continuously monitors liquidity in the market; and as a part of its ALM strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

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

(₹ In Crore)

Particulars	As at 31 March 2021 Within 12 months	As at 31 March 2021 After 12 months	As at 31 March 2021 Total	As at 31 March 2020 Within 12 months	As at 31 March 2020 After 12 months	As at 31 March 2020 Total
Debt securities	6,979.24	5,517.74	12,496.98	2,177.16	6,779.81	8,956.97
Borrowings (other than debt securities)	4,943.42	18,724.77	23,668.19	3,105.72	18,976.87	22,082.59
Trade payables	20.90	-	20.90	30.59	-	30.59
Other payables	21.28	-	21.28	17.83	-	17.83
Other financial liabilities	121.82	22.81	144.63	42.96	30.63	73.59
	12,086.67	**24,265.32**	**36,351.98**	**5,374.26**	**25,787.31**	**31,161.57**

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

(₹ In Crore)

Particulars	As at 31 March 2021 Within 12 months	As at 31 March 2021 After 12 months	As at 31 March 2021 Total	As at 31 March 2020 Within 12 months	As at 31 March 2020 After 12 months	As at 31 March 2020 Total
Assets						
Financial assets						
Cash and cash equivalents	461.78	-	461.78	658.72	-	658.72
Bank balances other than cash and cash equivalents	254.98	0.02	255.00	-	-	-
Trade receivables	167.55	143.11	310.66	118.47	-	118.47
Loans	1,736.52	31,682.38	33,418.90	1,256.51	26,718.90	27,975.41
Investments	3,266.04	-	3,266.04	2,508.02	-	2,508.02
Other financial assets	27.05	6.94	33.99	2.62	5.75	8.37
Non-financial assets						
Current tax assets (net)	-	4.46	4.46	-	11.10	11.10
Deferred tax assets (net)	-	15.26	15.26	-	-	-
Property, plant and equipment	-	64.32	64.32	-	77.80	77.80
Other intangible assets	-	14.57	14.57	-	7.98	7.98
Other non-financial assets	14.36	-	14.36	6.55	-	6.55
Total assets	**5,928.28**	**31,931.06**	**37,859.34**	**4,550.89**	**26,821.53**	**31,372.42**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2021 Within 12 months	As at 31 March 2021 After 12 months	As at 31 March 2021 Total	As at 31 March 2020 Within 12 months	As at 31 March 2020 After 12 months	As at 31 March 2020 Total
Liabilities						
Financial liabilities						
Trade payables	20.90	-	20.90	30.59	-	30.59
Other payables	21.28	-	21.28	17.83	-	17.83
Debt securities	6,704.50	4,627.58	11,332.08	1,997.22	5,826.37	7,823.59
Borrowings (other than debt securities)	3,709.49	16,559.03	20,268.52	1,724.76	16,052.09	17,776.85
Other financial liabilities	121.82	22.81	144.63	42.96	30.63	73.59
Non-financial liabilities						
Current tax liabilities (net)	7.39	-	7.39	7.07	-	7.07
Provisions	0.88	1.41	2.29	1.16	1.12	2.28
Deferred tax liabilities (net)	-	-	-	-	11.43	11.43
Other non-financial liabilities	30.03	-	30.03	44.06	-	44.06
Total Liabilities	**10,616.29**	**21,210.83**	**31,827.12**	**3,865.65**	**21,921.64**	**25,787.29**

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. The Company do not have any exposure to foreign exchange rate and equity price risk.

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 2021 :

(₹ In Crore)

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

Sensitivity analysis as at 31 March 2020 :

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value 1 % increase	Sensitivity to fair value 1 % decrease
Investment at FVTPL	2,508.02	2,508.02	(3.00)	3.00

On assets and liabilities

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

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	-	-

Sensitivity analysis as at 31 March 2020 :

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Loans	27,975.41	27,975.41	-	-
Debt Securities	7,823.59	7,925.42	(105.18)	110.07
Borrowings (other than debt securities)	17,776.85	17,776.85	-	-

Credit Risk

Credit risk is the risk of financial loss arising out of a customer or counterparty 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;
- 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; and

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

Computation of impairment on financial instruments

The Company calculates impairment on financial insturments ECL approach prescribed under Ind AS 109 'Financial instruments'. ECL uses three main components: PD, LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions (for a detailed note for methodology of computation of ECL please refer to significant accounting policies note no 4.4(i).

The Company recaliberates 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. During the year, the Company recognised an additional impairment on financial instruments of ₹ 30.80 Crore on account of recaliberation of its ECL model.

Financial instruments other than Loans were subjected to simplified ECL approach under Ind AS 109 'Financial instruments'.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. 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:

Lending verticals	PD: Stage 1 and Stage 2	PD: Stage 3	EAD	LGD
Home loans Loan against property Rural mortgage loans	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.	100%	EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date	Past trends of recoveries for each set of portfolios are discounted at reasonable approximation of the original effective rates of interest.
Lease rental discounting Developer loans	External ratings or internal evaluation with a management overlay for each customer or customer industry segment.		EAD is computed given the time to default based on historic trends across rating profile	
Other loans	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.		EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date	

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 2021

(₹ In Crore)

Particulars	Secured			Unsecured		
	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%

As at 31 March 2020

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	26,849.38	286.74	21.84	929.04	7.17	1.86
Allowance for ECL	83.89	21.73	7.91	5.12	0.87	1.10
ECL Coverage ratio	0.31%	7.58%	36.22%	0.55%	12.13%	59.14%

Collateral valuation

The nature of products across these broad categories are either secured by collateral or unsecured. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of the its 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 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 financial statements for the year ended 31 March 2021 (Contd.)

45. 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. The Company exercises its right to repossess properties mortgaged to it for delinquent customers. The repossessed assets are either sold 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 continues to grow its granularity of its products by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

Measurement uncertainty and sensitivity analysis of ECL estimates

Expected credit loss impairment allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis and are based on the economic scenarios described below. The recognition and measurement of 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 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 has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors having 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 future economic conditions.

Given the COVID-19 pandemic, the Company has considered additional stress in the central and downside scenarios:

- Central Scenario: Centre for Monitoring Indian Economy (CMIE) released its latest estimate of unemployement rate which was at a elevated level of ~23% for March 2020 end till first week of April 2020 - this was significantly higher from 7.66% published for December 2019. Similarly, CPI which hovered between 3.42% to 5.86% for quarter ending September 2019 and December 2019, resepctively, has been projected to peak at 6.54% in September 2020 for stressed central scenario - representing anticipated stress impact due to lockdown and disruption in supply chains and increased prices for food and beverages.
- Downside Scenario: The Company has considered additional stress impact on unemployment rate as estimated by moody's forecast of COVID-19 scenarios for current expected credit loss (CECL)."

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

Risk management amidst COVID-19

The unprecedented health scare caused by COVID-19 which led to a countrywide lockdown is going to have a varying impact on different sectors of the economy. Salaried individuals may have to contend with a scenario of reduced income and/or job losses. Corporates, SMEs and MSMEs will struggle on account of reduced economic activities and business rhythm that is no longer efficient due to severe disruption in both demand and supply. All these will lead to major cash flow constraints and erosion in the asset value. These developments in turn will severely test risk management frameworks across the financial sector.

On 27 March 2020, the RBI, in order to provide relief on debt servicing obligations, permitted financial institutions to offer moratorium to their borrowers on instalments falling due between 1 March 2020 to 31 May 2020. With uncertainties caused by COVID-19 pandemic including the pace of easing of the lockdown restrictions, the time needed to restart the economy and attaining some level of normalcy, the credit performance and repayment behaviour of the customers need to be monitored closely.

An analysis of the customer segments seeking moratorium and their past repayment behaviour reflects heightened anxiety from customer. Expectations of elevated default on timely payment of instalments and collection related constraints are likely to result in higher credit costs than witnessed hitherto. The Company has committed for making requisite investment to deepen its collections infrastructure to control its credit costs.

Based on early indicators of moratorium and delayed payment metrics observed in April 2020, the Company has made a contingency provision of ₹ 116.11 Crore in FY2021 (₹ 50 Crore in FY2020) including incremental ECL of ₹ 30.80 Crore assessed under the stressed macro impact.

ECL sensitivity to future economic conditions

(₹ In Crore)

	As at 31 March	
ECL coverage of financial instruments under forecast economic conditions	**2021**	**2020**
Gross carrying amount of loans	33,774.66	28,096.03
Reported ECL	355.76	120.62
Reported ECL coverage	1.05%	0.43%
Assumptions for stressed central scenario		
Base ECL without macro overlay (based on emperical evidences)	187.56	68.53
Add : Management overlay for COVID-19	118.20	49.50
Central Scenario	305.76	118.03
ECL amounts for alternate scenario		
Central Scenario (80%)	305.76	118.03
Downside scenario (10%)	903.06	154.01
Upside scenario (10%)	208.46	107.90
Reported ECL	**355.76**	**120.62**
Management overlay for Macro economics factors and COVID-19	168.20	52.09
Additional Management overlay during year ended 31 March 2021, representing COVID-19 stress	116.11	50.00
ECL coverage ratios by scenario		
Central scenario (80%)	0.91%	0.42%
Downside scenario (10%)	2.67%	0.55%
Upside scenario (10%)	0.62%	0.38%

Notes to financial statements for the year ended 31 March 2021 (Contd.)

46. 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 as of 31 March 2021 are given as under:

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
16-May-19	3002.75	137,550	23,929	98,127	10,430	5,064	122,056
19-May-20	1938.60	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	For the year ended 31 March 2021	2020
Grant date	19-May-20	16-May-19
No. of options granted	255,000	137,550
Weighted average fair value (₹)	787.24	1,257.94

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

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	1938.6-3002.75	2,307.35	
Exercised during the year	10,430	3,002.75	3,002.75	
Outstanding at the end of the year	367,506	1938.6-3002.75	2,292.03	4.51
Exercisable at the end of the year	23,929	1938.6-3002.75	3,002.75	2.40

The weighted average market price of equity shares for options exercised during the year is ₹ 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

For the year ended 31 March 2021, the Company has accounted expense of ₹ 13.36 Crore as employee benefit expenses (note no.31) on the aforesaid employee stock option plan (Previous year ₹ 7.05 Crore).

Notes to financial statements for the year ended 31 March 2021 (Contd.)

47. Reserve Bank of India ('RBI') issued guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company had offered moratorium in accordance with its Board approved policies to its customers based on requests as well as on a suo-moto basis between 1 March 2020 to 31 August 2020. For such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Disclosures as required by RBI circular dated 17 April 2020 'COVID-19 Regulatory Package - Asset Classification and Provisioning' are given below:

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Amount in SMA/Overdue categories as of 29 February 2020	22.32	22.32
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of 29 February 2020)	14.29	5.98
Respective amount where asset classification benefit is extended (outstanding as of 29 February 2020)*	11.98	0.64
Provision made in terms of paragraph 5 of the circular as at the end of moratorium (As per para 4, applicable to NBFC's covered under Ind AS)	2.65	0.32
Provisions adjusted against slippages in terms of paragraph 6 of the circular	2.17	-
Residual provisions as of 31 March 2021 in terms of paragraph 6 of the circular	0.48	0.32
*** Loan outstanding as of 31 March 2021 and corresponding expected credit loss provision on the same are as below:**		
Loan outstanding where the Company continues to have asset classification benefit	3.47	0.64
Corresponding expected credit loss provision (excluding management and macro-economic overlays)	0.62	0.32

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

48.1 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, 17 February, 2021 is given below:

Criteria	% As at 31 March 2021*
Percentage of total assets towards housing finance	47.86%
Percentage of total assets towards housing finance for individuals	43.96%

**Minimum regulatory percentage to be complied from 31 March, 2022 onwards*

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2 Disclosures:

48.2.1 Capital

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) CRAR (%)	**21.33%**	**25.15%**
(ii) CRAR Tier I capital (%)	20.70%	24.48%
(iii) CRAR Tier II capital (%)	0.63%	0.67%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt instruments	-	-

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

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	78.32	19.05
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	32.40	7.40
Total	**110.72**	**26.45**
Addition / Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	48.64	59.27
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	42.00	25.00
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	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**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.3 Investments

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Value of investments		
(i) Gross value of investments		
(a) In India	3,268.02	2,500.45
(b) Outside India		
(ii) Provisions for depreciation/ appreciation*		
(a) In India	1.98	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	3,266.04	2,500.45
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	7.57	-
(ii) Add: Provisions made during the year (Net of appreciation)	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	5.59	-
(iv) Closing balance	1.98	-

* Represents unrealised gain due to fair value change

48.2.4 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.

48.2.5.1 Securitisation

The company has not entered into any Securitisiation transactions during the current year and previous year.

48.2.5.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Number of accounts	-	59
Aggregate outstanding (net of provision)	-	7.54
Aggregate consideration	-	5.92
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	-	(1.62)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.5.3 Details of Assignment transactions undertaken by HFCs

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
(i) No. of accounts	12,863	25,155
(ii) Aggregate value of accounts assigned	1,881.37	4,822.62
(iii) Aggregate consideration for assigned portion	1,881.37	4,822.62
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

48.2.5.4 Details of non-performing financial assets purchased / sold

(a) Details of non performing financial assets purchased

The Company has not purchased any non performing financial asset during the current and previous year.

(b) Details of non performing financial assets sold (other than sale to ARCs)

(₹ In Crore)

Particulars	For the year ended 31 March 2021	2020
Number of accounts sold	-	240
Aggregate outstanding (net of provision)	-	25.85
Aggregate consideration received	-	15.18

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.6 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
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.

48.2.6 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2020

(₹ In Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Borrowings from bank	38.54	19.79	247.75	253.55	1,755.58	7,468.97	6,930.44	1,511.86	153.85	-	18,380.33
Market borrowing	-	-	73.73	429.75	1,368.65	5,098.68	-	-	-	1,800.00	8,770.81
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	526.90	384.38	386.50	1,113.81	2,067.43	6,421.93	4,506.46	3,432.82	3,741.59	5,639.77	28,221.59
Investments	1,651.66	500.27	1,000.00	-	-	-	-	-	-	-	3,151.93
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items of Assets and Liabilities have been shown based on behavioural pattern. Borrowings from Bank includes undrawn credit limit of ₹ 587.56 Crores sanctioned by banks. Market Borrowing includes to be called and paid amount of ₹ 1,548.00 Crores.

*Investments includes short term fixed deposits of ₹ 651.48 Crore shown under Note 5 - cash and cash equivalents to the financial statements.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.7 Exposure

48.2.7.1 Exposure to Real Estate Sector

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
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	24,495.15	22,118.25
(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;	7,022.72	4,598.31
(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	**31,517.87**	**26,716.56**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.7.2 Exposure to Capital Market

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
(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	**-**	**-**

48.2.7.3 Details of financing of parent company products

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

48.2.7.4 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.

48.2.7.5 Unsecured Advances

The Company has unsecured advances of ₹ 1299.76 Crore (Previous year: ₹ 952.65 Crore). The Company has not granted any advances against intangible collateral.

48.2.7.6 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.

48.3 Miscellaneous

48.3.1 Registration obtained from other financial sector regulators

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

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

The National Housing Board vide its press release dated September 1, 2020 imposed a monetary penalty of ₹ 50,000/- on account of contravention of para 27A of the Housing Finance Companies (NHB) Directions, 2010 and para 10 (2) of issuance of NCDs on private placement basis (NHB) Direction, 2014". The said penalty does not have any material impact on the Company. (FY 2019-20 - ₹ 5,000/-)

48.3.3 Related party Transactions

Refer Note no. 40 Disclosure of transactions with related parties as required by Ind AS 24

48.3.4 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 (Ultimate Holding Company holds 74%)
  - Bajaj Allianz Life Insurance Company Limited (Ultimate Holding Company holds 74%)
  - **Bajaj Finance Limited (Parent Company holds 52.74%)**
    - **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 2021

48.3.5 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 2021	As at 31 March 2020
India Ratings	Non-Convertible Debenture & Subordinated debt	IND AAA/Stable	NIL	500.00	500.00
	Long-Term Bank Rating	IND AAA/Stable	NIL	15,600.00	15,600.00
	Short-Term Bank Rating	IND A1+	NIL	1,400.00	1,300.00
	Commercial Paper	IND A1+	NIL	5,000.00	5,000.00
CRISIL	Non-Convertible Debenture	CRISIL AAA/Stable	NIL	10,580.00	10,000.00
	Subordinated debt	CRISIL AAA/Stable	NIL	500.00	500.00
	Long-Term Bank Rating	CRISIL AAA/Stable	NIL	9,000.00*	10,000.00*
	Short-Term Bank Rating	CRISIL A1+	NIL		
	Commercial Paper	CRISIL A1+	NIL	5,000.00	5,000.00

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.3.6 Remuneration of Directors

The Company has paid sitting fees of ₹ 0.22 Crore (previous year: ₹ 0.18) to the directors during the current year.

48.4 Additional Disclosures

48.4.1 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 2021	As at 31 March 2020
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax/deferred tax and tax adjustments of earlier years	159.99	140.32
3. Provision towards NPA	36.19	6.14
4. Provision for Standard Assets*	198.95	80.50
5. Other Provision and Contingencies	-	-
*** Breakup of provision for Standard Assets**		
Commercial Real Estate	14.77	14.12
Commercial Real Estate-Residential Housing	4.31	8.80
Others	179.87	57.58
	198.95	**80.50**

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

Break up of Loan & Advances and Provisions thereon

(₹ In Crore)

Particulars	Housing		Non-Housing	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Standard Assets				
a) Total Outstanding Amount	18,219.90	16,217.85	15,435.63	11,989.43
b) Provisions made	164.36	68.45	146.20	82.80
Sub-Standard Assets				
a) Total Outstanding Amount	52.49	13.53	64.07	9.80
b) Provisions made	19.93	4.51	23.79	4.51
Doubtful Assets – Category-I				
a) Total Outstanding Amount	1.27	-	1.30	-
b) Provisions made	0.73	-	0.75	-
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
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	18,273.66	16,231.38	15,501.00	11,999.23
b) Provisions made	185.02	72.96	170.74	87.31

48.4.2 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.

48.4.3 Concentration of Public Deposits, Advances, Exposures and NPAs

48.4.3.1 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 financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.4.3.2 Concentration of Loans & Advances

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Loans & Advances to twenty largest borrowers	2,381.91	1,369.36
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	7.05%	4.85%

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

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Exposure to twenty largest borrowers / customers	2,556.47	1,396.89
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	6.97%	4.86%

48.4.3.4 Concentration of NPAs

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Exposure to top ten NPA accounts	13.25	7.44

48.4.3.5 Sector-wise NPAs

(₹ In Crore)

Sector	Percentage of NPAs to Total Advances in that sector As at 31 March 2021	As at 31 March 2020
Housing Loans:		
Individuals	0.31%	0.09%
Builders/Project Loans	0.08%	0.00%
Corporates	0.00%	0.00%
Others	0.00%	0.00%
Non-Housing Loans:		
Individuals	0.56%	0.11%
Builders/Project Loans	0.00%	0.00%
Corporates	0.20%	0.00%
Others	0.00%	0.00%

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/ DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.4.4 Movement of NPAs

(₹ In Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
(I) Net NPAs to Net Advances (%)	0.22%	0.05%
(II) Movement of NPAs (Gross)		
a) Opening balance	23.70	9.45
b) Additions during the year	115.82	23.33
c) Reductions during the year	20.39	9.45
d) Closing balance	119.13	23.33
(III) Movement of Net NPAs		
a) Opening balance	14.69	6.57
b) Additions during the year	66.72	14.31
c) Reductions during the year	7.48	6.57
d) Closing balance	73.93	14.31
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	9.01	2.88
b) Provisions made during the year	49.10	9.02
c) Write-off/write-back of excess provisions	12.91	2.88
d) Closing balance	45.20	9.02

48.4.5 Overseas Assets

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

48.4.6 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.

48.4.7 Disclosure of Complaints

Customers Complaints*

Particulars	As at 31 March 2021	As at 31 March 2020
a) No. of complaints pending at the beginning of the year	27	0
b) No. of complaints received during the year	2126	1221
c) No. of complaints redressed during the year	2153	1194
d) No. of complaints pending at the end of the year	0	27

*includes complaints reported through NHB - GRIDS Portal is 415 (previous year 60)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

49. 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 2021 (Previous year: ₹ 161.63 lakh)

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

51. Disclosure as required by Liquidity Risk Management Framework for Non-Banking Financial Companies

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

Particulars	As at 31 March 2021
i) Number of Significant Counterparties*	25
ii) Amount (in ₹ Crore)	28,334.15
iii) Percentage of funding concentration to total deposits	NA
iv) Percentage of funding concentration to total liabiities	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.

51.2 Top 10 borrowings

(₹ In Crore)

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

51.3 Funding Concentration based on significant instrument/product*

(₹ In Crore)

Particulars	As at 31 March 2021	Percentage of total liabilities
i) Non-convertible debentures	8,470.67	26.61%
ii) Loans from bank	20,268.52	63.68%
iii) Commercial paper	2,861.41	8.99%

* 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

51. Disclosure as required by Liquidity Risk Management Framework for Non-Banking Financial Companies (Contd.)

51.4 Stock ratio

Particulars	As at 31 March 2021
(i) Commercial paper as a percentage of total public funds*	9.05%
(ii) Commercial paper as a percentage of total liabilities	8.99%
(iii) Commercial paper as a percentage of total assets	7.56%
(iv) Non convertible debentures as a percentage of total public funds*	26.81%
(v) Non convertible debentures as a percentage of total liabilities	26.61%
(vi) Non convertible debentures as a percentage of total assets	22.37%
(vii) Other short term liabilities as a percentage of total public funds*#	12.38%
(viii) Other short term liabilities as a percentage of total liabilities#	12.29%
(ix) Other short term liabilities as a percentage of total assets#	10.33%

Total liabilities are excluding equity share capital and other equity.

*Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016

#Other short term liabilities are excluding Commercial paper & short term non convertible debentures

52. 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'

52.1 Policy for sales out of amortised cost business model portfolios

Refer Note No. 4.4 (i) (b)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

52. 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.)

52.2 A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'

(₹ 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

52.3 Accounts that are past due beyond 90 days but not treated as impaired

Particulars	Amount Outstanding	Overdue Amounts
(i) No of accounts that are past due beyond 90 days but not treated as impaired as at 31 March, 2021	1	1
(ii) Total amount outstanding as at 31 March, 2021 (₹ in Crore)	20.63	20.63

The Company, following the directives of Ministry of Finance, has refunded the interest on interest charged to customers, in November 2020 and has sought refund from Government of India through its nodal agency, State Bank of India, in December 2020. The Company is awaiting final confirmation from the nodal agency on the status of the claim / refund. The amount claimed from Government of India through its nodal agency, State Bank of India is past due for more than 90 days, the Audit Committee has approved for not treating this outstanding as impaired.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
	(A)	(B)	(C)	(D)	(E)
Personal Loans	3,210	529.83	-	0.01	63.20
Corporate persons*	-	-	-		
Of which, MSMEs	-	-	-		
Others	-	-	-		
	3,210	**529.83**	**-**	**0.01**	**63.20**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Overall provision for Expected Credit Loss (ECL) as off 31 March 2021 is ₹ 93.45 Crore.

54. In accordance with the instructions in the RBI circular dated 7 April 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies. Accordingly, the Company has refunded/adjusted an amount of ₹ 0.56 Crore in respect of eligible borrowers based on the above reliefs during the year ended 31 March 2021.

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts. The Company had implemented the ex-gratia scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

55. 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

On behalf of the Board of Directors

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Pune: 26 April, 2021

Notes to financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021.

Annexure (Forming part of the financial statements)

Schedule to the Balance Sheet

(₹ In Crore)

Particulars	Amount outstanding as at 31 March 2021	Amount overdue
Liabilities Side		
1. Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a) Debentures		
Secured	7,963.33	-
Unsecured	507.34	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	20,187.36	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	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, 17 February, 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 financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021. (Contd.)

(₹ In Crore)

Particulars	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	32,119.14
(b) Unsecured	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	2,757.32
(iv) Government Securities	-
(v) Others (Certificate of Deposits and Commercial Paper)	
2 Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Investments in fixed deposits)	508.72

Notes to financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021. (Contd.)

(₹ In Crore)

Particulars	Amount outstanding as at 31 March 2021
Long Term investments	
1 Quoted	
(i) Share	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

6. Borrower group-wise classification of assets financed as in (3) and (4) above: (Please see Note 2 below)

(₹ In Crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	13.15	-	13.15
2 Other than related parties	32,105.99	1,299.76	33,405.75
	32,119.14	1,299.76	33,418.90

Notes to financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021. (Contd.)

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)

(₹ In Crore)

Category	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
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	119.13
(ii) Net Non-Performing Assets*	
(a) Related parties	-
(b) Other than related parties	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

Pune: 26 April, 2021

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Notes

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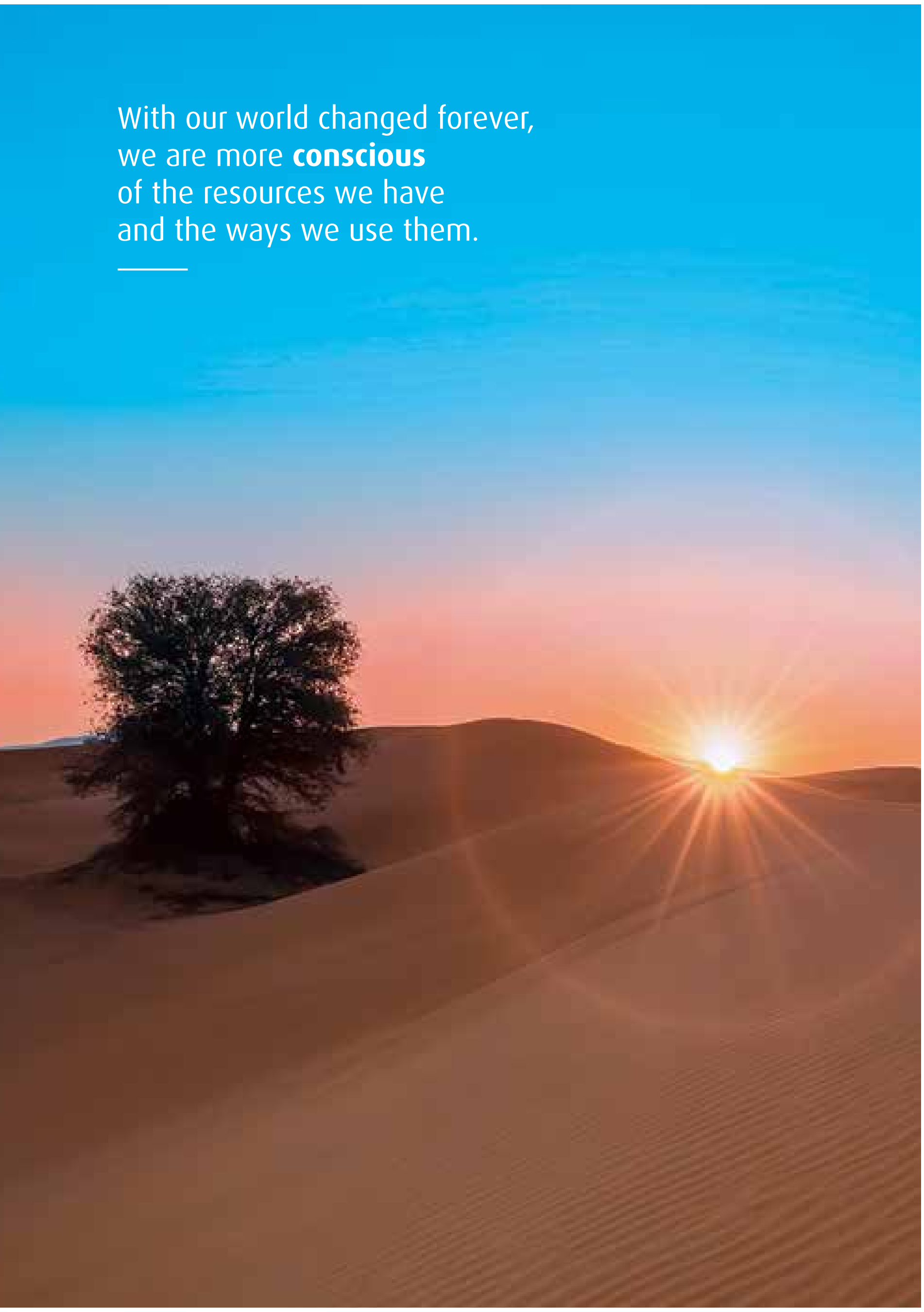

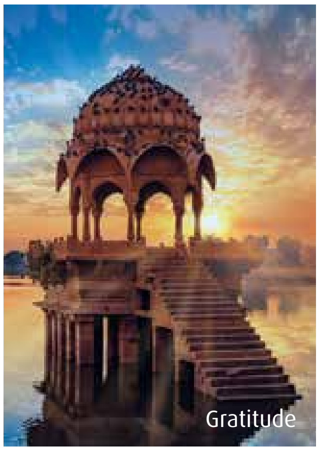

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