

5 July 2022

To Corporate Relations Department <b>BSE Limited</b> 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, P J Tower, Dalal Street, Fort, Mumbai 400 001	To Corporate Listing Department. <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot No.C-1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
<b>BSE Code: 532978</b>	<b>NSE Code: BAJAJFINSV</b>

Dear Sir/Madam,

**Subject: Submission of Notice of 15th Annual General Meeting ('AGM') and Annual Report along with Business Responsibility and Sustainability Report for FY2022**

This is further to our letter dated 28 April 2022, wherein the Company had informed that the AGM of the Company is scheduled to be held on Thursday, 28 July 2022.

Pursuant to Regulation 30 and Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed the following documents for FY2022, as circulated to the shareholders through electronic mode:

- Notice of 15th AGM scheduled to be held on Thursday, 28 July 2022 at 12:15 p.m. IST through Video Conferencing/ Other Audio-Visual Means ('e-AGM');
- Annual Report for FY2022; and
- Business Responsibility and Sustainability Report for FY2022 ('BRSR').

Aforesaid documents are also available on the website of the Company, i.e., <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports> and on the website of the e-Voting service provider viz., KFin Technologies Limited at <https://evoting.kfintech.com>.

Kindly take the same on record.

Thanking you,

Yours faithfully,

**For Bajaj Finserv Limited**

**Uma Shende**

**Company Secretary**

**Email ID:** [investors@bajajfinserv.in](mailto:investors@bajajfinserv.in)

Encl: As above

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**Bajaj Finserv Limited**

## **BAJAJ FINSERV LIMITED**

(CIN: L65923PN2007PLC130075)

### **Registered Office:**

Bajaj Auto Ltd. Complex,

Mumbai-Pune Road,

Pune – 411 035

Email ID: [investors@bajajfinserv.in](mailto:investors@bajajfinserv.in)

Website: [www.bajajfinserv.in/  
corporate-bajaj-finserv](http://www.bajajfinserv.in/corporate-bajaj-finserv)

Tel No.: (020) 7157 6064

## **NOTICE OF 15TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 15th Annual General Meeting (AGM) of the members of Bajaj Finserv Ltd. ('BFS' or the 'Company') will be held on Thursday, 28 July 2022 at 12:15 p.m. IST through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') (hereinafter referred to as e-AGM) to transact the following:

### **ORDINARY BUSINESS:**

1. To consider and adopt the standalone and consolidated financial statements of the Company for the financial year ended 31 March 2022, together with the Directors' and Auditors' Reports thereon.
2. To declare a dividend of ₹ 4 per equity share of face value of ₹ 5 for the financial year ended 31 March 2022.
3. To appoint a director in place of Manish Santoshkumar Kejriwal (DIN: 00040055), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
4. Appointment of Khimji Kunverji & Co LLP, Chartered Accountants, (Firm Registration Number: 105146W/W100621) as a Statutory Auditor and to fix their remuneration.

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and relevant rules made thereunder (including any amendment, modification, variation or re-enactment thereof), Khimji Kunverji & Co LLP, Chartered Accountants, (Firm Registration Number: 105146W/W100621), who being eligible for appointment as Statutory Auditors in terms of section 141 of the Act and applicable rules, be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of 15th annual general meeting till conclusion of the 19th annual general meeting of the Company to conduct audit of accounts of the Company for the financial year ending 31 March 2023, 31 March 2024, 31 March 2025 and 31 March 2026 respectively, at a remuneration mentioned in the statement annexed herewith.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as 'Board', which term shall be deemed to include any Committee constituted or to be constituted by the Board or any person(s) authorised by the Board in this regard) be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to implementation of the aforesaid resolution including but not limited to determination of roles and responsibilities/scope of work of the Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard, and to alter and vary the terms and conditions of remuneration arising out of increase in scope of work, amendment in Accounting Standards

or regulations and such other requirements resulting in the change in scope of work, etc. without being required to seek any further consent or approval of the members of the Company.”

## **SPECIAL BUSINESS:**

5. Ratification of remuneration payable to Dhananjay V Joshi & Associates, Cost Auditor (Firm Registration Number: 000030) for FY2023.

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to provisions of section 148(3) of the Companies Act, 2013 and rules made thereunder, approval of the members be and is hereby accorded for the ratification of remuneration of ₹ 65,000 (Rupees sixty-five thousand only) plus taxes, out-of-pocket, traveling, and living expenses payable to Dhananjay V Joshi & Associates, Cost Accountants (Firm Registration Number:000030) appointed by the Board of Directors as Cost Auditor of the Company for FY2023.”

By order of the Board  
For **Bajaj Finserv Ltd.**

Sd/-  
**Uma Shende**  
**Company Secretary**  
Membership No.: A38364  
Pune: 16 May 2022

## NOTES

1. The Ministry of Corporate Affairs ('MCA') vide its various circulars issued from time to time have permitted the holding of the Annual General Meeting ('AGM') through VC/OAVM till 31 December 2022. Accordingly, the 15th AGM is being conducted through VC/OAVM, hereinafter called as 'e-AGM'.
2. In terms of section 136 of the Companies Act, 2013 (the 'Act') read with the rules made thereunder, regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and in terms of MCA circular dated 5 May 2022 and SEBI circular dated 13 May 2022, the listed companies may send the notice of e-AGM and the annual report, including financial statements, boards' report, etc. by electronic mode in case the meeting is conducted through VC/OAVM. Accordingly, Notice of 15th e-AGM along with the Annual Report for FY2022 is being sent only through electronic mode to those members whose email addresses are registered with the Company/RTA/ Depositories. Members may note that Notice of the 15th e-AGM and Annual Report for FY2022 will also be available on the Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>, website of the stock exchanges i.e., BSE Ltd. ('BSE') at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Ltd. ('NSE') at [www.nseindia.com](http://www.nseindia.com) and on the website of KFin Technologies Ltd. ('KFin') at <https://evoting.kfintech.com>. In this Notice, the term member(s) or shareholder(s) are used interchangeably.
3. The deemed venue for the 15th e-AGM shall be the Registered Office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Pune - 411 035.
4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the e-AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this e-AGM is being held through VC/OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM. Hence, the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Institutional/corporate shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (pdf/jpg format) of its board or governing body's resolution/authorisation, etc., authorising their representative to attend the e-AGM on its behalf and to vote through remote e-voting. The said resolution/authorisation shall be sent to the scrutiniser by email through its registered email address to [cssdlimaye@gmail.com](mailto:cssdlimaye@gmail.com) with a copy marked to [mohsin.mohd@kfintech.com](mailto:mohsin.mohd@kfintech.com).
6. Statement pursuant to section 102 of the Act forms a part of this Notice. The Board of Directors, having deemed it as unavoidable, proposes to seek approval of members for business stated at Item No.5.
7. Further, as required under regulation 36(3) of the Listing Regulations and the provisions of the Secretarial Standard on General Meetings, details of the director, who is being re-appointed is annexed hereto. Details as per regulation 36(5) of the Listing Regulations in respect of re-appointment of statutory auditors is also annexed.
8. The facility of joining the e-AGM through VC/OAVM will be opened 30 minutes before and will remain open up to 30 minutes after the scheduled start time of the e-AGM, i.e., from 11:45 a.m. to 12:45 p.m. and will be available for 1,000 members on a first-come-first-served basis. This rule would however not apply to participation of shareholders holding 2% or more shareholding, promoters, institutional investors, directors, key managerial personnel, auditors, etc.
9. Institutional investors, who are members of the Company are encouraged to attend and vote at the 15th e-AGM of the Company.
10. The Board of Directors, at its meeting held on 28 April 2022, has recommended dividend of ₹ 4 per equity share of the face value of ₹ 5 for FY2022 for the approval of members at the 15th e-AGM.

11. Subject to the provisions of section 126 of the Act, dividend on equity shares, if declared, at the e-AGM, will be credited/dispatched on Monday, 1 August 2022, and/or Tuesday, 2 August 2022:
  - a) to all those members holding shares in physical form, as per the details provided to the Company by Registrar and Share Transfer Agent of the Company, i.e., KFin, as on closing hours on Friday, 1 July 2022; and
  - b) to all those beneficial owners holding shares in electronic form, as per beneficial ownership details provided to the Company by National Securities Depository Ltd. ('NSDL') and Central Depository Services (India) Ltd. ('CDSL'), as of the end of the day on Friday, 1 July 2022.
12. As per the Listing Regulations and pursuant to SEBI circular dated 20 April 2018, a listed entity shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, dividend, if declared will be paid through electronic mode, where the bank account details of the members are available. Where dividend is paid through electronic mode, intimation regarding such remittance will be sent separately to the members. In case where the dividend could not be paid through electronic mode, payment will be made through physical instrument such as banker's cheque or demand draft incorporating bank account details of such members.
13. To ensure timely credit of dividend through electronic mode or physical instrument such as banker's cheque or demand draft, members are requested to notify change in their address or particulars of their bank account, if any, by duly filled ISR-1 to KFin in case of physical holding or in case of demat holding to their respective depository participants ('DPs').
14. SEBI has mandated that any service request from members holding securities in physical mode shall be entertained only upon registration of the PAN, KYC details, and nomination. The folios wherein any one of the said document/details are not updated on or after 1 April 2023 shall be frozen by the RTA. Further, such member will not be eligible to receive dividend in physical mode.
15. To receive communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their email address with their respective DPs, where shares are held in demat mode.
16. Members who have not registered their email addresses and mobile numbers and consequently could not be served the Annual Report for FY2022 and Notice of 15th e-AGM, may temporarily get themselves registered with KFin, by following the procedure mentioned below:
  - a) Visit the link <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>
  - b) Select the company name i.e., Bajaj Finserv Ltd.
  - c) Select the holding type from the drop down i.e. - NSDL/CDSL/Physical.
  - d) Enter DP ID – Client ID (in case shares are held in electronic form)/Folio No. (in case shares are held in physical form) and PAN.
  - e) If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating records.
  - f) In case shares are held in physical form and PAN is not available in the records, please enter any one of the Share Certificate No. in respect of the shares held by you.
  - g) Enter the email address and mobile number.
  - h) System will validate DP ID – Client ID/Folio No. and PAN/Share certificate No., as the case may be, and send OTP at the registered mobile number as well as email address for validation.

- i) Enter the OTP received by SMS and email to complete the validation process. OTP will be valid for 5 minutes only.
  - j) The Notice and e-voting instructions along with the User ID and Password will be sent on the email address updated by the member.
  - k) Please note that in case the shares are held in electronic form, the above facility is only for temporary registration of email address for receipt of the Notice and the e-voting instructions along with the User ID and Password. Such members will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.
  - l) In case of queries, members are requested to write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call at the toll free number 1800-309-4001.
17. SEBI vide its circular dated 25 January 2022, has mandated that the listed companies shall henceforth issue the securities in dematerialised form only, while processing service requests such as issue of duplicate share certificates, transmission, transposition, etc. Accordingly, members who still hold shares in physical form are advised to dematerialise their holdings.
18. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- 19. Inspection of documents:** In accordance with the MCA circulars, the said registers along with other documents referred in the Notice will be made accessible for inspection through electronic mode and shall remain open and be accessible to any member during the continuance of the meeting.
- a) Register of contracts or arrangements in which directors are interested under section 189 of the Act.
  - b) Register of directors and key managerial personnel and their shareholding under section 170 of the Act.
  - c) Certificate from Secretarial Auditor of the Company certifying that the Bajaj Finserv Ltd. Employee Stock Option Scheme of the Company is being implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
20. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance by visiting URL <https://emeetings.kfintech.com/> and clicking on the tab 'Post your Queries' during the period starting from 21 July 2022 (9:00 a.m.) up to 25 July 2022 (5:00 p.m.) mentioning their name, DP ID - Client ID/Folio no., e-mail ID, mobile number, etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.
21. Pursuant to section 72 of the Act read with SEBI circular dated 3 November 2021 and clarification circular dated 14 December 2021, members holding shares in physical form are advised to update their nomination details in the prescribed Form SH-13, Form SH-14 (Cancellation or Variation of Nomination) or Form ISR-3 (Declaration to Opt-out). The forms can be downloaded from the website of the Company at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange> and KFin at <https://ris.kfintech.com/clientservices/isc/default.aspx>. In respect of shares held in electronic/demat form, the members may please contact their respective DP.
22. In terms of section 124(5) of the Act, dividend amount for FY2015 remaining unclaimed for a period of 7 years shall become due for transfer in August 2022 to the Investor Education and Protection Fund ('IEPF') established by the Central Government. Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of 7 years, the corresponding shares shall also be transferred to the IEPF's demat account.

Members who have not claimed dividends from FY2015 onwards are requested to approach the Company/KFin for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF's demat account.

23. For more details on shareholders' matters, please refer to the chapter on 'General Shareholder Information', included in the Annual Report.
24. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.
25. In case a person becomes a member of the Company after dispatch of e-AGM Notice, and is a member as on the cut-off date for e-voting, i.e., Thursday, 21 July 2022, the Company will send user ID, password, Annual Report and Notice of e-AGM to the registered email ID. In case the email ID is not registered, such members may, subject to procedure listed out at Sr. No. 16, obtain the necessary details.
26. General instructions for remote e-voting and joining the e- AGM are as follows:

#### **A. Voting through electronic means:**

- i. In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 in relation to e-voting facility provided by listed entities, the members are provided with the remote e-voting facility to exercise votes on the items of business given in the Notice, through the e-voting services provided by KFin or to vote at the e-AGM.
- ii. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Thursday, 21 July 2022 (end of day), being the cut-off date fixed for determining voting rights of members who are entitled to participate in the e-voting process. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
- iii. Members can cast their vote online from Monday, 25 July 2022 (9:00 a.m.) till Wednesday, 27 July 2022 (5:00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.
- iv. Alternatively, members holding shares in physical mode (excluding individual shareholders) may reach out on toll free number 1800 309 4001 for obtaining User ID and password or may write email from the registered email ID to [evoting@kfintech.com](mailto:evoting@kfintech.com).
- v. The details of the process and manner for remote e-voting are explained herein below:

#### **I) Login method for remote e-voting for Individual shareholders holding securities in demat mode.**

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 on 'e-voting facility provided by Listed Companies', e-voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts / website of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ('ESP') thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-voting facility.

Login method for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL	<p><b>1. Users registered for NSDL IDeAS facility:</b></p> <ul style="list-style-type: none"> <li>• Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section.</li> <li>• A new screen will open. Enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page.</li> <li>• Click on options available against Company name or e-voting service provider KFintech and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period.</li> </ul> <p><b>2. Users not registered for IDeAS e-Services:</b></p> <ul style="list-style-type: none"> <li>• Option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a> and proceed with completing the required fields.</li> <li>• After successful registration, please follow the steps given above to cast your vote.</li> </ul> <p><b>3. By visiting the e-voting website of NSDL:</b></p> <ul style="list-style-type: none"> <li>• Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on mobile. Once the home page of e-voting system is launched, click on the “Login” icon, available under the ‘Shareholder/Member’ section.</li> <li>• A new screen will open. Enter your User ID (i. e. your 16-digit Demat account number held with NSDL), Password/OTP, and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page.</li> <li>• Click on options available against Company name or e-voting service provider - KFintech and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting.</li> </ul>
Individual Shareholders holding securities in demat mode with CDSL	<p><b>1. Existing users who have opted for Easi/Easiest:</b></p> <ul style="list-style-type: none"> <li>• URL to login to Easi/Easiest: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon and select New System Myeasi.</li> <li>• Shareholders can login through their existing user ID and password. Option will be made available to reach e-voting page without any further authentication.</li> <li>• After successful login on Easi/Easiest, the user will also be able to see the e-voting Menu. The menu will have links of ESPs. Click on KFintech to cast your vote.</li> </ul> <p><b>2. Users who have not opted for Easi/Easiest:</b></p> <ul style="list-style-type: none"> <li>• Option to register for Easi/Easiest is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>. Proceed with completing the required fields. After successful registration, please follow the steps given above to cast your vote.</li> </ul>



Type of shareholders	Login method
	<p><b>3. By visiting the e-voting website of CDSL:</b></p> <ul style="list-style-type: none"> <li>The user can directly access e-voting page by providing demat account number and PAN from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered mobile &amp; e-mail ID as recorded in the demat Account.</li> <li>After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and will also be able to directly access the system of e-Voting Service Provider i.e. KFinTech.</li> </ul>
Individual Shareholders (holding securities in demat mode) logging through their depository participants	<ul style="list-style-type: none"> <li>Shareholders can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/CDSL for e-voting facility. Once logged-in, you will be able to see e-voting option.</li> <li>Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature.</li> <li>Click on option available against Company name or e- voting service provider- KFinTech and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.</li> </ul>

**Important Note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at respective websites.

**Helpdesk for individual shareholders holding securities in demat mode who need assistance for any technical issues related to login through Depository i.e. NSDL and CDSL:**

**Members facing any technical issue - NSDL**

Members facing any technical issue in login can contact NSDL helpdesk by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call on toll free no.: 1800 1020 990 and 1800 22 44 30.

**Members facing any technical issue - CDSL**

Members facing any technical issue in login can contact CDSL helpdesk by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact on 022-23058738 or 022-23058542-43.

**II) Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode**

- i. Initial password is provided in the body of the e-mail.
- ii. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- iii. Enter the login credentials i.e. User ID and password mentioned in your e-mail. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
- iv. After entering the correct details, click on LOGIN.
- v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT i.e. Bajaj Finserv Limited.

- viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN', in which case, the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at [cssdlimaye@gmail.com](mailto:cssdlimaye@gmail.com) and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BFS\_EVENT No.'
- xii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com/> or call KFin on 1800 309 4001 (toll free).

#### **B. Voting at e-AGM –**

- i. Only those members/shareholders, who will be present in the e-AGM and have not cast their vote through remote e-voting & are otherwise not barred from doing so are eligible to vote.
- ii. Members who have voted through remote e-voting will still be eligible to attend the e-AGM.
- iii. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
- iv. Voting at e-AGM will be available at the end of the e-AGM and shall be kept open for 15 minutes. Members viewing the e-AGM, shall click on the 'e-voting' sign placed on the left-hand bottom corner of the video screen. Members will be required to use the credentials, to login on the e-Meeting webpage, and click on the 'Thumbs-up' icon against the unit to vote.

#### **C. Instructions for members for attending the e-AGM**

- i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of e-AGM provided by KFin at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and by clicking on the tab "video conference". The link for e-AGM will be available in members login, where the EVENT and the name of the Company can be selected.
- ii. Members are encouraged to join the meeting through devices (Laptops, Desktops, Mobile devices) with Google Chrome for seamless experience.
- iii. Further, members registered as speakers will be required to allow camera during e-AGM and hence are requested to use internet with a good speed to avoid any disturbance during the Meeting.
- iv. Members may join the Meeting using headphones for better sound clarity.
- v. While all efforts would be made to make the Meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

- vi. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com/> and clicking on the tab 'Speaker Registration' during the period starting from Thursday, 21 July 2022 (9:00 a.m.) up to Monday, 25 July 2022 (5:00 p.m.). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Only questions of the members holding shares as on the cut-off date will be considered.
- vii. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com/>, under the "How It Works" tab placed on top of the page.
- viii. Members who need technical assistance before or during the e-AGM can contact KFin at [emeetings@kfintech.com](mailto:emeetings@kfintech.com) or Helpline: 1800 309 4001.

#### D. General Instructions:

- i. The Board of Directors has appointed Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587 CP No. 572) as the Scrutinizer to the e-voting process and voting at the e-AGM in a fair and transparent manner.
- ii. The Scrutinizer shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and make a consolidated Scrutinizers' Report of the total votes cast in favour or against, if any, within prescribed timelines and provide the same to the Chairman & Managing Director of the Company, who shall countersign the same and declare the result thereof.
- iii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website <https://www.bajajfinserv.in/finserv-stock-exchange-filings> and on KFin's website <https://evoting.kfintech.com> and shall also be communicated to the stock exchanges. The resolutions shall be deemed to be passed at the e-AGM of the Company.

#### 27. Dividend related information:

Shareholders may note that as per Income Tax Act, 1961, (the 'IT Act') as amended by the Finance Act, 2020, dividends paid or distributed by a Company after 1 April 2020 shall be taxable in the hands of shareholders. The Company is also required to deduct Tax at Source ('TDS') in respect of approved payment of dividend to its shareholders (resident as well as non-resident).

##### Resident Shareholders:

Tax shall be deducted at source under section 194 of the IT Act at the rate of 10% on the amount of dividend declared and paid by the Company during FY2023. However, in the following cases, TDS at the rate of 20% would be applicable as per IT Act:

- Section 206AA of IT Act- In case where, PAN is not available/ submitted, or PAN submitted is invalid; or
- Section 206AB of IT Act - Non-filing of return of income tax of previous year (i.e. FY 2020-21) and aggregate of TDS and TCS in said previous year is ₹ 50,000 or more.

No tax shall be deducted at source on the dividend payable to a resident individual if the total dividend to be received by the said resident individual from the Company during a financial year does not exceed ₹ 5,000; or if an eligible resident shareholder provides a valid declaration in Form 15G / Form 15H or other documents as may be applicable to different categories of shareholders.

Further, if a shareholder has obtained a lower or Nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company (TAN – PNEB05806D), tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.

**Non-resident Shareholders:**

Tax is required to be deducted at source in the case of non-resident shareholders in accordance with the provisions of section 195 of the IT Act at the rates in force. As per the relevant provisions of the IT Act, the tax shall be deducted at the rate of 20% or applicable rate plus applicable surcharge and health & education cess on the amount of dividend payable to the non-resident shareholders. For Foreign Institutional Investors ('FII')/ Foreign Portfolio Investors ('FPI') shareholders, section 196D provides for TDS at the rate of 20% or applicable rate plus applicable surcharge and health & education cess.

However, as per section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ('DTAA') read with applicable Multilateral Instrument (MLI) provisions, if they are more beneficial to them.

A list of documents/ declarations required to be provided by the resident shareholders and list of documents/ declarations required to claim the benefit of DTAA by the non-resident shareholders are being made available on the Company's website at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>. Kindly note that the documents should be uploaded with KFin at <https://ris.kfintech.com/form15> or emailed to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

No communication on the tax determination/ deduction shall be entertained after 12 July 2022.

The documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the IT Act.

In addition to the above, please note the following:

- In case you hold shares under multiple accounts under different status/ category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
- In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.

It may be further noted that in case tax on dividend is deducted at a higher rate in the absence of receipt of any of the required details/ documents from the shareholders, the shareholders may consider filing their return of income and claiming an appropriate refund, as may be eligible. No claim shall lie against the Company for such taxes deducted.

The Company shall arrange to email the soft copy of the TDS certificate, if applicable, to shareholders at the email ID registered with KFin within the prescribed time as per IT Act. The amount of TDS can also be viewed in Form 26AS on the website of the Income Tax department of India <https://www.incometax.gov.in/home>.

In the event of any income-tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder/s, such Shareholder/s will be responsible to indemnify the Company, and also provide the Company with all information/ documents and co-operation in any assessment/ appellate proceedings before the Tax/ Government authorities.

For further details and formats of declaration, please refer FAQs on Dividend Distribution which are being available on the Company's website at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>.

## ANNEXURE TO THE NOTICE

### INFORMATION PURSUANT TO REGULATION 36(3) OF SEBI LISTING REGULATIONS AND PROVISIONS OF THE ACT

**Item no. 3 of the Notice relating to re-appointment of Manish Santoshkumar Kejriwal (DIN: 00040055), who retires by rotation.**

#### **Brief profile**

Manish Santoshkumar Kejriwal has more than 15 years of experience, encompassing the full cycle of private equity experiences across various industries and sectors in private and public companies and in other private equity funds.

In early 2004, he founded the India office of Temasek Holdings Pvt. Ltd. where he headed all the investments and other activities till September 2011. Before Temasek he was the Partner at McKinsey & Company, Inc. and was part of their New York, Cleveland and Mumbai offices. He also worked at the World Bank in Washington D.C. and with Goldman Sachs (Principal Investment/Corporate Finance) in Hong Kong.

He serves as a member of the Alternative Investments Policy Advisory Committee, constituted by Securities and Exchange Board of India (SEBI). He was first appointed as director on the Board of the Company on 1 January 2019.

Sr. No.	Particulars	Details								
1.	Age	53 years								
2.	Qualifications	He Received an A.B. from Dartmouth College, where he graduated Magna Cum Laude with a Major in Economics and Engineering Sciences and received Dean's Plate. He holds a Master's in Business Administration(MBA) from Harvard University.								
3.	Remuneration last drawn (FY2022)	₹ 28,50,000/- as commission and ₹ 15,00,000/- as sitting fees.								
4.	Disclosure of relationship between director inter se	Manish Santoshkumar Kejriwal is not related to any of the directors or key managerial personnel of the Company.								
5.	Shareholding in the Company	Nil equity shares (excludes shareholding held in other capacity).								
6.	Directorships of other Boards	Bajaj Holdings & Investment Ltd. and Bharti Airtel Ltd.								
7.	Membership/Chairmanship of Committees of other Boards	<p><b>Membership</b></p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Committee</th> <th style="text-align: left;">Company</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td rowspan="2">Bajaj Holdings &amp; Investment Ltd.</td> </tr> <tr> <td>Stakeholder Relationship Committee</td> </tr> <tr> <td>Audit Committee</td> <td rowspan="2">Bharti Airtel Ltd.</td> </tr> <tr> <td>Stakeholder Relationship Committee</td> </tr> </tbody> </table>	Committee	Company	Audit Committee	Bajaj Holdings & Investment Ltd.	Stakeholder Relationship Committee	Audit Committee	Bharti Airtel Ltd.	Stakeholder Relationship Committee
Committee	Company									
Audit Committee	Bajaj Holdings & Investment Ltd.									
Stakeholder Relationship Committee										
Audit Committee	Bharti Airtel Ltd.									
Stakeholder Relationship Committee										
8.	Resignation during past 3 years from listed companies	Nil								
9.	Nature of expertise in specific functional areas	Management & Governance, Financial Services, Consumer behaviour, sales, marketing and customer experience, Technology and Innovation, Understanding of accounting and financial statements, Regulatory, Public policy and economics and Business Transformation & Strategy								
10.	Number of Board meetings attended	During FY2022, Manish Santoshkumar Kejriwal attended all the seven Board meetings of the Company.								

He is not disqualified from being appointed as a director in terms of section 164 of the Act.

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolutions, except to the extent of their shareholding, if any, in the Company. The Board recommends the resolutions set forth in Item No. 3 of the notice for approval of the members.

#### Item no. 4 of the Notice

#### **Appointment of Khimji Kunverji & Co LLP, Chartered Accountants, (Firm Registration Number: 105146W/W100621) as the Statutory Auditor and to fix their remuneration:**

Attention of members is invited to the resolution passed by the members through postal ballot notice dated 17 September 2021 pursuant to RBI circular dated 27 April 2021 ('RBI Guidelines'). Copy of the said notice can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-postal-ballot-notice-2021pdf?scl=1&fmt=pdf>. As a result of said circular the S R B C & Co. LLP, Statutory Auditors, were ineligible, to continue as the Statutory Auditors of Bajaj Finance Limited and Bajaj Housing Finance Limited (material subsidiaries of the Company) for the financial year ending 31 March 2022. Consequently, they were unable to obtain adequate audit coverage of the consolidated total assets, revenue and profit after tax, in accordance with their firm's policy. In view of the same they intimated their resignation with effect from 13 November 2021.

Consequent to the casual vacancy created by their resignation, the Board of Directors, on the basis of recommendation of the Audit Committee and approval of the Board, by way of a Postal Ballot dated 17 September 2021 approved the appointment of Khimji Kunverji & Co LLP, Chartered Accountants, as Statutory Auditors of the Company, to hold office from the conclusion of postal ballot (i.e. the last date for voting) till conclusion of the 15th Annual General Meeting (AGM) of the Company to conduct audit of accounts of the Company for the financial year ending 31 March 2022.

In view of the above, approval of the members is being sought again at this AGM for continuation of appointment of Khimji Kunverji & Co LLP as Statutory Auditors of the Company for a further period of four years, i.e., from the conclusion of 15th AGM till conclusion of the 19th AGM of the Company to conduct audit of accounts of the Company for the financial year ending from 31 March 2023 to 31 March 2026.

The Statutory Auditors have confirmed that their appointment, if made, will be within the limit specified under section 144 of the Act. They have also confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the section 141 of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

#### **Pursuant to Regulation 36(5) of the SEBI Listing Regulations, the following details are mentioned below for the information of Members:**

Sr. No.	Particulars	Details
1.	Proposed audit fee payable to auditors	The fees proposed to be paid to Khimji Kunverji & Co LLP towards statutory audit and limited review (including certifications but excluding applicable taxes and reimbursements) for FY2023 shall be ₹ 26.50 lakh with authority to Board to make changes as it may deem fit for the balance term.
2.	Terms of appointment	Khimji Kunverji & Co LLP will continue as Statutory Auditors for four more years, i.e., financial years ending from 31 March 2023 till 31 March 2026.
3.	Material change in fee payable	None.
4.	Basis of recommendation and auditor credentials	The Audit Committee and the Board of Directors, based on the credentials of the firm and partners, asset size of the Company and eligibility criteria prescribed under the Companies Act, 2013, at its meeting held on 28 April 2022, had recommended the appointment of Khimji Kunverji & Co LLP as Statutory Auditors of the Company.

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**Profile:**

Khimji Kunverji and Co. LLP is a Chartered Accountant Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 105146W/W100621. The firm was established in 1936 and is led by ten partners. The firm provides a range of services which include audit & assurance, taxation, advisory & accounting. The firm has significant experience in providing auditing, taxation & advisory services to banks and other financial services clients.

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None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolutions, except to the extent of their shareholding, if any, in the Company. The Board recommends the resolutions set forth in Item No. 4 of the notice for approval of the members.

**Statement under section 102 of the Act****Item No. 5 of the Notice relating to ratification of remuneration to Dhananjay V Joshi & Associates, Cost Auditor (Firm Registration Number: 000030) for FY2023**

The Board of Directors, at their meeting held on 28 April 2022, on recommendation of the Audit Committee, approved the re-appointment of Dhananjay V Joshi & Associates (Firm Registration No. 000030) Cost Accountants, as the Cost Auditor of the Company for FY2023 on a remuneration of ₹ 65,000 (Rupees sixty-five thousand only) plus taxes, out-of-pocket, travelling and living expenses.

Section 148(3) of the Act and rules made thereunder require the Board to appoint an individual, who is a cost accountant or a firm of cost accountants, as Cost Auditor on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders. The Board has given the necessary approvals with due recommendation from the Audit Committee. The resolution contained in Item No. 5 of the Notice, accordingly, seeks members' ratification keep approval for the remuneration of Cost Auditor of the Company for FY2023.

None of the Directors or Key Managerial Personnel or their relatives are directly or indirectly concerned or interested, financially or otherwise, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends this ordinary resolution set out in Item No. 5 of the Notice for consideration and approval of the members.

By order of the Board of Directors  
For **Bajaj Finserv Ltd.**

**Uma Shende**  
**Company Secretary**  
Membership No.: A38364  
Pune: 16 May 2022







15<sup>TH</sup>

ANNUAL  
REPORT

2021-2022



**Rahul Bajaj**  
(1938 - 2022)

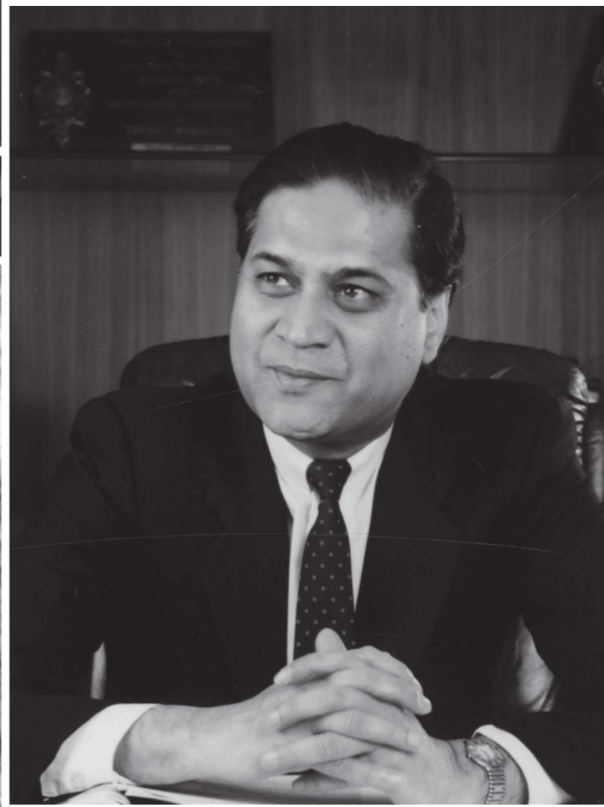
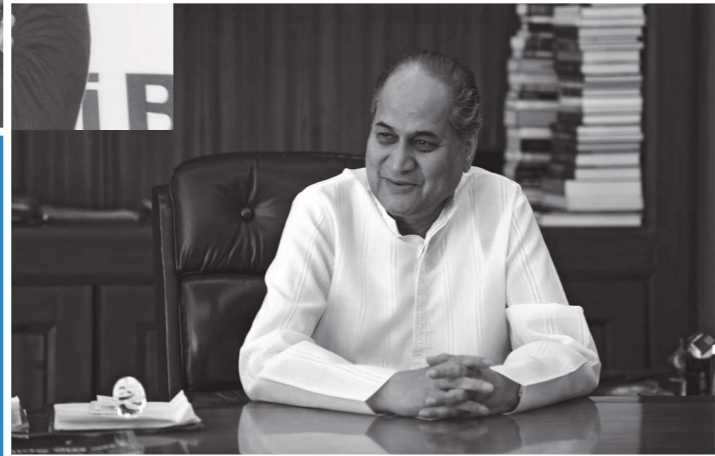


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“Earlier organisations made individuals, today individuals make an organisation.”



# CORPORATE INFORMATION

## Board of Directors

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### Sanjiv Bajaj

Chairman & Managing Director

### D J Balaji Rao

### Dr. Gita Piramal

(up to 30 April 2022)

### Dr. Naushad Forbes

### Anami N Roy

### Pramit Jhaveri

(w.e.f. 1 May 2022)

### Radhika Haribhakti

(w.e.f. 1 May 2022)

### Madhur Bajaj

### Rajiv Bajaj

### Manish Kejriwal

## Audit Committee

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### Dr. Naushad Forbes

Chairman

### D J Balaji Rao

### Dr. Gita Piramal

(up to 30 April 2022)

### Pramit Jhaveri

(w.e.f. 1 May 2022)

### Manish Kejriwal

## Stakeholders Relationship Committee

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### Dr. Gita Piramal

(Chairperson up to 30 April 2022)

### Dr. Naushad Forbes

(Chairman w.e.f. 1 May 2022)

### Radhika Haribhakti

(w.e.f. 1 May 2022)

### Sanjiv Bajaj

## Nomination and Remuneration Committee

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### D J Balaji Rao

Chairman

### Dr. Gita Piramal

(up to 30 April 2022)

### Dr. Naushad Forbes

(w.e.f. 1 October 2021)

### Anami N Roy

(w.e.f. 1 October 2021)

### Radhika Haribhakti

(w.e.f. 1 May 2022)

### Sanjiv Bajaj

### Manish Kejriwal

## Duplicate Share Certificate Issuance Committee

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### Sanjiv Bajaj

Chairman

### Rajiv Bajaj

### Manish Kejriwal

## Corporate Social Responsibility Committee

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### Dr. Naushad Forbes

Chairman

(w.e.f. 29 October 2021)

### Anami N Roy

### Sanjiv Bajaj

## Risk Management Committee

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### Dr. Naushad Forbes

Chairman

### Pramit Jhaveri

(w.e.f. 1 May 2022)

### Sanjiv Bajaj

### Anish Amin

President (Group Risk, Assurance, M & A and HR)

## Senior Management Team

### Ranjit Gupta

President (Insurance)

### V Rajagopalan

President (Legal & Taxation)

### Anish Amin

President (Group Risk, Assurance, M & A and HR)

### Purav Jhaveri

President (Investment)

### Ajay Sathe

Group Head - Customer Experience & CSR

### Rajeev Jain

Managing Director, Bajaj Finance Ltd.

### Tapan Singhel

MD & CEO, Bajaj Allianz General Insurance Company Ltd.

### Tarun Chugh

MD & CEO, Bajaj Allianz Life Insurance Company Ltd.

### Atul Jain

Managing Director, Bajaj Housing Finance Ltd.

### Devang Mody

CEO, Bajaj Finserv Health Ltd. & Group Head-Strategy, Bajaj Finserv Ltd.

### Manish Jain

CEO, Bajaj Financial Securities Ltd.

### Ganesh Mohan

CEO, Bajaj Finserv Asset Management Ltd.

### Ashish Panchal

CEO, Bajaj Finserv Direct Ltd.

## CFO

### S Sreenivasan

## Company Secretary

### Sonal R Tiwari

(up to 11 August 2021)

### Uma Shende

(w.e.f. 1 October 2021)

## Auditors

### S R B C & CO LLP

(up to 13 November 2021)

### KKC & Associates LLP

(earlier known as Khimji Kunverji & Co LLP)  
(w.e.f. 17 November 2021)

## Secretarial Auditor

### Shyamprasad D Limaye

Practising Company Secretary

## Cost Auditor

### Dhananjay V Joshi & Associates

Cost Accountants

## Bankers

### Deutsche Bank

### Citibank N A

### HDFC Bank

## Registered Office

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

**CIN: L65923PN2007PLC130075**

## Corporate Office

Bajaj Finserv House  
Viman Nagar, Pune - 411 014.

## Registrar and Share Transfer Agent

### KFin Technologies Ltd.

(earlier Known as KFin Technologies Pvt. Ltd.)  
Selenium Tower B, Plot 31 - 32, Financial District,  
Nanakramguda, Serilingampally, Hyderabad,  
Telangana - 500 032.

Toll free: 1800 309 4001

Email id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

# LEADING THE WAY

**Purav Jhaveri**  
President  
(Investment)

**Ashish Panchal**  
CEO- Bajaj Finserv  
Direct Ltd.

**Ranjit Gupta**  
President  
(Insurance)

**Manish Jain**  
CEO, Bajaj Financial  
Securities Ltd.

**Ajay Sathe**  
Group Head - Customer  
Experience & CSR

**Devang Mody**  
CEO, Bajaj Finserv  
Health Ltd. & Group  
Head- Strategy, Bajaj  
Finserv Ltd.

**Anish Amin**  
President  
(Group Risk, Assurance,  
M & A and HR)

**S Sreenivasan**  
CFO

**Atul Jain**  
Managing Director,  
Bajaj Housing  
Finance Ltd.

**Tarun Chugh**  
MD and CEO,  
Bajaj Allianz Life Insurance  
Company Ltd.

**Sanjiv Bajaj**  
Chairman &  
Managing Director

**Tapan Singhel**  
MD and CEO,  
Bajaj Allianz General  
Insurance Company Ltd.

**Ganesh Mohan**  
CEO, Bajaj Finserv Asset  
Management Ltd.

**V Rajagopalan**  
President  
(Legal & Taxation)

**Rajeev Jain**  
Managing Director,  
Bajaj Finance Ltd.





# CHAIRMAN'S LETTER

## Dear Shareholder,

Allow me to begin with a short tribute to Shri Rahul Bajaj, who was for long the Chairman, and more recently the Chairman Emeritus, of your Company. This tribute is from a son to a beloved father.

My father was unique and special. People across the country – even those who did not know him personally – lauded him for being fearless and outspoken. I have not seen many who had his courage to honestly share his convictions. People who worked closely with him knew of his pinpointed focus on details and his legendary eyesight and concentration that could unerringly focus on the tiniest error without fail. Just as he was courageous and outspoken, he was quick and generous to accept his mistakes. And within that supreme confidence of his, he was compassionate and caring to all those he knew. He was my mentor, counsellor and friend.

I will miss him. Yet, I am secure in the knowledge that the values he instilled in me will always remain.

Let me start with a word. 'Resilience'. Your Company and all its businesses have shown enormous resilience in the last two years – be it through the three successive waves of Covid and the organisational transformations that these entailed, the macroeconomic slowdown that pre-dated Covid and fundamental changes in the industry that we belong to, and the strength to take all necessary provisions without damaging our financials and capital adequacy. Such resilience was shown by every employee across each business of your Company.

There is another word that comes to my mind. It is 'Focus'. Across the enterprises that constitute your Company, the focus has been to create new, powerful, fast and all-encompassing digital capabilities; add new products; and create greater synergy and efficiencies- all to better service our customers.

In this, Bajaj Finance Ltd. (BFL) leads the pack; closely followed by Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC). Through focus, BALIC has transformed itself into one of India's top life insurers with strong profitable growth. Thanks to years of uninterrupted profitability, BAGIC has completed 14 consecutive years, since its last capital infusion and continues to be one of the most efficient users of capital among the private sector insurance companies.

I am particularly proud of the performance of Bajaj Housing Finance Ltd. (BHFL), a 100% subsidiary of BFL. It formally started lending operations from July 2017. In less than five years, it has created multiple businesses where the aggregate assets under management amount to ₹ 53,322 crore. In FY2022, BHFL earned total income of ₹ 3,767 crore; net interest income of ₹ 1,612 crore; profit before tax of ₹ 960 crore; and profit after tax of ₹ 710 crore. It is an extremely creditable performance. Indeed, BHFL is fast growing into an adult to join the other three large enterprises in your Company – BFL, BALIC and BAGIC.

Let me now move on to ideas for the future.

As a 100% subsidiary of BFL, we have Bajaj Financial Securities Ltd. This is a digital stockbroker, offering customers that avail of Loan Against Securities (LAS) from BFL, a full suite of investment products and services. It is an all-in-one digital platform combining demat, broking, margin trade financing for retail and HNI clients on a predominantly B2C platform.

We have created Bajaj Finserv Direct Ltd. (Bajaj Markets), a subsidiary of your Company. This is also a digital marketplace for financial services products from loans to insurance, mutual funds, investments, lifestyle products, payments and e-commerce. Our intent is to attract new-to-Finserv customers by creating discovery and experience of the brand through a seamless digital medium.

Healthcare is becoming very important to all citizens of India, especially after the pandemic. To deal with this, we have created Bajaj Finserv Health Ltd., as a 100% subsidiary of your Company. This venture aims to transform healthcare in India by integrating a fragmented healthcare delivery ecosystem with technology and financial services on a digital platform to bring quality healthcare closer to the consumers' reach. As an example, it introduced 'Aarogya Care', an industry-first product, offering a wide range of personalised, preventive and prepaid healthcare packages such as OPD care, telemedicine and other services.

Your Company is starting a mutual fund and asset management business through Bajaj Finserv Asset Management Ltd., its 100% subsidiary. Having obtained an in-principle approval to set up this enterprise, we are completing the requirements for the final licence.

Covid created an unprecedented health crisis, especially during the Delta wave. We took multiple initiatives to ensure safety and well-being of our employees and their families, and extended financial and logistical support towards diagnosis and treatment.

Further, the Bajaj group of companies supported Mega Vaccination Drives which administered over 1 million doses of the Covid vaccine to beneficiaries in the districts of Pune and Aurangabad. The Bajaj Group contributed ₹ 170 crore to support the nationwide fight against Covid, to alleviate the immediate on-ground challenges, build capabilities and resources. This included the installation of 12 oxygen plants to provide more than 5,000 LPM of oxygen supply to rural and urban hospitals plus respiratory support equipment like oxygen concentrators, ventilators and BiPaps to help augment their capacity in treating Covid patients.

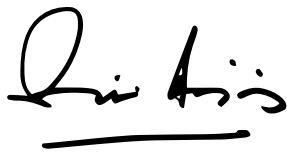
Let me conclude by making two other observations.

Over the last couple of years, we have seen considerable regulatory tightening – be it from the Reserve Bank of India (RBI), the Insurance Regulatory and Development Authority of India (IRDAI) and the Securities and Exchange Board of India (SEBI). We welcome these developments because, as we see it, these are prompting fundamental structural changes in the ways in which the industry does business and, in doing so, are separating men from the boys.

My other observation is about our corporate culture. This has been hard-baked across all our organisations. It involves customer centrality; perennial quest for greater operational efficiencies; managerial ownership, empowerment and accountability; welcoming disruptive innovations and long-term profitable growth. These, more than anything else, have created value for your Company and its subsidiaries. And, will continue doing so in the years to come.

Thank you for your support. With my best wishes,

Yours sincerely,



**Sanjiv Bajaj**

Chairman & Managing Director

# MANAGEMENT DISCUSSION AND ANALYSIS

Bajaj Finserv Ltd. ('Bajaj Finserv', 'BFS' or 'the Company') is an unregistered core investment company (CIC) under RBI regulations 2020 and the holding company for the various financial services businesses under the Bajaj group. Its vision is to provide financial solutions for retail and SME customers through their life cycle. These involve: (i) asset acquisition and lifestyle enhancement through financing, (ii) asset protection through general insurance, (iii) family protection through life and health insurance, (iv) providing healthcare needs for the family, (v) offering savings products, (vi) wealth management, and (vii) retirement planning and annuities. Through these businesses that offer various attractive solutions, BFS serves crores of customers.

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

BFS participates in various businesses through controlling stakes. These are:

- The financing business through its 52.49% holding in **Bajaj Finance Ltd. (BFL)**, a large, well recognised and highly profitable listed enterprise.
  - In turn, BFL has a 100% unlisted subsidiary called **Bajaj Housing Finance Ltd. (BHFL)**, which is a profitable and fast growing enterprise engaged in various aspects of housing finance and development.
  - BFL also has another 100% unlisted subsidiary called **Bajaj Financial Securities Ltd. (BFinsec)**, which is registered with the Securities and Exchange Board of India (SEBI) as a stockbroker and depository participant. BFinsec is a stockbroker that provides its clients a full suite of investment products and services in an all-in-one digital platform.
- Life, general and health insurance businesses through its 74% holding in two unlisted subsidiaries, namely:
  - **Bajaj Allianz Life Insurance Company Ltd. (BALIC)**; and
  - **Bajaj Allianz General Insurance Company Ltd. (BAGIC)**.
- The mutual fund and asset management businesses through **Bajaj Finserv Asset Management Ltd.**, a 100% subsidiary of BFS. Having obtained an in-principle approval to set up the asset management company, it is in the process of completing the requirements for the final licence.
- **Bajaj Finserv Direct Ltd.** (Bajaj Markets): Another subsidiary of BFS, this is a digital marketplace for financial services products from loans to cards to insurance, mutual funds, investments, lifestyle products, payments and e-commerce. The idea is to attract new-to-Finserv customers by creating awareness and discovery of the Finserv brand in a seamless digital medium.
- **Bajaj Finserv Health Ltd.:** Also a 100% subsidiary of BFS, this is a health tech venture which aims to transform healthcare in India by integrating a fragmented healthcare delivery ecosystem with technology and financial services on a digital platform to bring quality healthcare closer to consumers' reach through products, networks and technology. As an example, it introduced 'Aarogya Care', an industry-first product, offering a wide range of personalised, preventive and prepaid healthcare packages such as OPD care, telemedicine, and other services.
- **Bajaj Finserv Ventures Ltd.:** A 100% subsidiary of BFS, this is an investment platform for alternate assets.
- Bajaj Finserv also has **investments in renewable energy** in the form of 138 windmills situated in Maharashtra with an aggregate installed capacity of 65.2 MW.

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

## The Covid-19 pandemic

Financial year 2021-22 (FY2022) was once again dominated by Covid as new waves of infection swept across countries. In India, the second wave ('Delta') proved far more deadly than the first. After a shaky start in some places, the roll-out of vaccines in India began in dead earnest. The eventual success of nation-wide vaccination across this far flung sub-continent played a large role in curbing hospitalisation.

The advent of the highly transmissible variant 'Omicron' arrived in early January 2022. In this third wave, India's daily number of reported cases peaked to nearly 350,000 in January 2022 and the active case load was over 22 million. Fortunately, while highly transmissible, Omicron was nowhere as clinically deadly as Delta. So, while many got infected, almost all got well again within a week or so, without hospitalisation and morbidity. India did not see a re-run of lockdowns and a massive drop in GDP as witnessed in FY2021. Thanks to a huge vaccination drive, the earlier strong link between Covid waves and fall in GDP growth was considerably reduced.

It is too early to opine on the matter, but it would seem that India has got used to Covid. So long as the new variants are like Omicron, we should have less to worry about mass hospitalisations, huge excess morbidity, multiple lockdowns and lower growth.

There can be no doubt that Covid has inflicted enormous pain and suffering to individuals and corporates alike across the globe. Equally, it gave the world an opportunity to reinvent itself to adapt to new ways of life and business. This pandemic was a real test of resilience and agility of businesses across all sectors, be it manufacturing, service, real estate, entertainment sector and others. Corporates that successfully adapted and survived the challenges thrown by Covid have generally become resilient and agile organisations who are now future ready to weather such a massive disruption.

## Macroeconomic Overview

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

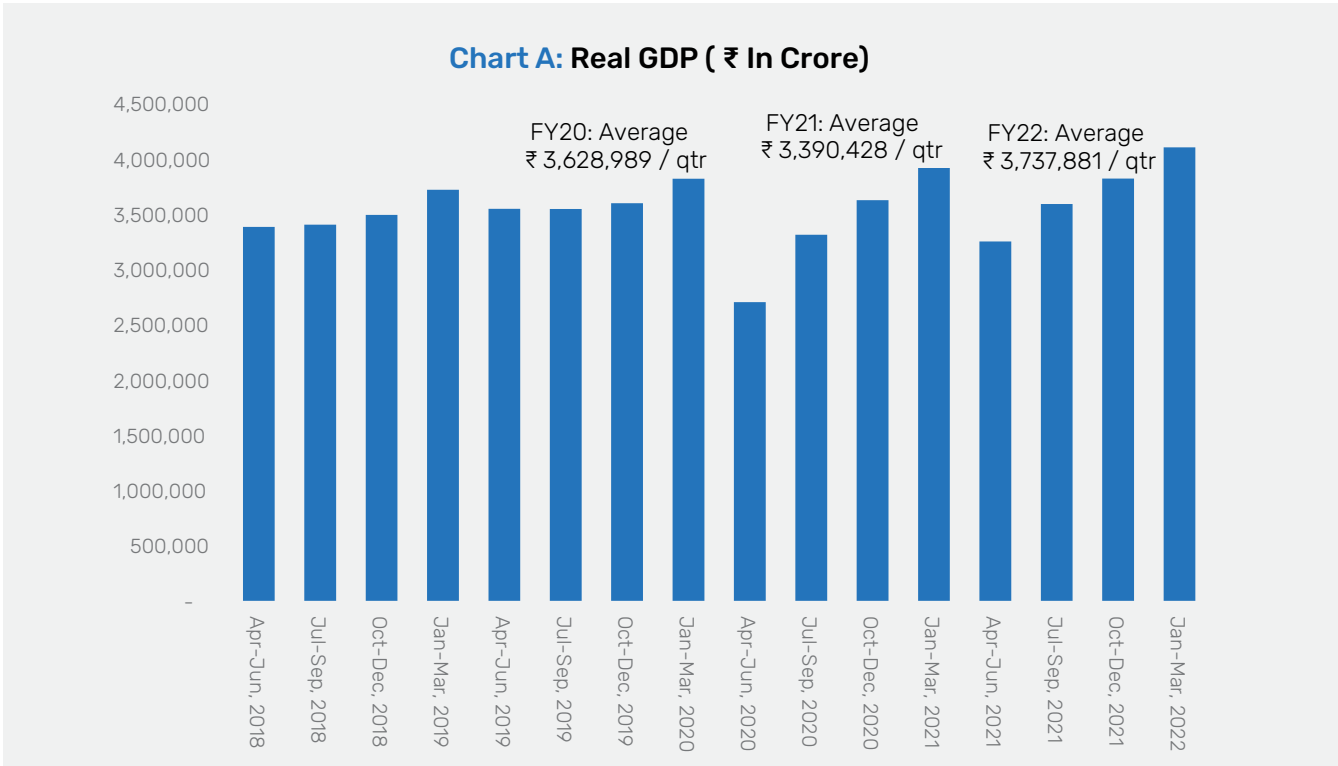
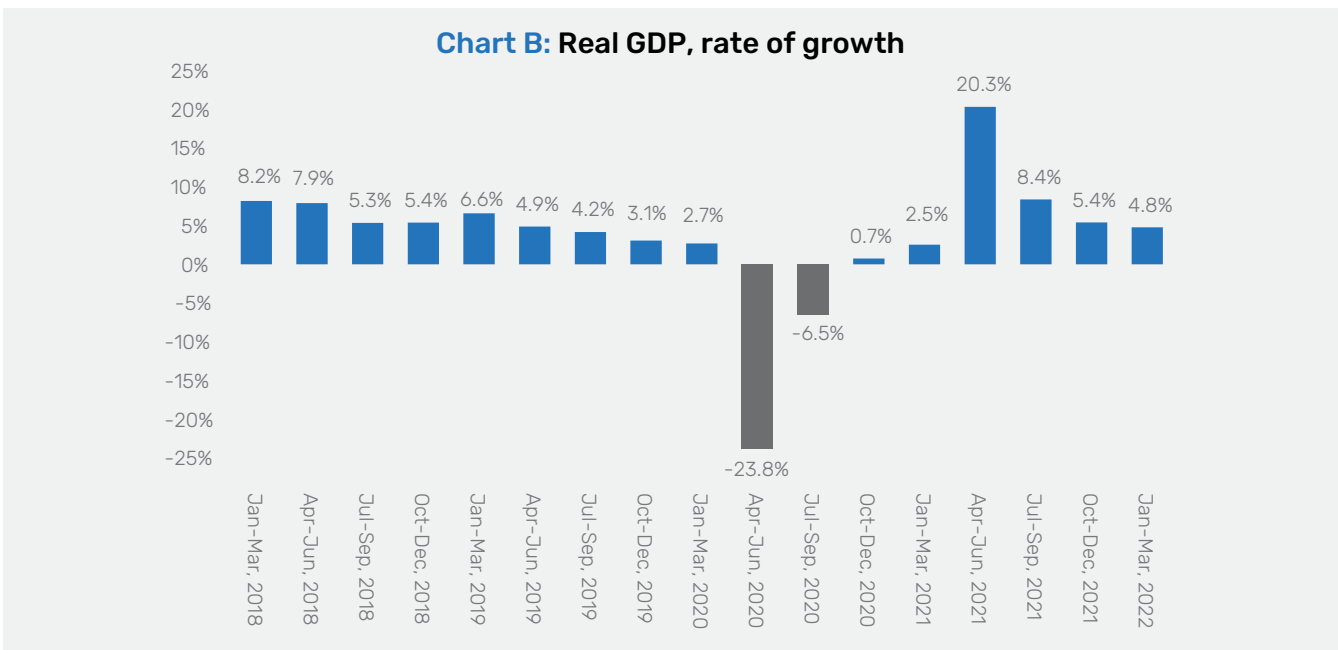


Chart B depicts India’s real GDP growth over the same period.



The second advance estimates of national income for FY2022 released by the Central Statistics office (CSO) on 28 February 2022 pegs GDP growth in FY2022 to be 8.9%. Table 1 gives the data on real GDP and real Gross Value Added (GVA) growth for the last four financial years.

**Table 1: Growth in real GDP and GVA, India**

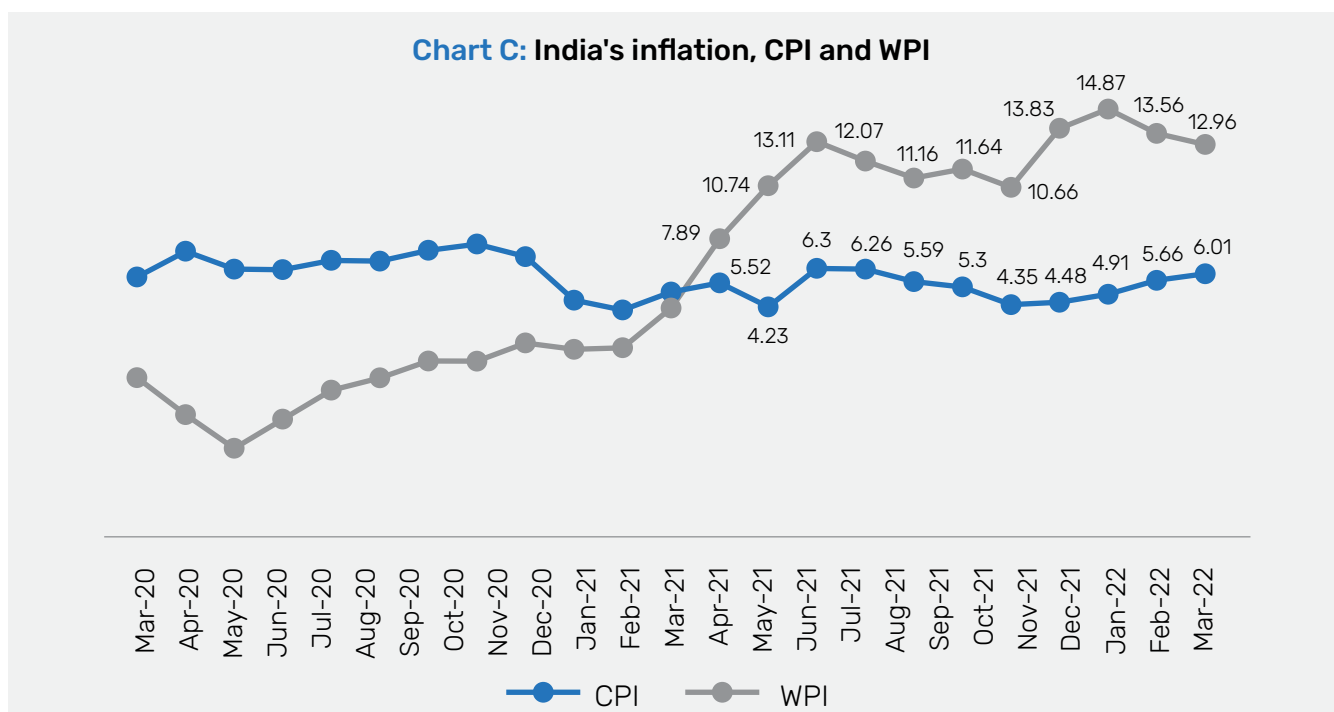
	FY2019 (2 <sup>nd</sup> RE)	FY2020 (1 <sup>st</sup> RE)	FY2021 (2 <sup>nd</sup> RE)	FY2022 (2 <sup>nd</sup> AE)
Real GDP growth	6.5%	4.0%	(6.6%)	8.9%
Real GVA growth	5.9%	4.1%	(6.2%)	8.6%

Source: Government of India, CSO. AE denotes Advance Estimate and RE denotes Revised Estimate.

The Government of India announced a growth oriented and expansionary budget for the financial year 2022-23 (FY2023) with a big bet on investment push to lift economic growth. The compound annual growth rate for capital expenditure of FY2023 over FY2020 is projected at 28% while revenue expenditure is contained at 12%. The budget's expectation was that such capex-led growth would take India on a growth path even at the cost of higher fiscal deficit.

Unfortunately, the conflict in Ukraine and the sanctions unleashed by the western countries on Russia have led to chaos in global commodity markets. While the crude prices have settled at below US\$ 100 after reaching a high of US\$ 139, India will have to deal with a larger oil import bill. This has already impacted the exchange rate, with the Indian ₹ crossing ₹ 77 to the US dollar on 7 March 2022 before settling at below ₹ 76 at the end of March 2022. How these increased commodity prices will unfold is yet to be seen. What is sure, however, is that there will be a considerable impact on inflation which was already becoming a cause of concern.

Inflation has emerged as a global challenge both in advanced economies and emerging economies. Surge in energy prices, non-food commodities, input price disruptions of global supply chains and rising freight cost have stoked global inflation. In India, retail inflation measured by the Consumer Price Index (CPI) edged up to 6.01% y-o-y in January 2022 from 5.66% in December 2021 due to large adverse base effects. Chart C depicts the India's Inflation rates based on the CPI and the wholesale price index (WPI).



On balance, we believe that India can now counter the threats it may face on account of further mutations of the Covid virus. The inflation challenge needs to be tackled, but without resorting to sharp interest rate hikes, which will choke off the recovery and effectively throw the baby out with the bath water. The other serious risk relates to major disruptions in the global supply chains. These are mostly emanating from China; and, more recently, with the Ukraine conflict, from Russia. It is difficult to predict how these will play out; but it is likely that global supply chain disruptions will have a longer life than the other challenges.



## Consumer Finance and Lending

### Bajaj Finance Ltd. (BFL)

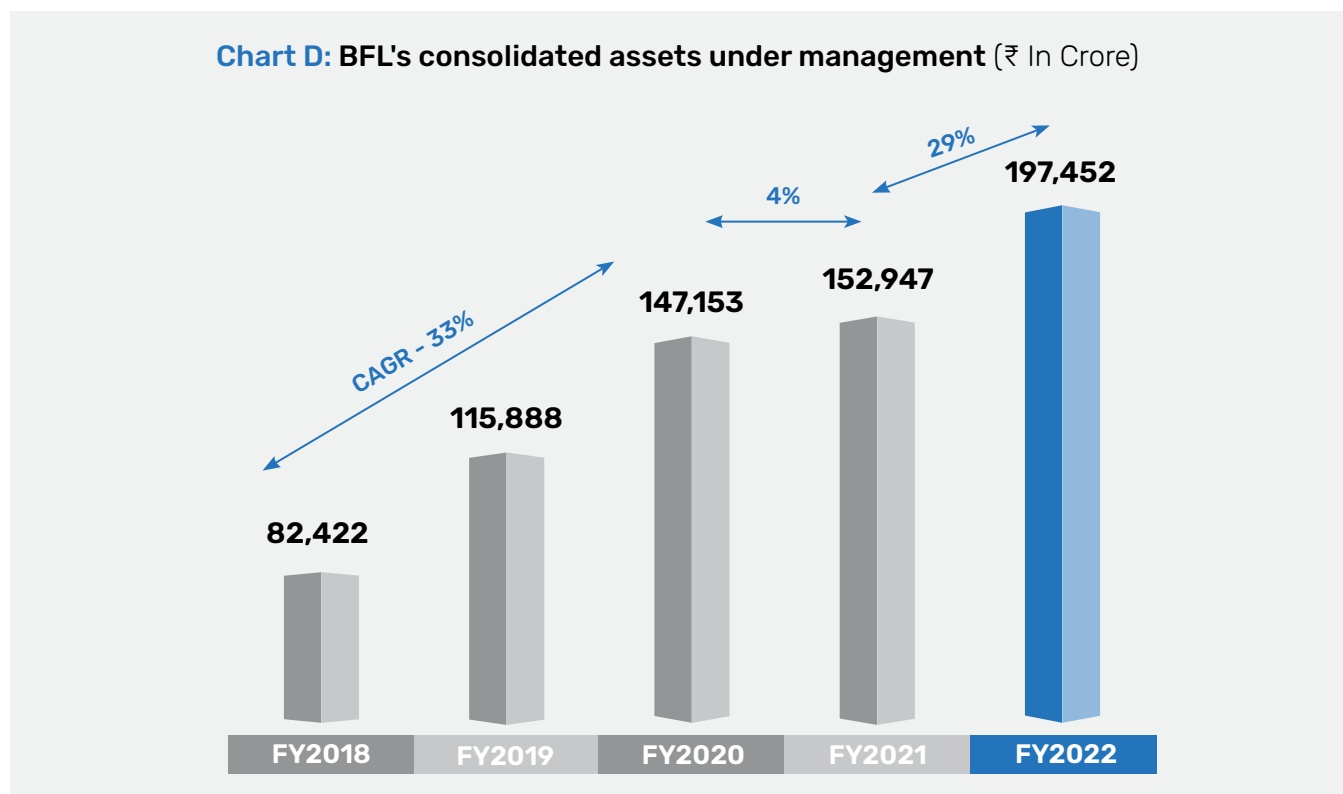
As mentioned earlier, Bajaj Finance Ltd. ('BFL' or 'Bajaj Finance') is a deposit-taking Non-Banking Financial Company (NBFC) registered with the RBI. It is a subsidiary of Bajaj Finserv Ltd., and is engaged in the business of lending and acceptance of deposits. BFL has a diversified lending portfolio across retail, SMEs and commercial customers with significant presence in urban and rural India. It accepts public and corporate deposits and offers variety of financial services products to its customers.

In turn, BFL has two 100% subsidiaries. These are: (i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing') which is registered with National Housing Bank as a Housing Finance Company (HFC); and (ii) Bajaj Financial Securities Ltd. ('BFinsec'), which is registered with the Securities and Exchange Board of India (SEBI) as a stock broker and depository participant.

#### BFL: Consolidated Performance Highlights for FY2022

- Number of new loans booked: up by 46% to 24.7 million.
- Assets under management (AUM): increased by 29% to ₹ 197,452 crore.
- Total income: increased by 19% to ₹ 31,640 crore.
- Net interest income (NII): rose by 27% to ₹ 21,892 crore.
- Operating expenses to NII stood at 34.6%.
- Impairment on financial instruments: decreased by 20% to ₹ 4,803 crore.
- Profit before tax (PBT): increased by 59% to ₹ 9,504 crore.
- Profit after tax (PAT): increased by 59% to ₹ 7,028 crore.
- Capital adequacy ratio as of 31 March 2022 was 27.22%, which is well above the RBI norms. Tier I adequacy was 24.75%.

Chart D gives a snapshot of BFL's consolidated AUM over the last five years. Table 2 gives data on the consolidated AUM across the various business categories.





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**CONSUMER FINANCE**

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

**PAYMENTS**

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

**SME FINANCE**

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

**INSURANCE**

- Life, General & Health Insurance
- Distribution
- Pocket Insurance

**INVESTMENTS**

- Systematic Deposit Plan
- Mutual Fund
- Term Deposit

**COMMERCIAL LENDING**

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

**SECURITIES**

- Trading Account
- Depository Services
- Margin Trading Finance
- HNI Broking
- Retail Broking

**BAJAJ FINANCE LIMITED**

**Table 2: BFL's assets under management**

(₹ In Crore)

Particulars	Standalone			Consolidated		
	FY2022	FY2021	Change	FY2022	FY2021	Change
Consumer B2B - auto finance business	10,194	12,111	(16%)	10,194	12,111	(16%)
Consumer B2B - sales finance	14,977	11,526	30%	14,977	11,526	30%
Consumer B2C businesses	37,302	29,310	27%	38,772	30,450	27%
SME Lending	24,896	20,057	24%	24,979	20,217	24%
Rural B2B - sales finance businesses	4,129	2,883	43%	4,129	2,883	43%
Rural B2C businesses	15,301	11,822	29%	15,301	11,822	29%
Commercial lending business	11,498	8,293	39%	11,498	8,293	39%
Loans against securities	9,816	5,705	72%	10,536	5,889	79%
IPO financing	5,365	165	NA	5,365	165	NA
Mortgages	13,265	13,546	(2%)	61,701	49,591	24%
<b>Total</b>	<b>146,743</b>	<b>115,418</b>	<b>27%</b>	<b>197,452</b>	<b>152,947</b>	<b>29%</b>

**Business Update**

In FY2022, BFL disbursed 24.7 million loans, representing a growth of 46% over FY2021. And it acquired over 9 million new customers, taking its existing customer franchise to 57.6 million as on 31 March 2022, a growth of 19% over 31 March 2021.

**Consumer lending**

- BFL continues to be the dominant lender for consumer electronics, furniture and digital products in India. It financed 12.7 million consumer electronics and digital products purchases in FY2022.
- BFL's unique Existing Member Identification (EMI) card, with about 29.9 million cards in force, enables customers to avail instant finance after the first purchase across more than 122,000 points of sale. In FY2022, EMI cards enabled BFL to finance over 13.1 million purchases in consumer electronics, digital products, lifestyle products, lifecare, e-commerce and other retail spends
- BFL remained the largest financier of Bajaj Auto motorcycles and three-wheelers in FY2022. During the year, it financed over 637,000 two-wheelers and about 72,000 three-wheelers. This constituted 37% of domestic sale of Bajaj two-wheelers and 44% of Bajaj three-wheelers. Going forward, BFL will finance the purchase of other motorcycles as well.
- Personal Loan Cross Sell (PLCS) is a pre-approved loan origination programme for existing customers of BFL. BFL launched a three-click self-service 'get it now' disbursement process for customers.

**SME lending**

- Offers unsecured and secured loans – such as working capital loans and term facilities – to SMEs, MSMEs and professionals. This segment saw disruptions on account of the pandemic induced slowdown. While demand for SME loans bounced back from the second quarter in FY2022, the second wave of pandemic had an adverse impact on the loan losses.
- AUM from unsecured loans to businesses for working and growth capital, secured loans to SME and MSME customers against their residential property or used four-wheeler and loans to professionals such as doctors and chartered accountants grew by 24% to ₹ 24,896 crore.

### Rural lending

- BFL offers all its lending and deposits products in small towns and villages through its rural lending business. At the end of FY2022, it was present in over 2,136 locations across 21 states and union territories. It also opened 50 financial inclusion branches in unbanked rural centres. The rural lending business recorded an AUM growth of 32% and closed with an AUM of ₹ 19,430 crore as on 31 March 2022.

### Commercial lending

- This consists of lending to auto component manufacturers and the light engineering industry, loans to financial institutions, to specialty chemical and pharma industry and other mid-market companies. BFL has a sharp focus on acquiring quality corporate clients, deepen relationship with them and ensure value add by offering products in the form of working and growth capital loans. Commercial lending recorded an AUM growth of 39% to ₹ 11,498 crore.

### Loan against securities

- This business offers medium-term and short-term financing against shares, bonds, mutual funds, insurance policies and deposits to customer across retail, high net worth individuals (HNIs) and promoter categories. BFL has a complete product suite for its retail and HNI wealth customers through its 100% subsidiary, BFinsec, which offers various investment services like demat services, broking, margin trade financing and financing of offer for sale. The business grew strongly in FY2022 and closed the financial year with an AUM of ₹ 10,536 crore. This was excluding the short-term IPO financing AUM which stood at ₹ 5,365 crore as of 31 March 2022.

### Deposits

- BFL accepts deposits from retail and corporate clients. The deposits book as on 31 March 2022 stood at ₹ 30,800 crore, representing a growth of 19% y-o-y. The deposit book now contributes to 25% of its standalone borrowings and 19% of its consolidated borrowings as on 31 March 2022. Retail deposits account for 69% of total deposits.

### Partnerships and services

- In partnership with various financial service providers, BFL offers a variety of products to its customers which includes life insurance, health insurance, extended warranty, comprehensive asset care, co-branded credit card, co-branded wallet and financial fitness reports. These partnerships and products have enabled BFL to provide value added services to its customers and grow its fee-based income.
- In partnership with the RBL Bank, BFL's co-branded credit card business continued to grow robustly in FY2022. These credit cards are now offered across 400+ locations; and the number of cards-in-force stood at over 2.8 million as on 31 March 2022. The credit card alliance agreement with RBL Bank has been further renewed for a period of 60 months.
- On 19 January 2021, BFL received approval of the RBI for issuance of co-branded credit card in association with DBS Bank (India) Ltd. ('DBS Bank'). The company launched a co-branded credit card with DBS Bank on 5 April 2022.

### Financial Performance

Table 3 gives BFL's consolidated financial performance for FY2022. Table 4 gives the key ratios.

**Table 3: BFL's standalone and consolidated financial performance**

(₹ In Crore)

	Standalone			Consolidated		
	FY2022	FY2021	Change	FY2022	FY2021	Change
Total income	27,871	23,546	18%	31,640	26,683	19%
Interest and finance charges	7,573	7,446	2%	9,748	9,414	4%
<b>Net interest income (NII)</b>	<b>20,298</b>	<b>16,100</b>	<b>26%</b>	<b>21,892</b>	<b>17,269</b>	<b>27%</b>
Employee benefit expenses	3,222	2,243	44%	3,590	2,499	44%
Depreciation and amortisation	355	302	18%	385	325	18%
Other expenses	3,513	2,471	42%	3,610	2,484	45%
<b>Pre-impairment operating profit</b>	<b>13,208</b>	<b>11,084</b>	<b>19%</b>	<b>14,307</b>	<b>11,961</b>	<b>20%</b>
Impairment on financial instruments	4,622	5,721	(19%)	4,803	5,969	(20%)
Profit before tax (PBT)	8,586	5,363	60%	9,504	5,992	59%
<b>Profit after tax (PAT)</b>	<b>6,350</b>	<b>3,956</b>	<b>61%</b>	<b>7,028</b>	<b>4,420</b>	<b>59%</b>
Total comprehensive income	6,385	3,898	64%	7,063	4,363	62%
Earnings per share (EPS) basic, in ₹	105.39	65.85		116.64	73.58	
Earnings per share (EPS) diluted, in ₹	104.63	65.33		115.79	73.00	
Book value per share, in ₹	699.34	597.85		726.71	614.11	

**Table 4: BFL's key ratios on a consolidated basis**

Ratios	FY2022	FY2021
Net interest income to average loans receivable	12.95%	11.99%
Total operating expenses to net interest income	34.65%	30.74%
Return on average loans receivable (ROA)	4.16%	3.07%
Return on average equity (ROE)	17.43%	12.77%
Capital to risk-weighted assets ratio (CRAR) *	27.22%	28.31%
Tier I *	24.75%	25.11%
Tier II *	2.47%	3.20%
Gross NPA	1.60%	1.79%
Net NPA	0.68%	0.75%
Provisioning coverage ratio (PCR)	58%	58%

\* These ratios are on standalone basis.

**Provisions for expected credit losses**

- BFL saw elevated level of loan losses of ₹ 4,803 crore in FY2022 owing to disruption caused by the second wave. While the gross and net NPAs have reverted to pre-Covid levels, BFL chose to carry a higher management overlay loan loss provision of ₹ 1,060 crore as on 31 March 2022 versus ₹ 840 crore as on 31 March 2021 to account for any tail risk which may emerge from the pandemic.
- Despite such accelerated provisioning, BFL delivered a consolidated pre-tax profit of ₹ 9,504 crore, registering a growth of 59%. In doing so, it once again demonstrated the resilience of its business model which generates strong pre-impairment profitability to absorb higher losses emanating from a crisis.

### Asset Liability Management (ALM)

- BFL's consolidated total borrowing was ₹ 165,232 crore as on 31 March 2022. Its Asset Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. Its robust liquidity management framework has ensured that enough liquidity was available throughout FY2022 to meet its debt service obligations and business growth requirements.
- At a consolidated level, BFL maintained an average liquidity buffer of ₹ 13,052 crore in FY2022, representing 9% of its average outstanding borrowings in FY2022. It had a consolidated liquidity surplus of ₹ 10,110 crore as on 31 March 2022, representing 6% of outstanding borrowings.

### Bajaj Housing Finance Limited (BHFL)

Bajaj Housing Finance Ltd. (BHFL), a 100% subsidiary of BFL, started its lending operation from July 2017. It offers the following products to its customers: (i) home loans; (ii) loan against property; (iii) lease rental discounting; and (iv) developer financing. It also has a dedicated vertical offering home loans and loan against property to rural individuals and MSME customers. Table 5 gives BHFL's standalone financials; and Table 6 gives its AUM.

**Table 5: BHFL's financial performance**

Particulars	(₹ In Crore)		
	FY2022	FY2021	Change
Total income	3,767	3,155	19%
Interest and finance charges	2,155	1,966	10%
<b>Net interest income</b>	<b>1,612</b>	<b>1,189</b>	<b>36%</b>
Total operating expenses	471	329	43%
<b>Pre-impairment operating profit</b>	<b>1,141</b>	<b>860</b>	<b>33%</b>
Impairment on financial instruments	181	247	(27%)
Profit before tax (PBT)	960	613	57%
<b>Profit after tax (PAT)</b>	<b>710</b>	<b>453</b>	<b>57%</b>
Total comprehensive income	709	454	56%
Earnings per share (EPS) basic, in ₹	1.45	0.93	

**Table 6: BHFL's assets under management**

Particulars	(₹ In Crore)		
	FY2022	FY2021	Change
Housing loans (including top ups)	33,515	23,943	40%
Loan against property	6,181	4,753	30%
Lease rental discounting	7,224	4,838	49%
Developer finance	2,875	2,057	40%
Rural mortgage loans	1,923	1,980	(3%)
Other loans	1,604	1,300	23%
<b>Total</b>	<b>53,322</b>	<b>38,871</b>	<b>37%</b>

## Bajaj Financial Securities Ltd. (BFinsec)

BFinsec, a 100% subsidiary of BFL, is registered with the SEBI as a stockbroker and depository participant. It started its business operations from August 2019 to ring fence Loan Against Securities (LAS) customers of BFL by providing them a full suite of investment products and services. It offers demat, broking, margin trade financing and financing for offer for sale to retail and HNI clients. It offers spread financing to its customers through BFL. With a view to provide better trading experience to its customers, BFinsec upgraded its website and mobile trading app to add several major capabilities including multiple charts, E-Collect feature for hassle-free fund addition etc.

With a base of approximately 331,000 customers as of 31 March 2022, BFinsec offers demat and broking services to HNIs with high level of customisation, demat and broking for retail customers with multiple means of digital access apart from call-in-trade and Margin Trade Financing for both HNI and retail clients.

During the year, BFL infused ₹ 400 crore of additional share capital in BFinsec to finance its near-term growth plans. BFinsec generated total income of ₹ 124 crore and profit after tax of ₹ 17 crore in FY2022.

## Protection and Savings

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

BAGIC is one of India's leading composite general insurers offering all types of general insurance including motor, health, crop, marine, and various forms of commercial lines of insurance. It has built a strong retail franchise and retained a leading position among private insurers.

Its business is built on the foundation of a quality product portfolio, supported by strong underwriting, multi-channel distribution and prudent financial management. In a market where most peers continue to chase market share, BAGIC has differentiated itself by focusing on a profitable and diversified portfolio, and balancing growth with profitability. It is one of the most respected brands in general insurance.

### Industry Update

After recording approximately 12% CAGR in Gross Written Premium (GWP) in the last five years, FY2022 saw India's general insurance industry facing a difficult environment amid resurgence of the Covid pandemic. Multiple waves of Covid spread across the country accompanied by localised lockdowns in many states, and massive hospitalisations. Sales of consumer durables and motor vehicles were also badly affected in many states. Consequently, risk levels remained elevated during the year.

In addition, FY2022 saw the auto industry showing a declining trend for most of the year owing to shortage of critical components and low demand for two-wheelers. This led to lower sales of passenger vehicles during festive seasons of FY2022.

On claims front too, it was a difficult year for the general insurance industry. After regional lockdowns were lifted during Q1 FY2022, motor own damage claims ratio, which had dropped in FY2021 due to lower mobility on account of lockdowns, increased to pre-Covid levels. Moreover, in the health segment, both Covid and non-Covid claims became highly elevated – both in their frequency and severity. Subsequent waves of Covid during the year impacted claims further, as these affected people of lower ages as well. Further, the industry witnessed various natural catastrophes such as cyclones and heavy rain across various states which further impacted the bottom line of general insurers. On the motor third party segment, where the price is fixed by means of a tariff, there was no increase in premium rates granted in FY2022.

Despite these challenging circumstances, the industry posted growth of 8.8% in FY2022. This was largely driven by growth in health and commercial lines of business. Growth rates in gross direct premium in India (GWP less reinsurance accepted) for the industry, and for BAGIC, are shown in the Table 7.

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**Table 7: Gross direct premium in India – the general insurance industry\***

(₹ In Crore)

Particulars	Gross direct premium	
	FY2022	FY2021
<b>BAGIC</b>	<b>13,689</b>	<b>12,570</b>
Private sector	109,748	98,001
Public sector	75,117	71,844
Industry	184,865	169,845
Standalone health insurers (SAHI)	20,866	15,755
Industry including SAHI	205,731	185,600
<b>Growth rates</b>		
<b>BAGIC</b>	<b>8.9%</b>	<b>(1.6%)</b>
Private sector	12.0%	5.1%
Public sector	4.6%	(2.0%)
Industry	8.8%	2.0%
Standalone health insurers (SAHI)	32.4%	31.5%
Industry including SAHI	10.8%	4.0%

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

\* excluding specialised insurers.

Recently, the IRDAI has proposed an increase in the rates of motor third party insurance considering the rise in third party claims. This revision has come after three years. The increase in rates, which is expected to impact new cars and two wheelers the most, is more modest than past price increases.

### Business Update

- Under challenging circumstances for the industry, BAGIC maintained its market position and underwriting discipline along with a sharp focus on managing risk and protecting capital consistent with calibrated growth.
- Notwithstanding these challenges, BAGIC posted a growth rate of 8.9% in FY2022, which was in line with the industry growth rate of composite insurers.
- It continued to do well on commercial lines (fire, marine, engineering and liability), where the growth rate was 16.5%. During the year, BAGIC also wrote ₹ 845 crore premium of the state of Gujarat under the Ayushman Bharat government health scheme and ₹ 2,081 crore premium under the government crop insurance schemes.
- BAGIC continues to be among the more profitable general insurers vis-a-vis peers in the public and private sectors of comparable size. Its combined ratio of 99.6% in FY2022 is expected to be among the best in the industry, reflecting a sound balance between growth and profitability. BAGIC continues to achieve this feat by: (a) robust and prudent underwriting practices; (b) generation of cash flows through strong retention of premium and judicious investments of the proceeds; and (c) focus on high quality customer service.
- BAGIC has a diversified multi-channel distribution network consisting of banks, NBFCs, individual agents, motor insurance service providers, point of sales persons and its proprietary Virtual Sales Offices. It continued to expand network of independent bancassurance partners including private banks, public sector banks, regional banks, small finance banks and cooperative banks. BAGIC has one of the largest network of bancassurance partners in the general insurance industry. During the year, BAGIC introduced

a unique health insurance rider - Health prime for select retail and group health customers. This rider covers 24x7 unlimited tele consultation, 90,000+ doctors for tele-consultations, investigation, pathology and radiology expenses and annual preventive health check-up cover.

- BAGIC continued its push towards enhanced digital services with capabilities like AI enabled BOT (BOING) – which serviced 7.55 lakh unique customers with over 12 lakh conversations. Its customer facing mobile app, Caringly Yours, crossed 1.9 million downloads. Its innovative mobile app for the farming community, Farmitra, saw 5.34 lakh downloads; some 1.34 lakh farmer claims were processed through the app.
- Its new core policy administration system has accelerated the growth in travel business. During the year, the retail health insurance module has also been launched.

#### BAGIC: Performance Highlights for FY2022

- Gross written premium (GWP) stood at ₹ 13,788 crore in FY2022, a growth of 9%.
- BAGIC maintained its market share in the industry, including standalone insurers, at 6.7% in FY2022.
- Net earned premium was ₹ 7,779 crore.
- The combined ratio was 99.6%.
- Profit after tax for FY2022 was ₹ 1,339 crore – which was mainly impacted due to overall higher claims on account second wave of Covid and lower investment yields due to low interest rates.
- Some 22 million policies were issued in the year, versus about 25 million in FY2021.
- 4,562,051 claims were reported in the year, versus 3,771,501 in FY2021.

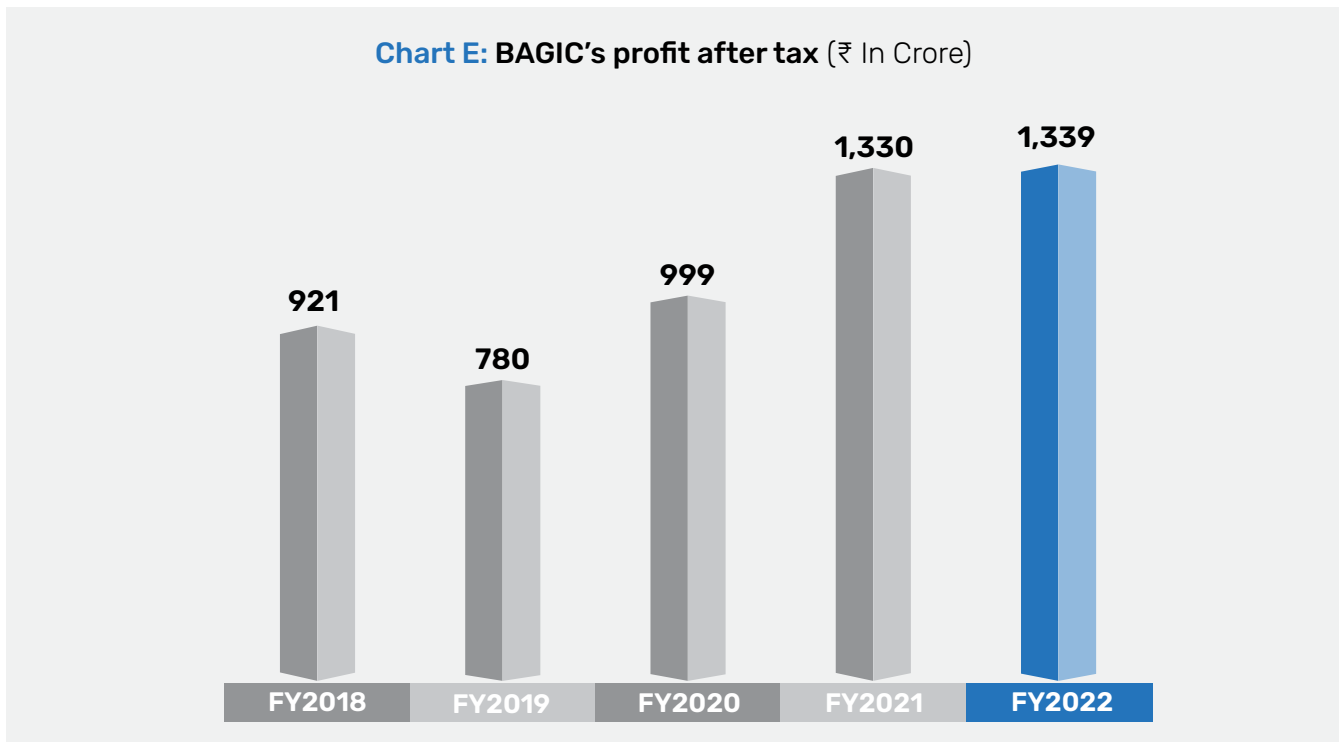
#### Financial Performance

BAGIC's financial performance for FY2022 is summarised in Table 8. Chart E plots the Company's PAT over the last five years.

**Table 8: BAGIC's financial performance**

Particulars	₹ In Crore		
	FY2022	FY2021	% Change
<b>Gross written premium</b>	<b>13,788</b>	<b>12,624</b>	<b>9%</b>
Net earned premium	7,779	7,436	5%
Underwriting result	33	237	
Profit before tax	1,793	1,769	1%
<b>Profit after tax</b>	<b>1,339</b>	<b>1,330</b>	<b>1%</b>
Claims ratio	73.0%	68.5%	
<b>Combined ratio*</b>	<b>99.6%</b>	<b>96.9%</b>	
Return on average equity	17.3%	20.3%	

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



#### Cash and investments

- BAGIC's cash and investments as on 31 March 2022 were ₹ 24,633 crore, versus ₹ 23,150 crore in the previous year. Cash flow generation continued to be strong.

#### Capital and solvency

- Paid-up capital, including share premium, stood at ₹ 277 crore as at 31 March 2022. No fresh capital was infused in the year.
- BAGIC completed 14 consecutive years since the last capital infusion and continues to be one of the most efficient users of capital in the private sector – as measured by the ratio of GWP to share capital and by GWP to shareholders' equity.
- Shareholders' equity of BAGIC was ₹ 8,822 crore as on 31 March 2022, versus ₹ 7,524 crore a year earlier.
- As on 31 March 2022, BAGIC's solvency margin was at 344%, which is well above the normal regulatory requirement of 150%.

BAGIC's excellent solvency, large AUM in relation to its premium, liquidity, prudent underwriting, stable management team and strong brand positions have helped it in these challenging times. As these should help it to come out of the crisis and make most of various opportunities.

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

BALIC is one of India's leading life insurers offering all types of life insurance, savings and annuity products. It has built a strong multi-channel retail franchise spread across India.

Over the last few years, BALIC has transformed several aspects of its business focusing on industry-leading products, broadening and deepening of its channels and enhanced customer experience with high levels of digitisation. Results of the steps taken towards transformation over the last few years have been visible through growth of new business and market share, improvement in persistency, a revamped product portfolio, several technological advancements in serving the customers and distributors and brand enrichment.

# GET 100% GUARANTEED<sup>1</sup>, TAX-FREE<sup>2</sup> SECOND INCOME.

Bajaj Allianz Life

## ASSURED WEALTH GOAL

A Non linked, Non Participating, Individual, Life Insurance Savings Plan



**GET<sup>4</sup>**

**₹2.95 Lakh<sup>5</sup> p.a.**  
for 30 years from  
15<sup>th</sup> policy year  
+  
Return of invested amount  
at the end of policy term  
**₹24 Lakh**  
Total **₹1.12 Crore<sup>6</sup>**

**PAY**

**₹2 Lakh p.a.**  
for 12 years  
Total **₹24 Lakh**

Vacation cum work-from-home Life Goal

- Guaranteed' income for up to 30 years<sup>7</sup>**
- Tax benefit u/s 80C<sup>2</sup>**
- Life Cover**



☎ : 1800 209 4040  
**CONTACT YOUR INSURANCE CONSULTANT**

**YE BHI SAHI HAI**

<sup>4</sup>Above illustration considering male | Aged 30 years | Variant - Second Income | Policy Term 44 years | Deferment Period - 2 years | Existing customer | Online channel | Income Period 30 years starting from 15<sup>th</sup> policy year | Auto Pay opted | Return of premium opted payable at the end of the income period | Death benefit at 1<sup>st</sup> policy year will be ₹25,00,000. | The premium mentioned above are exclusive of any extra premium loading and Goods & Service Tax/any other applicable tax levied, subject to changes in tax laws. | The Income payouts will be paid in arrears as per chosen payout frequency.

**Bajaj Allianz Life Insurance Co. Ltd. Risk Factors and Warning Statements:** Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz Life Assured Wealth Goal are the names of the company and the product respectively and do not in any way indicate the quality of the product and its future prospects or returns. For more details on risk factors, terms and conditions, please read sales brochure & policy document (available on www.bajajallianzlife.com) carefully before concluding a sale. Bajaj Allianz Life Assured Wealth Goal is A Non linked, Non Participating, Individual, Life Insurance Savings Plan. Regd. Office Address: Bajaj Allianz House, Airport Road, Yerawada, Pune-411006, Reg. No.: 116, CIN: U66010PN2001PLC015959, Call us on toll free No.: 1800 209 7272, Mail us: customercare@bajajallianz.co.in, Fax No: 02066026789, Bajaj Allianz Life Assured Wealth Goal (UIN: 116N170V03), The Logo of Bajaj Allianz Life Insurance Co. Ltd. is provided on the basis of license given by Bajaj Finserv Ltd. to use its "Bajaj" Logo and Allianz SE to use its "Allianz" logo. All charges/taxes, as applicable, will be borne by the Policyholder.

<sup>1</sup>Conditions Apply - The Guaranteed benefits are dependent on policy term, premium payment term availed along with other variable factors. For more details please refer to sales brochure. <sup>5</sup>Amount = ₹2,95,500 starting from 15<sup>th</sup> policy year | <sup>6</sup>Total = ₹1,12,65,000. Assuming the policy holder survived till end of policy term | <sup>7</sup>Product features mentioned above are dependent on variant chosen

<sup>2</sup>Tax benefits as per prevailing Income tax laws shall apply. Please check with your tax consultant for eligibility.

**BEWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS / FRAUDULENT OFFERS - IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.**

## Industry Update

- At the beginning of the financial year, the industry witnessed the outbreak of second Covid wave. Partial lock-down across the various states in Q1 FY2022 had a bearing on the industry's growth. The industry witnessed higher demand for term insurance among customers led by fear of Covid and increased awareness; equally, there were supply side constraints at insurers' end in terms of stricter underwriting norms and rate hikes by reinsurers.
- Higher volatility in equity markets and increased risk perception resulted in greater demand for guaranteed return plans. However, with the recovery in equity markets, the industry again saw a revival in demand for unit-linked insurance plans in Q3 FY2022.
- Protection business continued to be slow as the leading players continued to remain cautious with strict underwriting guidelines and calibrated risk approach, which was accentuated by multiple rounds of tightening of terms by reinsurers. Annuity business witnessed an upsurge, as insurers started to foray into this untapped segment. Annuity, guaranteed products and ULIPs helped in propelling growth across the industry.
- Industry recorded growth of 16% in individual rated new business (IRNBP) in FY2022. Within the industry, private sector grew by 22%, while LIC grew by 7%. BALIC recorded strong growth in IRNBP of 49% for FY2022.
- Of the total growth experienced by the industry, individual new business grew by 10%; and group new business by 15% in FY2022.

Table 9 gives the industry-wide data, along with BALIC.

**Table 9: Premium in India – the life insurance industry**

(₹ In Crore)

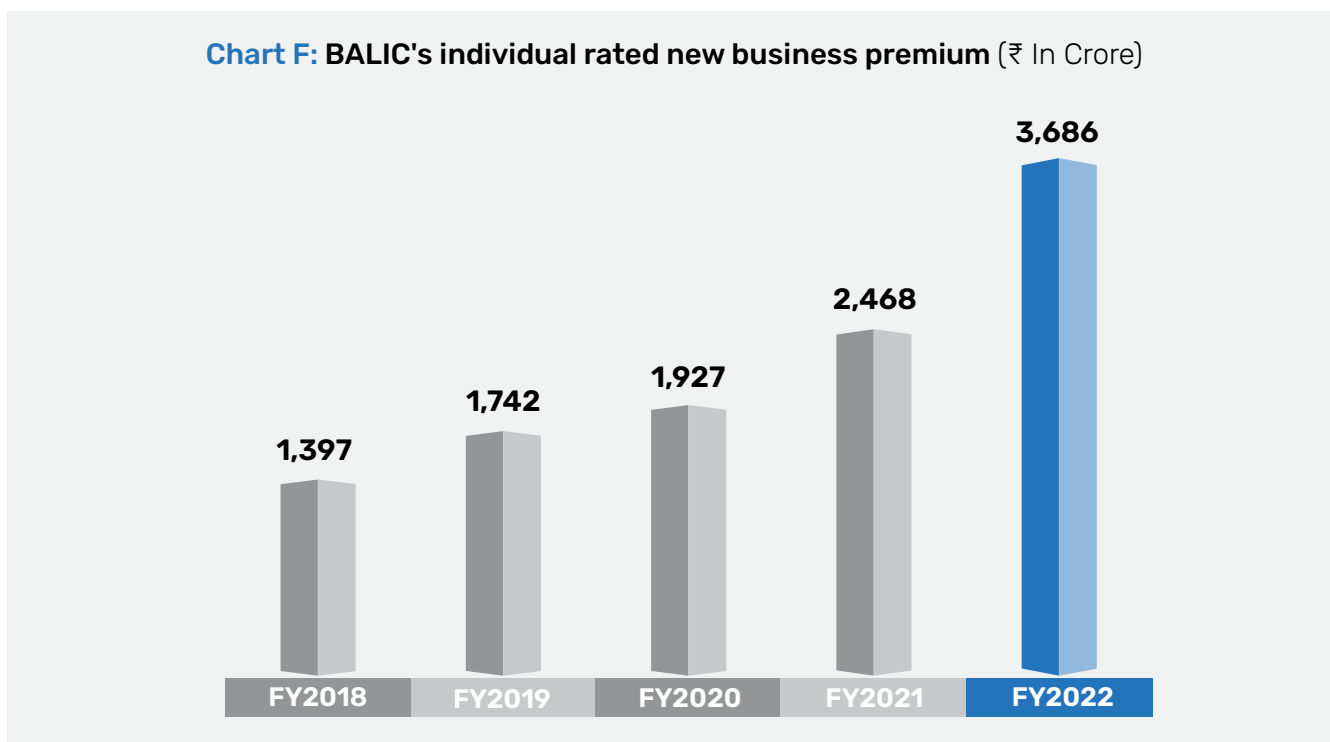
Particulars	Individual rated new business		New business (NB)	
	FY2022	FY2021	FY2022	FY2021
<b>BALIC</b>	<b>3,686</b>	<b>2,468</b>	<b>9,136</b>	<b>6,313</b>
Private sector	55,077	45,192	115,503	94,103
LIC	32,496	30,466	198,760	184,175
Industry	87,573	75,658	314,263	278,278
<b>Growth rates</b>				
<b>BALIC</b>	<b>49.4%</b>	<b>28.0%</b>	<b>44.7%</b>	<b>21.9%</b>
Private sector	21.9%	7.5%	22.7%	16.3%
LIC	6.7%	-3.1%	7.9%	3.5%
Industry	15.7%	3.0%	12.9%	7.5%
<b>Market Share</b>				
Private industry	62.9%	59.7%	36.8%	33.8%
LIC	37.1%	40.3%	63.2%	66.2%

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

## Business Update

BALIC recorded its highest ever Gross Written Premium (GWP) of ₹ 16,127 crore and an AUM of ₹ 85,623 crore in FY2022. With the country unlocking itself from second wave of Covid and lower base effect of last year, the industry was able to report better numbers from Q2 FY2022. BALIC recorded excellent growth – well above that of the industry.

In terms of rated individual new business premium, BALIC registered a growth of 49%, which was significantly higher than the industry growth rate of 16%. The growth of BALIC is evident in the Chart F, with a CAGR for four years at 27%.



- BALIC registered increase in market share from 3.3% in FY2021 to 4.2% in FY2022 on IRNBP basis. Within the private industry, its market share grew from 5.5% in FY2021 to 6.7% in FY2022.
- BALIC continued with its emphasis on a balanced and sustainable product mix, with a view of de-risking its business from volatile market movements. As a result, the proportion of Unit-Linked Insurance Plans (ULIPs), in the product mix measured on individual rated new business, stood at 39% in FY2022 as against 41% in FY2021. Its share of annuity, non-participating guaranteed savings and protection products increased to approximately 41% for FY2022 versus around 36% in FY2021
- Some of the other key achievements of FY2022 for BALIC are:
  - o An increase in persistency across different vintages, lower customer grievances and improvement in claims settlement ratios.
  - o Enhancement of product portfolio with products like the Bajaj Allianz Assured Wealth Goal in the annuity segment.
  - o Strengthening of agency via an 'Add and Grow' strategy in agency through new initiatives with higher variable costs
  - o Introduction of Go Digital, a consolidated digital service offering through QR code to let customers choose their preferred medium for servicing; Launch of WhatsApp servicing with enhanced digital offering to enable customers get response on a click and enabling self-service at nine Shoppe branches via Kiosks.

**BALIC: Performance Highlights for FY2022**

- Individual rated new business premium grew by 49% in FY2022 to ₹ 3,686 crore.
- Group protection new business premium grew by 43% to ₹ 2,287 crore.
- New business premium grew by 45% to ₹ 9,136 crore.
- Renewal premium grew by 22% to ₹ 6,991 crore.
- Gross written premium (GWP) increased by 34% in FY2022 to ₹ 16,127 crore. BALIC registered its highest ever GWP during the year.
- PAT was ₹ 324 crore, primarily due to lower realised investment income, higher new business strain/higher overruns .
- New Business Value (NBV), a key metric used to measure profitability of life insurance businesses, increased by 72% to ₹ 621 crore.
- 13<sup>th</sup> month persistency\* saw a marginal improvement to 81.6% in FY2022, from 79.8% in FY2021, and 49<sup>th</sup> month persistency\* improved significantly to 62.0% in FY2022 from 54.3% in FY2021. All other cohorts registered growth over FY2022
- Customer grievances per 10,000 policies saw a decline of 9% in FY2022 versus FY2021, to all time low of 40 grievances per 10,000 new policies issued .
- The embedded value of the Company at FY2022 stood at ₹ 17,249 crore up from ₹ 15,534 crore at FY2021.
- AUM was ₹ 85,623 crore.

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

**Financial Performance**

BALIC's financial performance for FY2022 is summarised in Table 10.

**Table 10: BALIC's financial performance**

Particulars	(₹ In Crore)		
	FY2022	FY2021	% Change
<b>Gross written premium (GWP)</b>	<b>16,127</b>	<b>12,025</b>	<b>34%</b>
New business premium	9,136	6,313	45%
- Individual rated new business premium	3,686	2,468	49%
- Group protection new business premium	2,287	1,597	43%
Renewal premium	6,991	5,712	22%
Policyholders' surplus	(355)	(69)	
Shareholders' profit after tax	324	580	(44%)
<b>New Business Value (NBV)</b>	<b>621</b>	<b>361</b>	<b>72%</b>

**Investments**

As on 31 March 2022, BALIC's AUM was ₹ 85,623 crore – up by 16% from ₹ 73,773 crore on 31 March 2021, reflecting a significant improvement in equity markets. Table 11 provides the data.

**Table 11: BALIC's assets under management**

(₹ In Crore)

Particulars	FY2022	FY2021
Shareholders' funds	11,001	10,058
Policyholders' linked funds	33,427	28,855
Policyholders' non linked funds	41,195	34,860
<b>Total</b>	<b>85,623</b>	<b>73,773</b>

**Capital and solvency**

- Paid up capital, including share premium, stood at ₹ 1,211 crore as at 31 March 2022. No fresh capital was infused in FY2022.
- Including accumulated profit of ₹ 9,264 crore and mark-to-market profit on equity investments of ₹ 412 crore as on 31 March 2022, the shareholders' net worth was ₹ 10,939 crore. For the previous year, accumulated profits were ₹ 9,076 crore, and shareholders' net worth was ₹ 10,735 crore.
- BALIC has a strong solvency ratio of 581% as on 31 March 2022, which is well in excess of the minimum regulatory requirement of 150%.

Towards the close of the year, the life insurance industry witnessed healthy growth driven by guaranteed products and annuity segment. Protection business continued to be slow as the leading players continue to remain cautious with strict underwriting guidelines and calibrated risk approach. Demand for guaranteed business continued to remain strong in FY2022.

**Emerging businesses****Bajaj Finserv Direct Ltd. (Bajaj Markets)**

Bajaj Markets started its journey in July 2018. It is a unique and diversified marketplace for financial services and e-commerce. In financial services, its multi-provider open architecture platform currently offers over 100 financial product variants across loans, cards, insurance, investments and payments. Through its e-commerce business, it offers electronics, mobiles and lifestyle products in India.

**Bajaj Markets**

- partners with some of the companies in the BFSI sector and has onboarded over 18 lending partners, including BFL, providing a range of products in both unsecured and secured lending on its platform.
- offers BFL, its strategic partner, end-to-end lending, insurance and investment platform services.
- is a corporate agent for distribution of insurance products. It has currently 8 partnerships across general, life and health insurance including BAGIC and BALIC.
- offers the Bajaj Markets cards platform with 5 credit card partners including State Bank of India, Axis Bank Ltd., ICICI Bank Ltd., RBL Bank Ltd. and Citibank.

Bajaj Markets offers mainly 3 customer-facing digital assets, offering the entire range of its products from its partners:

- The Bajaj MARKETS online portal on its website.
- The Bajaj MARKETS mobile app which is available on most popular app stores.
- The Customer portal on its app and website that caters to servicing needs of its customers.

Bajaj Markets recorded a revenue of ₹ 207 crore and a loss of ₹ 88 crore during FY2022 (₹ 102 crore and ₹ 44 crore respectively in FY2021). BFS has so far infused capital of ₹ 525 crore in this fintech venture. During FY2022, BFL took a stake of 19.9% in Bajaj Markets by infusing ₹ 283 crore.



## Bajaj Finserv Health Ltd. (Bajaj Finserv Health)

Bajaj Finserv Health provides technology-based products, which takes care of end to end customer needs – from products on Do-It-Yourself basis to fulfilment of order to utilisation of benefits. Bajaj Finserv Health is in a phase, where it is investing in technology for seamless integration of its products with providers and payers for enhanced customer experience.

Bajaj Finserv Health

- has built easy-to-access digital platforms that offer
  - its customers access to healthcare through prepaid, preventive and personalised covers for doctor appointments, outpatient services and discounted services from network hospitals. The Bajaj Finserv Health application is available on most popular mobile app stores.
  - a practice management software for doctors who are part of its network. It has built a robust network of doctors, hospitals and laboratories across India.
- has been selected as wave 1 partner of NHA for Unified Health Interface of Ayushman Bharat Digital Mission.

Bajaj Finserv Health recorded a revenue of ₹ 88 crore and a loss of ₹ 129 crore during FY2022 (₹ 10 crore and ₹ 63 crore respectively in FY2021). BFS has so far infused capital of ₹ 240 crore in this health tech venture.

## Renewable Energy and Conservation of Environment

Bajaj Finserv owns and operates 138 windmills in Maharashtra with total installed capacity of 65.2 MW. During FY2022, the Company continued generating green energy, thereby contributing to conservation of the environment. Apart from revenue from sale of power generated by these wind farms, BFS also earns revenue from Renewable Energy Certificates (RECs).

Due to favourable winds, the windmills generated 764 lakh units in FY2022, which was 7% higher than the FY2021 generation of 716 lakh units. Revenue generated from renewable energy in FY2022 was ₹ 29 crore versus ₹ 24 crore in the previous year, due to resumption of REC trade by regulatory authorities during FY2022.

## Financials of Bajaj Finserv

### BFS: Consolidated Performance Highlights for FY2022

Despite a roller-coaster year impacted by Covid, following all-time highs were registered:

- Consolidated revenue of ₹ 68,439 crore.
- Consolidated profit after tax of ₹ 4,557 crore.
- BFL consolidated profit after tax of ₹ 7,028 crore.
- BAGIC gross written premium of ₹ 13,788 crore.
- BALIC gross written premium of ₹ 16,127 crore.

### Standalone Financials

Standalone financials of the Company are given in Table 12 and the significant ratios in Table 13.

**Table 12: Standalone financials of Bajaj Finserv**

(₹ In Crore)

Particulars	FY2022	FY2021
A. Income from wind farm activity	29	24
Administrative expenses	22	20
Profit from wind farm activity	7	4
B. Income from investments and others*	700	368
Other expenses	144	127
Profit before tax (PBT)	563	245
Tax expense	139	66
Profit after tax (PAT)	424	179

\*Includes dividend received from subsidiaries of ₹ 511 crore (Previous year : ₹ 233 crore).

**Table 13: Significant standalone ratios of Bajaj Finserv**

(₹ In Crore)

Particulars	FY2022	FY2021
Current ratio	1.6	4.2
Operating profit margin %	77.2%	62.5%
Net profit margin %	58.2%	45.6%
Return on net worth %	10.4%	4.9%

## Consolidated Financials

The consolidated financials are given in Table 14. These include the results of subsidiaries and joint venture and are prepared in accordance with the Ind AS.

### Note on consolidated profit after tax:

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

**Table 14: Consolidated financials of Bajaj Finserv**

(₹ In Crore)

Segment revenue			Segment results: profit after tax		
Particulars	FY2022	FY2021	Particulars	FY2022	FY2021
Life insurance	17,469	16,215	Life insurance	244	426
General insurance	19,612	17,961	General insurance	987	984
Windfarm	29	24	Windfarm	7	4
Retail finance	31,640	26,683	Retail finance	3,700	2,332
Investments and others	996	480	Investments and others	(383)	(168)
	<b>69,746</b>	<b>61,363</b>	<b>Profit before MTM gain</b>	<b>4,555</b>	<b>3,578</b>
Less: inter-segment	1,307	771	MTM gain	2	892
<b>Total</b>	<b>68,439</b>	<b>60,592</b>	Profit after MTM gain	4,557	4,470

## Awards and Recognition

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

### BFS

Late Rahul Bajaj, Chairman Emeritus of Bajaj group, was conferred with the 'Hall of Fame' honour at the CNBC-TV18 India Business Leader Awards (IBLA), 2022 for his extraordinary leadership over the years.

### BFL

Rajeev Jain, Managing Director, Bajaj Finance Ltd., was conferred with the 'Champion of Champions' honour in the prestigious Business Today-PwC India's Best CEOs rankings.

Bajaj Finance bagged Gold for 'Digital Marketing Excellence in Financial Services' for its Fixed Deposit digital campaign at the DIGIXX 2019 Awards by Adgully.

### BAGIC

'General Insurance Company of the Year' at India Insurance Summit & Awards 2022.

'Gold Award in the Non-Life Insurance Provider of the Year' at the 20<sup>th</sup> edition of the Outlook Money Awards.

### BALIC

Bajaj Allianz Life won under the 'Highest Growth' category at the ASSOCHAM 13<sup>th</sup> Global Insurance E-Summit & Awards.

Bajaj Allianz Life won Kincentric 'Best Employer Award' 2021.

Won accolades for revolutionary digital platform Smart Assist, including ET BFSI Excellence Awards 2021 under 'Best Digital Customer Experience Initiative [Insurance]'.

### Bajaj Markets

Recognised as the 'Dream Employer of the Year' at the Dream Companies to Work for Awards by The World HRD Congress 2022.

Won the coveted 'The Economic Times Innovation Awards 2020' for their Business Model Innovation in creating a diversified financial services marketplace for consumers.

Won the 'Best Lending Tech Award', in the Payment and Fintech category at the 10<sup>th</sup> India Digital Summit, 2020.

## Cautionary Statement

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

# REPORT ON CORPORATE GOVERNANCE

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

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations'), given below are the corporate governance policies and practices of Bajaj Finserv Ltd. (the 'Company', 'Bajaj Finserv' or 'BFS') for FY2022.

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

## Philosophy

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

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

## Key elements of Bajaj Finserv's Corporate Governance

- Compliance with applicable law.
- Number of Board and Committee meetings more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans and risks.
- The Company's Board comprises of directors from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required.
- Panel of independent directors with outstanding track record and reputation.
- Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management who are the process owner.
- Separate meeting of independent directors without presence of non-independent directors or executive management.
- Confidential Board evaluation process where each Board member evaluates the performance of every director, Committees of the Board, the Chairman of the Board and the Board itself.
- Presentations by key senior management team members of the Company and its subsidiaries to familiarise the directors with key elements of each of the businesses.
- Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions.
- Representation of the Company via non-executive and independent directors on the Board of its material subsidiaries which ensures an institutionalised structure of control over subsidiaries.

- Half-yearly communication from the Chairman to all shareholders of the Company giving an update on the Company's performance.
- Adoption of key governance policies and codes by the Board in line with best practices, which are made available to stakeholders for downloading/viewing from the Company's website. These include:
  - Whistle Blower Policy/vigil mechanism;
  - Policy on Materiality of and dealing with Related Party Transactions;
  - Code of Conduct for directors and senior management;
  - Dividend Distribution Policy;
  - Policy on Prevention of Sexual Harassment at workplace;
  - Charter of fair & responsible workplace guidelines for contract labour;
  - Corporate Social Responsibility Policy;
  - Remuneration Policy;
  - Policy on Material Subsidiaries;
  - Code of ethics and personal conduct;
  - Responsible and Sustainable Business Conduct Policy;
  - Employee Charter and Human Rights Statement;and
  - CII Code of Conduct.
- The weblinks of key policies are given as an annexure to this Report.

## Board of Directors

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

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

### Composition

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

As on 31 March 2022, the Board of the Company consisted of eight directors, of whom one was executive (Chairman & Managing Director), four were non-executive independent (including one-woman independent director) and three were non-executive non-independent. The Board does not have any nominee director.

For more particulars about this please refer the [Directors' Report](#).

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

### Number of meetings of the Board

The calendar for the Board and Committee meetings, in which the financial results would be considered in the ensuing year are fixed in advance for the entire year. Besides the quarterly Board meetings, meetings are also scheduled in the month of March and September every year to facilitate the Board to devote additional time on strategic issues, regulatory updates etc.

During FY2022, the Board of Directors met seven times, viz., 28 April 2021, 21 July 2021, 11 August 2021, 17 September 2021, 28 October 2021, 20 January 2022 and 16 March 2022. The gap between two consecutive meetings has been less than one hundred and twenty days.

## Attendance record of directors

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

Name and Category	Relationship with other directors	No. of shares held in the Company	No. of Board meetings held during FY2022 (7)		Whether attended the AGM	% of meetings attended in last 3 years
			Entitled to attend	Attended		
<b>EXECUTIVE CHAIRMAN &amp; MANAGING DIRECTOR</b>						
Sanjiv Bajaj	Brother of Rajiv Bajaj	414,404	7	7	✓	100.00
<b>INDEPENDENT DIRECTORS</b>						
D J Balaji Rao	-	-	7	7	✓	100.00
Dr. Gita Piramal*	-	-	7	6	✓	94.24
Dr. Naushad Forbes	-	-	7	6	✓	89.68
Anami N Roy	-	-	7	7	✓	100.00
<b>NON - EXECUTIVE NON - INDEPENDENT DIRECTORS</b>						
Madhur Bajaj	-	50,000	7	7	✓	88.89
Rajiv Bajaj	Brother of Sanjiv Bajaj	140,343	7	5	✓	79.37
Manish Kejriwal	-	-	7	7	✓	83.33

\*ceased to be a Director and ID w.e.f. 30 April 2022 (close of business hours).

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

## Resignation of Independent Director

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

She has confirmed that there is no other material reason for resignation other than that mentioned in her resignation letter.

A copy of her resignation letter dated 25 April 2022 which has been submitted to stock exchanges can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-resignation-of-id-28-april-2022pdf?scl=1&fmt=pdf>.

## Board diversity

In compliance with the provisions of the SEBI Listing Regulations, the Board through Nomination and Remuneration Committee (NRC) has devised a policy on Board Diversity. The Board comprises of adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The present composition broadly meets this objective. The directors are persons of eminence in areas such as profession, business, industry, finance, law, administration, research, banking, etc. and bring with them experience/skills which add value to the performance of the Board. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality.

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

### Core skills/expertise/competencies

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

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

#### Sr. No. Core skills/expertise/competencies

1.	Management & Governance
2.	Financial Services
3.	Consumer behaviour, sales, marketing and customer experience
4.	Technology and Innovation
5.	Understanding of accounting and financial statements
6.	Risk, Assurance and Internal Controls
7.	Regulatory, Public policy and economics
8.	Human Resources
9.	Business Transformation & Strategy

#### Sr. No. Name of the director Core Skills/expertise/competencies

1.	Sanjiv Bajaj	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Regulatory, Public policy and economics; Human Resources; and Business Transformation & Strategy
2.	D J Balaji Rao	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; and Business Transformation & Strategy.
3.	Dr. Gita Piramal	Management & Governance; Financial Services; Understanding of accounting and financial statements; Human Resources; and Business Transformation & Strategy
4.	Dr. Naushad Forbes	Management & Governance; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Regulatory, Public policy and economics; Human Resources; and Business Transformation & Strategy

Sr. No.	Name of the director	Core Skills/expertise/competencies
5.	Anami N Roy	Management & Governance; Financial Services; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Regulatory, Public policy and economics and Human Resources
6.	Madhur Bajaj	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Regulatory, Public policy and economics; Human Resources; and Business Transformation & Strategy
7.	Rajiv Bajaj	Management & Governance; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Risk, Assurance and Internal Controls; Human Resources; and Business Transformation & Strategy
8.	Manish Kejriwal	Management & Governance; Financial Services; Consumer behaviour, sales, marketing and customer experience; Technology and Innovation; Understanding of accounting and financial statements; Regulatory, Public policy and economics; and Business Transformation & Strategy

### Opinion of the Board

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

### Non-executive directors' compensation

During FY2022, sitting fee of ₹ 100,000 per meeting was paid to non-executive directors (independent and non-independent) for every meeting of the Board and/or Committee of the Board (of which they are members) attended by them.

The members of the Company, vide a special resolution passed at the 10th annual general meeting of the Company held on 19 July 2017, have approved the payment of commission up to a sum not exceeding one percent of the net profit of the Company, calculated in accordance with the provisions of sections 197 and 198 of the Act, to the non-executive directors as may be decided by the Board of Directors at its discretion from time to time during the period of five years from 1 April 2017 till 31 March 2022.

Further, approval of the members is being sought, through postal ballot for payment of similar commission not exceeding one percent of the net profits of the Company for a further period of five years commencing from 1 April 2022 till 31 March 2027.

Presently, the non-executive directors of the Company are being paid commission at the rate of ₹ 200,000 per meeting of the Board and/or its Committees attended by them.



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

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

### **Information placed before the Board**

The Company believes that the Board should be transparently provided with all relevant information for the effective functioning of the Company.

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 by members of the senior management team/functional heads on important matters from time to time. Since the Company operates through its subsidiaries in diverse businesses, special presentations are made on specific businesses and/or topics as part of a familiarisation of directors with the businesses of the subsidiaries. Directors have separate and independent access to the officers of the Company. In addition to such items as are required to be placed before the Board for its noting and/or approval, information is provided on various other significant items as well.

In terms of quality and importance, the information supplied by the Management to the Board is far ahead of the mandate under the SEBI Listing Regulations. The independent directors of the Company, at their meeting held on 16 March 2022, have expressed their satisfaction on the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

Pursuant to the various regulatory requirements and considering business needs, the Board is apprised on various matters, *inter alia*, covering the following:

- Business plans, forecast and strategic initiatives
- Capital expenditure and updates
- Internal financial controls
- Succession planning and organization structure
- Performance of subsidiaries
- Financial budget/AOP of subsidiaries
- Status of compliance with the Act, SEBI regulations, and shareholder related matters
- Risk management system, risk management policy and strategy followed
- Compliance with corporate governance standards
- Minutes of meetings of risk management and other Board committees of the Company and its subsidiaries
- Changes in regulatory landscape

### **Directors and Officers liability insurance (D&O policy)**

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

### **Orderly succession to Board and Senior Management**

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

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

Succession planning is a critical element of the human resources strategy of the Company. In selecting between a 'build versus buy' talent model, the Company places a larger emphasis on building talent. This strategy is enabled by hiring most of our employees near the entry level and grooming them using a 'grow from within' career management framework.

## Directorships and memberships of Board Committees

**Table 2: Number of directorship/committee positions of directors as on 31 March 2022 (including the company)**

Name of director	Directorships			Committee positions in listed and unlisted public companies	
	In equity listed companies	In unlisted public companies	In private limited companies	As member (including as chairperson)	As chairperson
Sanjiv Bajaj	5	5	7	8	0
D J Balaji Rao	4	0	0	3	1
Dr. Gita Piramal	4	0	2	7	3
Dr. Naushad Forbes	5	0	8	6	1
Anami N Roy	6	3	1	8	4
Madhur Bajaj	5	0	3	0	0
Rajiv Bajaj	5	2	3	0	0
Manish Kejriwal	3	0	0	5	0

**Note:** For the purpose of considering the limit of committees in which a director can serve, all public limited companies, whether listed or not, have been included; whereas all other companies including private limited companies, foreign companies and companies under section 8 of the Act and section 25 of the Companies Act, 1956 have been excluded. Only the audit committee and the stakeholders' relationship committee are considered for the purpose of reckoning committee positions.

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

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

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

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

## Directorship in listed companies (including debt listed companies)

**Table 3: Name of listed entities where directors of the Company held directorships as on 31 March 2022 (including the Company)**

<b>Name of director</b>	<b>Name of listed entity</b>	<b>Category</b>
Sanjiv Bajaj	Bajaj Auto Ltd.	Non-executive, non-independent
	Bajaj Finance Ltd.	Chairman, non-executive non-independent
	Bajaj Finserv Ltd.	Chairman & Managing Director, executive
	Bajaj Holdings & Investment Ltd.	Managing Director and CEO, executive
	Bajaj Housing Finance Ltd. (high value debt listed)	Chairman, non-executive, non-independent
	Maharashtra Scooters Ltd.	Chairman, non-executive, non-independent
D J Balaji Rao	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	
	Bajaj Finserv Ltd.	
	Bajaj Holdings & Investment Ltd.	
Dr. Gita Piramal	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	
	Bajaj Finserv Ltd.	
	Bajaj Holdings & Investment Ltd.	
Dr. Naushad Forbes	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	
	Bajaj Finserv Ltd.	
	Bajaj Holdings & Investment Ltd.	
	Zodiac Clothing Co. Ltd.	
Anami N Roy	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	
	Bajaj Finserv Ltd.	
	Bajaj Holdings & Investment Ltd.	
	Bajaj Housing Finance Ltd. (high value debt listed)	
	Finolex Industries Ltd.	
Madhur Bajaj	Glaxosmithkline Pharmaceuticals Ltd.	Non-executive, non-independent
	Bajaj Auto Ltd.	
	Bajaj Electricals Ltd.	
	Bajaj Finance Ltd.	
	Bajaj Holdings & Investment Ltd.	

### Name of listed entities where directors of the Company held directorships as on 31 March 2022 (including the Company)

Name of director	Name of listed entity	Category
Rajiv Bajaj	Bajaj Auto Ltd.	Managing Director and CEO, executive
	Bajaj Electricals Ltd.	
	Bajaj Finance Ltd.	Non-executive, non-independent
	Bajaj Finserv Ltd.	
	Bajaj Holdings & Investment Ltd.	
Manish Kejriwal	Bharti Airtel Ltd.	Non-executive, independent
	Bajaj Finserv Ltd.	Non-executive, non-independent
	Bajaj Holdings & Investment Ltd.	

### Certificate from practicing company secretary

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

### Review of legal compliance reports

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

### Code of Conduct

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

Accordingly, the Company has a Board approved Code of Conduct for Board members and Senior Management of the Company. This code has been placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-code-of-conductpdf?scl=1&fmt=pdf>.

All the Board members and senior management personnel have affirmed compliance with the Code for the year ended 31 March 2022. A declaration to this effect signed by the Chairman & Managing Director forms a part of this [Annual Report](#).

### Maximum tenure of independent directors

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

### Formal letter of appointment to independent directors

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

## Familiarisation programme

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

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

1. Financial budget of Company and its subsidiaries;
2. Operating plans and business updates of its subsidiaries;
3. Mutual Fund industry updates;
4. Key Risks faced by Company and/or its subsidiaries;
5. Climate change risks impacting insurance subsidiaries; and
6. Cyber security and risk mitigation measures.

Details of familiarisation programmes are placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/familiarisation-programme-for-independent-directors-v1pdf?scl=1&fmt=pdf>.

## Whistle blower policy/vigil mechanism

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the SEBI Listing Regulations.

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

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

During FY2022, no employee was denied access to the Chairman of Audit Committee under this policy. Further no complaints were received by Company as on 31 March 2022.

## Subsidiary companies

The Company has four material subsidiaries viz. Bajaj Finance Ltd., Bajaj Allianz Life Insurance Company Ltd., Bajaj Allianz General Insurance Company Ltd. and Bajaj Housing Finance Ltd. Further the Company has four wholly owned subsidiaries viz., Bajaj Finserv Health Ltd., Bajaj Finserv Ventures Ltd., Bajaj Finserv Asset Management Ltd. and Bajaj Finserv Mutual Fund Trustee Ltd. The Company also has Bajaj Financial Securities Ltd. as its subsidiary which is a wholly owned subsidiary of Bajaj Finance Ltd. Details of the subsidiaries, including their performance, business, etc. is given in the [Management Discussion and Analysis](#) and the consolidated financial statements. These material subsidiaries have eminent and professional Board of Directors comprising of highly qualified persons and the brief profile of those directors are uploaded on respective company's website.

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

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

During FY2022, no company became or ceased to be our subsidiary or joint venture company except Bajaj Finserv Direct Ltd. which ceased to be a wholly owned subsidiary of the Company but continues to be a subsidiary of the Company. The Company does not have any associate company.

## Utilisation of funds raised through Preferential Allotment/Qualified Institutions Placement

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

## Related party transactions

All related party transactions (RPTs) entered into by the Company during FY2022, were on arm's length basis and in the ordinary course of business, under the Act and were not material RPTs under the SEBI Listing Regulations.

Approval of the Audit Committee was obtained for all related party transactions entered during FY2022. Details of such transactions were placed before the Audit Committee for its noting/review on a quarterly basis.

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

During FY2022, there were no materially significant related party transactions that may have had any potential conflict with the interest of the Company at large. The Policy on materiality of RPTs stipulating the threshold limits and also on dealing with RPTs which has been approved by the Board has been placed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions?scl=1&fmt=pdf>.

## Audit Committee

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

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

The terms of reference of the Committee are in accordance with the Act and SEBI Listing Regulations. These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification and review of transactions with related parties, review compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The detailed terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-audit-committeepdf?scl=1&fmt=pdf>.

## Meetings and attendance

During FY2022, the Audit Committee met six times, viz., 28 April 2021, 21 July 2021, 17 September 2021, 28 October 2021, 20 January 2022 and 16 March 2022. These meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two consecutive meetings.

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

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

Dr. Naushad Forbes, Chairman of the Committee, was present at the AGM which was held through video conferencing (VC) on 21 July 2021 to answer members' queries.

**Table 4: Composition of the Audit Committee and attendance record of the members for FY2022:**

Name of director	Category	No. of meetings held during FY2022 (6)	
		Entitled to attend	Attended
Dr. Naushad Forbes	Chairman, non-executive, independent	6	6
D J Balaji Rao	Non-executive, independent	6	6
Dr. Gita Piramal	Non-executive, independent	6	5
Manish Kejriwal	Non-executive, non-independent	6	6

Consequent to resignation of Dr. Gita Piramal on 30 April 2022 (with effect from close of business hours), the Board of Directors appointed Pramit Jhaveri as the member of the Committee with effect from 1 May 2022.

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

## Nomination and Remuneration Committee

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

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

SEBI vide notification dated 3 August 2021 amended the SEBI Listing Regulations. Vide the said amendment, it has introduced following additional term of reference of the Nomination and Remuneration Committee with effect from 1 January 2022:

*For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:*

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

In view of the above amendment, the terms of reference of NRC were suitably amended to incorporate the above. The terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-terms-of-reference-for-nomination-and-remuneration-committeepdf?scl=1&fmt=pdf>.

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

## Meetings and attendance

During FY2022, the Committee met three times, viz., 28 April 2021, 21 July 2021 and 16 March 2022.

D J Balaji Rao, Chairman of the Committee, was present at the AGM of the Company held through VC on 21 July 2021, to answer shareholders' queries.

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

Name of director	Category	No. of meetings held during FY2022 (3)	
		Entitled to attend	Attended
D J Balaji Rao	Chairman, non-executive, independent	3	3
Dr. Gita Piramal	Non-executive, independent	3	2
Dr. Naushad Forbes**	Non-executive, independent	1	1
Anami N Roy**	Non-executive, independent	1	1
Sanjiv Bajaj*	Executive, non-independent	2	2
Manish Kejriwal	Non-executive, non-independent	3	2

\*\* inducted as members w.e.f. 1 October 2021.

\* inducted as member w.e.f. 28 April 2021.

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

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

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

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



## Risk Management Committee

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

SEBI, vide its notification dated 5 May 2021, has introduced roles and responsibilities of Risk Management Committee. In addition to the existing terms of reference which, *inter alia*, include managing the integrated risk, laying down procedures to inform the Board about risk assessment and minimisation procedures in the Company, and framing, implementing, monitoring the risk management plan for the Company including cyber security, the Board, at its meeting held on 21 July 2021, has amended the terms of reference of the Committee to include the following:

1. *To formulate a detailed risk management policy which shall include:*
  - a) *A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;*
  - b) *Measures for risk mitigation including systems and processes for internal control of identified risks;*
  - c) *Business continuity plan.*
  - d) *Mechanism for monitoring the risks faced by the subsidiaries, which could culminate into a risk of the Company.*
2. *To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;*
3. *To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;*
4. *To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;*
5. *To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken; and*
6. *To coordinate its activities with other committees, in instances where there is any overlap with activities to such committees, as per the framework laid down by the Board of Directors.*

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

The Company has a Board approved risk management framework.

### Meetings and attendance

During FY2022, the Committee met two times, viz., 17 September 2021 and 16 March 2022.

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

Name of director/ senior executive	Category	No. of meetings held during FY2022 (2)	
		Entitled to attend	Attended
Dr. Naushad Forbes	Chairman, non-executive, independent	2	2
Sanjiv Bajaj	Executive, non-independent	2	2
Anish Amin	President (Group Risk, Assurance, M&A and HR)	2	2

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

At these meetings, the top risks for the Company and its material subsidiaries were discussed. Since the risk substantially remains with the subsidiaries, periodically certain relevant risk aspects of select subsidiaries are presented and discussed.

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

During FY2022, the Company did not trade in or have any exposure in the commodities market.

## Stakeholders Relationship Committee

Pursuant to the Act and SEBI Listing Regulations, the Company has constituted a Stakeholders Relationship Committee.

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

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

## Meeting and attendance

During FY2022, the Committee met once on 20 January 2022 to review the status of investors' services rendered. The secretarial auditor as well as the Company Secretary were present at the said meeting.

The Committee was apprised of the major developments on matters relating to investors. In addition, the Committee also considered matters that can facilitate better investor services and relations.

During FY2022, meeting of senior executives of RTA viz., KFin Technologies Ltd., ('KFin'), with few Committee members was also organised to discuss on service standards and operations at KFin.

Dr. Gita Piramal, Chairperson of the Committee, was present at the AGM of the Company held through VC on 21 July 2021, to answer shareholders' queries.

**Table 7: Composition of the Stakeholders Relationship Committee and attendance record of the members for FY2022**

Name of director	Category	No. of meetings held during FY2022 (1)	
		Entitled to attend	Attended
Dr. Gita Piramal	Chairperson, non-executive, independent	1	1
Dr. Naushad Forbes	Non-executive, independent	1	1
Sanjiv Bajaj	Executive, non-independent	1	1

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

**Table 8: Details of the investor complaints received during FY2022**

No. of complaints outstanding at the beginning of the year	No. of complaints received	No. of complaints not solved to the satisfaction of the shareholders	No. of complaints solved	No. of pending complaints at the end of the year
0	2	0	2	0

Uma Shende, Company Secretary acts as the Compliance Officer.

## Duplicate Share Certificate Issuance Committee

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

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

## Meeting and attendance

During FY2022, the Committee met once on 16 March 2022.

**Table 9: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of the members for FY2022**

Name of director	Category	No. of meetings held during FY2022 (1)	
		Entitled to attend	Attended
Sanjiv Bajaj	Chairman, executive, non-independent	1	1
Rajiv Bajaj	Non-executive, non-independent	1	1
Manish Kejriwal	Non-executive, non-independent	1	0

## Remuneration of directors

### Pecuniary relationship/transaction with non-executive directors

During FY2022, there were no pecuniary relationship/transactions of any non-executive directors with the Company, apart from remuneration as directors and transactions in the ordinary course of business and on arm's length basis at par with any member of general public. During FY2022, the Company did not advance any loans to any of its directors.

### Criteria of making payments to non-executive directors

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

The criteria of making payments to non-executive directors are placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-21-v1pdf?scl=1&fmt=pdf>.

### Details of Remuneration of directors

All non-executive directors are paid sitting fees and commission as per the details provided in the Form MGT-7 (annual return) which is hosted on the website of the Company and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

### Chairman & Managing Director

The tenure of Sanjiv Bajaj, Chairman & Managing Director of the Company is of five years up to 31 March 2022 with a notice period of ninety days and is governed by a service contract. The same is in compliance with the applicable provisions of the Act. Salary and perquisites include all elements of remuneration and is entitled for performance incentive. The Company has not issued any stock options to him. He is entitled to superannuation benefits payable in the form of an annuity from an approved life insurance company, which forms part of the perquisites allowed to him.

Pursuant to section 197(14) of the Act, Sanjiv Bajaj, who is also the non-executive, Chairman of Bajaj Finance Ltd. (BFL) has been paid sitting fees of ₹ 25 lakh (previous year ₹ 18 lakh) and is being given commission of ₹ 60.50 lakh (previous year ₹ 36 lakh) for FY2022, in the same manner as is paid for the other non-executive directors of BFL. As non-executive director of Bajaj Housing Finance Ltd. (BHFL), he has been paid sitting fee of ₹ 17 lakh (previous year ₹ 7 lakh) for FY2022. He has not drawn remuneration from any other subsidiary.

## Management

### Management discussion and analysis

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

### Disclosure of material transactions

Under regulation 26(5) of the SEBI Listing Regulations, senior management is required to make disclosures to the Board relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company at large. As per the disclosure submitted by senior management, there were no such transactions during FY2022.

### 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'), as well as Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Code of Fair Disclosure').

Whenever any non-compliance by an designated employee concerned was observed, penalty was levied, and the amount was remitted to the stipulated fund. The Company also, by frequent communication, makes aware the designated employees of their obligations under the SEBI PIT Regulations.

The Audit Committee and the Board at its meeting held on 16 March 2022 had reviewed the compliance in terms regulation 9A(4) of the SEBI PIT Regulations and confirmed that the systems for internal control with respect to the SEBI PIT Regulations are adequate and are operating effectively.

## Means of communication

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

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

## Green initiatives by MCA

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

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

During FY2022, the Company sent documents, such as notice calling the annual general meeting, postal ballot notice, audited financial statements, Directors' Report, Auditors' Report, credit of dividend intimation letters, half yearly communications, etc. in electronic form to the email addresses provided by the members and made available by them to the Company through the depositories.

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

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

Details of the AGMs held during last three years:

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM	Voting percentage of shareholders participated		
			Particulars	% Favour	% Against
12 <sup>th</sup> AGM: Registered office	25 July 2019 at 4.15 p.m.	1. Re-appointment of Nanoo Gobindram Pamnani as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019	<b>Particulars</b>	<b>% Favour</b>	<b>% Against</b>
			All shareholders	98.57	1.43
		Non-promoter category	93.58	6.42	
		2. Re-appointment of Balaji Rao Jagannathrao Doveton as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019	<b>Particulars</b>	<b>% Favour</b>	<b>% Against</b>
			All shareholders	98.70	1.30
		Non-promoter category	94.13	5.87	
		3. Re-appointment of Dr. Gita Piramal as an independent director of the Company for a second term of five consecutive years with effect from 16 July 2019	<b>Particulars</b>	<b>% Favour</b>	<b>% Against</b>
			All shareholders	99.86	0.14
		Non-promoter category	99.35	0.65	
		4. Continuation of Rahul Kumar Kamalnayan Bajaj as a non-executive and non-independent director of the Company from 1 April 2019 to 16 May 2019	<b>Particulars</b>	<b>% Favour</b>	<b>% Against</b>
			All shareholders	99.98	0.02
		Non-promoter category	99.90	0.10	
		5. Approval relating to payment of remuneration to Sanjivnayan Rahul Kumar Bajaj, Managing Director & CEO of the Company	<b>Particulars</b>	<b>% Favour</b>	<b>% Against</b>
			All shareholders	94.18	5.82
		Non-promoter category	73.82	26.18	
13 <sup>th</sup> AGM – Through VC Deemed Venue: Registered office	21 July 2020 at 4.15 p.m.	NIL	<b>Particulars</b>	<b>% Favour</b>	<b>% Against</b>
			Not Applicable		
14 <sup>th</sup> AGM – Through VC Deemed Venue: Registered office	21 July 2021 at 12.15 p.m.	NIL	<b>Particulars</b>	<b>% Favour</b>	<b>% Against</b>
			Not Applicable		

It can be seen from the above, all resolutions proposed by the Board have been passed with overwhelming majority by the members. The percentage of votes in favour, when reckoned to the exclusion of promoters/promoter group category has been quite significant.

The recording of last AGM is hosted on the website of the Company at <https://www.bajajfinserv.in/corporate-bajaj-finserv> and written transcript of the same can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-14<sup>th</sup>-agm-transcript-2021.pdf?sci=1&fmt=pdf>.

During FY2022, the Company had sought approval of the members through postal ballot, the details of the same are given below:

### Postal Ballot notice dated 17 September 2021:

#### Items of special business:

A) Appointment of Khimji Kunverji & Co LLP, Chartered Accountants, (Firm Registration No.105146W/ W100621) as statutory auditors to fill the casual vacancy caused by resignation of S R B C & Co. LLP, Chartered Accountant.

a. Details of voting:

Sr. No.	Particulars	Voting percentage of shareholders participated		
		Particulars	% Favour	% Against
1	Appointment of Khimji Kunverji & Co LLP, Chartered Accountants, (Firm Registration No.105146W/ W100621) as statutory auditors to fill the casual vacancy caused by resignation of S R B C & Co. LLP, Chartered Accountant	All shareholders	99.83	0.17
		Non-promoter category	99.24	0.76

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

c. Date of scrutiniser's report: 19 November 2021

d. Date of passing the resolutions (last date of for voting): 17 November 2021

The scrutiniser's report for the above postal ballot has been placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/fy-21-e-voting-and-scrutinizers-report-2021pdf-1?sci=1&fmt=pdf>.

#### As on the date of this report, following special resolutions are proposed to be conducted through postal ballot:

1. Re-appointment of Sanjivnayan Rahulkumar Bajaj (DIN:00014615) as Managing Director of the Company for a period of five years w.e.f. 1 April 2022;
2. Re-appointment of Dr. Naushad Darius Forbes (DIN: 00630825) as an Independent Director of the Company for a second term of five consecutive years w.e.f. 13 September 2022;
3. Appointment of Pramit Shashikant Jhaveri (DIN:00186137) as an Independent Director for a term of five consecutive years w.e.f. 1 May 2022;
4. Appointment of Radhika Vijay Haribhakti (DIN:02409519) as an Independent Director for a term of five consecutive years w.e.f. 1 May 2022; and
5. Approval for payment of commission to non-executive Directors for a period of five years commencing from 1 April 2022.

### Procedure for postal ballot

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot. Postal ballot notices and forms are dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email addresses and through physical copy to the members who have not registered their email addresses.

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

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

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

### Details of capital market non-compliance, if any

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

### Compliance Certificate

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

### Report on Corporate Governance

This chapter read together with the information given in the [Directors' Report](#), the section on [Management Discussion and Analysis](#) and [General Shareholder Information](#), constitute the compliance report on Corporate Governance during FY2022. The Company has been regularly submitting the quarterly corporate governance compliance report to the stock exchanges as required under regulation 27(2) of the SEBI Listing Regulations.

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

During FY2022, the Company has not received any complaint under this Act.

The Company has re-constituted Internal Complaint Committee at the Board meeting held on 17 September 2021 by inducting Priyanka Mitra as member of Committee in place of Sonal Tiwari who has resigned from the services of the Company.

### Fees paid to Statutory Auditors

S R B C & CO LLP were appointed as statutory auditors of the Company, its subsidiaries till 13 November 2021.

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

Sr. No.	Particulars	Amount (in ₹)
1	Audit Fees including Limited Review Fees	696,000
2	Fees for other services	4,112,288
	Total	4,808,288

Khimji Kunverji & Co LLP were appointed as statutory auditors of the Company effective 17 November 2021.



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

Sr. No.	Particulars	Amount (in ₹)
1	Audit Fees including Limited review fees	3,265,000
2	Fees for other services	100,000
	Total	3,365,000

## Auditors' certificate on corporate governance

The Company has obtained a certificate from its statutory auditor regarding compliance with the provisions relating to corporate governance laid down in Part E of Schedule V to the SEBI Listing Regulations. This is annexed to the [Directors' Report](#).

## Compliance of mandatory and discretionary requirements

### Mandatory

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

### Discretionary

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

#### 1. Shareholder rights

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

#### 2. Modified opinion(s) in audit report

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

#### 3. Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

## Declaration by Chief Executive Officer (CMD)

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

To,  
The Board of Directors  
Bajaj Finserv Ltd.

I, Sanjiv Bajaj, Chairman & Managing Director of Bajaj Finserv Limited hereby declare that all the board members and senior managerial personnel have affirmed compliance with the code of conduct of the company laid down for them for the year ended 31 March 2022.

Sanjiv Bajaj  
Chairman & Managing Director

Pune: 19 April 2022

## List of key policies of Bajaj Finserv Ltd.

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

# GENERAL SHAREHOLDER INFORMATION

## 15th Annual General Meeting (AGM)

Day and Date	Thursday, 28 July 2022
Time	12.15 p.m.(IST)
Venue/Mode	Virtual, Registered Office of the Company at Bajaj Auto Ltd. Complex, Mumbai -Pune Road, Pune – 411 035 (Deemed venue)
Financial Year	1 April 2021 to 31 March 2022

## Tentative meeting schedule for considering financial related matters for FY2023

Type of meeting	Particulars	Indicative month
Audit Committee and Board	To review and approve the unaudited financial results for the quarter ending 30 June 2022, subject to limited review	July 2022
	To review and approve the unaudited financial results for the quarter and half-year ending 30 September 2022, subject to limited review	October 2022
	To review and approve the unaudited financial results for the quarter and nine months ending 31 December 2022, subject to limited review	January/early February 2023
	To review and approve audited annual results for the year ending 31 March 2023, subject to audit	April/early May 2023

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

## Registrar and Share transfer agent ('RTA')

Pursuant to conversion of status from private limited company to public limited company, the name of RTA of the Company ('Bajaj Finserv', 'Bajaj Finserv Ltd.', 'BFS') viz., KFin Technologies Private Ltd. has been changed to KFin Technologies Ltd. ('KFin') w.e.f. 24 February 2022.

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

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

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

During FY2022, a meeting of Stakeholders and Relationship Committee ('SRC') members with a few senior officials of KFin was organised to get an overview of the activities at their end.

## Dividend and date of payment

The Board of Directors ('Board') of the Company has recommended a dividend of ₹ 4 per equity share (80% of face value of ₹ 5 for FY2022, subject to approval by members at the ensuing AGM.

Dividend on equity shares, if declared, at the AGM, will be credited/dispatched between Monday, 1 August 2022 and /or Tuesday, 2 August 2022, to all eligible Members holding shares as of the end of the day on Friday, 1 July 2022 ('record date').

## Payment of dividend

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

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

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

The form can be downloaded from the website of the Company at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange> and KFin at <https://ris.kfintech.com/clientservices/isc>. In case of members holding shares in demat mode, they are requested to update details with their respective depository participant.

## Tax deducted at source (TDS) on dividend

The dividend, if declared will be taxable in the hands of the members. The TDS rate would vary depending on the residential status of the members and the documents submitted by them and accepted by the Company. For more details, members are requested to refer to the [Notice of AGM](#).

## Unclaimed dividends

As per section 124(5) of Companies Act, 2013 (the 'Act'), any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund ('Fund') set up by the Central Government. Accordingly, unpaid/unclaimed dividends for FY2008 to FY2014 have already been transferred by the Company to the said Fund from FY2015 onwards.

Unpaid/unclaimed dividend FY2015 shall be due for transfer to the Fund in September 2022. Members are requested to verify their records and send their claim, if any, for the said year, before such amount become due for transfer. Communication are being sent to members, who have not yet claimed dividend for FY2015, requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

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

Year	Dividend type	Date of declaration /credit	Last date for claiming dividend	Due date for transfer to Fund (on or before)
2014-2015	Final	22 July 2015	21 August 2022	20 September 2022
2015-2016	Interim (Confirmed as Final)	20 March 2016	19 April 2023	19 May 2023
2016-2017	Final	19 July 2017	18 August 2024	17 September 2024
2017-2018	Final	19 July 2018	18 August 2025	17 September 2025
2018-2019	Final	25 July 2019	24 August 2026	23 September 2026
2019-2020	Interim (Confirmed as Final)	9 March 2020	8 April 2027	8 May 2027
2020-2021	Final	21 July 2021	20 August 2028	19 September 2028

The Company has also hosted the details of unclaimed dividend, on its website at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange> and also on website specified by the Ministry of Corporate Affairs <http://www.iepf.gov.in/IEPF/services.html>.

## Initiatives for reduction of unclaimed dividend

The Company with a view to reduce the quantum of unclaimed dividend has undertaken several steps. This primarily included sending periodic communications and advising the shareholders who approach the Company/KFin for other service request to claim their dividend, if any. The amount is remitted based on the verification of the documents and bonafides of the claim.

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

## Transfer of shares to IEPF

Pursuant to section 124(6) of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the 'IEPF Rules'), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority, within 30 days of expiry of said seven years.

Various steps are being taken on an ongoing basis to reach out to members, through emails, and other means, requesting them to claim shares which are due for transfer to IEPF. In addition, the Company also publishes a notice in newspapers intimating the members regarding the said transfer. These details of members who's dividend are due for transfer to IEPF will also be made available on the Company's website at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange>.

During FY2022, the Company transferred 3,109 equity shares (previous year – 3,253 equity shares) of the face value of ₹ 5 in respect of 19 members (previous year - 25 shareholders) to Demat Account of the IEPF Authority held with NSDL. Members can claim such shares and unclaimed dividends transferred to the Fund/IEPF by following the procedure prescribed in the IEPF Rules. The procedure for making such claim is also made available on the Company's website at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange> so as to facilitate the easy refund procedure for its investors/claimants.

Members are requested to get in touch with the nodal officer for further details on the subject at [investors@bajajfinserv.in](mailto:investors@bajajfinserv.in) / [uma.shende@bajajfinserv.in](mailto:uma.shende@bajajfinserv.in).

## Share transfer system

SEBI has mandated transfer of securities only in dematerialised form with effect from 1 April 2019. Thereafter, SEBI had fixed 31 March 2021 as the cut-off date for re-lodgement of deficient transfer deeds. Accordingly, with effect 1 April 2021, share transfers in physical form are prohibited under any circumstances and the same shall be processed only in dematerialised form.

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

## Dematerialisation/rematerialisation of shares and liquidity

During FY2022, 104,210 shares were dematerialised (previous year – 28,377 shares). 50 shares were rematerialised during FY2022 (previous year – 5 shares). Shares held in physical and electronic mode as on 31 March 2022 are given in Table 1.

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

**Table 1: Shares held in physical and electronic mode**

Particulars	Position as on 31 March 2022			Position as on 31 March 2021		
	No. of shares	No. of shareholders	% of total shareholding	No. of shares	No. of shareholders	% of total shareholding
Physical	9,191,311	818	5.78	9,298,521	921	5.84
Demat:						
NSDL	145,515,678	122,637	91.44	145,677,121	107,386	91.54
CDSL	4,430,455	132,695	2.78	4,161,802	94,491	2.62
Sub Total	149,946,133	255,332	94.22	149,838,923	201,877	94.16
Total	159,137,444	256,150	100.00	159,137,444	202,798	100.00

## Stock code

1. BSE Ltd. (BSE)	532978
2. National Stock Exchange of India Ltd. (NSE)	BAJAJFINSV
3. ISIN for depositories (NSDL and CDSL)	INE918101018
4. Bloomberg	BJFIN IN
5. Reuters	BJFS.BO BJFS.NS

## Listing on stock exchanges

Shares of the Company are currently listed on the following stock exchanges:

Name	Address
BSE Ltd.	25th Floor, P J Towers, Dalal Street Mumbai- 400 001
National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, C-1,Block G, Bandra Kurla Complex Bandra, East, Mumbai- 400 051

Annual listing fees, as prescribed, have been paid to the said stock exchanges up to 31 March 2023.

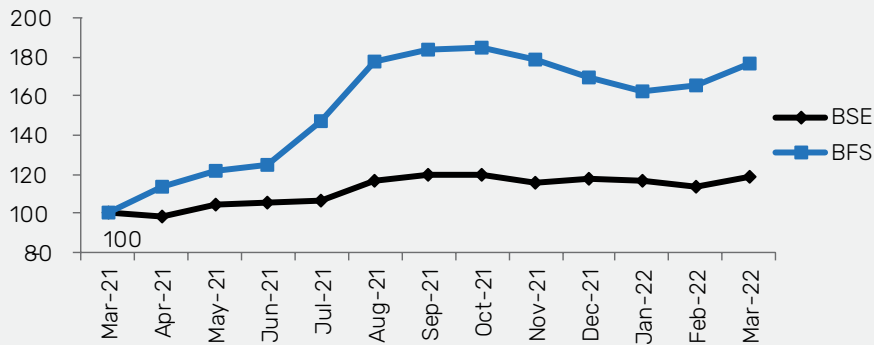
## Market price data

**Table 2: Monthly highs and lows of equity shares of Bajaj Finserv Ltd. during FY2022 (₹ vis-à-vis BSE Sensex)**

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr-2021	11,299.65	9,047.10	11,300.00	9,035.85	48,782.36
May-2021	12,021.00	10,710.40	12,024.95	10,814.15	51,937.44
Jun-2021	12,529.15	11,432.90	12,520.00	11,430.50	52,482.71
Jul-2021	14,925.10	11,654.80	14,925.00	11,651.00	52,586.84
Aug-2021	17,195.00	13,866.20	17,200.00	13,852.75	57,552.39
Sep-2021	18,813.80	16,488.05	18,813.00	16,484.05	59,126.36
Oct-2021	19,319.95	17,051.00	19,325.00	17,050.00	59,306.93
Nov-2021	18,511.00	16,275.85	18,511.00	16,273.65	57,064.87
Dec-2021	17,888.80	15,460.00	17,890.00	15,450.00	58,253.82
Jan-2022	18,616.10	15,019.00	18,621.00	15,012.00	58,014.17
Feb-2022	16,748.00	15,200.55	16,750.00	15,200.00	56,247.28
Mar-2022	17,300.00	13,957.00	17,300.00	13,799.90	58,568.51

### Chart: Performance in comparison to BSE Sensex

**Bajaj Finserv Ltd. stock performance Vs BSE Sensex, indexed to 100 as on 31 March 2021**



## Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2022, while Table 4 gives the data according to size classes.

**Table 3: Distribution of shareholding across categories**

Categories	31 March 2022		31 March 2021	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoter and Promoter Group	96,701,934	60.77	96,757,348	60.80
Resident Individuals	26,198,639	16.46	26,751,776	16.81
Bodies Corporates/NBFCs	8,571,791	5.39	8,446,434	5.31
Mutual Funds/Financial Institutions/Banks	6,395,801	4.02	4,798,720	3.02
Foreign Institutional Investor/Foreign Portfolio Investor	13,528,512	8.50	14,439,164	9.07
Non-Resident Individuals/Foreign National	11,75,085	0.74	1,176,843	0.74
Alternate Investment Funds	539,198	0.34	568,470	0.36
Insurance Companies	2,774,928	1.74	2,684,543	1.69
Others	3,251,556	2.04	3,514,146	2.21
<b>Total</b>	<b>159,137,444</b>	<b>100.00</b>	<b>159,137,444</b>	<b>100.00</b>

**Table 4: Distribution of shareholding according to size class as on 31 March 2022**

Category (Shares)	Number of Members	% to total Members	Number of shares held	% to total capital
1-500	251,200	98.07	4,953,164	3.11
501-1000	1,772	0.69	1,284,891	0.81
1001-2000	1205	0.47	1,730,481	1.09
2001-3000	509	0.20	1,262,405	0.79
3001-4000	273	0.11	953,400	0.60
4001-5000	170	0.07	772,091	0.49
5001-10000	361	0.14	2,501,638	1.57
10001 & Above	660	0.26	145,679,374	91.54
<b>Total</b>	<b>256,150</b>	<b>100.00</b>	<b>159,137,444</b>	<b>100.00</b>

## Credit rating

The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad. As such, the Company does not have list of credit ratings under regulation 34 read with schedule V to SEBI Listing Regulations.

## Shareholders' and investors' grievances

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



**Updation of PAN, KYC and Nomination:** SEBI vide its circular dated 3 November 2021 has, *inter alia*, mandated that any service request shall be entertained only upon registration of the PAN, KYC details, and nomination. The forms prescribed for these purposes are given below:

Forms	Purpose
ISR-1	Request for registering PAN, KYC details or Changes/Updation thereof
SH-13	Nomination form
ISR-3	Declaration to Opt-out for Nomination
SH-14	Change in Nomination

Members may access the above forms from website of the company at <https://www.bajajfinserv.in/finserv-shareholders-information-listing-on-stock-exchange>.

The folios wherein any one of the cited document/details are not updated on or after 1 April 2023 shall be frozen by the RTA. Such members will not be permitted to lodge grievance or avail service request from the RTA, unless the KYC details are updated. Further, such member will not be eligible to receive dividend in physical mode.

The frozen folios will then be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002 after 31 December 2025.

In view of the above, the Company had sent communication to members holding shares in physical form requesting them to update the said details.

**Investor Charter:** In order to facilitate investor awareness about various activities where an investor has to deal with RTAs for availing Investor Service Requests, SEBI vide its circular dated 26 November 2021 has developed an Investor Charter for RTAs, *inter alia*, detailing the services provided to Investors, Rights of Investors, various activities of RTAs with timelines, Dos and Don'ts for Investors. In accordance with the said circular, KFin has hosted the Investor Charter on its website and has also displayed the same at prominent places in offices, etc.

Further, the said circular also mandates registered RTAs to disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month, as per the format prescribed thereunder with effect from 1 January 2022. KFin, being registered RTA has confirmed compliances with aforesaid circular, to the extent applicable.

**Investor grievances redressal mechanism:** SEBI vide its circular dated 13 August 2020 has laid down procedure for handling complaints by the stock exchanges as well as the standard operating procedure for actions to be taken against listed companies for failure to redress investor grievances. The Company is in compliance with said circular.

**Issue of shares only in dematerialised form:** As an on-going measure to enhance ease of dealing in securities markets by investors, SEBI vide its circular dated 25 January 2022, has mandated that listed companies shall henceforth issue the securities in dematerialised form only, while processing the service requests such as issue of duplicate share certificates, claim from unclaimed suspense account, endorsement, renewal/exchange of securities certificate, sub-division, splitting of shares certificate, transmission, transposition, consolidation of securities certificate, etc.

For enabling the shareholders to demat their securities, the RTA shall issue a 'Letter of Confirmation' in lieu of physical share certificates to physical shareholders for enabling them to dematerialise the securities.

## Demat suspense account for unclaimed shares

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

Status of Unclaimed Suspense Account as on 31 March 2022 is given below:

Sr. No.	Particulars	No. of holders	No. of shares
1.	At the beginning of FY2022	1	7
2.	Transfer to IEPF during FY2022	0	0
3.	Transfer to claimants during FY2022	0	0
4.	At the end of FY2022 (4=1-2-3)	1	7

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

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

## Live webcast of AGM

Pursuant to regulation 44(6) of the SEBI Listing Regulations, top 100 listed entities shall, with effect from 1 April 2019, provide one-way live webcast of the proceedings of their AGM. Accordingly, the Company has entered into an arrangement with KFin to facilitate live webcast of the proceedings of the ensuing AGM scheduled on 28 July 2022. Members who are entitled to participate in the AGM can view the proceedings of AGM by logging on the website of KFin <https://emeetings.kfintech.com/> using secure login credentials provided for e-voting.

Pursuant to MCA circulars, the company will also provide two-way video conferencing or WebEx facility to the members for participating in the 15th AGM.

The modalities for participation in the AGM are spelt out in [Notice of AGM](#).

## Outstanding convertible instruments/ADRs/GDRs/Warrants

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

## Commodity price/foreign exchange risk and hedging activities

The Company, being a financial service company, is not exposed to commodity price/foreign exchange risk and hedging activities under regulation 34 of Schedule V of the SEBI Listing Regulations.

## Plant Location

Bajaj Finserv Ltd. being an unregistered Core Investment company does not have any manufacturing plant.

## Address for correspondence

### Share Transfer Agent

KFin Technologies Ltd.

Unit: Bajaj Finserv Ltd.

Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana- 500 032

#### Contact details:

Toll free no.1800 309 4001 (24\*7)

Email ID: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Website: [www.kfintech.com](http://www.kfintech.com)

### Company

Corporate Office Extn.

Secretarial Department

3rd Floor, Panchshil Tech Park,

Viman Nagar, Pune-411 014

#### Contact details:

Phone No. (020) 7157 6064

Email ID: [investors@bajajfinserv.in](mailto:investors@bajajfinserv.in)

Website: <https://www.bajajfinserv.in/corporate-bajaj-finserv>

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

Sr. No.	Date of the circular	Particulars
1.	18 October 2021	<a href="#">SEBI   Transmission of Securities to Joint Holder(s)</a>
2.	3 November 2021	<a href="#">SEBI   Common and Simplified Norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination</a>
3.	26 November 2021	<a href="#">SEBI   Publishing Investor Charter and Disclosure of Complaints by Registrar and Share Transfer Agents (RTAs) on their Websites</a>
4.	14 December 2021	<a href="#">SEBI   Clarifications with respect to circular dated November 03, 2021, on 'Common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination'</a>
5.	25 January 2022	<a href="#">SEBI   Issuance of Securities in dematerialized form in case of Investor Service Requests</a>

# DIRECTORS' REPORT

Dear Members,

Your directors present the fifteenth Annual Report along with the audited standalone and consolidated financial statements for FY2022.

## Sad demise of Shri Rahul Bajaj, Chairman Emeritus of the Company

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

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

He stood for what he believed, a man driven by values, and bold in both expression and action.

While he remained the torchbearer of a family legacy that dates back to the founding days of our country, he championed the creation of a new India.

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

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

## Financial results

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

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

Particulars	(₹ In Crore)	
	FY2022	FY2021
Total income	729.00	392.03
Total expenses	165.78	146.93
Profit before tax	563.22	245.10
Tax expense	138.99	66.32
<b>Profit for the year</b>	<b>424.23</b>	<b>178.78</b>
Earnings per share (₹)	26.7	11.2

Closing balances in reserve/other equity:

Particulars	(₹ In Crore)	
	FY2022	FY2021
Securities premium account	941.27	929.27
General reserve	1,197.14	1,197.14
Share based payments reserve	219.04	102.90
Treasury shares	(119.97)	(184.22)
Retained earnings	2,051.15	1,676.26
<b>Total</b>	<b>4,288.63</b>	<b>3,721.35</b>

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

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

Particulars	FY2022	FY2021
<b>Total income</b>	<b>68,438.98</b>	<b>60,591.57</b>
Total expenses	57,168.04	50,729.05
Profit before tax	11,270.58	9,862.34
Tax expense	2,957.05	2,494.96
Profit after tax	8,313.53	7,367.38
Profit attributable to non-controlling interests	3,756.76	2,896.92
<b>Profit for the year</b>	<b>4,556.77</b>	<b>4,470.46</b>
Earnings per share (₹)	286.3	280.9

## Presentation of standalone and consolidated financial statements

The financial statements of the Company for FY2022, on a standalone and consolidated basis, have been prepared in compliance with the Companies Act, 2013 (the 'Act') applicable Accounting Standards and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations') and are disclosed in accordance with Schedule III of the Act. The consolidated financial statements incorporate the audited financial statements of the subsidiaries and joint ventures of the Company.

## Dividend distribution policy

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

## Dividend

The Directors recommend, for consideration of members at the ensuing annual general meeting (AGM), payment of a dividend of ₹ 4 per equity share (80%) of face value of ₹ 5 FY2022. The total dividend for FY2022 is ₹ 63.66 crore.

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

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

## The Covid-19 pandemic

FY2022 was once again dominated by the Covid-19 pandemic as new waves of infection swept across countries. In India, the second wave (called 'Delta') proved far more deadly than the first that struck in 2020.

The advent of the highly transmissible variant 'Omicron' in early January 2022 (the third wave) spread much dread across the world. During this wave, India's daily number of reported cases peaked to nearly 350,000 on 20 January 2022 and the active case load was over 22 million as on 23 January 2022. Fortunately, while highly transmissible, Omicron was not as clinically deadly as Delta. While many got infected, they also recovered without hospitalisation and had lower mortality.

The impact of the second and third wave of the pandemic on the performance of the Company and measures adopted to steer through this continuing crisis have been discussed in detail in [Management Discussion and Analysis](#).

## Classification as an unregistered Core Investment Company

The Company is termed as an unregistered Core Investment Company under the Core Investment Companies (Reserve Bank) Directions – 2016 dated 13 August 2020.

## Adoption of Confederation of Indian Industry (CII) charters

The Company has established several policies covering the Code of Conduct for its directors and employees including anti-corruption clauses, as well as policies for Fair and Responsible Workplace Practices. These policies are integrated into business operations. The Company has also signed the following charters of CII in this regard, which further strengthens the Company's commitment to these policies.

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

Further details of these policies are available in our [Business Responsibility and Sustainability Reporting](#) which available on the website of the Company at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## Operations

Bajaj Finserv Ltd. is an unregistered Core Investment Company under Core Investment Companies (Reserve Bank) Directions, 2016, as amended, and the holding Company for the various financial services businesses under the Bajaj Group.

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

## Subsidiaries, associates and joint venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2022:

Name of the company	% shareholding	Status
Bajaj Allianz Life Insurance Company Ltd. (BALIC)	74.00	Subsidiary
Bajaj Allianz General Insurance Company Ltd. (BAGIC)	74.00	Subsidiary
Bajaj Finance Ltd. (BFL)	52.49	Subsidiary
Bajaj Finserv Direct Ltd. (BFS-D)	80.10	Subsidiary
Bajaj Finserv Health Ltd. (BFS-H)	100.00	Subsidiary
Bajaj Housing Finance Ltd. (BHFL) (100% subsidiary of BFL.)	-	Subsidiary
Bajaj Financial Securities Ltd. (BFinsec) (100% subsidiary of BFL.)	-	Subsidiary
Bajaj Allianz Financial Distributors Ltd. (BAFDL)	50.00	Joint Venture
Bajaj Allianz Staffing Solutions Ltd. (BASSL) (100% subsidiary of BAFDL)	-	Joint Venture

During FY2022, the Company along with Bajaj Finance Ltd. (BFL), a subsidiary company, made a joint investment in the form of equity shares and/or convertible loan or security into equity shares to Bajaj Finserv Direct Ltd. (BFS-D) for an aggregate amount of approximately ₹ 625 crore. Out of which the Company's contribution was ₹ 342 crore and BFL's contribution was ₹ 283 crore. Consequent to infusion in equity capital to the tune of ₹ 2.69 crore by BFL, BFS-D ceased to be a wholly-owned subsidiary of the Company. As at 31 March 2022, BFS and BFL respectively hold 80.10% and 19.90% of equity share capital in BFS-D.

During FY2022, the following companies were incorporated as wholly owned subsidiaries:

Name of the company	% shareholding
Bajaj Finserv Ventures Ltd. (BFS-Ventures)	100.00
Bajaj Finserv Asset Management Ltd. (BFS-AMC)	100.00
Bajaj Finserv Mutual Fund Trustee Ltd. (BFS-Trustee)	100.00

Detailed information on the performance and financial position of each subsidiary/joint venture of the Company is covered in the [Management Discussion and Analysis](#) Report and in Form AOC-1 of consolidated financial statements.

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

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

In terms of the aforesaid Policy BFL, BAGIC, BALIC and BHFL are material subsidiaries of the Company.

## Directors and key managerial personnel

### A. Change in directorate:

#### i. Appointment/re-appointment of independent director:

- a) The Board, at its meeting held on 28 April 2022, based on the recommendation of Nomination and Remuneration Committee (NRC), appointed Prमित Jhaveri (DIN 00186137) as an additional and independent director for a period of 5 years w.e.f. 1 May 2022.

The Board is of the opinion that Prमित Jhaveri is a person of integrity, expertise, and has relevant experience to serve the Company as an independent director.

Prमित Jhaveri served as CEO of Citibank N.A. for over a decade. However, this position not being one of the categories exempting such persons from appearing in proficiency test as per rule 6(4) of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, he will undertake the test within the prescribed time limit.

- b) The Board, at its meeting held on 28 April 2022, based on the recommendation of NRC also, appointed Radhika Haribhakti (DIN 02409519) as an additional and independent director for a period of 5 years w.e.f. 1 May 2022.

The Board is of the opinion that Radhika Haribhakti is a person of integrity, expertise, and has relevant experience to serve the Company as an independent director.

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

- c) At the aforesaid meeting, the Board, considering the report of performance evaluation and based on the recommendation of NRC, re-appointed Dr. Naushad Forbes (DIN 00630825) as an independent director for a second term of five years w.e.f. 13 September 2022.

Accordingly, approval of the members for the aforementioned appointments/re-appointment are being sought through postal ballot.

#### ii. Resignation:

Dr. Gita Piramal (DIN 01080602) resigned as non-executive and independent director w.e.f. close of business hours on 30 April 2022 due to health reasons.

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

She also ceased to be the Chairperson of Stakeholders Relationship Committee, member of Audit Committee and Nomination and Remuneration Committee.

The Board places on record its sincere appreciation for the valuable contribution made by her during her tenure on the Board.

#### iii. Director liable to retire by rotation:

Manish Kejriwal (DIN 00040055), director, being longest in the office, retires by rotation, and being eligible, has offered his candidature for re-appointment. Prescribed details of Manish Kejriwal are given in the [Notice of AGM](#).



## B. Key managerial personnel

- i. Sanjiv Bajaj was re-appointed as the Managing Director of the Company w.e.f. 1 April 2017 for a period of five years he holds office up to 31 March 2022. The Board, at its meeting held on 16 March 2022, approved the re-appointment of Sanjiv Bajaj as Managing Director for a further term of five years and fixed his remuneration at its meeting held on 28 April 2022, based on the recommendations of the NRC, subject to necessary approvals of the members.
- ii. Uma Shende was appointed as the Company Secretary w.e.f. 1 October 2021 in place of Sonal Tiwari who resigned from the services of the Company w.e.f. 11 August 2021.

## 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 and regulation 16 of the SEBI Listing Regulations. The independent directors have also confirmed compliance with the provisions of rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

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

## Policy on directors' appointment and remuneration

On recommendation of the Nomination and Remuneration Committee (NRC), the Board has framed a Remuneration Policy. This policy, *inter alia*, provides:

- (a) The criteria for determining qualifications, positive attributes and independence of directors; and
- (b) Policy on remuneration of directors, key managerial personnel and other employees.

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

The said policy is placed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-21-v1pdf?scl=1&fmt=pdf>.

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

## Compliance with code of conduct

All Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for FY2022.

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

## 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 placed on Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## Number of meetings of the Board

Seven (7) meetings of the Board were held during FY2022. Details of the meetings and attendance thereat forms part of the [Corporate Governance Report](#).

## Directors' responsibility statement

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values pursuant to the provisions of the Act and guidelines issued by SEBI. 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 confirm 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 FY2022;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

## Audit committee

The Audit Committee was reconstituted at the Board meeting held on 28 April 2022 effective 1 May 2022.

The present composition of the Committee is Dr. Naushad Forbes as Chairman and D J Balaji Rao, Prमित Jhaveri and Manish Kejriwal as other members.

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

The brief terms of reference, number of meetings and attendance record of members for FY2022 are given in the [Corporate Governance Report](#).

## Particulars of loans, guarantees or investments

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

## Employee stock option scheme

The Company grants share-based benefits to eligible employees with a view to attract and retain talent, encouraging employees to align individual performance with the Company's objectives, and promoting increased participation by them in the growth of the Company.

During FY2022, there has been no change in the Bajaj Finserv Ltd. Employee Stock Option Scheme (BFS ESOS). The same is in compliance with SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021.

A statement giving complete details as at 31 March 2022, pursuant to regulation 14 of SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 is available on the Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

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

The Company has not issued any sweat equity shares or equity shares with differential voting rights during FY2022.

## Share capital

The paid-up equity share capital as on 31 March 2022 was ₹ 79.57 crore consisting of 159,137,444 fully paid-up equity shares of face value of ₹ 5/-.

## Related party transactions

All contracts/arrangement/transactions entered by the Company during FY2022 with related parties were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, details of transaction entered into is also reviewed by the Audit Committee on a quarterly basis.

All related party transactions entered during FY2022 were on arm's length basis and in ordinary course of business of the Company under the Act and not material under the SEBI Listing Regulations. None of the transactions required members' prior approval under the Act or SEBI Listing Regulations.

Details of transactions with related parties during FY2022 are provided in the notes to the financial statements. There were no transaction requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this Report.

The policy on materiality of related party transactions and on dealing with related party transactions was amended in line with SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. The policy is available on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions?scl=1&fmt=pdf>.

## Material changes and commitments

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

## Conservation of energy and technology absorption

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

### (A) Conservation of energy-

- (i) Steps taken or impact on conservation of energy;
  - Optimum usage of parking and common area lights.
  - Elevator usage optimization.
- (ii) Steps taken by the Company for utilising alternate sources of energy;
  - The Company has installed a renewable energy (wind) project with a capacity of 65.2 MW.

During FY2022, it generated 764 lakh units, which it sold to third parties including the Maharashtra State Electricity Distribution Company Ltd.

It, however, is not allowed to make captive use of wind energy, because new regulations do not permit the same where monthly demand is less than 700 KW.

- The Company has installed LED lamps in place of tube lights and CFL, thereby reducing energy consumption in lighting by around 58,762 units during the year.
- The Company has also installed solar panels for energy conservation.

(iii) Capital investment on energy conservation equipments;

- The amount of capital investment made by the Company on energy conservation equipments during FY2022 was approximately ₹ 50 lakh.
- The Company implements various energy conservation measures and initiatives which are highlighted in the [Business Responsibility and Sustainability Report](#) which is available on the Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## (B) Technology absorption-

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

## Foreign exchange earnings and outgo

There were no foreign exchange earnings during FY2022, as well as during FY2021.

Total foreign exchange outflow during FY2022 was ₹ 0.28 crore, as against ₹ 0.88 crore in FY2021.

## Risk management policy

Information on the development and implementation of a risk management policy for the Company including identification, assessment and control of elements of risk, which in the opinion of the Board may threaten the existence of the Company, is given in the [Corporate Governance Report](#).

## Corporate social responsibility ('CSR')

The CSR Committee comprises of three directors viz., Dr. Naushad Forbes as the Chairman, Sanjiv Bajaj and Anami Roy as members. During FY2022, the Committee met thrice. The details of meetings and attendance thereat forms part of the [Annual Report on CSR activities](#).

The Board, at its meeting held on 28 October 2021, has appointed Dr. Naushad Forbes as Chairman of the committee w.e.f. 29 October 2021.

The CSR obligation of the Company for FY2022 was ₹ 0.44 crore. As on 31 March 2022, total amount spent on CSR activities by Company was ₹ 0.45 crore.

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

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

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

Further, the Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the Board for the FY2022.

## Formal annual evaluation

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

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

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

The manner in which formal annual evaluation of performance was carried out by the Board for FY2022 is given below:

- The NRC at its meeting held on 21 May 2020, reviewed the criteria for performance evaluation. The criteria is available on the website of the Company at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/evaluation-criteriapdf?scl=1&fmt=pdf>.
- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking confidential feedback of the directors with regards to the performance of the Board, its Committees, the Chairperson and individual directors.
- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, its Committees, Chairperson and individual directors for the year 2021-22 and a consolidated report thereof were arrived at.
- The report of performance evaluation so arrived at was then discussed and noted by the Board at its meeting held on 16 March 2022.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 16 March 2022.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 16 March 2022, determined that the appointment of all independent directors may continue.
- Details on the evaluation of Board, non-independent directors and Chairperson of the Company as carried out by the independent directors at their separate meeting held on 16 March 2022 have been furnished in a separate paragraph elsewhere in this Report.
- During FY2022, the criteria and process followed by the Company was reviewed by the NRC which opined these to be satisfactory.

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

## Significant and material orders

During FY2022, no significant or material orders were passed by any regulator or court or tribunal, impacting the going concern status and Company's operations in future.

## Internal financial controls

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

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

### Whistle blower policy/vigil mechanism

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

The concerns may be reported anonymously either through email or through a 'Confidential Feedback Mechanism', which is reviewed by a Whistle Blower Committee comprising senior management representatives from within the organization. The Audit Committee reviews the functioning of the vigil mechanism/whistle blower policy once a year.

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

More details are given in [Corporate Governance Report](#).

### Corporate governance

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

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

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

### Independent directors' meeting

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

Accordingly, independent directors of the Company met on 16 March 2022 and:

- noted the report of performance evaluation of the Chairman & Managing Director of the Company for the year 2021-22;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairman of the Board, taking into account the views of non-executive directors;
- assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties; and
- noted the succession planning.

The independent directors present elected Dr. Naushad Forbes as Chairman for the meeting. All independent directors were present at the meeting except Dr. Gita Piramal to whom leave of absence was granted.

## Business Responsibility and Sustainability Report ('BRSR')

Pursuant to amendment in SEBI Listing Regulations, top 1,000 listed entities based on market capitalisation are required to submit a BRSR with effect from the FY2023. However, these top 1,000 listed entities may voluntarily adopt to submit the BRSR for FY2022 in place of Business Responsibility Report.

Accordingly, the Company has adopted a Policy on BRSR and other ESG initiatives. A detailed BRSR in the format prescribed by SEBI describing various initiatives, actions and process of the Company towards the ESG endeavor has been hosted on Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## Maintenance of cost records

Provisions relating to maintenance of cost records as specified by the Central Government under section 148 of the Act, as applicable to the Company have been complied with for the FY2022.

## Secretarial standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of Directors (SS-1) and General Meetings (SS-2) read with the MCA circulars granting exemptions in view of the Covid-19 pandemic.

## Internal audit

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

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

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

## Auditors

### Statutory Auditors

In terms of section 149 of the Act, S R B C & CO LLP, Chartered Accountants, (Firm Registration No. 324982E/E300003) were appointed by the members for a term of five consecutive years to hold the office from the conclusion of 10th AGM held on 19 July 2017 till the conclusion of 15th AGM.

The Reserve Bank of India through its circular dated 27 April 2021 issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

In line with the requirements of the above guidelines, S R B C & CO LLP, were ineligible, to continue as the Statutory Auditors of Bajaj Finance Ltd. and Bajaj Housing Finance Ltd. (material subsidiaries of the Company) for the financial year ending 31 March 2022. Consequently, they were unable to attain the required audit coverage of the consolidated total assets, revenue and profit after tax, in accordance with their firm's policy and had, therefore, tendered their resignation vide their letter dated 16 September 2021 effective from 13 November 2021.

S R B C & CO LLP, have not raised any concern or issue and there is no reason other than those mentioned in their above said letter. The copy of the said letter which has been filed with stock exchanges is available on the Company's website at <https://www.bajajfinserv.in/bfs-change-in-statutory-auditor.pdf>.

Consequent to the casual vacancy created by their resignation, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on 17 September 2021, appointed KKC & Associates LLP (earlier known as Khimji Kunverji & Co LLP) as Statutory Auditors of the Company till the conclusion of the 15th AGM to conduct the audit of accounts of the Company for the financial year ending 31 March 2022 with approval of the members.

At the ensuing AGM, approval of the members is being sought for their appointment as Statutory Auditor for remaining term i.e., from conclusion of 15th AGM till conclusion of 19th AGM.

The statutory audit report for the FY2022, is unmodified i.e., does not contain any qualification, reservation or adverse remark or disclaimer.

### Secretarial Auditor

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

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

As per regulation 24A(1) of the SEBI Listing Regulations, a listed company is required to annex a secretarial audit report of its material unlisted subsidiary to its Directors Report. In line with the same, the secretarial audit report of BALIC, BAGIC and BHFL (a high value debt listed company) for the FY2022 is placed on Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

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

The secretarial audit report for the FY2022, is unmodified i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

### Cost Auditor

Pursuant to section 148 of the Act, and the Rules made thereunder, the Board of Directors, on the recommendation of the Audit Committee, have re-appointed Dhananjay V Joshi & Associates (firm registration no. 000030), Cost Accountants, to audit the cost records of the Company for FY2023 on a remuneration of ₹ 65,000 plus taxes, out-of-pocket, travelling and living expenses, subject to ratification by the shareholders at the ensuing AGM.

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

### Other statutory disclosures

- The financial statements of the Company and its subsidiaries are placed on the Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.
- Details as required under section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended containing, *inter alia*, the ratio of remuneration of directors and key managerial personnel to median remuneration of employees, percentage increase in the median remuneration, are annexed to this Report.
- Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, containing details prescribed under rule 5(3) of the said Rules, which form part of this Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.



- The auditors, i.e., statutory auditors, secretarial auditors and cost auditors have not reported any matter under section 143(12) of the Act, and accordingly, details as required to be disclosed under section 134(3)(ca) of the Act, have not been furnished.
- The Directors' Responsibility Statement, as required by section 134(5) of the Act, forms a part of this Report.
- There is no change in the nature of business of the Company during FY2022.
- A Cash Flow Statement for the FY2022 is attached to the Balance Sheet.
- Disclosure as required under section 197(14) of the Act has been made for the Managing Director, as per the terms of his appointment, for the commission or remuneration drawn from subsidiary companies i.e. Bajaj Finance Ltd. and Bajaj Housing Finance Ltd., is covered under [Corporate Governance Report](#).
- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during FY2022 against the Company.
- The Company has not accepted any deposits covered under Chapter V of the Act.
- The securities of the Company were not suspended from trading during the year.
- Pursuant to the legislation The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a policy on Prevention of Sexual Harassment at Workplace and has constituted an Internal Complaints Committee. There was no case reported during FY2022.

## Acknowledgement

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

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 & Managing Director

Pune: 28 April 2022

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

### 1. Brief outline of Company's CSR Policy

#### Introduction

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

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

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

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

#### Guiding principles:

The Company believes that social investments should:

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

#### Brief content of CSR Policy

Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021. Accordingly, the CSR Policy which was framed by the Company on 14 May 2014 has got amended on 28 April 2021, with approvals of the CSR Committee and Board of Directors.

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

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

## 2. Composition of CSR Committee

During FY2022, Committee met three times on 19 April 2021, 13 July 2021, and 18 October 2021:

Sr. No.	Name of director	Designation / nature of directorship	Number of meetings held during FY2022 (3)	
			Entitled to attend	Attended
1.	Dr. Naushad Forbes*	Chairman	3	2
2.	Sanjiv Bajaj**	Member	3	3
3.	Anami N Roy	Member	3	3

Notes:

\* Dr. Naushad Forbes, member of the Committee was appointed as a Chairman of the Committee with effect from 29 October 2021.

\*\* Sanjiv Bajaj, relinquished his position as a Chairman of the Committee with effect from 28 October 2021. He continues to be member of the Committee.

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

- |  |   |
|--|---|
| a. Composition of CSR Committee  | : <a href="https://www.bajajfinserv.in/finserv-board-committees">https://www.bajajfinserv.in/finserv-board-committees</a>   |
| b. CSR Policy  | : <a href="https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&amp;fmt=pdf">https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&amp;fmt=pdf</a> |
| c. CSR Projects approved by the Board  | : <a href="https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-csr-project-fy-2022pdf?scl=1&amp;fmt=pdf">https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-csr-project-fy-2022pdf?scl=1&amp;fmt=pdf</a>         |
| 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 the 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)   | : ₹ 21.76 crore   |
| 7. (a) Two percent of average net profit of the company as per section 135(5)  | : ₹ 0.44 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)   | : ₹ 0.44 crore  |

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

(₹ In Crore)

Total amount spent for the financial year (Amount in crore)	Amount unspent			
	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)	Name of the Fund	Date of transfer
Amount	Amount	Amount	Date of transfer	
₹ 0.45			Not applicable, since there is no unspent amount	

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

(₹ In Crore)

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 (in months)	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per section 135(6)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Implementing Agency
				State	District						
	BEYOND - Bajaj Finserv Employability Initiative for Graduates	Promoting Education (ii)	Yes	Pan India	-	35	1.00	0.45	-	Yes	Bajaj Finserv (Self implementation)
<b>Total</b>								<b>0.45</b>			

- Note: 1. There is no amount transferred to unspent CSR account for any of the projects as per section 136(6) of the Act.  
 2. Information on CSR Registration number for the implementing agencies is not given in point 8(b), since the mode of implementation is direct.

- (c) Details of CSR amount spent against other than ongoing projects for FY2022 : Nil  
 (d) Amount spent in Administrative Overheads : Nil  
 (e) Amount spent on Impact Assessment, if applicable : Nil  
 (f) Total amount spent for the financial Year (8b+8c+8d+8e) : ₹ 0.45 crore  
 (g) Excess amount for set off, if any : Nil
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): : NIL
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: : 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

Sanjiv Bajaj  
 Chairman & Managing Director

Dr. Naushad Forbes  
 Chairman, CSR Committee

Date: 28 April 2022

# CSR AT BAJAJ FINSERV AND ITS SUBSIDIARIES

## Introduction

The very foundation of Bajaj Group was laid by the philanthropic instinct of Shri Jamnalalji Bajaj, our Group's founding father, who took the bold and unprecedented step of using business to serve society. He had advised that – 'all business activities should look for opportunities for philanthropy and that these philanthropic contributions to the society should be above any thought of business gains.'



### COVID-19 RESPONSE Need of the Hour

Our community outreach programmes are crafted to serve the emergent needs of the lesser advantaged beneficiaries of society. In fact, as a Group, we have always taken pride in being accountable not just to our own people but also to the communities around which we operate. In FY 2021, the Bajaj Group contributed Rs 170 crore towards the fight against COVID-19 to alleviate the immediate on-ground challenges, build capabilities, mobilise resources and upgrade healthcare infrastructure facilities in the surrounding communities. This included the



installation of 12 oxygen plants to provide more than 5,000 LPM of oxygen supply to rural and urban hospitals along with respiratory support equipment to help augment their capacity in treating COVID-19 patients. The Group's COVID-19 Response Fund was further utilized to set-up Pune's largest COVID-19 Care Centre in Viman Nagar with a capacity of 2,800 beds. During FY 2022, the Bajaj Group joined forces with the local government authorities to conduct large scale inoculation drives for communities in Pune and Aurangabad. More than 1 million doses of the COVID-19 vaccines were administered during those drives.



### HEALTHCARE Enabling Easy Access for Disadvantaged Communities

Enabling access and affordability of healthcare treatment for children is an important area of Bajaj Finserv's CSR activities, wherein, we extend our financial support to families of children in need of treating curable diseases or ailments that require prolonged treatment support, including cleft lips and palates, pediatric cancer, congenital heart disease, pediatric diabetes and epilepsy. We also support the medical expenses of specially-abled children. Recognizing infant mortality as a significant issue in rural and tribal areas, our Group launched several preventive healthcare projects, including pre-natal and post-natal care for mothers, proper nutrition care for children, mothers and teenagers, and raising awareness on prevalent health issues in these communities, particularly amongst teenage girls and women. In addition, our equipment grants provide the economically disadvantaged areas with the much-needed access to quality healthcare facilities.





## BAJAJ FINSERV 'BEYOND' Our Flagship Employability Initiative

Our employability initiative 'BEYOND' is aimed at upskilling the first-generation graduates from smaller towns and cities, to gain the right aptitude and attitude for making a mark in the financial services industry. The employability programme, started way back in 2015, has so far benefitted more than 20,000 fresh graduates across the country. This year, BEYOND touched a milestone of up-skilling a record number of 10,000 students with the fitting capabilities and a winning edge to compete for the limited job opportunities in the BFSI industry. Unlike the conventional skilling programmes, it prepares the students for more than 10 roles in the financial services industry. The programme also produces a unique talent pool of 'industry trained graduates' for the entire BFSI industry, which offers an excellent balance between cost and productivity, as compared to their traditional target segments.



## EDUCATION Quality Education for All

Education is one of the most important drivers of the socio-economic prosperity and stability of a self-reliant nation, and our child education programmes aim to make quality education available to all children. Our support for school buildings and schools that cater to the children

of migrant workers, mining workers, construction workers, etc., makes education accessible for the underserved communities. In order to improve the overall effectiveness of school education, the Group also facilitates additional training programmes for teachers through external instructors. To support kids with intellectual or physical challenges, the Group supports special education projects.



## LIVELIHOOD & SKILLING Income Generation for Tribal and Rural Households

Our community-based livelihood and skilling programmes help enhance the household income of rural, tribal and migrant populations. Through various programmes like farming, animal husbandry, fishery; forest-based activities like beekeeping; commons-based activities like goat and sheep farming, the Group provides self-help organisations and people with opportunities to generate income. It also supports youth skill-building initiatives to help them achieve financial independence through secure employment.



## ANNEXURE TO DIRECTORS' REPORT: FY2022

Remuneration details under Rule 5 (1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31 March 2022

Name of the Director/KMP	Ratio of remuneration of director to median remuneration of employees	% increase in the financial year
<b>(A) Whole-time director/Managerial Personnel</b>		
Sanjiv Bajaj-Chairman & Managing Director	73.67	25.60
<b>(B) Non-Executive directors<sup>1</sup></b>		
D J Balaji Rao	1.04	56.41
Dr. Gita Piramal	0.90	26.19
Dr. Naushad Forbes	1.05	47.62
Anami N. Roy	0.53	72.22
Madhur Bajaj	0.46	50.00
Rajiv Bajaj	0.32	26.67
Manish Kejriwal	0.97	46.15
<b>(C) Key Managerial Personnel</b>		
Sanjiv Bajaj, Managing Director & CEO		25.60
S Sreenivasan-CFO		16.19
Sonal R Tiwari, Company Secretary*		NA*
Uma Shende, Company Secretary*		NA*
<b>(D)</b> Remuneration of the median employee (other than whole-time director)		14.74
<b>(E)</b> Permanent employees as on 31 March 2022	114	

\* being employed for the part of the year.

- 1 (a) Remuneration payable to non-executive directors is based on the number of meetings of the Board and its Committees attended by them as members during the year.  
(b) Remuneration to directors does not include sitting fee paid to them for attending Board/Committee meetings.
- 2 'Permanent employees' does not include trainees, probationers and contract employees.

### Notes on Disclosures under Rule 5

- A. Average percentage increase in salary of employees other than whole time director is 4.50%.
- B. Percentage increase in remuneration of Chairman & Managing Director is 25.60%. The increase in remuneration of Chairman & Managing Director is keeping in view his duties and responsibilities, the performance of the Company and trend of remuneration in industry.
- C. The remuneration paid as above was as per the Remuneration Policy of the Company.

## SECRETARIAL AUDIT REPORT (FORM MR-3)

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

For the financial year ended 31 March 2022

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Bajaj Finserv Ltd. (hereinafter called as 'the Company'). 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's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2022, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2022, according to the provisions of:

- 1) The Companies Act, 2013 and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;



- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (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, 2021;
  - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
- 6) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NBFC / Core Investment Company which are specifically applicable to the Company.

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

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

During FY2022 the Company has complied with the provisions of the Act, Rules, Regulations, Directions, 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. There were no changes in the composition of the Board of Directors, FY2022.

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

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

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

Shyamprasad D. Limaye  
FCS 1587 CP 572  
UDIN: F001587D000225877

Pune: 28 April 2022

## ANNEXURE TO SECRETARIAL AUDIT REPORT (FORM MR-3)

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

My Secretarial Audit Report for Financial Year ended on 31 March 2022 of even date is to be read along with this letter.

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

Shyamprasad D. Limaye  
FCS 1587 CP 572

Pune: 28 April 2022

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Bajaj Finserv Ltd.

We have examined the compliance of conditions of Corporate Governance by Bajaj Finserv Ltd. (the 'Company'), for the year ended 31 March 2022, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

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

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

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

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

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

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

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

For Khimji Kunverji & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number 105146W/W100621

Ketan Vikamsey  
Partner  
ICAI Membership Number 044000  
UDIN: 22044000AHYQUC3974

Pune: 28 April 2022

## CERTIFICATE BY PRACTISING COMPANY SECRETARY

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

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

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

I certify that the following persons are Directors of the Company (during 1 April 2021 to 31 March 2022) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Sanjivnayan Rahulkumar Bajaj	00014615	Chairman & Managing Director
2	Madhukumar Ramkrishnaji Bajaj	00014593	Non- executive director
3	Rajivnayan Rahulkumar Bajaj	00018262	Non -executive director
4	Balaji Rao Jagannathrao Doveton	00025254	Independent director
5	Naushad Darius Forbes	00630825	Independent director
6	Gita Piramal	01080602	Independent director
7	Anami Narayan Prema Roy	01361110	Independent director
8	Manish Santoshkumar Kejriwal	00040055	Non-executive director

Shyamprasad D. Limaye  
FCS. 1587 CP No. 572  
UDIN: F001587D000225901

Pune: 28 April 2022

# **CONSOLIDATED FINANCIAL STATEMENTS**

## Independent Auditors' Report on the Consolidated Financial Statements

To the Members of **Bajaj Finserv Ltd.**

### Opinion

1. We have audited the accompanying Consolidated Ind AS financial statements of Bajaj Finserv Ltd. 'the Holding Company' and its subsidiaries (Holding Company and its subsidiaries together referred to as 'the Group'), and its joint venture, which comprise the consolidated Balance Sheet as at 31 March 2022 and the consolidated Statement of Profit (including other comprehensive income), the consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and joint venture, as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its joint venture as at 31 March 2022, and its consolidated profit and other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group, and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Emphasis of matter

4. We draw attention to the note 46(4)(A)(j) to these consolidated financial statements, relating to the consolidated financial statements of Bajaj Finance Ltd., a subsidiary of the Holding company, which describes the continuing uncertainties arising from COVID pandemic.

Our opinion is not modified in respect of this matter.

### Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### Key audit matter

### How the matter was addressed in our audit

#### Allowances for expected credit losses ('ECL'):

Refer to the accounting policies in 'Note 46(5) to the consolidated Ind AS financial statements: expected credit loss';

The joint auditors of Bajaj Finance Ltd., a subsidiary of the Holding Company, have reported that 'As at 31 March 2022, the carrying value of loan assets measured at amortised cost, aggregated ₹ 191,423.25 crore (net of allowance of expected credit loss ₹ 4,404.79 crore) constituting approximately 90% of the Group's total assets. Significant judgment is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets is a critical estimate involving greater level of management judgment.

As part of risk assessment, determined that ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the consolidated financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:

- Qualitative and quantitative factors used in staging the loan assets measured at amortised cost;
- Basis used for estimating Probabilities of Default ('PD'), Loss Given Default ('LGD') and exposure at default ('EAD') product level with past trends;
- Judgments used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and
- Adjustments to model driven ECL results to address emerging trends.

'Auditors have examined the policies approved by the Boards of Directors of the Company and of the subsidiary that articulate the objectives of managing each portfolio and their business models. Also verified the methodology adopted for computation of ECL ('ECL Model') that addresses policies approved by the Boards of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment been approved by the Audit Committee of the Board of Directors. Audit procedures related to the allowance for ECL included the following, among others:

Testing the design and operating effectiveness of the following:

- Completeness and accuracy of the Exposure at Default ('EAD') and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied.
- completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio;
- accuracy of the computation of the ECL estimate including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model; and
- validity of changes made to the Structured Query Language ('SQL') queries used for the ECL calculations including approval thereof by the designated officials.

Testing details on a sample basis in respect of the following:

- accuracy and completeness of the input data such as period of default and other related information used in estimating the PD;
- the mathematical accuracy of the ECL computation by using the same input data as used by the group;
- use of the appropriate SQL queries for calibration of ECL rates and its application to the corresponding loan asset portfolio of the group or part thereof;
- completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed.
- evaluating the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL model to ensure that the adjustment was in conformity with the overlay amount approved by the audit committee of the group.

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

### Key audit matter

### How the matter was addressed in our audit

#### Information technology system for the financial reporting and consolidation process

The joint auditors of Bajaj Finance Ltd., a subsidiary of the Holding Company, have reported that

'The Group is dependent on its Information Technology ('IT') systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.

On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting considered to be a key audit matter'

'With the assistance of IT specialists, the auditors obtained an understanding of the Group's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular:

- Tested the design, implementation and operating effectiveness of the Group's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Group's controls over segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit.
- Tested key automated and manual business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statement. Tests including testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.'

#### Other information

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

#### Management's and Board of Director's responsibility for the consolidated financial statements

9. The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements, that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities;



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

the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.
11. The respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of the Group and of its joint venture.

### Auditor's responsibilities for the audit of the consolidated financial statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also
  - 13.1 Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - 13.2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies which are companies incorporated in India have adequate internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls.
  - 13.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - 13.4 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

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

- 13.5 Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 13.6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of the Company. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits conducted by them. We remain solely responsible for our audit opinion.
- 13.7 Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced.
- 13.8 We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.
14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. 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.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other matters

17. The joint auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that 'the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2022 is the responsibility of the Company's Appointed Actuary (the 'Appointed Actuary'). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2022 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', guideline and norms, issued by IRDAI and Institute of Actuaries of India in concurrence with the Authority. BALIC's auditor's have relied upon the Company's Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in special purpose Ind AS financial statements of the Company'. Our opinion is not modified in respect of this matter based on the opinion expressed by the joint statutory auditors of BALIC.

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

18. The joint auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that 'The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2022 has been duly certified by the Appointed Actuary. The Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with guidelines and norms, issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. BAGIC's auditor's have relied upon the Company's Appointed Actuary's certificate in this regard for forming our opinion on the financials statements of the Company'. Our opinion is not modified in respect of this matter based on the opinion expressed by the joint statutory auditors of BAGIC.
19. We did not audit the financial statements of six subsidiaries whose financial statements reflect total assets of ₹ 335,922.61 crore (before consolidation adjustments) as at 31 March 2022, total revenues of ₹ 68,721.13 crore (before consolidation adjustments), total net profit after tax of ₹ 8,693.41 crore (before consolidation adjustments), total comprehensive income of ₹ 8,113.57 crore (before consolidation adjustments) and net cash inflows amounting to ₹ 55.05 crore (before consolidation adjustments) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
20. The consolidated financial statements also include the total share of net loss after tax of ₹ 0.36 crore (before consolidation adjustments) and share of total comprehensive loss of ₹ 0.15 crore (before consolidation adjustments) for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements/financial information have not been audited by us. This financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities, and our report in terms of section 143(3) of the Act in so far as it relates to the aforesaid entities, is based solely on such report of the other auditors.
21. Attention is drawn to the fact that the audited consolidated financial statements of the Company for the year ended 31 March 2021 were audited by erstwhile auditors whose report dated 28 April 2021, expressed an unmodified opinion on those audited consolidated financial statements. Our opinion is not modified in respect of these matters.
22. Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on other legal and regulatory requirements

23. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other matters' paragraph, we report, to the extent applicable, that
  - 23.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

- 23.2 In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- 23.3 The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- 23.4 In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- 23.5 On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- 23.6 With respect to the adequacy of internal financial controls with reference to the consolidated financial statements of the Holding Company, its subsidiary companies, and its joint venture companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- 23.7 In our opinion and according to the information and explanation given to us and based on reports of the statutory auditors of such subsidiary companies and joint venture company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, subsidiaries and joint venture company incorporated in India to its directors is in accordance with the provisions of and the limits laid down under section 197 read with Schedule V of the Act.
24. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as noted in the 'Other Matters' paragraph
- 24.1 The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group, Refer Note 42A to the consolidated financial statements.
- 24.2 Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 5 to the consolidated financial statements in respect of such items as it relates to the Group.
- 24.3 There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, joint venture companies incorporated in India.
- 24.4 The respective Managements of the Company and its subsidiaries and joint venture which are companies incorporated in India, have represented to us that to the best of their knowledge and belief that no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any such subsidiary companies or joint venture to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other

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

persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any such subsidiary companies or joint venture ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

- 24.5 The respective Managements of the Company and its subsidiaries and joint venture which are companies incorporated in India, have represented to us to the best of their knowledge and belief that no funds (which are material either individually or in aggregate) have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any such subsidiary companies or joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- 24.6 Based on reasonable audit procedures adopted by us and those performed by the auditors of the subsidiaries and joint venture, incorporated in India, nothing has come to our notice or other auditors notice that has caused us to believe that the representation under clause (i) and (ii) of the Rule 11(e), as provided under 24.4 and 24.5 above, contains any material misstatement.
- 24.7 In our opinion and according to the information and explanations given to us, the dividend declared during the year the by the Holding Company is in compliance with provisions of Section 123 of the Act.
25. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditors' Report) Order, 2020 (the 'CARO') issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditors' report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and based on our consideration of CARO reports issued by the respective auditors of the Company's such subsidiaries as referred to in paragraph 19 above, we report that there are no qualifications or adverse remarks in these CARO reports .

For Khimji Kunverji & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey  
Partner  
ICAI Membership Number: 044000  
UDIN: 22044000AHYQPB6475

Pune: 28 April 2022

## Annexure A to the Independent Auditors' Report

### Annexure A to the Independent Auditors' report on the Consolidated Financial Statements of Bajaj Finserv Ltd. for the year ended 31 March 2022

(Referred to in paragraph 23.6 under 'Report on other legal and regulatory requirements' section of our report of even date)

#### Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

##### Opinion

1. In conjunction with our audit of the consolidated financial statements of Bajaj Finserv Ltd. as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of Bajaj Finserv Ltd. ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.
2. In our opinion, the Holding Company, and its subsidiary companies and its joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

##### Management's responsibility for internal financial controls

3. The respective company's Management and the Board of Directors of the Holding Company, its subsidiary companies, and its joint venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

##### Auditor's responsibility

4. Our responsibility is to express an opinion on the Holding Company, its subsidiaries, and its joint venture, which are companies incorporated in India, internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk.

## Annexure A to the Independent Auditors' Report (Contd.)

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

### Meaning of internal financial controls with reference to the consolidated financial statements

7. A company's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements includes those policies and procedures that
  - (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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.

### Inherent limitations of internal financial controls with reference to the consolidated financial statements

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

### Other matters

9. The joint auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that 'the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the 'IRDA Financial Statements Regulations'), and has been relied upon by the joint auditors, as mentioned in 'Other Matter' para of their audit report on the financial statements of the BALIC as at and for the year ended 31 March 2022. Accordingly, their opinion on the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the Appointed Actuary and has been relied upon by them. Our opinion is not modified in respect of this matter.
10. The joint auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that 'the actuarial valuation for claims Incurred But Not Reported (IBNR) and claims Incurred But Not

## Annexure A to the Independent Auditors' Report (Contd.)

Enough Reported (IBNER), has been duly certified by the Company's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'Authority') and the Institute of Actuaries of India in concurrence with the Authority, and has been relied upon by the joint auditors, as mentioned in 'Other Matter' paragraph of their audit report on the financial statements of the BAGIC as at and for the year ended 31 March 2022. Accordingly, their opinion on the internal financial controls with reference to financial statements does not include reporting on the design and operating effectiveness of internal controls over such actuarial liabilities. Our opinion is not modified in respect of this matter.

11. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the consolidated financial statements in so far as it relates to ten subsidiary companies, one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates incorporated in India.

For Khimji Kunverji & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey  
Partner  
ICAI Membership Number: 044000  
UDIN: 22044000AHYQPB6475

Pune: 28 April 2022



## Consolidated Balance Sheet

Particulars	Note No.	As at 31 March	
		2022	2021
(₹ In Crore)			
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	4,087.16	2,955.09
Bank balances other than cash and cash equivalents	4	315.87	455.40
Derivative financial instruments	5	136.63	4.14
Trade receivables	6	3,004.81	2,753.07
Loans	7	191,853.14	147,099.91
Investment in a joint venture	8	13.37	13.67
Shareholders' investments	9A	28,499.00	33,569.15
Policyholders' investments	9B	90,709.71	80,071.59
Other financial assets	10	2,738.45	2,538.58
		<b>321,358.14</b>	<b>269,460.60</b>
<b>Non-financial assets</b>			
Current tax assets (net)		311.60	236.55
Deferred tax assets (net)	11A	951.17	945.90
Investment properties	12	35.59	39.73
Property, plant and equipment	13A	1,718.88	1,564.83
Right-of-use assets	13B	592.78	488.70
Capital work-in-progress		53.64	49.57
Intangible assets under development		59.17	79.28
Goodwill on consolidation		689.34	689.34
Other intangible assets	14	548.99	399.50
Other non-financial assets	15	7,399.66	6,210.32
		<b>12,360.82</b>	<b>10,703.72</b>
<b>Total</b>		<b>333,718.96</b>	<b>280,164.32</b>

## Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March	
		2022	2021
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		22.03	13.41
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,986.91	4,164.58
Other payables	17		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		812.95	660.77
Derivative financial instruments	5	219.71	156.09
Debt securities	18	71,505.55	50,769.77
Borrowings (other than debt securities)	19	54,363.56	47,441.20
Deposits	20	30,799.52	25,803.43
Subordinated liabilities	21	3,845.77	3,898.61
Insurance contracts liabilities		85,593.46	75,230.06
Investment contracts liabilities		10,898.95	8,881.18
Lease liabilities	22	664.78	547.84
Other financial liabilities	23	917.90	760.31
		<b>263,631.09</b>	<b>218,327.25</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)		312.40	568.30
Deferred tax liabilities (net)	11B	305.75	319.61
Provisions	24	233.59	226.38
Other non-financial liabilities	25	2,916.21	2,428.80
		<b>3,767.95</b>	<b>3,543.09</b>
<b>EQUITY</b>			
Equity share capital	26	79.57	79.57
Other equity	27	40,167.23	35,750.43
Non-controlling interest		26,073.12	22,463.98
		<b>66,319.92</b>	<b>58,293.98</b>
<b>Total</b>		<b>333,718.96</b>	<b>280,164.32</b>

Summary of significant accounting policies followed by the Group

2

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji &amp; Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan  
Chief Financial OfficerSanjiv Bajaj  
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende  
Company SecretaryMadhur Bajaj  
Director

Pune: 28 April 2022

## Consolidated Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2022	2021
<b>Revenue from operations</b>			
Interest income	28	31,318.91	26,933.22
Dividend income		108.16	87.50
Rental income		4.36	4.94
Fees and commission income	29	2,963.42	2,387.11
Net gain on fair value changes	30	1,058.02	4,828.31
Sale of services	31	340.49	283.78
Premium and other operating income from insurance business		31,429.84	25,759.83
Others	32	1,182.88	306.51
<b>Total revenue from operations</b>		<b>68,406.08</b>	<b>60,591.20</b>
Other income	33	32.90	0.37
<b>Total income</b>		<b>68,438.98</b>	<b>60,591.57</b>
<b>Expenses</b>			
Employee benefits expenses	34	6,559.58	4,698.34
Finance costs	35	9,498.26	9,141.28
Fees and commission expense	36	3,442.04	2,614.37
Impairment on financial instruments	37	4,889.85	5,978.85
Claims incurred pertaining to insurance business		16,384.73	11,864.43
Reinsurance ceded		5,969.74	4,854.81
Net change in insurance/investment contract liabilities		5,754.19	7,976.05
Depreciation, amortisation and impairment	38	562.73	498.46
Other expenses	39	4,106.92	3,102.46
<b>Total expenses</b>		<b>57,168.04</b>	<b>50,729.05</b>
Share of profits/(loss) of joint venture		(0.36)	(0.18)
<b>Profit before tax</b>		<b>11,270.58</b>	<b>9,862.34</b>
Tax expense			
Current tax		2,847.31	2,322.24
Deferred tax		109.74	172.72
Total tax expense	40	2,957.05	2,494.96
<b>Profit after tax</b>		<b>8,313.53</b>	<b>7,367.38</b>
Profit attributable to non-controlling interests		3,756.76	2,896.92
<b>Profit for the year</b>		<b>4,556.77</b>	<b>4,470.46</b>

## Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)

For the year ended 31 March

Particulars	Note No.	For the year ended 31 March	
		2022	2021
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses of defined benefit plans		(21.34)	(35.42)
Tax impacts on above		4.77	9.55
Changes in fair value of equity instruments carried at FVTOCI		33.02	37.63
Tax impacts on above		(8.22)	(17.15)
Items that will be reclassified to profit or loss			
Changes in fair value of debt securities carried at FVTOCI		(787.65)	(159.22)
Tax impacts on above		152.05	13.35
Derivative instruments in cash flow hedge relationship		64.37	(20.52)
Tax impacts on above		(18.25)	5.25
<b>Other comprehensive income for the year (net of tax)</b>		<b>(581.25)</b>	<b>(166.53)</b>
<b>Total comprehensive income for the year</b>		<b>7,732.28</b>	<b>7,200.85</b>
<b>Profit attributable to</b>			
Owners of the company		4,556.77	4,470.46
Non-controlling interests		3,756.76	2,896.92
<b>Total comprehensive income attributable to</b>			
Owners of the company		4,118.82	4,360.32
Non-controlling interests		3,613.46	2,840.53
Basic Earnings per share (in ₹)	41	286.3	280.9
Diluted Earnings per share (in ₹)	41	286.3	280.9
(Nominal value per share ₹ 5)			

Summary of significant accounting policies followed by the Group 2

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji &amp; Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan  
Chief Financial OfficerSanjiv Bajaj  
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende  
Company SecretaryMadhur Bajaj  
Director

Pune: 28 April 2022

## Consolidated Statement of Changes in Equity

### A Equity share capital

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2022	2021
At the beginning of the year		79.57	79.57
Changes in equity share capital during the year		-	-
<b>At the end of the year</b>	26	<b>79.57</b>	<b>79.57</b>

## Consolidated Statement of Changes in Equity (Contd.)

## B Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus				Other comprehensive income			Total non-controlling interest	Total				
		Securities premium	General reserve	Reserve fund in terms of section 45-1C(i) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 29C of the National Housing Bank Act, 1987	Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	Share based payments reserve	Treasury shares			Retained earnings	Equity instruments through other comprehensive income	Debt and hedge instruments through other comprehensive income	Total attributable to equity holders of the parent
<b>Balance as at 1 April 2020</b>	27	9,355.72	2,078.76	1,835.96	41.56	22.00	142.56	(200.17)	7,254.91	(36.40)	726.78	31,221.68	19,560.15	50,781.83
Profit for the year		-	-	-	-	-	-	-	4,470.46	-	-	4,470.46	2,896.92	7,367.38
Other comprehensive income (net of tax)		-	-	-	-	-	-	-	(12.94)	12.03	(109.23)	(110.14)	(56.39)	(166.53)
<b>Total comprehensive income for the year ended 31 March 2021</b>		-	-	-	-	-	-	-	<b>4,457.52</b>	<b>12.03</b>	<b>(109.23)</b>	<b>4,360.32</b>	<b>2,840.53</b>	<b>7,200.85</b>
Issue of equity share capital		64.49	-	-	-	-	-	-	-	-	-	64.49	74.17	138.66
Transfer to Reserve Fund in terms of section 45(C)(i) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act, 1987		-	-	417.72	37.60	-	-	-	(455.32)	-	-	-	-	-
Transfer to Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		-	-	-	-	22.15	-	-	(22.15)	-	-	-	-	-
Interim dividend, declared and paid during the year		-	-	-	-	-	-	-	-	-	-	-	(81.64)	(81.64)
Recognition of share based payments to employees		-	-	-	-	-	113.92	-	-	-	-	113.92	60.69	174.61
Transfer on exercise of option		18.29	-	-	-	-	(18.29)	-	-	-	-	-	(16.39)	(16.39)
Realisation from treasury shares held by ESOP trust		-	-	-	-	-	-	15.95	-	-	-	15.95	-	15.95
Transfer on cancellation of stock options		-	0.28	-	-	-	-	-	-	-	-	0.28	0.26	0.54
Adjustment because of change in shareholding in subsidiary		(13.31)	(0.62)	(2.82)	(0.06)	(0.03)	(0.17)	-	(9.26)	0.05	0.01	(26.21)	26.21	-
<b>Balance as at 31 March 2021</b>	27	<b>9,425.19</b>	<b>2,078.42</b>	<b>2,250.86</b>	<b>79.10</b>	<b>44.12</b>	<b>238.02</b>	<b>(184.22)</b>	<b>21,225.70</b>	<b>(24.32)</b>	<b>617.56</b>	<b>35,750.43</b>	<b>22,463.98</b>	<b>58,214.41</b>

## Consolidated Statement of Changes in Equity (Contd.)

## B Other equity (Contd.)

(₹ In Crore)

Particulars	Note No.	Reserves and surplus				Other comprehensive income				Total non-controlling interest	Total	
		General reserve	Reserve fund in terms of section 45-IC(i) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 29C of the National Housing Bank Act, 1987	Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	Share based payments reserve	Treasury shares	Retained earnings	Equity instruments through other comprehensive income			Debt and hedge instruments through other comprehensive income
Profit for the year		-	-	-	-	4,556.77	-	-	-	4,556.77	3,756.76	8,313.53
Other comprehensive income (net of tax)		-	-	-	-	(11.89)	19.88	(445.94)	-	(437.95)	(143.50)	(581.25)
<b>Total comprehensive income for the year ended 31 March 2022</b>		-	-	-	-	<b>4,544.88</b>	<b>19.88</b>	<b>(445.94)</b>	-	<b>4,118.82</b>	<b>3,613.46</b>	<b>7,732.28</b>
Issue of equity share capital		235.19	-	-	-	-	-	-	-	235.19	209.29	444.48
Share issue expenses		(0.01)	-	-	-	-	-	-	-	(0.01)	(0.01)	(0.02)
Transfer to Reserve Fund in terms of section 45(i) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act, 1987		-	667.20	43.01	-	(710.21)	-	-	-	-	-	-
Transfer to infrastructure Reserve in terms of section 36 (1) (viii) of the Income tax Act, 1961		-	-	-	31.50	(31.50)	-	-	-	-	-	-
Final dividend, declared and paid during the year		-	-	-	-	(47.74)	-	-	-	(47.74)	(353.55)	(401.29)
Recognition of share based payments to employees		-	-	-	-	-	182.12	-	-	182.12	78.01	260.13
Transfer on exercise of option		(6.20)	-	-	-	6.20	(41.33)	-	-	(41.33)	(33.96)	(75.29)
Realisation from treasury shares held by ESOP trust		-	-	-	-	-	64.25	-	-	64.25	-	64.25
Transfer on cancellation of stock options		-	-	-	-	-	-	-	-	-	0.07	0.15
Adjustment of dividend to ESOP trust		-	-	-	-	0.66	-	-	-	0.66	0.59	1.25
Adjustment because of change in shareholding in subsidiary		(42.25)	(10.82)	(0.37)	(0.21)	(38.20)	0.13	0.11	0.11	(95.24)	95.24	-
<b>Balance as at 31 March 2022</b>	27	<b>9,611.92</b>	<b>2,907.24</b>	<b>121.74</b>	<b>75.41</b>	<b>24,949.79</b>	<b>(4.31)</b>	<b>171.73</b>	<b>40,167.23</b>	<b>26,073.12</b>	<b>66,240.35</b>	

Summary of significant accounting policies followed by the Group

2

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji & Co LLP  
Chartered Accountants

Sanjiv Bajaj

S Sreenivasan  
Chief Financial Officer

Chairman &amp; Managing Director

ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey  
Partner

ICAI Membership Number: 044000

Madhur Bajaj

Director

Uma Shende

Company Secretary

Pune: 28 April 2022

## Consolidated Statement of Cash Flows

(₹ In Crore)

For the year ended 31 March

Particulars	2022	2021
<b>I. Operating activities</b>		
Profit before tax	11,270.58	9,862.34
<b>Adjustments for</b>		
Interest income	(31,318.91)	(26,933.22)
Dividend income	(108.16)	(87.50)
Rental income	(4.36)	(4.94)
Unwinding of discount on security deposit	(0.69)	(0.45)
Realised gain on sale of investment	(369.65)	(235.43)
Depreciation and amortisation	562.73	498.46
Share of (profit)/loss of joint venture	0.36	0.18
Impairment on financial instruments	4,889.85	5,978.85
Net (gain)/loss on disposal of property, plant and equipment	(7.53)	7.90
Finance costs	9,498.26	9,141.28
Share based payment to employees	255.84	177.91
Net gain on financial instruments at fair value through profit or loss	(1,058.02)	(4,828.31)
Interest from loans (other than financing activity)	(44.22)	(35.24)
Remeasurement gain/(loss) on defined benefit plans	0.91	3.38
Service fees for management of assigned portfolio of loans	(74.96)	(157.53)
Provision for doubtful debts	(0.09)	(1.44)
Cash inflow from service asset	86.25	73.65
Cash inflow from interest on loans under financing activity	27,605.27	21,342.24
Cash outflow towards finance cost	(8,961.17)	(9,099.15)
<b>Cash from operation before working capital changes</b>	<b>12,222.29</b>	<b>5,702.98</b>
<b>Working capital changes</b>		
(Increase)/decrease in trade receivables	(424.55)	251.85
(Increase)/decrease in loans	(49,594.36)	(9,007.33)
(Increase)/decrease in other financial assets	(216.53)	(637.78)
(Increase)/decrease in other non-financial assets	(179.39)	(81.85)
(Increase)/decrease in re-insurance assets	(787.12)	(721.95)
Increase/(decrease) in trade payables	780.30	336.01
Increase/(decrease) in other payables	(714.88)	805.49
Increase/(decrease) in other financial liabilities	185.11	90.72
Increase/(decrease) in provisions	0.29	19.14
Increase/(decrease) in other non-financial liabilities	508.29	122.14
Increase/(decrease) in insurance contract liabilities	7,726.06	9,788.49
Income tax paid (net of refunds)	(3,175.50)	(2,120.51)
<b>Net cash flows from/(used in) operating activities</b>	<b>(33,669.99)</b>	<b>4,547.40</b>



**Consolidated Statement of Cash Flows** (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	<b>2022</b>	<b>2021</b>
<b>II. Investing activities</b>		
Purchase of property, plant and equipment	(651.18)	(293.02)
Proceeds from sale of property, plant and equipment	159.86	19.03
Purchase of intangible assets	(258.62)	(177.83)
Purchase of investments measured at amortised cost	(111,465.51)	(97,444.32)
Proceeds from investments measured at amortised cost	101,027.25	87,499.87
Expenses related to investments	(9.88)	(6.81)
Purchase of investments measured at FVTOCI	(3,291.40)	(3,004.37)
Proceeds from sale of investments measured at FVTOCI	2,081.76	2,082.54
Purchase of investments measured at FVTPL	(226,925.43)	(234,628.04)
Proceeds from sale of investments measured at FVTPL	235,388.89	237,322.50
Loan against policies	(36.64)	(36.30)
Rent/interest/dividend received	4,968.61	4,770.00
Interest received on investment measured at FVTPL and FVTOCI	400.58	226.70
Fixed deposits placed during the year	(516.11)	(355.27)
Fixed deposits matured during the year	509.00	325.57
(Investment in)/realisation from treasury shares by ESOP trust	64.25	15.95
<b>Net cash flows from/(used in) investing activities</b>	<b>1,445.43</b>	<b>(3,683.80)</b>

## Consolidated Statement of Cash Flows (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
<b>III. Financing activities</b>		
Issue of equity share capital (including securities premium)	172.90	103.22
Dividends paid	(400.30)	(82.50)
Deposits received, net	4,784.07	4,246.41
Short term borrowing availed (net)	4,702.39	4,937.14
Long-term borrowing availed	41,166.52	(7,142.32)
Long-term borrowing repaid	(17,889.57)	(228.72)
Payment of lease liability	(210.25)	(146.28)
<b>Net cash flow from financing activities</b>	<b>32,325.76</b>	<b>1,686.95</b>
Net change in cash and cash equivalents	101.20	2,550.55
Cash and cash equivalents at the beginning of the year	7,811.88	5,261.33
Cash and cash equivalents at year end *	7,913.08	7,811.88

### \* Cash and cash equivalents at year end

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Cash and cash equivalents as per note 3	4,087.16	2,955.09
Other short-term liquid investment	3,896.16	4,867.42
Temporary overdraft, units receivable and others	(70.24)	(10.63)
	<b>7,913.08</b>	<b>7,811.88</b>

Summary of significant accounting policies followed by the Group 2

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan  
Chief Financial Officer

Sanjiv Bajaj  
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende  
Company Secretary

Madhur Bajaj  
Director

Pune: 28 April 2022

Notes to consolidated financial statements for the year ended 31 March 2022

## 1A Principles of consolidation and equity accounting

The consolidated financial statements include financial statements of the following subsidiaries and joint venture of Bajaj Finserv Ltd., consolidated in accordance with Ind AS 110 'Consolidated Financial Statements' and Ind AS 28 'Investments in Associates and Joint Ventures'. The consolidated financial statements comprise financial statements of Bajaj Finserv Ltd. (the 'Company', the 'Holding Company' or the 'Parent'), its subsidiaries and joint venture (collectively, the 'Group') for the year ended 31 March 2022.

<b>Name of the company</b>	<b>Country of incorporation</b>	<b>% Shareholding of Bajaj Finserv Ltd.</b>	<b>Consolidated as</b>
Bajaj Allianz General Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Allianz Life Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Finance Ltd. *	India	52.49%	Subsidiary
Bajaj Finserv Direct Ltd. #	India	80.10%	Subsidiary
Bajaj Finserv Health Ltd.	India	100%	Subsidiary
Bajaj Finserv Ventures Ltd.	India	100%	Subsidiary
Bajaj Finserv Mutual Fund Trustee Ltd.	India	100%	Subsidiary
Bajaj Finserv Asset Management Ltd.	India	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd. **	India	50%	Joint Venture

\* The consolidated financial statements of Bajaj Finance Ltd. includes 100% interest in both, Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd. as a subsidiary.

\*\* The consolidated financial statements of Bajaj Allianz Financial Distributors Ltd. include 100% interest in Bajaj Allianz Staffing Solutions Ltd.

# The remaining 19.90% shareholding is held by Bajaj Finance Ltd.

### i. Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated financial Statement of Profit and Loss and Balance Sheet respectively.

### ii. Joint venture

Interests in joint ventures are accounted for using the equity method, after initially being recognised at the cost in the consolidated Balance Sheet. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

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

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### 1B Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying

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

amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### 1C Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines / regulations to the extent applicable on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR, which is also the Group's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements to which these consolidated financial statements are attached.

The financial statements of the two insurance companies have been adjusted for giving effects of Ind AS (notified under Section 133 of the Companies Act, 2013); (the special purpose Ind AS Financial Statements) and hence, would vary from those prepared for statutory purposes under the Insurance Act, 1938 and IRDAI (Preparation of Financial Statements and Auditors Report) regulations, 2002.

However, no adjustments have been made to the financial statements of the two insurance subsidiaries on account of diverse accounting policies to the extent they are specific to insurance companies as and are required by regulations which are in contrast to that of Bajaj Finserv Ltd. and hence not practicable to do so. Also, differences in accounting policies followed by the other entities consolidated have been reviewed and adjustments have been made, only if these differences are material and significant.

Accounting Policies followed by the subsidiaries and joint ventures consolidated herein, to the extent they are different and unique are stated in note 2A below.

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent

### A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC)

#### Basis of preparation

The Special Purpose Ind AS Financial Statements ('Financial Statements') of the two Insurance subsidiaries have been prepared in accordance with the measurement and recognition principles of Ind AS framework (Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) prescribed under section 133 of the Companies Act, 2013), and other recognised accounting practices and policies including directions given in the Master circular on Preparation of Financial Statements and Filing of Returns of Life and General Insurance Business ('the Master circular') and other circulars issued by the IRDAI from time to time, to the extent they were not inconsistent with Ind AS.

The special purpose financial statements of the two insurance subsidiaries have been prepared on a historical cost basis except the following items, which are measured on alternative basis on each reporting date

- Certain financial assets and liabilities that are measured at fair value
- Insurance liabilities which are measured basis principles and methodologies specified by the regulator in existing regulations
- Employee share based payment obligation which is measured at fair value
- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation

#### 1. Product classification

**Insurance contracts** are those contracts when the insurer has accepted significant insurance risk from the policyholders' by agreeing to compensate the policyholders' if a specified uncertain future event adversely affects the policyholders'. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid on the occurrence of an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Further, as suggested by IRDAI working committee report dated 29 December 2016, at least one of the below thresholds have been used to classify each Life Insurance product as 'Insurance' or 'Investment' contracts

- At least 5% of the Fund Value at any time during the life on the contract for unit linked products, or
- At least 5% of the annualised premium or single premium, as the case may be, at any time during the life on the contract for other than unit linked products, or
- Ratio of Expected Present Value (EPV) of death benefits to EPV of Other than death benefits is at least 5% measured at the inception of the policy.

**Investment contracts** are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Financial Instruments (investment contracts) are required to be separated from insurance contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

Life insurance and investment contracts are further classified as being either with or without Discretionary Participating Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing of which is contractually at the discretion of the issuer;
- That are contractually based on
  - The performance of a specified pool of contracts or a specified type of contract
  - Realised and or unrealised investment returns on a specified pool of assets held by the issuer
  - The profit or loss of the Company, fund or other entity that issues the contract.

## 2. Property, plant and equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight line basis over the estimated useful lives of the following classes of assets

Property	No. of years
Buildings	60 years
Electrical fittings *	10 years
Furniture and fittings	10 years
Information technology equipment (including computers)	3 years
Server and networks	6 years
Air conditioner	5 years
Vehicles (in common use)	8 years
Vehicles (in use by specified employees) **	4 years
Office equipment	5 years
Mobile phones/Tablets	2 years
Leasehold improvements	Over the balance period of lease

\* Electrical fittings installed at leased premises are depreciated over an estimated useful life of 3 years

\*\* Useful life of vehicle allotted to the employees is considered 4 years as per management estimation.

Lease hold improvements to leased properties are depreciated over the primary period of lease which is generally 3 years.

Assets costing individually less than ₹ 5,000 are depreciated fully in the year of acquisition.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

#### 3. Investments – Life Insurance

Basis the Life Insurance Company's evaluation of the business model/segment to which the investments pertain, the financial assets are classified as follows

Particulars	ULIPs *	Participating funds	Non-participating funds	Shareholders' fund
• Debt securities		Designated as		
• Government securities	FVTPL	FVTPL	FVTOCI #	FVTOCI
• Fixed deposits				
• Tri-party Repo (TREP)			Amortised cost	
• Financial assets other than investments				
• Equity shares ##				
• ETF's				
• Mutual fund			FVTPL	
• AT1 Bonds				
• Security receipts				
• Venture capital fund/AIF				

\* Unit Linked Insurance Plans

# Effective from 1 April 2021, debt instruments held under Non-Par Group fund portfolio are being considered as 'Designated as FVTPL'

## Certain equity investments in Shareholders' fund that are not held for trading have been classified as FVTOCI

#### 4. Investments – General Insurance

Particulars	Policyholders' funds	Shareholders' fund
• Debt securities		
• Government securities	FVTOCI	FVTOCI
• Equity shares		
• Fixed deposits		
• Financial assets other than investments	Amortised cost	Amortised cost
• Equity shares		
• Mutual fund	FVTPL	FVTPL
• AT1 Bonds		

#### 5. Financial assets at FVTOCI

Financial assets at FVTOCI – Debt instruments

Financial assets are measured at FVTOCI when both of the following conditions are met

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test.

Financial assets in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.



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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)**

FVTOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income are recognised in Statement of Profit and Loss in the same manner as for financial assets measured at amortised cost. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to Statement of Profit and Loss.

Financial assets at FVTOCI – Equity instruments

On initial recognition of equity instruments that is not held for trading, BAGIC/BALIC may irrevocably elect to present subsequent changes in the instrument's fair value in OCI (FVTOCI – equity investment). This election is made on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to Statement of Profit and Loss. Dividends are recognised in Statement of Profit and Loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

## **6. Financial liabilities**

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entity's own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

### **Initial measurement**

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

### **Subsequent measurement**

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

### **Derecognition**

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

## **7. Derivative instruments**

Interest rate derivative contracts for hedging of highly probable forecasted transactions on insurance contracts and investment cash flows in life, pension and annuity business, are accounted for in the manner specified in accordance with Ind AS 109.

A Forward Rate Agreement ('FRA') transaction is that whereby BALIC fixes the yield on the specific government bond for the period till the maturity of the contract. BALIC has entered in FRAs to hedge interest rate risk on highly probable forecasted cash flows. As on the date of entering into the FRA, BALIC locks in the yield of the reference security and thereby hedges the risk of lower yield in the future.

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)**

For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect Statement of Profit and Loss.

At the inception of the transaction, BALIC documents the relationship between the hedging instruments and hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction and the methods used to assess the hedge effectiveness. BALIC also documents its assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item.

Hedge effectiveness is the degree to which changes in cash flow of the hedged item that are attributable to a hedged risk are offset by changes in the cash flows of the hedging instrument. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter.

On each reporting date, FRA contract is valued at the difference between the market value of underlying bond at the spot reference yield taken from the Securities Exchange Board of India ('SEBI') approved rating agency and present value of contracted forward price of underlying bond including present value of intermediate coupon inflows from valuation date till FRA contract settlement date, at applicable INR-Overnight Index Swap (OIS) rate curve.

The portion of fair value gain/loss on the interest rate derivative that is determined to be an effective hedge is recognised in OCI within equity as 'Cash Flow Hedge Reserve'. The ineffective portion of the change in fair value of such instruments is recognised in the Statement of Profit and Loss in the period in which they arise. The accumulated gains or losses that were recognised directly in the cash flow hedge reserve are reclassified into Statement of Profit and Loss, in the same period during which the income from hedged forecasted cash flows affect the Statement of Profit and Loss (such as in the periods that income on the investments acquired from underlying forecasted cash flow is recognised in the Statement of Profit and Loss). If the hedging relationship ceases to be effective or it becomes probable that the expected forecast transaction will no longer occur, hedge accounting is discontinued and accumulated gains or losses that were recognised directly in the cash flow hedge reserve are reclassified into Statement of Profit and Loss. Costs associated with derivative contracts are considered as a point in time cost.

All derivatives are initially recognised in the Balance Sheet at their fair value, which usually represents their cost. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. The notional or contractual amount associated with derivative financial instruments are not recorded as assets or liabilities in the Balance Sheet as they do not represent the fair value of these transactions.

## **8. Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the appropriate effective interest rate. ECLs are measured in a three-stage approach on financial assets measured at amortised cost and FVTOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

- Significant financial difficulty of the issuer of security
- A breach of contract such as default or past due event
- Issuer of security may enter bankruptcy or financial reorganisation
- Disappearance of an active market for a security because of financial difficulties
- Downgrade of rating of the security.

ECL are a probability weighted estimate of credit losses measured by, determining the probability of default ('PD') and loss given default ('LGD'). For financial assets, PD has been computed by using a ratings based matrix. The loss allowance has been measured using ECL except for financial assets which are

- Government securities and other securities backed by GOI Securities
- Loans to policyholder since it is backed by the policy's surrender value
- Any receivable from stock exchanges like BSE/NSE since the exchange guarantees settlement
- Reinsurance assets as specified by the report of the Committee on Risk based capital.

The ECL for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the Balance Sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to Statement of Profit and Loss. The accumulated gain recognised in OCI is recycled to the Statement of Profit and Loss upon de-recognition of the assets.

## 9. Impairment of non-financial assets

At each balance sheet date, management assesses whether there is any indication, based on internal/external factors, that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An assessment is made at the balance sheet date to see if there is an indication that a previously assessed impairment loss no longer exists or may have decreased. If such indication exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount, subject to maximum of depreciable historical cost. After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

## 10. Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. After initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the Statement of Profit and Loss.

Insurance receivables are derecognised when the derecognition criteria for financial assets, have been met.

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)**

#### **11. Insurance contract liabilities**

Insurance contract liabilities have been computed using a gross premium valuation method, as prescribed under the Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of Life Insurance Business) Regulations, 2016. Derivatives embedded in an insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as an insurance contract. In this case the entire contract is measured as described above.

#### **12. Investment contract liabilities**

Investment contracts are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities. Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged.

Investment contract liabilities other than unit-linked business are recorded at amortised cost.

The measurement of investment contracts without discretionary participation features is carried out in accordance with Ind AS 109 to reflect the deposit nature of the arrangement, with premiums and claims reflected as deposits and withdrawals and reflected in the balance sheet.

#### **13. Undistributed participating policyholders' surplus (UPPS)**

Undistributed participating policyholders surplus includes the amount of unappropriated profits held based on the recommendations of the Panel Actuary. Transfers to and from the fund reflect the excess or deficit of income over expenses respectively and appropriations in each accounting period arising in the Company's participating policyholders' fund. Any allocation of bonus to the participating policyholders would also give rise to a transfer to shareholders' profit and loss account in the required proportion. All UPPS at the end of the reporting period are held within insurance contract liabilities.

#### **14. Revenue recognition**

For life insurance business, premium is recognised on insurance contracts and investment contracts with DPF as income when due from policyholders. On unit linked policies, premium is recognised when associated units are created. In case of Variable Insurance Products (VIPs), premium income is recognised on the date when policy account value is credited. In accordance with the terms of insurance policies, uncollected premium on lapsed policies is not recognised as income until revived. Top Up/Lump sum contributions are accounted as a part of single premium and recognised as income when the associated units are created.

Income from unit linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, if any, are recovered from the unit linked funds in accordance with terms and conditions of policies issued and are recognised when due.

For General insurance business, premium (net of GST), including reinstatement premium on direct business and reinsurance accepted, is recognised as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for instalment cases, it is recognised on instalment due dates. Any subsequent revisions to premium are recognised in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)**

In case of long-term motor insurance policies, premium is recognised on a yearly basis as mandated by IRDAI. Crop insurance premium under government schemes are recognised in accordance with contractual obligations where there is reasonable certainty of its ultimate collectability.

Reinsurance premium in respect of proportional reinsurance is ceded at the commencement of the risk over the contract period or the period of risk. Non-proportional reinsurance premium is ceded when incurred and due.

Any subsequent revisions to, refunds or cancellations of premiums are recognised in the year in which they occur.

BAGIC cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Any subsequent revisions to, in case of General Insurance business, refunds or cancellations of premiums are recognised in the year in which they occur.

Gains or losses on buying reinsurance are recognised in the Statement of Profit and Loss immediately at the date of purchase and are not amortised.

Ceded reinsurance arrangements do not relieve BAGIC from its obligations to policyholders.

#### **Premium received in advance**

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

#### **Reinsurance accepted**

Reinsurance inward acceptances are accounted for based on reinsurance slips accepted from the reinsurers.

BAGIC also assumes reinsurance risk in the normal course of business for insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

## **15. Investment income**

Interest income is recognised in the Statement of Profit and Loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)**

#### **16. Life insurance contract liabilities**

For Life Insurance business, benefits paid comprise of policy benefits and claim settlement costs.

Death and rider claims are accounted for on receipt of intimation. Survival, maturity and annuity benefits are accounted when due as per the terms of the contract with the policyholder.

Withdrawals and surrenders under non-linked policies are accounted on the receipt of intimation.

Withdrawals and surrenders under unit linked policies are accounted when the associated units are cancelled. Surrender charges recovered, if any, are netted off against the claim expense incurred.

Reinsurance recoveries are accounted for in the same period as the related claims and are presented separately from the claim expense incurred. Repudiated claims disputed before judicial authorities are provided for based on the best judgment of the Management considering the facts and evidence in respect of each such claim.

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as reductions of the investment contract liabilities.

#### **17. Non-life insurance contract liabilities**

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

##### **Unearned premiums**

The provision for unearned premiums in general insurance business represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the Statement of Profit and Loss by setting up a provision for premium deficiency.

##### **Reserve for unexpired risk (URR)**

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of marine hull business and in case of other line of business based on net premium written on all unexpired policies at balance sheet by applying 1/365th method on the unexpired period of respective policies.

#### 18. a. Claims incurred

For General Insurance business, claims are recognised as and when reported. Claims incurred comprises claims paid and includes survey fees, legal expenses and other costs directly attributable to claims.

Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) are charged to the respective revenue account when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognised at the time of sale.

Amounts received/receivable from the reinsurers and co-insurers, under the terms of the reinsurance and co-insurance arrangements respectively, are recognised together with the recognition of the claim under recoveries from reinsurers-claims.

#### b. IBNR and IBNER (Claims incurred but not reported and claims incurred but not enough reported)

Incurred But Not Reported (IBNR) reserve is a provision for all claims that have occurred prior to the end of the current accounting period but have not been reported to the Company. The IBNR reserve also includes provision for claims Incurred But Not Enough Reported (IBNER). The said liability is determined by Appointed Actuary based on actuarial principles. The actuarial estimate is derived in accordance with relevant IRDAI regulations and guidance note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

## 19. Leases

### Where BAGIC/BALIC is the lessee

The Company's lease asset classes primarily consist of leases for office buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ('ROU') and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)**

the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses (if any). Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **Where the BAGIC/BALIC is the lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of the ownership of assets are classified as operating leases. Lease income of operating asset is recognised in the Statement of Profit and Loss on accrual basis and does not include any notional rent.

## **20. Employee benefits**

Defined Contribution Plan

National Pension Scheme Contributions

For eligible employees, the Group makes contributions to National Pension Scheme. The contributions are charged to the Statement of Profit and Loss, as relevant, in the year the contributions are made.

## **21. Acquisition cost**

Acquisition costs, defined as costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts viz., commission, policy issue expenses etc., are expensed in the year in which they are incurred. In case of long-term motor insurance policies, commission is expensed at the applicable rates on the premium allocated for the year.

## **22. Key assumptions made**

### **a. Valuation of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgments and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.



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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **A. Bajaj Allianz Life Insurance Company Ltd. (BALIC) and Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)**

#### **b. Valuation of life insurance contract liabilities**

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect Management's best current estimate of future cash flows. The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

#### **c. Valuation of investment contract liabilities without DPF**

Fair values of unitised investment contracts are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund.

Fair values of non-unitised investment contract are determined by using valuation techniques, such as discounted cash flow methods and stochastic modelling. A variety of factors are considered in these valuation techniques, including time value of money, volatility, policyholder behaviour, servicing cost and fair value of similar instruments.

## **23. Foreign currency translation**

For General Insurance business, transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

## **24. Net change in insurance contract liabilities**

For General Insurance business, net change in insurance contract liabilities comprises of change in the outstanding provision of claims and estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER').

Provision is made for estimated value of outstanding claims at the balance sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid against each claim, as anticipated and estimated by the Management in light of past experience and subsequently modified for changes, as appropriate.

### **B. Bajaj Finance Ltd. and its subsidiaries (BFL)**

#### **1. Estimation of impairment allowance**

Estimates and associated assumptions used for determining the impairment allowance on the BFL's financial assets, are based on historical experience and other emerging factors which may also influence the expected credit loss. BFL 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. BFL believes that the factors considered are reasonable under the current circumstances and information available.

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)**

#### **2. Revenue recognition**

##### **a) Interest income**

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

BFL calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, BFL recognises interest income on the amortised cost net of impairment loss of financial assets at EIR. If financial asset is no longer credit-impaired, BFL reverts to calculating interest income on a gross basis.

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

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

##### **b) Fees and commission**

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

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

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

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

##### **c) Sale of services**

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

Other revenues on sale of services are recognised as per Ind AS 115 - 'Revenue from contracts with customers'.

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

#### d) Recoveries of financial assets written off

BFL 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.

### 3. 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.

### 4. Financial assets

#### Debt instruments at FVTPL

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

BFL's investments into mutual funds, Government securities and certificate of deposits for trading and short term cash flow management have been classified under this category.

#### Debt instruments at FVTOCI

BFL classifies its financial assets as FVTOCI, only if both of the following criteria are met

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

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

Debt instruments such as long-term investments in Government securities to meet regulatory liquid asset requirement of the BFL's deposit program and mortgage loans portfolio where the BFL periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVTOCI.

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

#### Equity instruments at FVTOCI

All equity investments in scope of Ind AS 109 'Financial instruments' are measured at fair value. BFL has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVTOCI are not subject to an impairment assessment.

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)**

#### **5. Financial liabilities**

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entity's own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

##### **Initial measurement**

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

##### **Subsequent measurement**

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

##### **Derecognition**

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

##### **Finance costs**

Borrowing costs on financial liabilities are recognised using the EIR explained above.

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

##### **Measurement of lease liability**

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

- increased by interest on lease liability;
- reduce by lease payments made; and
- remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

##### **Measurement of right-of-use assets**

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

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

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

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

#### 6. Expected credit loss

Expected credit losses ('ECL') are recognised for financial assets held under amortised cost, debt instruments measured at FVTOCI, and certain loan commitments as approved by BFL board and internal policies for business model.

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

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

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

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery. BFL may apply enforcement activities to certain qualifying financial assets written off.

#### Credit impaired (stage 3)

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

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

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 of 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.

#### 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

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

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

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. BFL has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behavioural score cards and other performance indicators, determined statistically.

#### Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including 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.

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

- Determination of PD is covered above for each stage 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.

BFL recalibrates above components of its ECL model on a periodical basis (except in case of short-term abnormal scenarios) by using the available incremental and recent information as well as assessing changes to its statistical techniques for a granular estimation of ECL.

## 7. Business combinations under common control

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. BFL accounts for business combinations under common control as per the pooling of interest method.

The pooling of interest method involves the following

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

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

## 2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

### B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)

- The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

### 8. Derivative financial instruments

During the financial year ended 31 March 2020, BFL had entered into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by BFL are Cross Currency Interest Rate Swaps (CCIRS). Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. BFL has designated derivatives as cash flow hedges of a recognised liability and has no fair value hedges. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

#### Hedge accounting

BFL makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, BFL applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, BFL formally designates and documents the hedge relationship to which BFL wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the BFL's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how BFL would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows

#### Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss.

When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

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

## **2A Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)**

### **B. Bajaj Finance Ltd. and its subsidiaries (BFL) (Contd.)**

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

### **9. Change in accounting estimates**

- During the year ended 31 March 2022, BFL has revised its estimate with respect to write off for certain overdue positions based on assessment of recoverability. Had BFL applied the estimates followed in the previous year, the profit before tax for the period would have been higher by ₹ 98.52 crore.
- Pursuant to the RBI circular dated 12 November 2021 – 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications', the Group has aligned its definition of default from number of instalments outstanding approach to Days Past Due approach. On 15 February 2022, RBI allowed deferment till 30 September 2022 of para 10 of this circular pertaining to upgrade of non-performing accounts. However, the Group has not opted for this deferment and such alignment does not have any significant impact on the financial results for the year ended 31 March 2022.



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

### 3 Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Balances with banks	1,273.09	2,007.64
Cash on hand	54.27	57.44
Cash equivalents		
Cheques, drafts on hand	109.42	119.61
Deposits with original maturity for less than three months	2,650.38	770.40
	4,087.16	2,955.09

### 4 Bank balances other than cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	44.53	42.50
Deposits with original maturity for more than three months	271.34	412.90
	315.87	455.40

### 5 Derivative financial instruments

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Fair value assets</b>		
Cross Currency Interest Rate Swaps [Notional amount - ₹ 5,382.16 crore (Previous year - ₹ Nil)]	121.90	-
Forward rate contracts [Notional amount - ₹ 1,766.85 crore (Previous year - ₹ 670.51 crore)]	14.73	4.14
	136.63	4.14
<b>Fair value liabilities</b>		
Cross Currency Interest Rate Swaps [Notional amount - ₹ 5,382.16 crore (Previous year - ₹ 5,382.16 crore)]	140.02	137.87
Forward rate contracts [Notional amount - ₹ 4,518.23 crore (Previous year - ₹ 1,796.00 crore)]	79.69	18.22
	219.71	156.09

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

## 6 Trade receivables

(Unsecured, considered good)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Interest subsidy receivables	677.16	450.65
Outstanding premiums	1,439.08	1,490.36
Others	888.57	812.06
	<u>3,004.81</u>	<u>2,753.07</u>

No trade receivable are due from directors or other officers of the group either severally or jointly with any other person nor from any firms or private companies respectively in which any director is a partner, a director or a member

Trade receivables are non-interest bearing.

### Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	
<b>31 March 2022</b>						
Undisputed trade receivables – considered good	878.49	1,779.25	255.66	8.10	54.30	2,975.80
Undisputed trade receivables – credit impaired	-	14.17	0.70	0.82	0.29	15.98
Unbilled dues	13.03	-	-	-	-	13.03
<b>31 March 2021</b>						
Undisputed trade receivables – considered good	856.90	1,820.80	14.79	53.49	0.30	2,746.28
Undisputed trade receivables – credit impaired	-	3.24	2.11	0.25	0.39	5.99
Unbilled dues	0.80	-	-	-	-	0.80

## 7 Loans

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Loans under financing activity [See note 46(5)]	191,338.19	146,633.88
<b>Unsecured, considered good</b>		
Loan against policies (at amortised cost)	520.27	470.80
Less: Impairment loss allowance	5.32	4.77
	<u>191,853.14</u>	<u>147,099.91</u>

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

**8 Investment in a joint venture**

Particulars	(₹ In Crore)
	<b>At Cost</b>
<b>As at 31 March 2022</b>	
Equity instruments	
joint venture	13.37
<b>Total</b>	<b>13.37</b>
<b>As at 31 March 2021</b>	
Equity instruments	
joint venture	13.67
<b>Total</b>	<b>13.67</b>

**9A Shareholders' investments**

Particulars	(₹ In Crore)				Total
	At amortised cost	At fair value			
		through other comprehensive income	through profit and loss	designated at fair value through profit and loss	
<b>As at 31 March 2022</b>					
Government and trust securities *	5,125.74	13,526.94	667.45	-	19,320.13
Debt securities	-	3,683.30	-	-	3,683.30
Mutual funds	-	-	1,932.05	-	1,932.05
Equity instruments	-	1,141.54	1,628.19	-	2,769.73
Certificate of deposit	618.91	-	-	-	618.91
TREPs (Tri-party Repo)	174.96	-	-	-	174.96
Total – gross	5,919.61	18,351.78	4,227.69	-	28,499.08
Less: Impairment loss allowance	0.02	0.06	-	-	0.08
<b>Total – Net</b>	<b>5,919.59</b>	<b>18,351.72</b>	<b>4,227.69</b>	<b>-</b>	<b>28,499.00</b>

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

**9A Shareholders' investments** (Contd.)

(₹ In Crore)

Particulars	At amortised cost	At fair value			Total
		through other comprehensive income	through profit and loss	designated at fair value through profit and loss	
<b>As at 31 March 2021</b>					
Government and trust securities *	-	11,708.93	2,097.11	-	13,806.04
Debt securities	-	2,410.80	10.22	-	2,421.02
Mutual funds	-	-	11,246.83	-	11,246.83
Equity instruments	-	237.63	1,812.98	-	2,050.61
Preference shares	-	281.20	-	-	281.20
Certificate of deposit	1,909.19	-	-	-	1,909.19
TREPs (Tri-party Repo)	1,854.41	-	-	-	1,854.41
Total – gross	3,763.60	14,638.56	15,167.14	-	33,569.30
Less: Impairment loss allowance	0.02	0.13	-	-	0.15
<b>Total – Net</b>	<b>3,763.58</b>	<b>14,638.43</b>	<b>15,167.14</b>	<b>-</b>	<b>33,569.15</b>

All investments in 9A and 9B above are within India

\* includes investments in approved securities as per RBI Act.

**9B Policyholders' investments**

(₹ In Crore)

Particulars	At amortised cost	At fair value			Total
		through other comprehensive income	through profit and loss	designated at fair value through profit and loss	
<b>As at 31 March 2022</b>					
Government and trust securities	-	14,574.65	5,637.60	19,420.20	39,632.45
Debt securities	-	7,280.24	1,950.01	6,658.87	15,889.12
Mutual funds	-	-	698.40	-	698.40
Equity instruments	-	616.75	29,660.92	-	30,277.67
Preference shares	-	-	34.26	-	34.26
Certificate of deposit	387.79	-	-	-	387.79
TREPs (Tri-party Repo)	3,790.17	-	-	-	3,790.17
Total – gross	4,177.96	22,471.64	37,981.19	26,079.07	90,709.86
Less: Impairment loss allowance	0.03	0.12	-	-	0.15
<b>Total – Net</b>	<b>4,177.93</b>	<b>22,471.52</b>	<b>37,981.19</b>	<b>26,079.07</b>	<b>90,709.71</b>

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

**9B Policyholders' investments** (Contd.)

(₹ In Crore)

Particulars	At amortised cost	At fair value			Total
		through other comprehensive Income	through profit and loss	designated at fair value through profit and loss	
<b>As at 31 March 2021</b>					
Government and trust securities	-	15,793.30	6,269.84	12,925.51	34,988.65
Debt securities	-	10,806.97	1,982.80	4,230.34	17,020.11
Mutual funds	-	-	99.58	-	99.58
Equity instruments	-	83.71	24,250.52	-	24,334.23
Preference shares	-	-	34.83	-	34.83
Certificate of deposit	559.64	-	-	-	559.64
TREPs (Tri-party Repo)	3,035.07	-	-	-	3,035.07
Total – gross	3,594.71	26,683.98	32,637.57	17,155.85	80,072.11
Less: Impairment loss allowance	0.02	0.50	-	-	0.52
<b>Total – Net</b>	<b>3,594.69</b>	<b>26,683.48</b>	<b>32,637.57</b>	<b>17,155.85</b>	<b>80,071.59</b>

All investments in 9B above are within India

**10 Other financial assets**

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Credit receivable for windpower generated	1.49	2.17
REC receivable	0.01	0.01
Interest accrued on investments	1,436.37	1,374.00
Security deposits	143.18	142.25
Advances receivable in cash or kind	14.11	55.52
Receivable from brokers and counter parties	360.81	496.18
Others	782.48	468.45
	<b>2,738.45</b>	<b>2,538.58</b>

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

**11A Deferred tax assets (net)**

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Deferred tax liabilities</b>		
On account of timing difference in		
Changes in fair value of FVTOCI debt securities - OCI	-	2.33
Impairment of financial instruments	2.58	52.66
Other temporary differences	95.88	29.59
<b>Gross deferred tax liabilities</b>	<b>98.46</b>	<b>84.58</b>
<b>Deferred tax assets</b>		
On account of timing difference in		
Property, plant and equipment	-	0.52
Disallowance u/s 43B of the Income Tax Act, 1961	42.99	34.38
Impairment of financial instruments	974.74	946.15
Changes in fair value of FVTOCI hedge reserve	3.34	24.40
Changes in fair value of FVTOCI equity instruments	4.23	7.01
Other temporary differences	24.33	18.02
<b>Gross deferred tax assets</b>	<b>1,049.63</b>	<b>1,030.48</b>
<b>Deferred tax assets (net)</b>	<b>951.17</b>	<b>945.90</b>

**11B Deferred tax liabilities (net)**

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Deferred tax liabilities</b>		
On account of timing difference in		
Property, plant and equipment	5.75	6.82
Amortisation of premium/discount on acquisition of fixed income securities	0.35	1.06
Changes in fair value of investments	596.07	626.76
Other temporary differences	7.95	5.81
<b>Gross deferred tax liabilities</b>	<b>610.12</b>	<b>640.45</b>
<b>Deferred tax assets</b>		
On account of timing difference in		
Provision for compensated absences	0.69	0.67
Defined benefit plan provisions - OCI	1.73	1.19
Amortisation of premium/discount on acquisition of fixed income securities	0.91	0.37
Changes in fair value of insurance contract liability	301.04	318.61
<b>Gross deferred tax assets</b>	<b>304.37</b>	<b>320.84</b>
<b>Deferred tax liabilities (net)</b>	<b>305.75</b>	<b>319.61</b>

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

**11B Deferred tax liabilities (net)** (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
<b>Changes in deferred tax recorded in profit or loss</b>		
Deferred tax relates to the following		
Property, plant and equipment	(3.68)	(3.97)
Impairment of financial instruments	4.22	(124.97)
Disallowance u/s 43B of the Income Tax Act, 1961	(3.01)	(4.64)
Financial instruments measured at EIR	3.72	28.22
Changes in fair value of investments	25.08	480.11
Changes in fair value of insurance contract liability	87.43	(155.92)
Other temporary differences	(4.02)	(46.11)
	109.74	172.72

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
<b>Changes in deferred tax recorded in other comprehensive income</b>		
Deferred tax relates to the following		
Changes in fair value of FVTOCI debt securities	156.47	28.55
Changes in fair value of investments	(8.87)	(32.54)
Defined benefit plan provisions	3.81	9.64
Cash flow hedge reserve	(21.06)	5.35
	130.35	11.00

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

## 12 Investment properties

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Gross carrying amount</b>		
Opening balance	45.17	41.83
Transfer from/to property, plant and equipment	(3.40)	3.34
Closing balance	41.77	45.17
<b>Accumulated depreciation</b>		
Opening balance	5.44	4.59
Depreciation charge	0.74	0.85
Closing balance	6.18	5.44
<b>Net carrying amount</b>	<b>35.59</b>	<b>39.73</b>

### Fair value

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Investment properties	127.27	132.42

### Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Investment properties leased out by the Group are cancellable leases. The market rate for sale/purchase of such premises are representative of fair values. Group's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.



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

**13A Property, plant and equipment**

Current year

(₹ In Crore)

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions/ adjustments	For the year	As at 31 March 2022	As at 31 March 2022
Land freehold	317.11	158.40	-	475.51	-	-	-	-	475.51
Land leasehold	8.19	-	8.19	-	-	-	-	-	-
Buildings	747.63	54.27	46.02	755.88	154.49	1.98	12.35	164.86	591.02
Leasehold improvements	272.59	42.26	5.76	309.09	176.75	5.48	65.59	236.86	72.23
Freehold improvements	2.42	-	-	2.42	2.39	-	-	2.39	0.03
Information technology equipment	464.70	136.66	54.97	546.39	287.78	40.58	88.24	335.44	210.95
Waterpumps, Reservoirs and Mains	1.06	-	1.06	-	0.09	0.13	0.04	-	-
Electric installations	1.19	0.05	0.73	0.51	0.39	0.18	0.08	0.29	0.22
Office equipment	264.05	20.48	12.70	271.83	157.42	12.26	40.41	185.57	86.26
Furniture and fixtures	323.69	21.02	39.37	305.34	162.19	9.27	16.82	169.74	135.60
Electric fittings	10.03	0.38	8.09	2.32	3.42	1.98	0.57	2.01	0.31
Vehicles	129.18	79.64	21.78	187.04	46.28	12.08	20.28	54.48	132.56
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
<b>Total</b>	<b>2,825.56</b>	<b>513.16</b>	<b>198.67</b>	<b>3,140.05</b>	<b>1,260.73</b>	<b>83.94</b>	<b>244.38</b>	<b>1,421.17</b>	<b>1,718.88</b>

Previous year

(₹ In Crore)

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
Land freehold	303.81	13.78	0.48	317.11	-	-	-	-	317.11
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings	750.12	3.07	5.56	747.63	143.56	1.15	12.08	154.49	593.14
Leasehold improvements	254.54	28.19	10.14	272.59	135.02	8.97	50.70	176.75	95.84
Freehold improvements	2.42	-	-	2.42	2.42	0.03	-	2.39	0.03
Information technology equipment	450.51	70.34	56.15	464.70	264.69	46.55	69.64	287.78	176.92
Waterpumps, Reservoirs and Mains	0.94	0.12	-	1.06	0.02	-	0.07	0.09	0.97
Electric installations	1.12	0.07	-	1.19	0.16	-	0.23	0.39	0.80
Office equipment	268.91	24.55	29.41	264.05	142.12	25.29	40.59	157.42	106.63
Furniture and fixtures	330.42	23.10	29.83	323.69	155.51	24.29	30.97	162.19	161.50
Electric fittings	10.61	0.18	0.76	10.03	3.21	0.76	0.97	3.42	6.61
Vehicles	109.02	33.16	13.00	129.18	42.86	9.33	12.75	46.28	82.90
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
<b>Total</b>	<b>2,774.33</b>	<b>196.56</b>	<b>145.33</b>	<b>2,825.56</b>	<b>1,159.10</b>	<b>116.37</b>	<b>218.00</b>	<b>1,260.73</b>	<b>1,564.83</b>

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

**13B Right-of-use assets**

Current year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions/ adjustments	For the year	As at 31 March 2022	As at 31 March 2022
	Right-of-use assets	759.08	277.66	70.81	965.93	270.38	61.29	164.06	373.15

(₹ In Crore)

Previous year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
	Right-of-use assets	679.05	115.04	35.01	759.08	138.46	22.66	154.58	270.38

(₹ In Crore)

**14 Other intangible assets**

Current year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions/ adjustments	For the year	As at 31 March 2022	As at 31 March 2022
	Computer softwares	795.66	329.31	142.78	982.19	396.16	116.51	153.55	433.20

(₹ In Crore)

Previous year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
	Computer softwares	606.46	191.37	2.17	795.66	273.24	2.11	125.03	396.16

(₹ In Crore)

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

## 15 Other non-financial assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Capital advances	70.02	3.05
Indirect tax credits receivable	409.16	367.15
Reinsurance assets	6,451.74	5,664.60
Others	468.74	175.52
	<u>7,399.66</u>	<u>6,210.32</u>
<b>Change in reinsurance assets</b>		
At the beginning of the period	5,664.60	4,942.65
Add/(Less)		
Premium	4,727.11	4,902.80
Unwinding of the discount/interest credited	13.95	11.71
Insurance liabilities released	(3,916.31)	(4,182.25)
Others	(37.61)	(10.31)
	<u>6,451.74</u>	<u>5,664.60</u>

## 16 Trade payables

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Total outstanding dues of micro enterprises and small enterprises	22.03	13.41
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Sundry creditors and dues to policyholders	3,075.33	2,288.02
Balances due to agents and other intermediaries	144.19	123.59
Balances due to other insurers	767.39	1,752.97
	<u>3,986.91</u>	<u>4,164.58</u>

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

## 16 Trade payables (Contd.)

### Trade payables ageing schedule

(₹ In Crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
<b>31 March 2022</b>						
MSME	3.33	18.70	-	-	-	22.03
Unbilled	1,369.68	-	-	-	-	1,369.68
Others	453.38	1,997.11	164.52	2.15	0.02	2,617.18
Disputed dues – other than MSME	-	-	0.05	-	-	0.05
<b>31 March 2021</b>						
MSME	0.48	12.93	-	-	-	13.41
Unbilled	881.09	-	-	-	-	881.09
Others	335.80	2,931.84	6.96	5.22	3.62	3,283.44
Disputed dues – other than MSME	-	0.05	-	-	-	0.05

## 17 Other payables

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	812.95	660.77
	812.95	660.77

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

**18 Debt securities**

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>In India</b>		
<b>At amortised cost</b>		
<b>(I) Secured</b>		
Privately placed redeemable non-convertible debentures/bonds secured by pari passu charge by mortgage of BFL's Chennai office, on loan receivables as stated in the respective information memorandum. Until 5 July 2018, BFL had mortgaged its residential property at Pune on pari passu charge against specific debentures [See note 46(6)]	54,301.45	37,286.85
	54,301.45	37,286.85
<b>(II) Unsecured</b>		
Privately placed partly paid redeemable non-convertible debentures [See note 46(6)]	6,081.48	4,671.58
Borrowings by issue of commercial papers [See note 46(6)]	11,122.62	8,811.34
	17,204.10	13,482.92
	71,505.55	50,769.77

**19 Borrowings (other than debt securities)**

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>A. In India</b>		
<b>At amortised cost</b>		
Term Loan [See note 46(7)]		
(i) from banks	45,801.25	41,249.00
(ii) from other parties	-	-
Cash Credit	290.71	153.59
Working capital demand loan [See note 46(7)]	750.00	270.00
External commercial borrowing [See note 46(7)]	5,522.44	5,468.64
Collateralised borrowing and lending obligation, against government securities held by the Group [See note 46(7)]	1,999.16	299.97
	54,363.56	47,441.20
<b>B. Out of above</b>		
Secured against hypothecation of assets under finance, book debts and other receivables	54,363.56	47,441.20
Unsecured	-	-
	54,363.56	47,441.20

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

## 20 Deposits

(Unsecured)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>At amortised cost</b>		
Public deposits [See note 46(8)]	21,184.46	18,961.23
From others [See note 46(8)]	9,615.06	6,842.20
	<b>30,799.52</b>	<b>25,803.43</b>

## 21 Subordinated liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>In India</b>		
<b>At amortised cost</b>		
Privately placed Subordinated (Tier II) redeemable non-convertible debentures (Unsecured) [See note 46(9)]	3,845.77	3,898.61
	<b>3,845.77</b>	<b>3,898.61</b>

## 22 Lease liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>At amortised cost</b>		
As at 1 April	547.84	605.65
Add: Interest on lease liabilities	45.93	45.00
Additions/(Deletions)	71.01	(102.81)
	<b>664.78</b>	<b>547.84</b>

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

### 23 Other financial liabilities (at amortised cost)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Unclaimed dividend	2.22	2.50
Directors' remuneration and commission payable	12.22	8.77
Book overdraft	-	0.85
Employee benefits payable	48.37	29.19
Security deposits	144.75	138.60
Unsettled investment contract payables	-	140.29
Others	710.34	440.11
	917.90	760.31

### 24 Provisions

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Provision for employee benefits [See note 45]		
Provision for gratuity	121.37	94.16
Provision for compensated absences	58.10	47.71
Provision for long-term incentive plan	46.15	77.47
Others	7.97	7.04
	233.59	226.38

### 25 Other non-financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Taxes and duties payable	804.67	542.85
Solatium fund	19.52	16.69
Premiums received in advance	1,135.35	1,123.91
Unallocated premium	885.59	622.43
Other payables	71.08	122.92
	2,916.21	2,428.80

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

## 26 Equity Share capital

Particulars	As at 31 March	
	2022	2021
<b>Authorised</b>		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
<b>Issued, subscribed and fully paid-up shares</b>		
159,137,444 equity shares of ₹ 5 each	79.57	79.57
	79.57	79.57

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	₹ In Crore	Nos.	₹ In Crore
<b>Equity shares</b>				
At the beginning of the year	159,137,444	79.57	159,137,290	79.57
Equity shares earlier held in abeyance, issued during the year [See note 26 d.]	-	-	154	-
<b>Outstanding at the end of the year</b>	159,137,444	79.57	159,137,444	79.57

### b. Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c. Details of shareholders holding more than 5% shares in the Holding Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	% Holding	Nos.	% Holding
<b>Equity shares of ₹ 5 each fully paid</b>				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,345,384	9.64%	15,345,384	9.64%

### d. Shares reserved for issue at a subsequent date

14,417 equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter. In the previous year, the Holding Company had issued and allotted 154 of such equity shares at the offered price of ₹ 650, thereby collecting ₹ 0.01 crore as premium. During the year, the Holding Company did not issue any such equity shares.

### e. Details of promoter shareholding

See note 16 e of standalone financial statements



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

**27 Other equity**

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>a. Reserves and surplus</b>		
<b>Securities premium</b>		
Balance as at the beginning of the year	9,425.19	9,355.72
Add/(Less): Adjustment because of change in shareholding in subsidiary	(42.25)	(13.31)
Add: Received during the year	228.99	82.78
Less: Share issue expenses	0.01	-
Balance as at the end of the year	9,611.92	9,425.19
<b>General reserve</b>		
Balance as at the beginning of the year	2,078.42	2,078.76
Add/(Less): Adjustment because of change in shareholding in subsidiary	(1.95)	(0.62)
Add: Transfer on cancellation of stock options	0.08	0.28
Balance as at the end of the year	2,076.55	2,078.42
<b>Share based payments reserve</b>		
Balance as at the beginning of the year	238.02	142.56
Add/(Less): Adjustment because of change in shareholding in subsidiary	(1.68)	(0.17)
Add: charge for the year	182.12	113.92
Less: transfer on exercise of option	41.33	18.29
Balance as at the end of the year	377.13	238.02
<b>Treasury shares</b>		
Balance as at the beginning of the year	(184.22)	(200.17)
Add: Movement during the year	64.25	15.95
Balance as at the end of the year	(119.97)	(184.22)
<b>Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934</b>		
Balance as at the beginning of the year	2,250.86	1,835.96
Add/(Less): Adjustment because of change in shareholding in subsidiary	(10.82)	(2.82)
Add: Transferred from surplus in Statement of Profit and Loss	667.20	417.72
Balance as at the end of the year	2,907.24	2,250.86

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

**27 Other equity** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	<b>2021</b>
<b>Reserve fund in terms of section 29C of the National Housing Bank Act, 1987</b>		
Balance as at the beginning of the year	79.10	41.56
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.37)	(0.06)
Add: Transferred from surplus in Statement of Profit and Loss	43.01	37.60
Balance as at the end of the year	121.74	79.10
<b>Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961</b>		
Balance as at the beginning of the year	44.12	22.00
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.21)	(0.03)
Add: Transferred from surplus in Statement of Profit and Loss	31.50	22.15
Balance as at the end of the year	75.41	44.12
<b>Retained earnings</b>		
Balance as at the beginning of the year	21,225.70	17,254.91
Add/(Less): Adjustment because of change in shareholding in subsidiary	(38.20)	(9.26)
Add: Transfer on exercise of stock options	6.20	-
Profit for the year	4,556.77	4,470.46
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/losses of defined benefit plans	(11.89)	(12.94)
Less: Appropriations		
Final dividend, declared and paid during the year	47.74	-
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	667.20	417.72
Transfer to Reserve Fund in terms of section 29 C of the National Housing Bank Act, 1987	43.01	37.60
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	31.50	22.15
Adjustment of dividend to ESOP Trust	(0.66)	-
Total appropriations	788.79	477.47
Balance as at the end of the year	24,949.79	21,225.70

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

## 27 Other equity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Other reserves</b>		
<b>Debt instruments FVTOCI</b>		
Balance as at the beginning of the year	655.36	756.69
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.07)	(0.03)
Add/(Less): Changes in fair value of FVTOCI debt securities	(466.60)	(101.30)
Balance as at the end of the year	188.69	655.36
<b>Equity instruments FVTOCI</b>		
Balance as at the beginning of the year	(24.32)	(36.40)
Add/(Less): Adjustment because of change in shareholding in subsidiary	0.13	0.05
Add/(Less): Changes in fair value of FVTOCI equity securities	19.88	12.03
Balance as at the end of the year	(4.31)	(24.32)
<b>Hedge instruments FVTOCI</b>		
Balance as at the beginning of the year	(37.80)	(29.91)
Add/(Less): Adjustment because of change in shareholding in subsidiary	0.18	0.04
Add/(Less): Changes in fair value of FVTOCI hedge instruments	20.66	(7.93)
Balance as at the end of the year	(16.96)	(37.80)
	40,167.23	35,750.43

### b. Nature and purpose of reserve

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with section 52 and other provisions of the Companies Act, 2013.

#### General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

#### Reserve fund in terms of section 45 IC(1) of the Reserve Bank of India Act, 1934

Reserve fund is created as per the terms of section 45 IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

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

## 27 Other equity (Contd.)

### **Reserve fund in terms of section 29C of the National Housing Bank Act, 1987**

Reserve fund is created as per the terms of section 29C of the National Housing Bank Act, 1987 as a statutory reserve.

### **Infrastructure reserve created under section 36 (1) (viii) of the Income Tax Act, 1961**

Infrastructure reserve is created to avail the deduction as per the provisions of section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes and for development of infrastructure facility in India.

### **Share based payments reserve**

Share based payments reserve is created as required by Ind AS 102 'Share Based Payments' on the employee stock option scheme operated by the Group.

### **Treasury shares**

The reserve for shares of the Holding Company held by the BFS ESOP Trust (ESOP Trust). Holding Company has issued employees stock option scheme for its employees. The equity shares of the Holding Company have been purchased and held by ESOP Trust. Trust to transfer such shares to employees at the time of exercise of option by employees.

### **FVTOCI debt instruments**

The Group recognises changes in the fair value of debt instruments held with a dual business objective of collect and sell in other comprehensive income. These changes are accumulated in the FVTOCI debt instruments reserve. The Group transfers amounts from this reserve to profit or loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the Statement of Profit and Loss.

### **FVTOCI equity instruments**

The Group has elected to recognise changes in the fair value of certain instruments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

### **Hedge instruments through other comprehensive income**

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

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

**28 Interest income**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	<b>2022</b>	<b>2021</b>
Interest income on		
Loans (at amortised cost)	24,429.85	20,990.30
Loans (at FVTOCI)	2,432.06	2,015.85
Investments (at amortised cost)	337.64	179.36
Investments (at FVTPL)	1,770.06	1,198.99
Investments (at FVTOCI)	2,307.39	2,506.67
Others	41.91	42.05
	<b>31,318.91</b>	<b>26,933.22</b>

**29 Fees and commission income**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	<b>2022</b>	<b>2021</b>
Loan related charges	1,161.57	1,313.82
Non-loan related charges	375.76	316.22
Foreclosure income	226.92	144.56
Distribution income	1,199.17	612.51
	<b>2,963.42</b>	<b>2,387.11</b>

**30 Net gain on fair value changes**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	<b>2022</b>	<b>2021</b>
Net gain/(loss) on financial instruments at fair value through profit or loss		
Debt instruments at FVTPL	326.56	510.35
Equity investments at FVTPL	405.42	3,809.71
Profit on sale on investments	3.51	0.65
Others		
Gain on sale of debt instrument at amortised cost	0.30	0.07
Gain/(loss) on sale of debt FVTOCI instruments	322.23	507.53
Total net gain on fair value changes	<b>1,058.02</b>	<b>4,828.31</b>
Fair value changes		
Realised	1,374.92	2,050.62
Unrealised	(316.90)	2,777.69
	<b>1,058.02</b>	<b>4,828.31</b>

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

### 31 Sale of services

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Windpower income		
Income from power generation (within India)	22.59	21.76
Income from Renewable Energy Certificates (REC) (within India)	6.79	2.18
	29.38	23.94
Service income	33.02	2.03
Service fees for management of assigned portfolio of loans	278.09	257.81
	340.49	283.78

### 32 Others

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Bad debt recoveries	833.61	162.63
Miscellaneous charges and receipts	349.27	143.88
	1,182.88	306.51

### 33 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Business support service	0.20	0.32
Miscellaneous receipts	0.04	0.05
Surplus on sale of property, plant and equipment	32.55	-
Provision no longer required	0.11	-
	32.90	0.37

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

### 34 Employee benefits expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Salaries, wages and bonus to employees	5,911.79	4,211.33
Contribution to provident and other funds	270.94	208.43
Share based payments to employees	255.84	177.91
Staff welfare expenses	121.01	100.67
	<b>6,559.58</b>	<b>4,698.34</b>

### 35 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
On financial liabilities measured at amortised cost		
Interest on deposits	2,039.55	1,746.10
Interest on borrowings other than debt securities	3,098.03	3,766.33
Interest on debt securities	3,979.91	3,214.57
Interest on subordinated liabilities	326.14	335.64
Interest on lease liability	45.93	45.00
Other interest expenses	8.70	33.64
	<b>9,498.26</b>	<b>9,141.28</b>

### 36 Fees and commission expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Commission and incentives	80.67	40.03
Recovery costs	1,590.38	1,150.81
Commission, operating and other expenses pertaining to insurance business	1,639.90	1,359.38
Others	131.09	64.15
	<b>3,442.04</b>	<b>2,614.37</b>

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

### 37 Impairment on financial instruments

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Expected credit losses		
on loans measured at amortised cost	4,672.16	5,737.26
on loans measured at FVTOCI	130.96	206.02
on other financial assets measured at amortised cost	11.04	(32.46)
on other financial assets measured at FVTOCI	75.69	68.03
	4,889.85	5,978.85

### 38 Depreciation, amortisation and impairment

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Depreciation on property, plant and equipment	244.38	218.00
Depreciation on investment properties	0.74	0.85
Amount amortised/written off of intangible asset	153.55	125.03
Depreciation on right-of-use assets	164.06	154.58
	562.73	498.46



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

**39 Other expenses**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Rent	94.87	75.99
Repairs to buildings	4.17	3.38
Repairs to machinery - windmill	15.55	8.68
Repairs to others	127.95	125.64
Energy generation expenses	5.31	9.08
REC registration, issuance and brokerage charges	0.20	0.24
Rates and taxes	3.03	2.47
Insurance	9.18	7.35
Payment to auditor	5.34	3.69
Directors' fees and travelling expenses	6.30	5.00
Commission to non-executive directors	1.55	1.07
Loss on sale/disposal of property, plant and equipment	24.84	6.92
Advertisement and publicity	806.87	581.11
Travelling (including foreign travel) expenses	179.15	83.61
Business support service expenses	6.21	8.69
Expenditure towards Corporate Social Responsibility (CSR) activities	170.49	151.00
Legal and professional charges	155.34	146.04
Communication expenses	214.93	156.44
Outsourcing/back office expenses	230.90	136.92
Marketing and support services	948.53	776.61
Bank charges	131.20	132.34
Information technology expenses	667.85	402.75
Miscellaneous expenses	297.16	277.44
	<b>4,106.92</b>	<b>3,102.46</b>
<b>Payments to auditor</b>		
<b>As auditor</b>		
Audit fee	3.45	2.35
Tax audit fee	0.32	0.21
Limited review	0.64	0.19
Other services (certification fees and other matters)	0.85	0.86
Reimbursement of expenses	0.08	0.08
	<b>5.34</b>	<b>3.69</b>

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

#### 40 Tax expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
<b>Tax expense</b>		
Current tax		
Current tax on profits for the year	2,847.31	2,318.51
Adjustments for current tax of prior periods	-	3.73
Total current tax expense	2,847.31	2,322.24
Deferred tax		
Decrease/(increase) in deferred tax assets	101.74	(165.08)
(Decrease)/increase in deferred tax liabilities	8.00	337.80
Total deferred tax expense/(benefit)	109.74	172.72
Tax expense	2,957.05	2,494.96

#### 41 Earnings per share (EPS)

Particulars	For the year ended 31 March	
	2022	2021
	Profit for the year (₹ In Crore)	4,556.77
Weighted average number of shares outstanding during the year (Nos)	159,137,444	159,137,373
Weighted average number of shares outstanding during the year (Nos) - Diluted	159,186,958	159,168,792
Earnings per share (Basic) ₹	286.3	280.9
Earnings per share (Diluted) ₹	286.3	280.9
Face value per share ₹	5.0	5.0

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

#### 42A Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
a. Claims against the Group not acknowledged as debts	65.65	62.36
b. Income-tax matters under dispute		
Appeal by Group	15.85	5.10
Appeal by Department	0.28	0.28
c. ESI matters under appeal	5.14	5.14
d. VAT and GST matters under appeal/dispute	8.79	5.52
e. Service tax matters under appeal		
On interest subsidy	2,034.72	1,905.44
On penal interest/charges	251.37	237.25
On others	579.95	6.42
f. Claims, under policies, not acknowledged as debts *		
Death repudiation cases pending	67.04	59.60
Cases pending against servicing failure	7.01	7.67
g. Guarantees given by or on behalf of the Group	3.41	0.41

\* Pertains to litigations pending with various consumer forums/courts.

- i) The Group is of the opinion that the above demands are not tenable and expects to succeed in its appeals/defense.
- ii) The Commissioner, Service Tax Commissionerate, Pune, through an order dated 31 March 2017, has confirmed the demand of service tax of ₹ 644.65 crore and penalties of ₹ 198.95 crore from Bajaj Finance Ltd. ('BFL') in relation to the interest subsidy BFL received from manufacturers and dealers during the period 1 April 2010 to 30 September 2016. The Commissioner has also demanded payment of interest on the service tax amount confirmed until the date BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 787.26 crore. In accordance with legal advice, BFL filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. BFL, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

In addition, the Principal Commissioner, Central GST and Central Excise, Commissionerate, Pune -I, through order dated 3 February 2021, has confirmed the demand of service tax of ₹ 217.22 crore and penalty thereon of ₹ 21.72 crore from BFL in relation to the interest subsidy received from manufacturers and dealers during the period 1 October 2016 to 30 June 2017. The Principal Commissioner has also demanded payment of interest on the service tax amount confirmed until the date BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 164.92 crore. In accordance with legal advice, BFL filed an appeal on 14 June 2021 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai against the said demand. BFL, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

- iii) The Commissioner, Central Excise and CGST, Pune -I, Commissionerate, through an order dated 7 September 2018, has confirmed the demand of service tax of ₹ 53.87 crore and penalties of ₹ 53.87 crore from Bajaj Finance Ltd. ('BFL') in relation to the penal interest/charges BFL received from the customers during the period 1 July 2012 to 31 March 2016. In addition, the Commissioner has

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

#### 42A Contingent liabilities (Contd.)

demanded payment of interest on the service tax amount confirmed until the date the BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 67.62 crore. In accordance with legal advice, BFL filed an appeal on 26 December 2018 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. BFL, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

In addition, the Principal Commissioner, Central GST and Central Excise, Pune -I Commissionerate, through an order dated 30 December 2019, has confirmed the demand of service tax of ₹ 40.22 crore and penalty thereon of ₹ 4.02 crore on penal interest/charges received by BFL from the customers during the period 1 April 2016 to 30 June 2017. The Principal Commissioner has also demanded payment of interest on the service tax amount demanded, until the date BFL pays the demand, which as at 31 March 2022, amounted to ₹ 31.77 crore. In accordance with legal advice, BFL filed an appeal on 28 August 2020 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. BFL, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

- iv) The Commissioner, Central Excise and CGST, Pune -I, Commissionerate, through an order dated 15 November 2021, has confirmed the demand of service tax of ₹ 188.37 crore and penalty of ₹ 188.37 crore from Bajaj Finance Ltd. ('BFL') alleging short reversal of Cenvat credit with respect to investment activity in accordance with Rule 6(3)(i) Cenvat Credit Rules, 2004 during the period 1 October 2014 to 30 June 2017. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date BFL pays the service tax demanded, which as at 31 March 2022 amounted to ₹ 168.73 crore. In accordance with legal advice, BFL filed an appeal on 17 February 2022 with the CESTAT Mumbai disputing the demands. BFL, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.
- v) It is not practicable for the Group to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

#### 42B Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Capital commitments, net of capital advances	119.22	96.75
Commitments made for investments	29.58	42.94
Other commitments towards partially disbursed/un-encashed loans/future CSR Spend	4,692.32	2,988.45

BALIC holds investments with commitments outstanding as at 31 March 2022 of ₹ 1,565.30 crore (At 31 March 2021: ₹ 2,372.74 crore)

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

### 43 Segment information

Segment information is based on the consolidated financial statements.

#### Segment wise revenue, results and capital employed for the year ended 31 March 2022

(a) Primary Segment : Business Segment

(₹ In Crore)

Particulars	Life insurance	General insurance	Windmill	Retail financing	Investments and others	Consolidated
<b>Revenue</b>						
External sales and other income	17,255.25	19,435.86	29.38	31,600.45	118.04	68,438.98
Inter segment sales and other income	213.34	176.27	-	39.96	877.49	1,307.06
<b>Total revenue</b>	<b>17,468.59</b>	<b>19,612.13</b>	<b>29.38</b>	<b>31,640.41</b>	<b>995.53</b>	<b>69,746.04</b>
<b>Segment result</b>	42.90	1,735.31	6.32	10,000.15	(514.10)	11,270.58
Tax expense	-	-	-	-	-	2,957.05
Non-controlling interest	-	-	-	-	-	3,756.76
<b>Net profit</b>	<b>42.90</b>	<b>1,735.31</b>	<b>6.32</b>	<b>10,000.15</b>	<b>(514.10)</b>	<b>4,556.77</b>
<b>Segment assets</b>	86,585.90	32,866.45	35.31	212,100.06	1,131.67	332,719.39
Unallocated corporate assets	-	-	-	-	-	48.40
<b>Total assets</b>	<b>86,585.90</b>	<b>32,866.45</b>	<b>35.31</b>	<b>212,100.06</b>	<b>1,131.67</b>	<b>332,767.79</b>
<b>Segment liabilities</b>	78,013.42	24,819.55	0.69	3,533.94	193.88	106,561.48
Unallocated corporate liabilities	-	-	-	-	-	17.41
<b>Total liabilities</b>	<b>78,013.42</b>	<b>24,819.55</b>	<b>0.69</b>	<b>3,533.94</b>	<b>193.88</b>	<b>106,578.89</b>
<b>Capital employed</b>	<b>8,572.48</b>	<b>8,046.90</b>	<b>34.62</b>	<b>208,566.12</b>	<b>937.79</b>	<b>226,188.90</b>

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Life Insurance, General Insurance, Windmill, Retail Financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

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

### 43 Segment information (Contd.)

Segment information is based on the consolidated financial statements.

#### Segment wise revenue, results and capital employed for the year ended 31 March 2021

(a) Primary Segment : Business Segment

(₹ In Crore)

Particulars	Life insurance	General insurance	Windmill	Retail financing	Investments and others	Consolidated
<b>Revenue</b>						
External sales and other income	16,060.62	17,838.89	23.94	26,654.21	13.91	60,591.57
Inter segment sales and other income	154.20	122.57	-	28.84	466.28	771.89
<b>Total revenue</b>	<b>16,214.82</b>	<b>17,961.46</b>	<b>23.94</b>	<b>26,683.05</b>	<b>480.19</b>	<b>61,363.46</b>
<b>Segment result</b>	1,383.22	2,392.32	4.91	6,386.64	(304.75)	9,862.34
Tax expense	-	-	-	-	-	2,494.96
Non-controlling interest	-	-	-	-	-	2,896.92
<b>Net profit</b>	<b>1,383.22</b>	<b>2,392.32</b>	<b>4.91</b>	<b>6,386.64</b>	<b>(304.75)</b>	<b>4,470.46</b>
<b>Segment assets</b>	76,141.23	30,894.55	33.89	171,254.66	847.24	279,171.57
Unallocated corporate assets	-	-	-	-	-	46.85
<b>Total assets</b>	<b>76,141.23</b>	<b>30,894.55</b>	<b>33.89</b>	<b>171,254.66</b>	<b>847.24</b>	<b>279,218.42</b>
<b>Segment liabilities</b>	66,651.70	23,931.41	0.69	2,919.01	117.50	93,620.31
Unallocated corporate liabilities	-	-	-	-	-	17.41
<b>Total liabilities</b>	<b>66,651.70</b>	<b>23,931.41</b>	<b>0.69</b>	<b>2,919.01</b>	<b>117.50</b>	<b>93,637.72</b>
<b>Capital employed</b>	<b>9,489.53</b>	<b>6,963.14</b>	<b>33.20</b>	<b>168,335.65</b>	<b>729.74</b>	<b>185,580.70</b>

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Life Insurance, General Insurance, Windmill, Retail Financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

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

**44 Disclosure of transactions with related parties as required by Ind AS 24**

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
<b>A.</b> Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra - group transactions.					
<b>B. Joint ventures and investing parties:</b>					
Bajaj Holdings & Investment Ltd. (investing party - holds 39.16% shares of Bajaj Finserv Ltd.)	Contribution to Equity (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	18.69	-	-	-
	Business support services received	10.10	(0.05)	15.84	-
	Business support services rendered	0.76	-	0.87	-
	Other payments	0.05	-	0.04	-
	Insurance premium received by BAGIC/BALIC	1.00	-	0.65	-
	Unallocated premium	-	(1.25)	-	(1.17)
	Billable expenses reimbursed on behalf	0.10	-	0.58	-
	Secured non convertible debentures redemption	150.00	-	-	-
	Secured non convertible debentures issued	-	(150.00)	-	(300.00)
	Interest paid on non convertible debentures	23.39	-	23.39	-
	Employee car transfer	0.06	-	-	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to Equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	1.94	-	1.72	-
	Insurance premium received by BAGIC/BALIC	0.02	-	0.01	-
	Insurance commission paid by BAGIC/BALIC	0.08	-	1.72	-
	Unallocated premium	-	*	-	(0.01)
	Security deposit received	-	(0.01)	-	(0.01)
Bajaj Allianz Staffing Solutions Ltd. (100% owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Insurance premium received by BAGIC/BALIC	1.30	-	1.00	-
	Unallocated premium	-	(0.07)	-	(0.05)
	Manpower supply charges	85.89	-	92.83	-
	Business support services received	0.10	-	0.08	-
	Other receipts	0.12	-	0.11	-
	Claims paid	-	-	0.05	-
	Security deposits received	-	(0.05)	-	(0.05)
Allianz Services Pvt. Ltd. (Previously Allianz Cornhill Information Services Privated Ltd.)	Insurance premium received	0.46	(0.10)	-	-
Allianz SE	Contribution to equity of BALIC including premium	-	(1,099.13)	-	(1,099.13)
	Contribution to equity of BAGIC including premium	-	(195.27)	-	(195.27)
	Dividend paid	67.76	-	81.79	-
	Reinsurance premium paid	37.39	(32.12)	-	-
	Claims recovery on reinsurance	5.27	-	-	-

\* The amount is below the rounding off norm adopted by the Group.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Allianz Insurance Management Asia Pacific Pte.	Billable expenses incurred reversed	-	-	0.04	-
AGCS Marine Insurance Company	Claims recovery on reinsurance	0.14	0.14	*	-
Allianz Global Risks US Insurance Company	Reinsurance premium paid	260.52	(18.39)	157.85	(15.44)
	Commission on reinsurance premium	23.36	-	19.95	-
	Claims recovery on reinsurance	148.62	-	98.37	-
Allianz Global Corporate & Speciality SE, UK	Reinsurance premium paid	0.03	0.73	0.16	(0.23)
	Commission on reinsurance received	0.39	-	0.02	-
	Claims recovery on reinsurance	0.67	-	-	-
Allianz Global Corporate & Speciality SE, Italy	Commission on reinsurance received	-	-	0.01	-
Allianz Global Corporate & Speciality SE, Munich	Reinsurance premium paid	127.91	(43.38)	0.88	(2.51)
	Commission on reinsurance received	24.20	-	0.12	-
	Claims recovery on reinsurance	78.45	-	47.61	-
Allianz Global Corporate & Speciality SE, India Branch	Reinsurance premium paid	59.62	(6.13)	-	-
	Commission on reinsurance premium	7.67	-	-	-
	Claims recovery on reinsurance	3.88	-	-	-
Allianz SE Reinsurance, Branch Asia Pacific	Reinsurance premium paid	38.01	4.60	19.82	6.96
	Commission on reinsurance received	7.87	-	7.40	-
	Claims recovery on reinsurance	25.84	-	21.71	-
	CAT XOL premium paid	-	-	0.26	-
	CAT XOL claim recovered	-	-	-	-
Allianz Global Corporate & Speciality AG Singapore (Previously known as Allianz Insurance Company of Singapore - PTE)	Reinsurance premium paid	-	(1.02)	*	1.06
	Commission on reinsurance received	-	-	*	-
	Claim recovery on reinsurance	-	-	0.59	-
Allianz Global Corporate & Speciality SE, France	Reinsurance premium paid	0.07	(0.64)	-	-
	Commission on reinsurance received	0.01	-	-	-
	Claims recovery on reinsurance	0.64	-	0.06	-
Euler Hermes Europe, Singapore Branch	Reinsurance premium paid	10.78	(3.86)	11.63	(2.19)
	Commission on reinsurance received	1.33	-	1.02	-
	Claims recovery on reinsurance	1.26	-	4.21	-
	Billable expenses recovery	2.16	-	2.00	-
	Other receivables	-	2.59	-	2.07
Allianz Technology SE (Previously Allianz Managed Operations & Services SE)	Information technology expenditure	1.18	(1.77)	1.76	(2.90)
	License and maintenance fees paid	1.45	(2.84)	2.20	(5.86)
	Billable expenses recovery	0.10	-	0.25	-

\* The amount is below the rounding off norm adopted by the Group.



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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Allianz Technology SE, India (Previously Allianz Managed Operations & Services SE India)	Insurance premium received	2.10	(0.23)	6.39	-
Allianz Fire and Marine Insurance Japan Ltd	Reinsurance premium paid	131.75	(75.85)	229.99	(70.53)
	Commission on reinsurance received	14.91	-	22.17	-
	Claims recovery on reinsurance	7.70	-	1.46	-
AWP Assistance India Pvt. Ltd. (Previously AGA Assistance (India) Pvt. Ltd.)	Insurance claims paid	8.63	-	9.69	-
	Premium received as an agent	-	(0.06)	-	(0.07)
	Insurance commission paid	0.55	-	0.30	-
	Billable expenses incurred on behalf	-	0.28	0.01	0.01
AWP Services India Pvt. Ltd. ( Previously AGA Services (India) Pvt. Ltd.)	Insurance claims paid	11.59	-	17.95	-
	Other expenses paid	2.10	-	0.61	(0.01)
Euler Hermes Services India Pvt. Ltd.	Credit risk assessment fees paid	2.07	-	1.99	-
AWP P&C SA Saint Ouen Paris	Reinsurance premium received	79.04	(9.60)	103.04	(45.71)
	Commission on reinsurance paid	31.52	-	17.50	-
	Claims paid on reinsurance accepted	49.75	-	56.34	-
	Other expenses paid	10.62	-	5.65	-
<b>C Individuals controlling voting power/exercising significant influence and their Relatives:</b>					
Rahul Bajaj (Chairman Emeritus till 12 Feb 2022)	Sitting fees	0.01	-	0.06	-
	Commission	0.02	(0.02)	0.12	(0.11)
Madhur Bajaj	Sitting fees	0.13	-	0.12	-
	Commission	0.29	(0.27)	0.21	(0.20)
	Demat charges	*	-	-	-
Rajiv Bajaj	Sitting fees	0.10	-	0.11	-
	Commission	0.22	(0.21)	0.20	(0.19)
Niraj Bajaj	Demat charges	*	-	-	-
Siddhant Bajaj	Brokerage	*	-	-	-
	Demat charges	*	-	-	-
Deepa Bajaj	Demat charges	*	-	-	*
Kriti Bajaj	Demat charges	*	-	-	-
Kumud Bajaj	Demat charges	*	-	-	-
Minal Bajaj	Demat charges	*	-	-	-
Neelima Bajaj Swamy	Demat charges	*	-	-	-
Nirav Bajaj	Demat charges	*	-	-	-
Nimisha Jaipuria	Demat charges	*	-	-	-
Rishabh Bajaj	Demat charges	*	-	-	*

\* The amount is below the rounding off norm adopted by the Group.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Shefali Bajaj	Deposit paid	0.41	0.41	-	-
	Rent paid	0.04	-	-	-
	Transaction charges	*	-	-	-
Sanjiv Bajaj (Chairman & Managing Director) (Also Key management personnel)	Short-term employee benefits (including Commission)	21.14	(11.20)	16.77	(8.04)
	Post-employment benefits	1.26	-	0.91	-
	Deposit paid	0.67	1.08	-	0.41
	Rent paid	0.77	-	0.43	-
	Sitting fees	0.42	-	0.25	-
	Sale of property, plant and equipment	90.94	-	-	-
	Brokerage	0.01	-	-	-
	Demat and other transaction charges	*	-	-	-
Sanjali Bajaj (Daughter of Sanjiv Bajaj, Chairman of the Company)	Remuneration	0.09	-	-	-
	Brokerage	*	-	-	-
	Demat charges	*	-	-	-
Tapan Singhel (MD & CEO - BAGICL)	Remuneration	15.37	-	13.27	-
Tarun Chugh (MD & CEO - BALICL)	Remuneration	10.06	-	8.22	-
Rajeev Jain (MD & CEO - BFL)	Remuneration	12.51	-	9.72	(1.50)
	Equity shares issued pursuant to stock option scheme	12.77	-	8.11	-
	Fair value of stock options granted	19.44	-	15.56	-
	Brokerage and service charges received	0.03	-	0.09	-
	Demat charges	*	-	-	-
Atul Jain (CEO - Bajaj Housing Finance Ltd)	Remuneration	6.80	(0.80)	7.51	-
	Fair value of stock options granted	4.46	-	3.23	-
Lila Poonawala	Sitting fees (Director of - Bajaj Housing Finance Ltd.)	0.17	-	0.07	-
Ajita Kakde (Director - Bajaj Financial Securities Ltd.)	Brokerage	*	-	-	-
	Demat charges and other transaction charges	*	-	-	-
Pramit Jhaveri (Director w.e.f. 1 Aug 2021)	Sitting fees	0.08	-	-	-
	Commission	0.20	(0.18)	-	-
Rakesh Bhatt (CEO - Bajaj Finserv Direct Ltd)	Remuneration	4.43	-	2.90	(0.74)
Devang Mody (CEO - Bajaj Finserv Health Ltd)	Remuneration	15.17	-	1.02	(0.05)
<b>D Other entities/persons:</b>					
Bajaj Auto Ltd.	Sale of windpower	6.81	-	11.40	-
	OA charges reimbursement	5.20	-	8.14	-
	Business support services received	27.34	-	20.71	(0.88)
	Business support services rendered	0.59	-	0.23	0.02
	Interest subsidy	11.02	-	1.72	-

\* The amount is below the rounding off norm adopted by the Group.

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
	Insurance premium received by BAGIC/BALIC	21.35	-	16.20	-
	Insurance claims paid by BAGIC/BALIC	13.56	-	0.55	-
	Security deposit paid	-	0.24	-	0.23
	Unallocated premium	-	(11.15)	-	(8.37)
	Dividend income	1.75	-	-	-
	Investments held	-	45.66	-	45.88
	Payment towards lease obligation	1.34	-	1.29	-
	Revenue expenses reimbursement paid	0.04	-	0.08	-
	Fixed deposit accepted	-	-	-	(100.00)
	Fixed deposit repaid	100.00	-	400.00	-
	Fixed deposit interest accrued	0.90	-	8.00	(10.23)
	Secured non-convertible debentures issued	-	(500.00)	-	-
Bajaj Electricals Ltd.	Purchase of property, plant and equipment	0.05	0.01	0.64	(0.12)
	Interest subsidy	0.06	0.02	0.02	0.02
	Insurance claims paid by BAGIC/BALIC	6.54	-	7.20	-
	Insurance premium received by BAGIC/BALIC	22.39	-	11.00	-
	Unallocated premium	-	(7.62)	-	(6.67)
	Other expenses	-	-	0.03	-
Bajaj Auto Holdings Ltd.	Shares of BFS held by BAHL (209,005 shares of ₹ 5 each)	-	(0.10)	-	(0.10)
	Dividend paid	0.06	-	-	-
Hind Musafir Agency Ltd.	Services received	15.74	(0.17)	3.64	(0.04)
	Service charges paid	0.13	-	0.06	-
	Insurance premium received by BAGIC/BALIC	0.03	(0.22)	0.04	-
	Advances	-	-	-	0.06
Hind Lamps Ltd.	Insurance premium received by BAGIC/BALIC	-	-	0.04	-
Mukand Ltd.	Sale of windpower	3.87	-	10.48	0.52
	OA charges reimbursement	-	-	0.55	-
	Insurance premium received by BAGIC/BALIC	6.82	-	5.85	-
	Insurance claims paid by BAGIC/BALIC	2.42	-	0.98	-
	Unallocated premium	-	(0.70)	-	(0.32)
	Security deposit paid	-	-	(0.10)	-
	Interest received	-	-	1.34	-
	Principal repayment received	-	-	25.14	-

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Mukand Engineers Ltd.	Insurance premium received by BAGIC/BALIC	0.50	-	0.72	-
	Insurance claims paid by BAGIC/BALIC	0.10	-	0.10	-
	Unallocated premium	-	(0.14)	-	(0.08)
Hercules Hoists Ltd.	Fixed deposits accepted	-	(6.50)	-	(6.50)
	Interest accrued on fixed deposits	0.58	(1.09)	0.54	(0.58)
	Dividend paid	0.03	-	-	-
Maharashtra Scooters Ltd.	Business support charges received	0.14	-	0.16	-
	Non-convertible debentures issued	-	(260.00)	-	(185.00)
	Secured non-convertible debentures redemption	-	-	5.00	-
	Interest on non-convertible debentures issued	12.92	-	7.51	-
	Contribution to equity of BFL (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
	Contribution to equity of BFS (3,725,740 shares of ₹ 5 each)	-	(1.86)	-	(1.86)
	Dividend paid	20.09	-	-	-
	Secured non convertible debentures redemption	-	-	-	-
Sanjali Family Trust	Rent paid	0.57	-	0.55	-
	Security deposit paid	-	0.14	-	0.14
	Revenue expenses reimbursement received	0.08	-	0.07	-
Jammalal Sons Private Ltd.	Security deposit	0.03	0.32	-	0.29
	Rent and other expenses	0.87	-	0.76	(0.02)
	Contribution to equity	-	(0.03)	-	(0.03)
	Dividend paid	0.13	-	-	-
D J Balaji Rao	Sitting fees	0.22	-	0.19	-
	Commission	0.46	(0.44)	0.32	(0.31)
Dr. Gita Piramal	Sitting fees	0.20	-	0.21	-
	Commission	0.42	(0.40)	0.35	(0.34)
Dr. Naushad Forbes	Sitting fees	0.30	-	0.24	-
	Commission	0.65	(0.62)	0.41	(0.40)
Manish Kejriwal	Sitting fees	0.15	-	0.13	-
	Commission	0.29	(0.29)	0.20	(0.20)
Anami Roy	Sitting fees	0.39	-	0.17	-
	Commission	0.65	(0.60)	0.25	(0.24)
Dipak Poddar	Sitting fees	0.12	-	0.10	-
	Commission	0.29	(0.26)	0.20	(0.19)
Ranjan Sanghi	Sitting fees	0.13	-	0.14	-
	Commission	0.31	(0.28)	0.28	(0.26)
Dr. Omkar Goswami (Director till 9 Jul 2021)	Sitting fees	0.05	-	0.21	-
	Commission	0.08	(0.07)	0.34	(0.31)

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Radhika Singh (Spouse of Omkar Goswami , (director of BFL till 9 July 2021)	Fixed deposit accepted	-	(2.00)	-	(2.00)
	Fixed deposit interest accrued	0.04	-	0.16	-
	Fixed deposit interest paid	-	-	-	-
Ashwin Vijaykumar Jain (Brother of Sandeep Jain)	Loan given	-	-	0.15	(0.15)
	Interest Income	*	-	*	-
Bajaj Auto Ltd. Provident Fund	Unsecured non convertible debentures issued	-	(46.00)	-	(46.00)
	Unsecured non convertible debentures redemption	-	-	6.00	-
	Interest paid on non convertible debentures	4.35	-	4.92	-
	Provident fund contribution (Employer's share)	1.44	-	35.45	(10.99)
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	1.11	-	0.99	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	13.50	-	14.95	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity contribution	22.00	-	4.80	-
Bajaj Allianz Life Insurance Co Ltd. Employees	Insurance premium received	16.11	-	5.79	-
Group Gratuity Cum Life Assurance Trust	Benefits paid	3.57	-	3.61	-
	Fund reserve	2.03	-	1.96	-
	Provision for linked liabilities	-	(52.28)	-	(38.60)
Bachhraj Factories Private Ltd.	Contribution to equity (72,000 shares of ₹ 2 each)	-	(0.01)	-	(0.01)
	Dividend paid	0.07	-	-	-
Baroda Industries Private Ltd.	Contribution to equity (1,17,600 shares of ₹ 2 each)	-	(0.02)	-	(0.02)
	Dividend paid	0.12	-	-	-
CERG Advisory Private Ltd.	Business support charges paid	0.05	-	-	-
Suraj Sanghi Finance Ltd.	Contribution to equity (200 shares of ₹ 2 each)	-	-	-	*
Centre for Technology Innovation and Economic Research	Corporate social responsibility expenses	-	-	0.20	-
Poddar Housing and Development Ltd.	Loan given	-	-	-	13.00
	Loan repayment received	13.00	-	-	-
	Interest Income	1.07	-	1.71	0.02

\* The amount is below the rounding off norm adopted by the Group.

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Group.

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

## 45 Employee benefit plans

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

### Funded schemes

#### Gratuity

The Group provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Group is greater of the provisions of the Payment of Gratuity Act, 1972 and the Group's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Group makes contributions to approved gratuity fund.

(₹ In Crore)

As at 31 March

Particulars	2022	2021
<b>Amount recognised in Balance Sheet</b>		
Present value of funded defined benefit obligation	443.77	355.58
Fair value of plan assets	325.50	263.66
<b>Net funded obligation *</b>	<b>121.37</b>	<b>94.16</b>
<b>Net funded assets *</b>	<b>(3.10)</b>	<b>(2.24)</b>

\* Entities having net asset or net obligation are consolidated for net asset or net obligation, respectively and shown in above disclosure

(₹ In Crore)

For the year ended 31 March

Particulars	2022	2021
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	63.02	51.05
Past service cost	-	(6.27)
Interest on net defined benefit liability/(asset)	5.07	2.37
<b>Total expense charged to Statement of Profit and Loss</b>	<b>68.09</b>	<b>47.15</b>
<b>Amount recorded as Other Comprehensive Income</b>		
Opening amount recognised in OCI outside Statement of Profit and Loss	116.04	85.74
Remeasurements during the period due to		
Changes in financial assumptions	(8.20)	5.75
Changes in demographic assumptions	(6.12)	11.52
Experience adjustments	37.93	11.43
Actual return on plan assets less interest on plan assets	1.40	1.58
Adjustment to recognise the effect of asset ceiling	(0.02)	0.02
<b>Closing amount recognised in OCI outside Statement of Profit and Loss</b>	<b>141.03</b>	<b>116.04</b>

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

#### 45 Employee benefit plans (Contd.)

##### Funded schemes (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	<b>2021</b>
<b>Movement in benefit obligation</b>		
Opening of defined benefit obligation	355.58	274.85
Current service cost	63.00	51.04
Past service cost	1.02	(6.31)
Interest on defined benefit obligation	21.76	16.85
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	(8.20)	5.75
Actuarial loss/(gain) arising from change in demographic assumptions	(6.12)	11.52
Actuarial loss/(gain) arising on account of experience changes	36.93	11.49
Benefits paid	(20.49)	(11.81)
Liabilities assumed/(settled)	0.29	2.20
<b>Closing of defined benefit obligation</b>	<b>443.77</b>	<b>355.58</b>
<b>Movement in plan assets</b>		
Opening fair value of plan assets	263.66	221.59
Employer contributions	67.03	37.85
Interest on plan assets	17.44	14.43
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(2.16)	(1.52)
Benefits paid	(20.47)	(9.67)
Assets acquired/(settled) *	-	(0.65)
Assets distributed on settlements	-	1.63
<b>Closing fair value of plan assets</b>	<b>325.50</b>	<b>263.66</b>

\* On account of inter group transfer.

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

## 45 Employee benefit plans (Contd.)

### Funded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
<b>Disaggregation of assets</b>		
Category of assets		
Insurer managed funds	325.50	263.66

Particulars	As at 31 March	
	2022	2021
<b>Principal actuarial assumptions (expressed as weighted averages)</b>		
<b>Discount rate (p.a.)</b>		
Bajaj Finserv Ltd.	7.25%	6.80%
Bajaj Allianz General Insurance Co. Ltd.	5.65%	5.10%
Bajaj Allianz Life Insurance Co. Ltd.	6.05%	5.85%
Bajaj Finance Ltd.	7.25%	6.80%
Bajaj Finserv Direct Ltd.	7.25%	6.80%
Bajaj Finserv Health Ltd.	6.80%	6.80%

<b>Salary escalation rate (p.a.)</b>		
Bajaj Finserv Ltd.	10.00%	10.00%
Bajaj Allianz General Insurance Co. Ltd.	9.50%	8.50%
Bajaj Allianz Life Insurance Co. Ltd.	6.75%	5.00%
Bajaj Finance Ltd.	11.00%	11.00%
Bajaj Finserv Direct Ltd.	11.25%	10.69%
Bajaj Finserv Health Ltd.	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

### Provident fund of BFL

A defined contribution plan is a post-employment benefit plan under which BFL pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the year, BFL recognised expense of ₹ 55.22 crore towards contribution made to provident fund under defined contribution plan.

With effect from 1 April 2021, BFL migrated to Employees' Provident Fund Organisation (EPFO). Till 31 March 2021 the provident fund contribution was made to Bajaj Auto Ltd. Provident Fund Trust. As required by the guidance note issued by the Institute of Actuaries of India, valuation of provident fund liability was obtained from the actuary based on the assumptions listed below. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are as set out below



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

#### 45 Employee benefit plans (Contd.)

##### Provident fund of BFL (Contd.)

Particulars	(₹ In Crore) As at 31 March 2021
<b>(i) Movement in defined benefit obligations</b>	
<b>Defined benefit obligations as at the beginning of the year</b>	428.71
Current service cost	35.44
Interest on defined benefit obligation	30.83
Remeasurement due to	
Actuarial loss/(gain) arising from change in financial assumptions	5.10
Actuarial loss/(gain) arising on account of experience changes	10.68
Employees contribution	83.64
Benefits paid	(21.63)
Liabilities assumed/(settled)	3.93
<b>Defined benefit obligation as at the end of the year</b>	<b>576.70</b>
<b>(ii) Movement in defined benefit plan</b>	
<b>Fair value of plan asset as at the beginning of the year</b>	428.71
Interest on plan assets	30.83
Remeasurements due to	
Actual return on plan assets less interest on plan assets	10.68
Employer contribution	35.44
Employees contribution	83.64
Benefits paid	(21.63)
Assets acquired/(settled)	3.93
<b>Fair value of plan asset as at the end of the year</b>	<b>571.60</b>
<b>(iii) Reconciliation of net liability/asset</b>	
Net defined benefit liability/(asset) as at the beginning of the year	-
Expense charged to Statement of Profit and Loss	35.44
Amount recognised outside profit and loss account	5.10
Employer contributions	(35.44)
<b>Net defined benefit liability/(asset) as at the end of the year</b>	<b>5.10</b>

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

#### 45 Employee benefit plans (Contd.)

##### Provident fund of BFL (Contd.)

Particulars	(₹ In Crore)
	For the year ended 31 March 2021
<b>(iv) Expenses charged to the Statement of Profit and Loss</b>	
Current service cost	35.44
<b>Total</b>	<b>35.44</b>
<b>(v) Remeasurement gains/(losses) in Other Comprehensive Income</b>	
Opening amount recognised in OCI	-
Changes in financial assumptions	5.10
Experience adjustments	10.68
Actual return on plan assets less interest on plan assets	(10.68)
<b>Closing amount recognised in OCI</b>	<b>5.10</b>

Particulars	(₹ In Crore)
	As at 31 March 2021
<b>(vi) Amount recognised in Balance Sheet</b>	
Present value of funded defined benefit obligation	576.70
Fair value of plan assets	571.60
Net funded obligation	5.10
Amount not recognised due to asset limit	-
<b>Net defined benefit liability/(asset) recognised in Balance Sheet</b>	<b>5.10</b>

##### (vii) Key actuarial assumptions

Discount rate (p.a.)	6.80%
Future derived return on assets (p.a.)	8.67%
Discount rate for the remaining term to maturity of the investment (p.a.)	6.25%
Average historical yield on the investment portfolio (p.a.)	8.12%
Guaranteed rate of return (p.a.)	8.00%

##### (viii) Category of plan assets

Government debt securities	299.48
Other debt instruments	206.39
Others	65.73
	<b>571.60</b>

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

#### 45 Employee benefit plans (Contd.)

##### Provident fund of BFL (Contd.)

##### (ix) A quantitative sensitivity analysis for significant assumptions as at 31 March 2021 is as shown below

The following table summarizes the impact in absolute terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the difference between the rate earned and the guaranteed rate.

Particulars	As at 31 March 2021	
	0.5% increase	0.5% decrease
Impact on defined benefit obligation	1.77%	(0.88%)

##### Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	58.10	46.15	47.71	77.47
Discount rate (p.a.)	5.65% ~ 7.25%		5.45% ~ 7.70%	
Salary escalation rate (p.a.)	6.75% ~ 11.00%		5.00% ~ 11.00%	

##### Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2022	2021
<b>Defined contribution plans</b>		
Provident fund paid to Government authorities	49.44	38.28
Superannuation paid to trust	0.73	0.57
Pension fund paid to Government authorities	1.16	0.83
Others	6.99	4.57
<b>Defined benefit plans</b>		
Gratuity	67.99	47.15
Others	35.47	35.51
<b>Total</b>	<b>161.78</b>	<b>126.91</b>

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

## 46 Other disclosures

### 1. Capital

BFL actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirement of RBI and NHB. The adequacy of BFL's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

BAGIC and BALIC maintain an actively managed capital base to cover risks inherent in their respective businesses and meeting the solvency ratio required by IRDAI. The adequacy of the BAGIC and BALIC's capital is monitored using, among the other measures, the regulation issued by IRDAI.

The cash surpluses are currently invested in equity shares, mutual funds, debt instruments and money market instruments depending upon the economic conditions and is in line with guidelines set out by IRDAI.

Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

No changes were made in the objective, policies and processes of capital management during the year. Both BAGIC and BALIC do not have any borrowings and do not borrow funds.

#### a) Capital management (BFL)

BFL's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. BFL aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. BFL endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

BFL's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long-range strategy. These growth plans are aligned to assessment of risks-which include credit, liquidity and market.

BFL monitors its capital to risk-weighted asset ratio (CRAR) on a monthly basis through its Assets Liability Management Committee (ALCO).

BFL endeavors to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

BFL's dividend distribution policy states that subject to profit, and other financial parameters as per applicable legal provisions, the Board shall endeavour to maintain a dividend payout in the range of 15% to 25% of profit after tax on standalone financials, to the extent possible.

BFL is also the provider of equity capital to its wholly owned subsidiaries and also provides them with non-equity capital where necessary. These investments are funded by BFL through its equity share capital and other equity which inter alia includes retained profits.

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

#### 46 Other disclosures (Contd.)

### 2. Regulatory capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Bajaj Finance Ltd.</b>		
Tier I capital	38,570.88	32,838.50
Tier II capital	3,850.54	4,179.83
Total capital	42,421.42	37,018.33
Risk weighted assets	155,832.47	130,767.50
Tier I CRAR	24.75%	25.11%
Tier II CRAR	2.47%	3.20%
Total CRAR	27.22%	28.31%

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Bajaj Housing Finance Ltd.</b>		
Tier I capital	6,469.01	5,820.36
Tier II capital	259.95	178.68
Total capital (Tier I + Tier II)	6,728.96	5,999.04
Risk weighted assets	34,125.42	28,119.67
Tier I CRAR	18.96%	20.70%
Tier II CRAR	0.76%	0.63%
Total CRAR	19.72%	21.33%

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

#### 46 Other disclosures (Contd.)

### 3. Quantitative disclosures

#### a. Quantitative disclosures of fair value measurement hierarchy for assets (BFL)

#### Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2022

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-22	1,575.20	-	-	1,575.20
Equity instrument designated under FVTOCI (Unquoted)	31-Mar-22	-	-	608.73	608.73
Equity instrument designated under FVTOCI (Quoted)	31-Mar-22	55.73	-	-	55.73
Other investments designated under FVTOCI	31-Mar-22	4,880.14	-	-	4,880.14
Loans designated under FVTOCI	31-Mar-22	-	35,044.84	-	35,044.84
Derivative financial instrument	31-Mar-22	-	(18.12)	-	(18.12)
Total		6,511.07	35,026.72	608.73	42,146.52

#### 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 under FVTPL	31-Mar-21	13,291.70	-	-	13,291.70
Equity instrument designated under FVTOCI (Unquoted)	31-Mar-21	-	-	281.21	281.21
Equity instrument designated under FVTOCI (Quoted)	31-Mar-21	88.77	-	-	88.77
Other investments designated under FVTOCI	31-Mar-21	3,717.63	-	-	3,717.63
Loans designated under FVTOCI	31-Mar-21	-	25,178.92	-	25,178.92
Derivative financial instrument	31-Mar-21	-	(137.87)	-	(137.87)
Total		17,098.10	25,041.05	281.21	42,420.36

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

#### 46 Other disclosures (Contd.)

##### 3. Quantitative disclosures (Contd.)

##### a. Quantitative disclosures of fair value measurement hierarchy for assets (BFL) (Contd.)

##### Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Opening balance	281.21	262.32
Acquisitions during the year	298.84	18.89
Disposals during the year	-	-
Fair value gains/losses recognised in profit or loss	-	-
Gains/(losses) recognised in other comprehensive income	28.68	-
Closing balance	608.73	281.21

##### Sensitivity analysis of significant unobservable input on the fair value of equity instrument classified under FVTOCI

Particulars	(₹ In Crore)	
	Sensitivity to fair value as at 31 March 2022	
	1% increase	1% increase
Discounting rate	(99.09)	120.27
Cash flows	71.68	(60.92)

Particulars	(₹ In Crore)	
	Sensitivity to fair value as at 31 March 2021	
	1% increase	1% increase
Discounting rate	(8.24)	8.81
Cash flows	6.79	(6.42)

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

#### 46 Other disclosures (Contd.)

##### 3. Quantitative disclosures (Contd.)

##### b. Fair value of financial instruments measured at amortised cost (BFL)

##### Fair value of financial instrument measured at amortised cost as at 31 March 2022

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2) *	Significant unobservable inputs (Level 3) *	
<b>Financial assets</b>					
Cash and cash equivalents	3,407.17	3,407.17	-	-	3,407.17
Bank balances other than cash and cash equivalents	273.13	273.13	-	-	273.13
Trade receivables	1,265.89	-	-	1,265.89	1,265.89
Loans	156,378.41	-	-	156,929.92	156,929.92
Investments	5,125.74	-	-	5,129.73	5,129.73
Other financial assets	721.49	-	-	721.49	721.49
	167,171.83	3,680.30	-	164,047.03	167,727.33
<b>Financial liabilities</b>					
Trade payables	1,169.32	-	-	1,169.32	1,169.32
Other payables	341.78	-	-	341.78	341.78
Debt securities	76,223.07	-	77,351.06	-	77,351.06
Borrowings (other than debt securities)	54,363.56	-	-	54,363.56	54,363.56
Deposits	30,799.52	-	30,965.16	-	30,965.16
Subordinated debts	3,845.77	-	4,143.60	-	4,143.60
Other financial liabilities	1,110.43	-	-	1,110.43	1,110.43
	167,853.45	-	112,459.82	56,985.09	169,444.91

\* fair value computed using discounted cash flow method.



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

#### 46 Other disclosures (Contd.)

### 3. Quantitative disclosures (Contd.)

#### b. Fair value of financial instruments measured at amortised cost BFL (Contd.)

#### Fair value of financial instruments measured at amortised cost as at 31 March 2021

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2) *	Significant unobservable inputs (Level 3) *	
<b>Financial assets</b>					
Cash and cash equivalents	1,849.33	1,849.33	-	-	1,849.33
Bank balances other than cash and cash equivalents	314.99	314.99	-	-	314.99
Trade receivables	1,096.86	-	-	1,096.86	1,096.86
Loans	121,507.95	-	-	121,843.34	121,843.34
Investments	1,017.60	-	-	1,017.60	1,017.60
Other financial assets	536.98	-	-	536.98	536.98
	126,323.71	2,164.32	-	124,494.78	126,659.10
<b>Financial liabilities</b>					
Trade payables	884.28	-	-	884.28	884.28
Other payables	213.82	-	-	213.82	213.82
Debt securities	54,502.14	-	56,382.22	-	56,382.22
Borrowings (other than debt securities)	47,429.36	-	-	47,429.36	47,429.36
Deposits	25,803.43	-	26,061.56	-	26,061.56
Subordinated debts	3,898.61	-	4,263.08	-	4,263.08
Other financial liabilities	945.12	-	-	945.12	945.12
	133,676.76	-	86,706.86	49,472.58	136,179.44

\* fair value computed using discounted cash flow method.

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

## 46 Other disclosures (Contd.)

### 3. Quantitative disclosures (Contd.)

#### c. Quantitative disclosures of fair value measurement hierarchy for assets (BALIC)

(₹ in Crore)

Particulars	Carrying amount				Total	Fair value hierarchy		
	Through P&L	Designated at P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
<b>As at 31 March 2022</b>								
<b>Financial assets</b>								
<b>Financial assets measured at fair value</b>								
Investments								
Government securities	5,637.60	19,420.20	10,846.67	-	35,904.47	35,904.47	-	-
Debt securities	1,924.79	6,658.87	5,957.90	-	14,541.56	14,541.56	-	-
Equity instruments	30,044.45	-	498.12	-	30,542.57	30,221.55	319.32	1.71
<b>Financial assets not measured at fair value #</b>								
Investments								
Fixed deposits-long term	-	-	-	859.54	859.54			
TREPs (Tri-party repo)	-	-	-	3,965.13	3,965.13			
Cash and cash equivalents	-	-	-	134.72	134.72		N/A	
Bank balances other than cash and cash equivalents	-	-	-	36.20	36.20			
Trade receivables	-	-	-	317.52	317.52			
Loans	-	-	-	514.95	514.95			
Other financial assets	-	-	-	1,397.89	1,397.89			
Derivative financial instruments	14.73	-	-	-	14.73	-	14.73	-
<b>Total financial assets</b>	<b>37,621.57</b>	<b>26,079.07</b>	<b>17,302.69</b>	<b>7,225.95</b>	<b>88,229.28</b>	<b>80,667.58</b>	<b>334.05</b>	<b>1.71</b>
<b>Financial liabilities #</b>								
Trade payables	-	-	-	1,885.51	1,885.51			
Deposits	-	-	-	4.86	4.86		N/A	
Lease obligation	-	-	-	97.39	97.39			
Derivative financial instruments	79.69	-	-	-	79.69	-	79.69	-
<b>Total financial liabilities</b>	<b>79.69</b>	<b>-</b>	<b>-</b>	<b>1,987.76</b>	<b>2,067.45</b>	<b>-</b>	<b>79.69</b>	<b>-</b>

# BALIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payables because their carrying amounts are reasonable approximation of fair value.

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

#### 46 Other disclosures (Contd.)

### 3. Quantitative disclosures (Contd.)

#### c. Quantitative disclosures of fair value measurement hierarchy for assets (BALIC) (Contd.)

(₹ in Crore)

Particulars	Carrying amount				Total	Fair value hierarchy		
	Through P&L	Designated at P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
<b>As at 31 March 2021</b>								
<b>Financial assets</b>								
<b>Financial assets measured at fair value</b>								
Investments								
Government securities	6,269.84	12,925.51	13,054.86	-	32,250.21	32,250.21	-	-
Debt securities	1,825.13	4,230.34	5,988.38	-	12,043.85	12,043.85	-	-
Equity instruments	24,530.36	-	112.98	-	24,643.34	24,362.22	21.87	259.26
<b>Financial assets not measured at fair value #</b>								
Investments								
Fixed deposits-long term	-	-	-	1,011.54	1,011.54			
TREPs (Tri-party repo)	-	-	-	4,889.48	4,889.48			
Cash and cash equivalents	-	-	-	386.21	386.21		N/A	
Bank balances other than cash and cash equivalents	-	-	-	34.02	34.02			
Trade receivables	-	-	-	253.22	253.22			
Loans	-	-	-	466.03	466.03			
Other financial assets	-	-	-	1,337.66	1,337.66			
Derivative financial instruments	4.14	-	-	-	4.14	-	4.14	-
<b>Total financial assets</b>	<b>32,629.47</b>	<b>17,155.85</b>	<b>19,156.22</b>	<b>8,378.16</b>	<b>77,319.70</b>	<b>68,656.28</b>	<b>26.01</b>	<b>259.26</b>
<b>Financial liabilities #</b>								
Trade payables	-	-	-	1,387.99	1,387.99			
Deposits	-	-	-	4.74	4.74		N/A	
Lease obligation	-	-	-	104.98	104.98			
Derivative financial instruments	18.22	-	-	-	18.22	-	18.22	-
<b>Total financial liabilities</b>	<b>18.22</b>	<b>-</b>	<b>-</b>	<b>1,497.71</b>	<b>1,515.93</b>	<b>-</b>	<b>18.22</b>	<b>-</b>

# BALIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payables because their carrying amounts are reasonable approximation of fair value.

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

#### 46 Other disclosures (Contd.)

### 3. Quantitative disclosures (Contd.)

#### c. Quantitative disclosures of fair value measurement hierarchy for assets (BALIC) (Contd.)

##### Valuation techniques used to determine fair value

##### Level 2

This level of hierarchy includes financial instruments, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

There have been no transfers from Level 1 to Level 2 and vice versa.

##### Level 3

This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). This level of hierarchy includes unlisted equity instruments.

There have been no transfers from Level 1 to Level 3 and vice versa.

##### Movements in Level 3 financial instruments

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Opening balance	259.26	247.50
Transfer to Level 2	(257.55)	(14.67)
Purchase	-	-
Net change in fair value (unrealised)	-	26.43
<b>Closing balance</b>	<b>1.71</b>	<b>259.26</b>

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

#### 46 Other disclosures (Contd.)

### 3. Quantitative disclosures (Contd.)

#### d. Quantitative disclosures of fair value measurement hierarchy for assets (BAGIC)

(₹ in Crore)

Particulars	Carrying amount			Total	Fair value		
	Through P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
<b>As at 31 March 2022</b>							
<b>Financial assets measured at fair value</b>							
Investments							
Government debt securities	-	12,374.79	-	12,374.79	12,374.79	-	-
Debt securities	-	8,687.24	-	8,687.24	8,687.24	-	-
Equity instruments	1,244.66	878.88	-	2,123.54	2,089.16	-	34.37
Fixed deposits	-	-	50.00	50.00	50.00	-	-
Mutual fund	1,105.99	-	-	1,105.99	1,105.99	-	-
Preference shares	34.26	-	-	34.26	34.26	-	-
AT 1 Bonds	25.22	-	-	25.22	25.22	-	-
<b>Financial assets not measured at fair value #</b>							
Cash and cash equivalents			469.05	469.05			
Bank balances other than cash and cash equivalents	-	-	6.11	6.11		N/A	
Trade receivables	-	-	1,377.20	1,377.20			
Other financial assets	-	-	559.92	559.92			
<b>Total financial assets</b>	<b>2,410.13</b>	<b>21,940.91</b>	<b>2,462.28</b>	<b>26,813.32</b>	<b>24,366.66</b>	<b>-</b>	<b>34.37</b>
<b>Financial liabilities #</b>							
Trade payables							
a) Total outstanding dues of MSME	-	-	18.42	18.42		N/A	
b) Other payables	-	-	1,464.05	1,464.05			
Other financial liabilities	-	-	171.14	171.14			
Lease contract liability	-	-	75.48	75.48	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,729.09</b>	<b>1,729.09</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BAGIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payable because their carrying amounts are reasonable approximation of fair value.

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

#### 46 Other disclosures (Contd.)

### 3. Quantitative disclosures (Contd.)

#### d. Quantitative disclosures of fair value measurement hierarchy for assets (BAGIC) (Contd.)

(₹ in Crore)

Particulars	Carrying amount			Total	Fair value		
	Through P&L	Through OCI	Amortised cost		Level 1	Level 2	Level 3
<b>As at 31 March 2021</b>							
<b>Financial assets measured at fair value</b>							
<b>Investments</b>							
Government debt securities	-	10,729.74	-	10,729.74	10,729.74	-	-
Debt securities	-	10,282.28	-	10,282.28	10,282.28	-	-
Equity instruments	1,533.15	119.58	-	1,652.73	1,610.23	-	42.50
Fixed deposits	-	-	49.00	49.00	49.00	-	-
Mutual fund	99.58	-	-	99.58	99.58	-	-
Preference shares	34.83	-	-	34.83	34.83	-	-
AT 1 Bonds	167.89	-	-	167.89	167.89	-	-
<b>Financial assets not measured at fair value #</b>							
Cash and cash equivalents			677.69	677.69			
Bank balances other than cash and cash equivalents	-	-	5.70	5.70		N/A	
Trade receivables	-	-	1,348.97	1,348.97			
Other financial assets	-	-	628.41	628.41			
<b>Total financial assets</b>	<b>1,835.45</b>	<b>21,131.60</b>	<b>2,709.77</b>	<b>25,676.82</b>	<b>22,973.55</b>	<b>-</b>	<b>42.50</b>
<b>Financial liabilities #</b>							
Trade payables							
a) Total outstanding dues of MSME	-	-	12.66	12.66			
b) Other payables	-	-	2,402.48	2,402.48		N/A	
Other financial liabilities	-	-	158.14	158.14			
Lease contract liability	-	-	90.53	90.53			
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,663.81</b>	<b>2,663.81</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BAGIC has not disclosed the fair value for financial instruments such as cash and cash equivalents, trade receivables, policy loans, other financial assets, trade payables because their carrying amounts are reasonable approximation of fair value.

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

## 46 Other disclosures (Contd.)

### 4. Risk management and other disclosures

#### A. Bajaj Finance Ltd.

A summary of the major risks faced by Bajaj Finance Ltd.(BFL), its measurement, monitoring and management are described as under:

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	<p>Liquidity risk arises from mismatches in the timing of cash flows.</p> <p>Funding risk arises from:</p> <ul style="list-style-type: none"> <li>inability to raise incremental borrowings and deposits to fund business requirement or repayment obligations</li> <li>when long term assets cannot be funded at the expected term resulting in cashflow mismatches</li> <li>Amidst volatile market conditions impacting sourcing of funds from banks and money markets.</li> </ul>	Board appointed Risk Management Committee (RMC) and Asset Liability Committee (ALCO)	<p>Liquidity and funding risk is:</p> <ul style="list-style-type: none"> <li>measured by <ul style="list-style-type: none"> <li>identification of gaps in the structural and dynamic liquidity statements.</li> <li>assessment of incremental borrowings required for meeting the repayment obligation as well as BFL's business plan in line with prevailing market conditions.</li> <li>liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI.</li> </ul> </li> <li>monitored by <ul style="list-style-type: none"> <li>assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs.</li> <li>a constant calibration of sources of funds in line with emerging market conditions in banking and money markets</li> <li>periodic reviews by ALCO relating to the liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by BFL.</li> </ul> </li> <li>managed by BFL's treasury team under liquidity risk management framework through various means like liquidity buffers, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks and assignment of loans under the guidance of ALCO and Board.</li> </ul>
Market risk	Market risk arises from fluctuation in the fair value of future cash flow of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.	Board appointed RMC and ALCO	<p>Market risk is:</p> <ul style="list-style-type: none"> <li>measurement of market risks encompasses exposure to equity investments, foreign exchange rates which would impact our external commercial borrowings and Interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturities is measured using changes in equity prices, and sensitivities like movements in foreign exchange and using Valuation at Risk ('VaR'), basis point value (PV01), modified duration analysis and other measures to determine movements in our portfolios and impact on our income, including the sensitivity of net interest income;</li> <li>monitored by assessments of fluctuation in the equity price, unhedged foreign exchange exposures, if any, movements of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities; and</li> <li>managed by BFL's treasury team under the guidance of ALCO and Investment Committee .</li> </ul>
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to BFL	Board appointed RMC and Chief Risk Officer (CRO)	<p>Credit risk is:</p> <ul style="list-style-type: none"> <li>measured as the amount at risk due to repayment default of a customer or counterparty to BFL. Various metrics such as EMI default rate, overdue position, EMI moratorium, restructuring, collection efficiency, credit bureau information, non performing loans etc. are used as leading indicators to assess credit risk.</li> <li>monitored by RMC and CRO using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer, portfolio concentration risks; and assessment of any major change in the business environment including economic, political as well as natural calamity/pandemic.</li> <li>managed by a robust control framework by the risk and collection department. This is achieved 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 RMC.</li> </ul>
Operational risk	Operational risk is the risk arising from inadequate or failed internal processes or controls, its people and system and also from external events	Board appointed RMC / Senior Management and Audit Committee (AC)	<p>Operational risk is:</p> <ul style="list-style-type: none"> <li>measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud.</li> <li>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.</li> <li>managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC.</li> </ul>

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

##### a. Liquidity and funding risk

BFL's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet.

BFL maintains a judicious mix of borrowings from banks, money markets, foreign market, public deposits and other deposits and continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings along with liquidity buffer framework has helped BFL maintain a healthy asset liability position and interest rate during the financial year 2021-22 (FY2022). The weighted average cost of borrowing was 6.81% versus 7.84% despite highly uncertain market conditions. The overall borrowings including debt securities, deposits and subordinated debts stood at ₹ 165,231.92 crore as of 31 March 2022.

BFL continuously monitors liquidity in the market; and as a part of its ALM strategy, BFL maintains a liquidity buffer through an active investment desk to reduce this risk. BFL endeavours to maintain liquidity buffer of 5% to 8% of its overall borrowings in normal market scenario. BFL continued to maintain significantly higher amount of liquidity buffer to safeguard itself against any significant liquidity risk emanating from economic volatility owing to continued Covid pandemic. The average liquidity buffer for FY2022 was ₹ 13,297.90 crore. With easing of economic volatility, BFL has brought down its liquidity buffer in a calibrate manner to ₹ 10,110.32 crore as on 31 March 2022.

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

BFL exceeds the regulatory requirement of LCR which mandated maintaining 50% of expected net cash outflows for a stressed scenario in high quality liquid assets (HQLA) by December 2020; which has to be increased to 100% by December 2024 in a phased manner. Currently, the LCR requirement is at 60% for BFL, which will move to 70% from 1 December 2022. As of 31 March 2022, BFL maintained a LCR of 134.32%, well in excess of the RBI's stipulated norm of 60%.

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

The table below summarises the maturity profile of the undiscounted contractual cashflow of the BFL's financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	34,901.72	56,049.08	90,950.80	17,552.27	47,928.53	65,480.80
Borrowings (other than debt securities)	20,880.22	39,782.07	60,662.29	14,926.31	38,844.55	53,770.86
Deposits	16,178.49	17,785.08	33,963.57	13,532.03	15,268.60	28,800.63
Subordinated debts	532.50	4,586.69	5,119.19	380.26	5,119.54	5,499.80
Trade payables	1,169.26	-	1,169.26	894.86	-	894.86
Other payables	341.78	-	341.78	213.82	-	213.82
Other financial liabilities	681.01	397.39	1,078.40	671.36	299.83	971.19
<b>Total</b>	<b>74,684.98</b>	<b>118,600.31</b>	<b>193,285.29</b>	<b>48,170.91</b>	<b>107,461.05</b>	<b>155,631.96</b>



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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

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

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	3,407.17	-	3,407.17	1,849.33	-	1,849.33
Earmarked balances with banks	139.11	134.02	273.13	291.86	23.13	314.99
Derivative financial instruments	121.90	-	121.90	-	-	-
Trade receivables	1,083.99	181.90	1,265.89	964.13	143.11	1,107.24
Loans	68,814.83	122,608.42	191,423.25	53,203.59	93,483.28	146,686.87
Investments	8,553.18	3,692.36	12,245.54	15,587.73	2,809.18	18,396.91
Other financial assets	660.08	61.41	721.49	527.75	9.43	537.18
<b>Non-financial assets</b>						
Current tax assets (net)	-	168.30	168.30	-	159.77	159.77
Deferred tax assets (net)	-	951.11	951.11	-	945.90	945.90
Property, plant and equipment	-	1,282.58	1,282.58	-	1,041.69	1,041.69
Capital work-in-progress	-	13.27	13.27	-	7.07	7.07
Intangible assets under development	-	20.87	20.87	-	43.99	43.99
Goodwill	-	3.27	3.27	-	3.27	3.27
Other intangible assets	-	430.45	430.45	-	270.74	270.74
Other non-financial assets	137.05	40.09	177.14	95.75	20.08	115.83
<b>Total</b>	<b>82,917.31</b>	<b>129,588.05</b>	<b>212,505.36</b>	<b>72,520.14</b>	<b>98,960.64</b>	<b>171,480.78</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Derivative financial instruments	140.02	-	140.02	137.87	-	137.87
Trade payables	1,169.32	-	1,169.32	894.86	-	894.86
Other payables	341.78	-	341.78	213.82	-	213.82
Debt securities	32,654.27	43,568.80	76,223.07	16,018.42	38,483.72	54,502.14
Borrowings (other than debt securities)	18,119.97	36,243.59	54,363.56	12,206.01	35,223.35	47,429.36
Deposits	15,041.10	15,758.42	30,799.52	12,442.57	13,360.86	25,803.43
Subordinated liabilities	405.10	3,440.67	3,845.77	252.79	3,645.82	3,898.61
Other financial liabilities	799.89	310.54	1,110.43	642.75	255.55	898.30
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	100.06	-	100.06	180.17	-	180.17
Provisions	15.06	151.84	166.90	18.25	119.44	137.69
Other non-financial liabilities	475.83	56.41	532.24	358.97	107.15	466.12
<b>Total</b>	<b>69,262.40</b>	<b>99,530.27</b>	<b>168,792.67</b>	<b>43,366.48</b>	<b>91,195.89</b>	<b>134,562.37</b>

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

##### b. Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.

##### c. Interest rate risk

##### On investment book

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

#### Sensitivity analysis as at 31 March 2022

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	5,125.74	5,129.73	(15.01)	15.01
Investment at FVTPL	1,575.20	1,575.20	(2.35)	2.35
Investment at FVTOCI (other than equity)	4,880.14	4,880.14	(58.81)	58.81

#### Sensitivity analysis as at 31 March 2021

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	1,017.60	1,017.60	-	-
Investment at FVTPL	13,291.70	13,291.70	(16.28)	16.28
Investment at FVTOCI (other than equity)	3,717.63	3,717.63	(41.00)	41.00

##### 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 is computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

#### Sensitivity analysis as at 31 March 2022

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	191,423.25	191,974.76	(1,516.52)	1,561.83
Debt securities	76,223.07	77,351.06	981.41	(1,048.20)
Borrowings (other than debt securities)	54,363.56	54,363.56	-	-
Deposits	30,799.52	30,965.16	384.41	(395.31)
Subordinated debts	3,845.77	4,143.60	127.60	(133.79)

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

##### Sensitivity analysis as at 31 March 2021

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	146,686.87	147,022.26	(1,291.09)	1,328.58
Debt securities	54,502.14	56,382.22	879.92	(934.75)
Borrowings (other than debt securities)	47,429.36	47,429.36	-	-
Deposits	25,803.43	26,061.56	340.41	(350.32)
Subordinated debts	3,898.61	4,263.08	156.12	(164.95)

##### d. Price risk

BFL's equity investments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, BFL periodically monitors the sectors it has invested in, performance of the investee companies, measures mark-to-market gains/losses.

##### Sensitivity analysis as at 31 March 2022

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			10% increase	10% decrease
Investment in equity shares (quoted)	55.72	55.72	5.57	(5.57)

##### Sensitivity analysis as at 31 March 2021

(₹ in Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			10% increase	10% decrease
Investment in equity shares (quoted)	88.77	88.77	8.88	(8.88)

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

##### e. Foreign currency risk

BFL is exposed to foreign currency fluctuation risk for its foreign currency borrowing (FCB). BFL's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and coupon). BFL hedges its entire ECB exposure for the full tenure of the ECB as per Board approved interest rate risk, currency risk and hedging policy.

BFL for its FCB, evaluates the foreign currency exchange rates, tenure of FCB and its fully hedged costs. BFL manages its currency risks by entering into derivative contracts as hedge positions and the same are being governed through the Board approved interest rate risk, currency risk and hedging policy.

BFL's exposure of foreign currency risk at the end of the reporting period expressed in INR are as follows

(₹ in Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	USD	JPY	Pound	USD	JPY	Pound
<b>Hedged</b>						
ECB	(3,964.19)	(1,417.97)	-	(3,964.19)	(1,417.97)	-
Derivative financial instrument *	3,964.19	1,417.97	-	3,964.19	1,417.97	-
<b>Unhedged</b>	0.23	-	-	0.01	-	-

\* represents the notional amount of the derivative financial instrument

##### f. Hedging policy

BFL's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. BFL enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

#### Impact of hedge on the Balance Sheet

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	3,964.19	-	(71.07)
INR JPY CCIRS	1,417.97	-	(66.55)

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

## 46 Other disclosures (Contd.)

### 4. Risk management and other disclosures (Contd.)

#### A. Bajaj Finance Ltd. (Contd.)

##### g. Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to BFL. It has a diversified lending model and focuses on six broad categories viz: (i) consumer lending, (ii) SME lending, (iii) rural lending, (iv) mortgages, (v) loan against securities, and (vi) commercial lending. BFL assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

BFL classifies its financial assets in three stages having the following characteristics:

- stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised;
- stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised; and
- stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

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) or one instalment overdue on the reporting date and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

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

#### Computation of impairment on financial instruments

BFL calculates impairment on financial instruments by applying ECL approach prescribed under Ind AS 109 'Financial instrument'. ECL uses three main components: PD (Probability of Default), LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions.

BFL recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. The incremental information of the portfolio performance, in both FY2021 and FY2022, was not considered appropriate for recalibration of ECL model. This was due to continued distortion caused by multiple waves of Covid pandemic leading to lockdowns which resulted in very low economic activity, distortion of customers financial position and volatile repayment behaviour, leading to RBI announcing EMI moratorium and OTR. Given the temporary distortion of input variables, BFL has not recalibrated components of its ECL model.

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

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

The table below summarises the approach adopted by BFL for various components of ECL viz. PD, EAD and LGD across major product lines using empirical data where relevant

Lending verticals	Nature of businesses	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Consumer lending - B2B	Financing for products such as two wheeler, three wheeler, consumer durable, digital, lifecare and furniture etc.	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.		100%	EAD is ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period.	LGD is ascertained using past trends of recoveries for each set of portfolios and discounted using a reasonable approximation of the original effective rates of interest.
Consumer lending - B2C	Personal loans to salaried and self employed individuals					
SME lending	Unsecured and secured loans to SME's, self employed customers and professionals					
Rural Lending - B2B	Financing for products such as consumer durable, digital and furniture etc.					
Rural Lending - B2C	Personal loans to salaried, self employed customers, professionals and gold loans					
Mortgages	Home loans, loans against property, developer finance and lease rental discounting	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers, and also basis DPD bucket approach. for retail loans and management evaluation/ judgment for wholesale loans.		100%		
Loans against securities	Loans against shares, mutual funds, deposits and insurance policies	Determined on evaluation of time to sell in event of defaults		100%	EAD is computed based on assessment of time to default considering customer profile and time for liquidation of securities	Based on associated risk of the underlying securities
Commercial lending	Working capital and term loans to small and mid sized corporates	Internal evaluation/judgment by customer or industry segment.		100%	EAD is computed taking into consideration the time to default based on historic trends across rating profile	Based on estimates of cash flows

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

##### As at 31 March 2022

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	105,075.94	2,424.22	1,835.66	83,757.97	1,436.42	1,297.83
Allowance for ECL	592.43	580.99	937.57	914.33	498.42	881.05
ECL coverage ratio	0.56%	23.97%	51.08%	1.09%	34.70%	67.89%

##### 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	80,921.89	4,008.79	1,861.99	60,617.49	2,715.93	868.78
Allowance for ECL	507.61	705.50	922.56	638.47	861.54	672.32
ECL coverage ratio	0.63%	17.60%	49.55%	1.05%	31.72%	77.39%

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

##### h. Collateral valuation

BFL offers loans to customers across various lending verticals as articulated above. These loans includes both unsecured loans and loans secured by collateral. Although collateral is an important risk mitigant of credit risk, BFL's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and BFL's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating BFL's credit risk.

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

Product group	Nature of securities
Consumer lending - B2B	Hypothecation of underlying product financed e.g. two wheeler, three wheeler and consumer durable etc.
SME lending (Secured)	Hypothecation of underlying product e.g. used car and medical equipment etc.
Rural lending - B2B	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loans against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies
Commercial lending	Plant and machinery, book debts etc.

BFL periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. BFL exercises its right of repossession across all secured products and primarily in its two wheeler and three wheeler financing business. It also resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold through auction or released to delinquent customers in case they come forward to settle their dues. For its loan against securities business, BFL recoups shortfall in value of securities through part recall of loans or additional securities from the customer, or sale of underlying securities. BFL does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

#### Security cover taken on loans

To secure its eligible pool, BFL takes guarantee cover for its portfolios across B2C, MSME and three-wheeler financing business under Credit Guarantee Fund Scheme for NBFCs (CGS-II) from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) governed by the SIDBI. As on 31 March 2022, BFL has covered ₹ 5,266 crore of its loan assets under this scheme.

Further, BFL has also granted loans under RBI's Emergency Credit Line Guarantee Scheme (ECLGS) to its qualifying customers. As of 31 March 2022 ₹ 692.65 crore of loans are outstanding under ECLGS.

This has helped BFL to offset ₹ 148 crore worth of credit losses till FY2022 with further claims maturing over FY2023 and FY2024.

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

## 46 Other disclosures (Contd.)

### 4. Risk management and other disclosures (Contd.)

#### A. Bajaj Finance Ltd. (Contd.)

##### i. Analysis of concentration risk

BFL continues to grow its granularity of its loans portfolio by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

##### j. Measurement uncertainty and sensitivity analysis of ECL estimates

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

#### Methodology

The global as well as the Indian economy has passed through a difficult phase in FY2022. The macro numbers have been a reflection of the impact which multiple waves of Covid-19 had on the industry, prices, employment and economy as a whole. BFL 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. BFL has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

BFL use multiple economic factors and tested their correlations with past loss trends witnessed. These were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, unemployment rate, crude oil prices and policy interest rates. Based on past correlation trends, CPI (inflation) and unemployment rate were the two factors with acceptable correlation with past loss trends which were in line with management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

During the year, the macro variables have been tested for their resilience in the difficult operating conditions of lockdown, loss of business on account of continued Covid-19 scare and social distancing norms. The first half of the year saw the second Covid wave hitting the country. While the GDP numbers on a y-o-y basis might not be a correct indicator due to the Covid base impact of FY2021, the Q-o-Q GDP growth registered a decline of 16.9% in Q1 FY2022. The unemployment rate which had touched a peak of 23% in April 2020, again went up to double digit in 2nd Covid wave and touched a high of 12% in May 2021 and remained elevated in June 2021 as well. For these two months, the consumer price index (CPI or inflation) crossed the RBI comfort level of 6%. Later again in January 2022, it crossed 6%. Even IIP, which due to base effect of FY2021, remained positive, in double digits till August 2021 moved to a marginal growth of just 1% from November 2021 to February 2022. While FY2021 could be considered as a period of immense stress, the current year too was a period of low recovery.

The central scenario taken by BFL takes into account the stress and the downside risk prevalent during most part of the year, by capturing the macro variables numbers of the most difficult period of Covid-19 pandemic.



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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

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

For unemployment, BFL has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators. The unemployment rate, which after removing the extreme Covid impact of first quarter from FY2021 and FY2022, shows an increase from 7.2% to 7.44%. In the current scenario, while due to multiple factors including the ongoing Ukraine-Russia stand-off and the situation has become uncertain, forecasting these numbers could lead to biased outcomes. It is acknowledged that there is no reliably ascertainable direct impact of these crisis on the Indian economy and accordingly the estimates have been arrived at.

While formulating the central scenario, BFL has considered that the unemployment number may see an increase in the immediate short run and may remain at an average of 7% over the next few years. The geo-political uncertainty has to be watched closely for evaluating its impact on the macro fundamental in the long run.

For the downside scenario, BFL believes that the downside risks might have passed, however, there are uncertainties creeping in and that may take the current expected levels of 6.7% cross the double digit by the first half of next financial year, which would be the peak unemployment rate. Going forward, however, the downside scenario assumes it to fall from the peak and normalise to around 7% within next three years.

For the upside scenario, BFL acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. While forecasting, a cautious stance is adopted that the unemployment levels after reaching the peak in June 2022 quarter, though may improve to a best case of 4% by the end of June 2023 but may come back to a historical (excluding Covid period) 4 year average of 7.1%. The unemployment numbers as such captured the impact of potential disruption that multiple waves of Covid may cause in short run.

CPI had started to improve significantly in Q4 FY2021 ranging from 4.06% to 5.52%, soared significantly to nearly 6.3% for two successive months of May and June 2021 owing to the advent of second wave of Covid-19. Post decline of second wave, CPI normalised to 4.5% to 5% corridor between September to November 2021. CPI again went up to upwards of 6% in Q4 FY2022 and closed at a high of 6.95% in March 2022. Elevated level of inflation poses significant challenges from credit risk perspective.

While the central scenario assumed by the BFL considers the high inflation in Q4 FY2022. Considering RBI projections, disruption on the supply side, and possible impact of future Covid-19 waves, BFL expects inflation to range between 5.1% to 6.35% during FY2023, suggesting inflation to remain moderately elevated compared to pre-covid long term average.

For the downside scenario, BFL considers that the inflation risk still remains and, therefore, assumes the inflation to see an increase on account of demand-supply imbalances and touch a peak of around 8.88% in Q1 FY2023, before easing off to the average of pre-covid period in the eight year time horizon.

For the upside scenario, we believe that there would be certain factors which might come into play viz, base effect, higher food grain production, better supply chain management and improving trade scenario etc, and, therefore, inflation may see easing to a base of around 3% before averaging back to the pre-covid levels.

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

##### Risk management amidst Covid-19

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

In a calibrated manner throughout the year, BFL continued to relax the underwriting norms it had tightened during the first wave. It has brought back its underwriting norms to pre-covid standards from the second half of the year. The gradual relaxation of underwriting and sharp vigilance on portfolio quality have ensured that risk performance of portfolio remains in line or better than the pre-covid metrics. Further, this agile, calibrated and closely monitored approach to credit risk and timely investment in deepening of debt management services have enabled BFL to weather the pandemic well.

The third wave which started in mid-December 2021 had no significant impact on risk metrics both for new business and the overall portfolio.

BFL carried out multiple risk simulations to assess the potential impact of the second and third wave of the pandemic on portfolio risk and absorbed additional credit costs based on these simulations. BFL saw elevated level of loan losses of ₹ 4,622.06 crores in FY2022 owing to the disruption caused by the second and third waves. Given the risk of potential future waves of pandemic and other factors which could impact BFL's risk performance, BFL has created management overlay for macro economics factors and Covid-19 of ₹ 1,060 crore as on 31 March 2022 to account for any tail risk which may emerge from the pandemic and other uncertainties.

##### ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Gross carrying amount of loans	195,828.04	150,994.87
Reported ECL	4,404.79	4,308.00
Reported ECL coverage	2.25%	2.85%
<b>Assumptions for central scenario</b>		
Base ECL without macro overlay (based on empirical evidences)	3,344.79	3,468.00
Add : Management overlay for Covid-19	853.00	663.00
ECL before management overlay for macro economic factors	4,197.79	4,131.00
<b>ECL amounts for alternate scenario</b>		
Central scenario (80%)	4,375.90	4,131.00
Downside scenario (10%)	5,112.90	6,649.94
Upside scenario (10%)	3,927.79	3,382.10

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### A. Bajaj Finance Ltd. (Contd.)

(₹ In Crore)

As at 31 March

Particulars	As at 31 March	
	2022	2021
Reported ECL	4,404.79	4,308.00
<b>Management overlay for Macro economic factors and Covid-19</b>	<b>1,060.00</b>	<b>840.00</b>
Management overlay representing Covid-19 stress	853.00	663.00
Management overlay for macro economic factors	207.00	177.00
<b>ECL coverage ratios by scenario</b>		
Central scenario (80%)	2.23%	2.74%
Downside scenario (10%)	2.61%	4.40%
Upside scenario (10%)	2.01%	2.24%

##### k. Operational risk

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

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

##### B. Bajaj Allianz General Insurance Company Ltd. (BAGIC)

###### a. Risk management framework

BAGIC sees Enterprise Risk Management (ERM) as a means value of optimisation. This is achieved through a better understanding of the balance between risk and return in the implementation and achievement of entity's objectives. Enterprise Risk Management framework of BAGIC covers all risk categories independent of the assessment methodology: quantifiable, assessable and non-quantifiable risks. The ERM of large entails the following

###### (i) Risk mitigation and risk culture

It is BAGIC's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. BAGIC manages risk as culture which encompasses across the organisation.

Our rewards programs across the organisation ensure the sufficient weightage is given to both top line and bottom line hence ensuring well-balanced and ideal risk reward structure.

BAGIC's Risk Management framework essentially operates at two levels which includes

- (i) Risk Operations and Monitoring which includes a. Risk Identification, b. Risk Assessment and Control, c. Risk Treatment and Management Action Plan and d. Monitoring and reviewing and
- (ii) Risk controls and compliance which includes a. Standard operating procedures, b. Internal audit, c. External audits, and d. Periodic risk management review.

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

## 46 Other disclosures (Contd.)

### 4. Risk management and other disclosures (Contd.)

#### B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

##### (ii) Risk measurement and reporting systems

BAGIC's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the possible financial impact and likelihood of occurrence. The measurement framework includes

(i) Risk categorisation, (ii) Setting risk appetite, (iii) Setting risk limits and lastly (iv) Assigning risk ratings including identification of residual risk, if any. The rating of risks makes use of probabilities derived from historical experience, adjusted to reflect the economic environment. Company has established limits for monitoring and controlling the risks.

The reporting systems include (i) Top risk assessment, (ii) Risk control assessments (RCAs)/ Risk management development plan (RMDP) and (iii) Committee presentations.

##### (iii) Governance structure

The ERM governance structure includes (i) Board Risk Management Committee, (ii) Supervisory Level – Risk Committee (RiCo) and (iii) Functional Risk owners.

#### b. Non-life insurance contracts and Insurance Risk

BAGIC issues the following main types of general insurance contracts: motor, household, commercial, health and crop. Risks under non-life insurance policies usually cover twelve months duration. Coverages provided to policyholders are not guaranteed as renewable.

For general insurance contracts, the most significant risks arise from

- (a) Inadequacy of premiums collected for risks underwritten,
- (b) Accepting or poor risks with high probability of heavy losses ignoring prudent underwriting guidelines,
- (c) Failure to settle claims of policyholders (inadequacy of reserves),
- (d) Credit default of investment instruments or by reinsurer,
- (e) Higher expenses,
- (f) Operational frauds.

These risk exposures are mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Robust underwriting and reinsurance guidelines prevent any over-exposure to a single loss event and exposure to claim payments for perils that were never intended to be insured. BAGIC maintains a very effective multi-layer reinsurance program which seeks to optimize the retention of risk at each policy level as well as at the level of lines of business. The limits under the treaties are set based on accumulation of risks by location and category, after considering the exposure based on Probable Maximum Loss, where applicable, and the expected frequency of claim events. Any catastrophe risk is mitigated by a separate non-proportional reinsurance treaty, which limits BAGIC's exposure to any single covered event. The reinsurers chosen are most highly rated and rated few notches above the

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

##### B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

regulatory mandate. Detailed reserving guidelines are in place and the adequacy of reserves is tested from time to time and monitored by the Reserving Committee.

##### Sensitivities of claim liabilities

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

(₹ In Crore)

Particulars	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
<b>31 March 2022</b>					
Average claim cost or number of claims	10%	927.36	567.60	(567.60)	(424.75)
Average claim cost and number of claims	5%	950.54	581.79	(581.79)	(435.36)
Average claim cost or number of claims	(10%)	(927.36)	(567.60)	567.60	424.75
Average claim cost and number of claims	(5%)	(904.18)	(553.41)	553.41	414.13

##### c. Liquidity risk and asset liability management (ALM)

ALM risk is the risk of a negative impact on the entity's net asset value and the risk of entity's inability to meet financial obligations when they fall due. This can arise due to a duration mismatch of assets and liabilities, corresponding different interest rate sensitivities between assets and liabilities, an unfavourable development of interest rates and the lack of liquid assets. Liquidity risk is defined as the risk that BAGIC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that BAGIC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stressed circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to BAGIC on acceptable terms.

These risks are mitigated by, asset liability matching methodology that develops optimal asset portfolio maturity structures to ensure cash flows are sufficient to meet liabilities. ALM and Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

BAGIC also maintains the highest level of Solvency in the Industry at 344% as against the regulatory norm of 150%.

The table below summarises the expected utilisation or settlement of assets and liabilities

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>31 March 2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	469.05	-	-	-	-	469.05
Bank balances other than cash and cash equivalents	-	-	6.11	-	-	6.11
Trade receivables	-	-	1,377.20	-	-	1,377.20
Investments	3,229.52	1,864.42	2,189.00	10,866.25	6,251.86	24,401.04
Other financial assets	-	559.92	-	-	-	559.92
<b>Total</b>	<b>3,698.57</b>	<b>2,424.33</b>	<b>3,572.31</b>	<b>10,866.25</b>	<b>6,251.86</b>	<b>26,813.32</b>
<b>Financial liabilities</b>						
Trade payables						
a) Total outstanding dues of MSME	-	18.42	-	-	-	18.42
b) Other payables	-	1,464.05	-	-	-	1,464.05
Other financial liabilities	-	171.14	-	-	-	171.14
Lease contract liabilities	-	5.70	14.71	51.80	3.27	75.48
<b>Total</b>	<b>-</b>	<b>1,659.31</b>	<b>14.71</b>	<b>51.80</b>	<b>3.27</b>	<b>1,729.09</b>

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>31 March 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	677.69	-	-	-	-	677.69
Bank balance other than cash and cash equivalents	-	-	5.70	-	-	5.70
Trade receivables	-	-	1,348.97	-	-	1,348.97
Investments	1,710.00	662.00	2,142.00	12,641.00	5,860.41	23,015.41
Other financial assets	-	628.41	-	-	-	628.41
<b>Total</b>	<b>2,387.69</b>	<b>1,290.41</b>	<b>3,496.67</b>	<b>12,641.00</b>	<b>5,860.41</b>	<b>25,676.18</b>

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>Financial liabilities</b>						
Trade payables						
a) Total outstanding dues of MSME	-	12.66	-	-	-	12.66
b) Other payables	-	2,402.48	-	-	-	2,402.48
Other financial liabilities	-	158.14	-	-	-	158.14
Lease contract liabilities	-	5.53	15.15	51.40	18.45	90.53
<b>Total</b>	<b>-</b>	<b>2,578.81</b>	<b>15.15</b>	<b>51.40</b>	<b>18.45</b>	<b>2,663.81</b>

#### Maturity analysis:

The table below also shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to non-financial assets and liabilities, BAGIC uses the same basis of expected repayment behaviour based on past experience

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	469.05	-	469.05	677.69	-	677.69
Bank balances other than cash and cash equivalents	6.11	-	6.11	5.70	-	5.70
Trade receivables	1,377.20	-	1,377.20	1,348.97	-	1,348.97
Investments	7,282.93	17,118.11	24,401.04	4,514.00	18,501.41	23,015.41
Other financial assets	559.92	-	559.92	628.41	-	628.41
<b>Non-financial assets</b>						
Current tax assets (net)	-	91.32	91.32	-	28.37	28.37
Property, plant and equipment	-	361.24	361.24	-	364.92	364.92
Capital work in progress	-	20.21	20.21	-	24.93	24.93
Intangible assets (other than goodwill)	-	42.71	42.71	-	37.22	37.22
Other non-financial assets	287.22	6.28	293.50	235.13	-	235.13
Re-insurance assets	3,288.25	2,857.80	6,146.05	2,483.50	2,966.44	5,449.94
Right to use asset	20.29	41.31	61.60	21.71	57.82	79.53
<b>Total assets</b>	<b>13,290.97</b>	<b>20,538.98</b>	<b>33,829.95</b>	<b>9,915.11</b>	<b>21,981.11</b>	<b>31,896.22</b>

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Trade payable						
a) Total outstanding dues of MSME	18.42	-	18.42	12.66	-	12.66
b) Other payables	1,464.05	-	1,464.05	2,402.48	-	2,402.48
Other financial liabilities	171.14	-	171.14	158.14	-	158.14
Lease contract liabilities	20.41	55.07	75.48	20.68	69.85	90.53
Insurance contract liabilities	11,371.64	9,883.04	21,254.68	8,957.19	10,699.01	19,656.20
<b>Non-financial liabilities</b>						
Provisions	25.05	-	25.05	41.74	-	41.74
Deferred tax liabilities (net)	-	-	135.81	-	-	102.76
Other non-financial liabilities	1,354.57	515.93	1,870.50	1,063.52	547.82	1,611.34
<b>Total liabilities</b>	<b>14,425.28</b>	<b>10,454.04</b>	<b>25,015.13</b>	<b>12,656.41</b>	<b>11,316.68</b>	<b>24,075.85</b>
<b>Net</b>	<b>(1,134.31)</b>	<b>10,084.94</b>	<b>8,814.82</b>	<b>(2,741.30)</b>	<b>10,664.43</b>	<b>7,820.37</b>

#### d. Credit risk

Credit risk is the risk that the BAGIC will incur a loss because its counterparties fail to discharge their contractual obligations. This comprises of risk of loss arising due to default by counter parties and investment instrument issuers. BAGIC's credit risk exposure mainly arises from its investments in financial instruments. Concentrations of credit risk are managed by setting limits on asset class, investee company, investee company group and industry exposure. Norms include those prescribed under the investment regulations and those set as internal limits based on the risk appetite of the Company. The BAGIC monitors changes in credit risk by tracking published external credit ratings.

For any insurance company, the biggest counterparty is a reinsurer. BAGIC has bought reinsurance protection from reinsurers with good credit rating (A- and above). Higher the credit rating lower is risk of default. Moreover, risks are passed to multiple reinsures in order to avoid accumulation of risk.



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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### B. Bajaj Allianz General Insurance Co. Ltd. (BAGIC) (Contd.)

The following table presents an analysis of credit quality of financial assets at amortised cost and FVTOCI.

(₹ In Crore)

Ratings	As at 31 March 2022			As at 31 March 2021		
	Amortised cost	FVTOCI	Total	Amortised cost	FVTOCI	Total
A1+	-	249.66	249.66	-	194.84	194.84
AA	-	55.17	55.17	-	-	-
AA(SO)	-	24.87	24.87	-	-	-
AA+	-	-	-	-	22.94	22.94
AAA	50.00	8,420.63	8,470.63	49.00	10,352.57	10,401.57
AAA(SO)	-	43.63	43.63	-	558.38	558.38
BBB+	-	72.30	72.30	-	-	-
BBB	-	-	-	-	70.26	70.26
D	-	-	-	-	18.75	18.75
Equity	-	878.88	878.88	-	119.58	119.58
Sovereign	-	12,195.98	12,195.98	-	9,794.28	9,794.28
Unrated	-	-	-	-	-	-
<b>Total</b>	<b>50.00</b>	<b>21,941.12</b>	<b>21,991.12</b>	<b>49.00</b>	<b>21,131.60</b>	<b>21,180.60</b>
ECL (12 months and life time)	-	(0.20)	(0.20)	-	(0.63)	(0.63)
<b>Net carrying amount</b>	<b>50.00</b>	<b>21,940.92</b>	<b>21,990.92</b>	<b>49.00</b>	<b>21,130.97</b>	<b>21,179.97</b>

Following table indicates whether financial assets carried at amortised cost or FVTOCI were subject to a 12-months credit loss (ECL) and life time ECL.

(₹ In Crore)

Ratings	As at 31 March 2022			As at 31 March 2021		
	Amortised cost	FVTOCI	Total	Amortised cost	FVTOCI	Total
Opening balance	-	0.63	0.63	-	4.14	4.14
Changes during the current period	-	-	-	-	-	-
Loss allowance at 12-month ECL	-	(0.43)	(0.43)	-	(3.51)	(3.51)
Loss allowance at life time ECL	-	-	-	-	-	-
For credit impaired instruments	-	-	-	-	-	-
For not credit impaired instruments	-	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>0.20</b>	<b>0.20</b>	<b>-</b>	<b>0.63</b>	<b>0.63</b>

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

## 46 Other disclosures (Contd.)

### 4. Risk management and other disclosures (Contd.)

#### B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) (Contd.)

##### e. Market risk

Market risk arises from unfavourable movement in interest rates, currency rates and equity and property prices. BAGIC has very limited exposure to equity and foreign currency. Majority of BAGIC's investments comprise of fixed interest securities. The assets and liabilities of BAGIC are well matched based on duration to address the interest rate risk. BAGIC has no exposures to any financial options and guarantees that are embedded in contracts.

##### f. Operational risk

This comprises of risk of loss due to losses arising from failure of internal systems, process and personnel or external events. BAGIC has identified various risks under this category and has put in place appropriate controls and disaster recovery plans to mitigate or minimize the risk.

##### g. Potential impact of uncertainties relating to Covid-19

In preparing the accompanying financial statements, BAGIC's management has been required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income and expenses. These estimates and associated assumptions, at the date of adopting the financial statements, are based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances.

##### Business impact

Covid-19 outbreak has been declared as a Pandemic by World Health Organisation in March 2020. Since the outbreak, Covid-19 spread across the globe leading to economic slowdown and significant volatility in global and Indian financial markets. The Government is undertaking several measures to restrict the spread of virus and provide financial support to some stressed sectors.

The extent to which Covid-19 pandemic will impact BAGIC depends on future spread of the virus, new variants of the virus emerging and related developments, which are highly uncertain, including, among other things, lockdowns and its repercussions on the economy, proportion of population vaccinated, government intervention to provide financial support to the stressed sections, etc. BAGIC will continue to closely monitor developments as they unfold.

The regional lockdowns announced by the government from time to time required BAGIC to facilitate Work from Home (WFH). WFH has been enabled by the Company since Q1 FY2021 through use of portable devices through the BAGIC's Virtual Private Network (VPN) ensuring requisite data security controls. Accordingly, the operations of the BAGIC intermittently continue to be partially performed from remote locations (WFH) through secured servers.

As the processes of BAGIC are mostly automated/system driven, WFH has not led to any material change in the controls or processes. BAGIC has an Internal Financial Control framework that has been independently tested covering all the material controls over financial reporting and found them to be operating effectively at 31 March 2022.

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC)

##### a. Risk management framework

Effective risk management is based on a common understanding of risks, clear organisational structures and comprehensively defined risk management processes. The management establishes and adheres to a risk strategy and associated risk appetite for BALIC's business, which is derived from and consistent with the business strategy. There is a defined risk governance framework in place to address the risk management objectives of BALIC. The risk governance structure of BALIC consists of the Risk Management Committee (RMC) of the Board and the Executive Risk Committee (ERC). There are then the various lines of defenses which include the Heads of each department which act as a self-defense mechanism through the Internal Financial Control and Compliance certification framework. Internal Audit, Risk, Fraud and Compliance teams act as the next line of defense finally followed by statutory and concurrent Auditors which act as the final line of defense.

##### b. Credit risk

Credit risk is the risk that BALIC will incur a loss because its counterparties fail to discharge their contractual obligations. The carrying amount of financial assets represent maximum credit risk exposure.

BALIC's credit risk exposure mainly arises from its investments in financial instruments. Concentrations of credit risk are managed by setting limits on asset class, investee company, investee company group and industry exposure. Norms include those prescribed under the investment regulations and those set as internal limits based on the risk appetite of BALIC. BALIC monitors changes in credit risk by tracking published external credit ratings.

The following table presents an analysis of credit quality of financial assets at amortised cost and FVTOCI. It indicates whether financial assets carried at amortised cost or FVTOCI were subject to a 12-months credit loss (ECL) and life time ECL.

(₹ In Crore)

CRISIL ratings	As at 31 March 2022			As at 31 March 2021		
	FVTOCI	Amortised cost	Total	FVTOCI	Amortised cost	Total
12-months ECL						
Highly rated including AAA #	16,731.23	4,817.11	21,548.34	18,998.26	5,829.32	24,827.58
AA	73.33	7.57	80.90	44.98	71.70	116.68
Financial assets other than investments	-	2,401.28	2,401.28	-	2,477.14	2,477.14
<b>Total (a)</b>	<b>16,804.56</b>	<b>7,225.96</b>	<b>24,030.52</b>	<b>19,043.24</b>	<b>8,378.16</b>	<b>27,421.40</b>
ECL (12 months and life time)	(0.23)	(5.44)	(5.67)	(0.56)	(4.93)	(5.49)
<b>Net carrying amount (c)</b>	<b>16,804.33</b>	<b>7,220.52</b>	<b>24,024.85</b>	<b>19,042.68</b>	<b>8,373.23</b>	<b>27,415.91</b>

# Includes investments in Government securities and treasury bill

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

##### Reconciliation of credit loss

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTOCI	Amortised cost	Total	FVTOCI	Amortised cost	Total
Opening balance	0.56	4.93	5.49	59.12	131.19	190.31
Less: ECL reversal on asset written off	-	-	-	-	(127.10)	(127.10)
Changes during the current period						
Loss allowance at 12-month ECL	(0.33)	0.51	0.18	(1.81)	0.84	(0.97)
Loss allowance at life time ECL	-	-	-	(56.75)	-	(56.75)
<b>Closing balance</b>	<b>0.23</b>	<b>5.44</b>	<b>5.67</b>	<b>0.56</b>	<b>4.93</b>	<b>5.49</b>

#### c. Liquidity risk

Liquidity risk is defined as the risk that BALIC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that BALIC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to BALIC on acceptable terms. The risk is mitigated by, asset liability matching methodology that develops optimal asset portfolio maturity structures to ensure cash flows are sufficient to meet liabilities. Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

The table below summarises the expected utilisation or settlement of assets and liabilities

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>31 March 2022</b>						
<b>Financial assets</b>						
Investments						
Amortised cost	-	4,076.35	748.27	-	-	4,824.62
FVTPL	37,606.84	-	-	-	-	37,606.84
Designated as FVTPL	-	235.51	576.82	4,549.83	20,716.90	26,079.06
FVTOCI	498.12	75.24	3,112.94	3,207.69	10,408.71	17,302.70
Cash and cash equivalents	134.72	-	-	-	-	134.72
Bank balances other than cash and cash equivalents	-	-	-	36.20	-	36.20
Trade receivables	-	317.52	-	-	-	317.52
Loans	-	0.01	0.04	179.09	335.81	514.95
Other financial assets	-	678.17	681.88	4.68	33.15	1,397.88
Derivative financial instruments	-	-	-	7.99	6.74	14.73
	<b>38,239.68</b>	<b>5,382.80</b>	<b>5,119.95</b>	<b>7,985.48</b>	<b>31,501.31</b>	<b>88,229.22</b>
<b>Financial liabilities</b>						
Trade payables	204.61	1,680.90	-	-	-	1,885.51
Lease obligations	-	6.04	23.38	40.59	27.38	97.39
Deposits	-	-	-	4.86	-	4.86
Derivative financial instruments	-	-	-	70.38	9.31	79.69
	<b>204.61</b>	<b>1,686.94</b>	<b>23.38</b>	<b>115.83</b>	<b>36.69</b>	<b>2,067.45</b>

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

#### 46 Other disclosures (Contd.)

##### 4. Risk management and other disclosures (Contd.)

##### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>31 March 2021</b>						
<b>Financial assets</b>						
Investments						
Amortised cost	-	4,892.01	268.47	740.18	0.31	5,900.97
FVTPL	32,625.33	-	-	-	-	32,625.33
Designated as FVTPL	-	375.50	270.19	1,512.20	14,997.97	17,155.86
FVTOCI	112.99	7.32	343.89	3,888.88	14,803.14	19,156.22
Cash and cash equivalents	386.21	-	-	-	-	386.21
Bank balances other than cash and cash equivalents	-	-	-	34.02	-	34.02
Trade receivables	-	253.22	-	-	-	253.22
Loans	-	4.86	43.49	152.70	264.98	466.03
Other financial assets	-	416.82	98.21	149.57	673.06	1,337.66
Derivative financial instruments	-	-	0.17	1.98	1.99	4.14
	<b>33,124.53</b>	<b>5,949.73</b>	<b>1,024.42</b>	<b>6,479.53</b>	<b>30,741.45</b>	<b>77,319.66</b>
<b>Financial liabilities</b>						
Trade payables	294.41	1,093.58	-	-	-	1,387.99
Lease obligations	-	6.01	17.73	54.30	26.93	104.97
Deposits	-	-	-	4.74	-	4.74
Derivative financial instruments	-	2.05	3.26	11.66	1.25	18.22
	<b>294.41</b>	<b>1,101.64</b>	<b>20.99</b>	<b>70.70</b>	<b>28.18</b>	<b>1,515.92</b>

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

##### Maturity analysis

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to non-financial assets and liabilities, BALIC uses the same basis of expected repayment behavior based on past experience

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	134.72	-	134.72	386.21	-	386.21
Bank balances other than cash and cash equivalents	-	36.20	36.20	-	34.02	34.02
Trade receivables	317.52	-	317.52	253.22	-	253.22
Loans	0.05	514.90	514.95	48.35	417.68	466.03
Investments	46,930.09	38,883.13	85,813.22	38,895.70	35,942.68	74,838.38
Derivative financial instrument	-	14.73	14.73	0.17	3.97	4.14
Other financial assets	1,360.06	37.83	1,397.89	515.03	822.63	1,337.66
<b>Non-financial assets</b>						
Investment property	-	30.35	30.35	-	34.36	34.36
Property, plant and equipment	-	312.36	312.36	-	302.17	302.17
Capital work-in-progress	-	16.08	16.08	-	15.28	15.28
Intangible assets under development	-	49.33	49.33	-	32.50	32.50
Intangible assets (other than goodwill)	-	16.76	16.76	-	14.77	14.77
Right to use of asset	-	82.62	82.62	-	93.45	93.45
Reinsurance assets	37.78	267.91	305.69	29.64	185.02	214.66
Other non-financial assets	259.73	0.86	260.59	157.11	5.10	162.21
<b>Total</b>	<b>49,039.95</b>	<b>40,263.06</b>	<b>89,303.01</b>	<b>40,285.43</b>	<b>37,903.63</b>	<b>78,189.06</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	1.00	-	1.00	0.08	-	0.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,321.90	-	1,321.90	848.11	-	848.11
Other payables						
(i) Total outstanding dues of other than micro enterprises and small enterprises	562.61	-	562.61	539.80	-	539.80
Derivative financial instrument	79.69		79.69	18.22		18.22
Deposits	0.12	4.74	4.86	-	4.74	4.74
Lease obligation	29.42	67.97	97.39	23.75	81.23	104.98
<b>Investment contract liabilities</b>	<b>10,498.25</b>	<b>400.70</b>	<b>10,898.95</b>	<b>8,542.37</b>	<b>338.81</b>	<b>8,881.18</b>
<b>Insurance contract liabilities</b>	<b>11,220.57</b>	<b>53,118.21</b>	<b>64,338.78</b>	<b>9,317.64</b>	<b>46,256.22</b>	<b>55,573.86</b>
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	194.93	-	194.93	370.72	-	370.72
Provisions	4.20	20.27	24.47	20.14	16.46	36.60
Deferred tax liabilities (net)	166.15	-	166.15	210.23	-	210.23
Other non-financial liabilities	496.33	-	496.33	282.99	-	282.99
<b>Total</b>	<b>24,575.17</b>	<b>53,611.89</b>	<b>78,187.06</b>	<b>20,174.05</b>	<b>46,697.46</b>	<b>66,871.51</b>

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

##### d. Market risk

Market risk arises from unexpected losses arising due to changes in market prices or parameters influencing market prices, as well as the resultant risk from financial options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. The risk is mitigated by maintaining a desired mix between debt and equity subjected to investment regulations by IRDAI, setting up risk appetite set to overall market risk under the strategic asset allocation, ensuring active asset management based on the ALM output, asset and liability duration matching limits impact of interest rate changes and actions taken to manage guarantee risk, holding adequate reserves for the cost of guarantee and managing policyholders' expectation on returns through an active portfolio management strategy undertaken by our most experienced investments team.

##### e. Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

##### f. Equity risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on total comprehensive income (before tax) (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the Statement of Profit and Loss).

(₹ In Crore)

Particulars	Change in variable	Investments for without DPF insurance/investment contract		Investments for shareholders' fund	
		Impact on total comprehensive income (before tax)	Impact on equity	Impact on total comprehensive income (before tax)	Impact on equity
<b>For the year ended 31 March 2022</b>					
Interest rate	50 bps up	(334.16)	(285.51)	(149.01)	(127.32)
	50 bps fall	334.16	285.51	149.01	127.32
Nifty 50	5% rise	21.92	18.72	87.65	74.88
	5% fall	(21.92)	(18.72)	(87.65)	(74.88)
<b>For the year ended 31 March 2021</b>					
Interest rate	50 bps up	(228.43)	(195.17)	(110.87)	(94.57)
	50 bps fall	228.43	195.17	110.87	94.57
Nifty 50	5% rise	21.04	17.97	73.37	63.13
	5% fall	(21.04)	(17.97)	(73.37)	(63.13)



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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

##### g. Insurance risk

The principal risk BALIC faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of BALIC is to ensure that the sufficient reserves are available to cover these liabilities.

The main risk that BALIC is exposed are as follows

- i. Mortality risk: Risk of loss due to policyholder death experiences being different than expected.
- ii. Longevity risk: Risk of loss arising due to annuitant living longer than expected.
- iii. Persistency risk: Risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.
- iv. Morbidity risk: Risk of loss arising due to policyholder health experiences being different than expected.
- v. Expenses risk: Risk of loss arising due to expense experiences being different than expected.
- vi. Investment risk: Risk of loss arising due from actual returns being different than expected.

The risk exposure is mitigated by diversification across a large portfolio of insurance contract and geographical areas. The variability of the risk is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the reinsurance arrangement.

The actuarial department has set up system to continuously monitor BALIC's experience with regards to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal. Many products offered by BALIC also have an investment guarantee. BALIC has additional reserve to cover this risk.

##### Key assumptions

The assumption plays vital role in calculating insurance liabilities for BALIC. Material judgment is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, initial data, some judgment and as per guidance notes/actuarial practice standard. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumption know as MFAD (margin for adverse deviation). BALIC keeps adequate MFAD, as prescribed in APS 7 issued by the Institute of Actuaries of India (IAI), in all assumptions over best estimate value.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows

##### i. Mortality and morbidity rates

Assumptions are based on historical experience and for new product based on industry/reinsurance data. As appropriate, but not excessive allowance may be made for expected future improvements. Assumptions may vary by type of product, distribution of channel, gender etc. An increase in mortality/morbidity rates will usually lead to a larger number/amounts of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profit for shareholders.

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

#### 46 Other disclosures (Contd.)

#### 4. Risk management and other disclosures (Contd.)

#### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

##### ii. Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect BALIC's own risk experience. As appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are normally differentiated by gender, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for shareholders.

##### iii. Investment return and discount rate

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return could lead to an increase in the profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on investment strategy of BALIC, current industry risk rates adjusted of BALIC's own risk exposure.

Decrease in a discount rate will increase the value of insurance liability and therefore reduce profits for the shareholders.

##### iv. Expense and inflation

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expense is taken as appropriate expense base, adjusted for expected expense inflation if appropriate. As increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

##### v. Lapse, surrender and partial withdrawal rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on BALIC's experience and usually vary by product type, policy duration and sales trends. As increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increase are broadly neutral in effect.

The best estimate assumptions that have the greatest effect on the statement of financial position and Statement of Profit and Loss of BALIC are listed below.

Particulars	Insurance and investment contract with DPF		Insurance contract without DPF	
	As at 31 March		As at 31 March	
	2022	2021	2022	2021
Mortality rates	90% - 350 % of IALM 2012-14	90% - 450 % of IALM 2012-14	24% - 515% of IALM 2012-14	24% - 625% of IALM 2012-14
Investment returns	6.84%	6.18%	5.25% - 7%	4.5% - 7%
Lapse	PY1: 7%-24.5%, PY2: 8%-10.5%, PY3+: 0%-1%	PY1: 7%-25%, PY2: 8%-12%, PY3+: 0%-1%	PY1: 5.6% - 39.2%, PY2: 3.5%-21%, PY3+: 0% - 14%	PY1: 5.6% - 39.2%, PY2: 3.5%-21%, PY3+: 0% - 14%

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

#### 46 Other disclosures (Contd.)

##### C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) (Contd.)

###### h. Sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities

Particulars	Insurance and investment contract with DPF		Insurance contract without DPF	
	As at 31 March		As at 31 March	
	2022	2021	2022	2021
Mortality/longevity +10%	84.03	82.13	169.60	156.73
Mortality/longevity -10%	(84.58)	(82.65)	(155.06)	(154.56)
Expense +10%	56.06	59.22	36.94	29.84
Expense -10%	(55.58)	(58.94)	(36.69)	(29.74)
Lapse and surrenders + 10%	(45.29)	(49.19)	(119.87)	(64.37)
Lapse and surrenders - 10%	46.50	50.56	128.96	70.35
Discount rate +1%	(1,420.61)	(1,372.72)	(1,110.54)	(563.52)
Discount rate -1%	1,669.74	1,599.86	1,716.47	816.02

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

**46 Other disclosures** (Contd.)**5. Loans under financing activity (before inter-company eliminations)**

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	At amortised Cost	At fair value through OCI	Total	At amortised Cost	At fair value through OCI	Total
<b>A. Term loans</b>	160,443.29	35,384.75	195,828.04	125,532.41	25,462.46	150,994.87
Less: Impairment loss allowance	4,064.88	339.91	4,404.79	4,024.46	283.54	4,308.00
<b>Total (A)</b>	<b>156,378.41</b>	<b>35,044.84</b>	<b>191,423.25</b>	<b>121,507.95</b>	<b>25,178.92</b>	<b>146,686.87</b>
<b>B. Out of above</b>						
<b>(I) Secured</b>						
Against hypothecation of automobiles, equipments, durables and plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	73,951.07	35,384.75	109,335.82	61,330.21	25,462.46	86,792.67
Less: Impairment loss allowance	1,771.08	339.91	2,110.99	1,852.13	283.54	2,135.67
Total (I)	72,179.99	35,044.84	107,224.83	59,478.08	25,178.92	84,657.00
<b>(II) Unsecured</b>	86,492.22	-	86,492.22	64,202.20	-	64,202.20
Less: Impairment loss allowance	2,293.80	-	2,293.80	2,172.33	-	2,172.33
Total (II)	84,198.42	-	84,198.42	62,029.87	-	62,029.87
<b>Total (B) = (I + II)</b>	<b>156,378.41</b>	<b>35,044.84</b>	<b>191,423.25</b>	<b>121,507.95</b>	<b>25,178.92</b>	<b>146,686.87</b>
<b>C. Out of above</b>						
<b>(I) Loans in India</b>						
(i) Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Sub-total (i)	-	-	-	-	-	-
(ii) Others	160,443.29	35,384.75	195,828.04	125,532.41	25,462.46	150,994.87
Less: Impairment loss allowance	4,064.88	339.91	4,404.79	4,024.46	283.54	4,308.00
Sub-total (ii)	156,378.41	35,044.84	191,423.25	121,507.95	25,178.92	146,686.87
Total (I)	156,378.41	35,044.84	191,423.25	121,507.95	25,178.92	146,686.87
<b>(II) Loans outside India</b>	-	-	-	-	-	-
<b>Total (C) = (I+II)</b>	<b>156,378.41</b>	<b>35,044.84</b>	<b>191,423.25</b>	<b>121,507.95</b>	<b>25,178.92</b>	<b>146,686.87</b>

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

#### 46 Other disclosures (Contd.)

#### 5. Loans under financing activity (before inter-company eliminations) (Contd.)

##### Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	188,833.91	3,860.64	3,133.49	195,828.04	141,539.38	6,724.72	2,730.77	150,994.87
Less: Impairment loss allowance	1,506.76	1,079.41	1,818.62	4,404.79	1,146.08	1,567.04	1,594.88	4,308.00
	187,327.15	2,781.23	1,314.87	191,423.25	140,393.30	5,157.68	1,135.89	146,686.87

##### Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowances (ECL) is as follows

(₹ In Crore)

Particulars	For the year ended 31 March 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2021	141,539.38	1,146.08	6,724.72	1,567.04	2,730.77	1,594.88	150,994.87	4,308.00
Transfers during the year								
transfers to stage 1	1,039.58	175.85	(959.83)	(148.69)	(79.75)	(27.16)	-	-
transfers to stage 2	(2,805.95)	(25.09)	2,851.83	39.34	(45.88)	(14.25)	-	-
transfers to stage 3	(3,923.48)	(81.09)	(3,613.28)	(777.39)	7,536.76	858.48	-	-
	(5,689.85)	69.67	(1,721.28)	(886.74)	7,411.13	817.07	-	-
Impact of changes in credit risk on account of stage movements	-	(224.66)	-	371.67	-	5,242.24	-	5,389.25
Changes in opening credit exposures (additional disbursement net of repayments)	(57,988.42)	(152.16)	(1,640.12)	(117.67)	(2,787.11)	(1,466.73)	(62,415.65)	(1,736.56)
New credit exposures during the year, net of repayments	110,972.80	667.83	497.32	145.11	586.02	438.48	112,056.14	1,251.42
Amounts written off during the year	-	-	-	-	(4,807.32)	(4,807.32)	(4,807.32)	(4,807.32)
<b>As at 31 March 2022</b>	<b>188,833.91</b>	<b>1,506.76</b>	<b>3,860.64</b>	<b>1,079.41</b>	<b>3,133.49</b>	<b>1,818.62</b>	<b>195,828.04</b>	<b>4,404.79</b>

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

#### 46 Other disclosures (Contd.)

##### 5. Loans under financing activity (before inter-company eliminations) (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2020	139,589.01	1,712.34	3,148.40	586.80	2,363.00	1,425.22	145,100.41	3,724.36
Transfers during the period								
transfers to stage 1	279.51	43.54	(233.80)	(28.32)	(45.71)	(15.22)	-	-
transfers to stage 2	(5,118.12)	(64.51)	5,151.23	75.95	(33.11)	(11.44)	-	-
transfers to stage 3	(5,590.18)	(87.90)	(1,568.14)	(325.84)	7,158.32	413.74	-	-
	(10,428.79)	(108.87)	3,349.29	(278.21)	7,079.50	387.08	-	-
Impact of changes in credit risk on account of stage movements	-	(934.34)	-	1,129.56	-	4,785.47	-	4,980.69
Changes in opening credit exposures (additional disbursement net of repayments)	(64,049.58)	(118.01)	(829.44)	(184.14)	(2,101.92)	(188.98)	(66,980.94)	(491.13)
New credit exposures during the year, net of repayments	76,428.74	594.96	1,056.47	313.03	944.64	740.54	78,429.85	1,648.53
Amounts written off during the year	-	-	-	-	(5,554.45)	(5,554.45)	(5,554.45)	(5,554.45)
<b>As at 31 March 2021</b>	<b>141,539.38</b>	<b>1,146.08</b>	<b>6,724.72</b>	<b>1,567.04</b>	<b>2,730.77</b>	<b>1,594.88</b>	<b>150,994.87</b>	<b>4,308.00</b>

##### Details of impairment of financial instruments disclosed in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2022	2021
(i) Net impairment loss allowance charge/ (release) for the year	96.79	583.64
(ii) Amounts written off during the year	4,807.32	5,554.45
Impairment on loans	4,904.11	6,138.09
Less: Claimable amount under CGTMSE scheme	101.55	195.60
Add: Impairment on other assets	0.84	26.09
Impairment on financial instruments	4,803.40	5,968.58

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

#### 46 Other disclosures (Contd.)

#### 6. Debt securities - Terms of repayment (before inter-company eliminations)

##### Terms of repayment of non convertible debentures as at 31 March 2022

(₹ 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
Issued at par and redeemable at par					
Up to 730	3,006.27	9,393.93	-	-	12,400.20
731-1095	6,532.32	3,404.20	2,432.96	-	12,369.48
1096-1460	3,416.75	270.23	6,449.62	330.00	10,466.60
More than 1460	337.00	1,989.71	4,225.00	13,434.38	19,986.09
Issued at discount and redeemable at par					
1096-1460	24.34	-	113.89	-	138.23
Issued at par and redeemable at premium					
731-1095	960.12	1,013.98	-	-	1,974.10
1096-1460	3,924.82	80.05	-	-	4,004.87
More than 1460	3.80	-	-	406.00	409.80
Interest accrued	3,347.29	38.73	6.33	3.22	3,395.57
Impact of EIR					(44.49)
Total					65,100.45

-Interest rate ranges from 4.66% to 9.36% as at 31 March 2022

-As at 31 March 2022, partly called and paid unsecured debentures are ₹ 6,081.48 crore

-Amount to be called and paid is ₹ 915 crore in Nov 2022

-Amount to be called and paid is ₹ 105 crore each in Feb 2023, Feb 2024, Feb 2025 and ₹ 120 crore in Feb 2026

-Amount to be called and paid is ₹ 147 crore each in Mar 2023, Mar 2024 and ₹ 168 crore in Mar 2025

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

#### 46 Other disclosures (Contd.)

##### 6. Debt securities - Terms of repayment (before inter-company eliminations) (Contd.)

###### Terms of repayment of non convertible debentures 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
Issued at par and redeemable at par					
Up to 730	-	2,107.75	-	-	2,107.75
731-1095	758.06	7,280.06	2,325.00	-	10,363.12
1096-1460	504.51	2,627.27	1,345.40	1,500.06	5,977.24
More than 1460	1,118.50	1,297.00	1,994.79	12,110.29	16,520.58
Issued at discount and redeemable at par					
1096-1460	-	24.34	-	-	24.34
Issued at par and redeemable at premium					
366-730	428.29	-	-	-	428.29
731-1095	1,848.51	1,794.38	-	-	3,642.89
1096-1460	619.70	3,090.56	75.00	-	3,785.26
More than 1460	18.50	3.80	-	-	22.30
Interest accrued	1,915.33	973.34	2.79	-	2,891.46
Impact of EIR					(72.43)
Total					45,690.80

-Interest rate ranges from 4.66% to 9.36% as at 31 March 2021

-As at 31 March 2021, partly called and paid unsecured debentures of ₹ 4,671.59 crore.

-Amount to be called and paid is ₹ 200 crore in Jun 2021

-Amount to be called and paid is ₹ 915 crore each in Nov 2021 and Nov 2022

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

###### Terms of repayment of commercial paper as at 31 March 2022

(₹ 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
Issued at par and redeemable at par					
Up to 365	11,124.10	-	-	-	11,124.10
Interest accrued and impact of EIR					(1.48)
Total					11,122.62

-Interest rate ranges from 3.91% to 5.15% p.a as at 31 March 2022

-Face value of commercial paper is ₹ 11,255 crore as at 31 March 2022



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

#### 46 Other disclosures (Contd.)

##### 6. Debt securities - Terms of repayment (before inter-company eliminations) (Contd.)

###### Terms of repayment of commercial paper as at 31 March 2021

Original maturity of loan (In no.of days)					(₹ In Crore)
	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					
Up to 365	8,812.63	-	-	-	8,812.63
Interest accrued and impact of EIR					(1.29)
Total					8,811.34

-Interest rate ranges from 3.65% to 4.60% p.a as at 31 March 2021

-Face value of commercial paper is ₹ 8,955 crore as at 31 March 2021

##### 7. Borrowings (other than debt securities) - Terms of repayment (before inter-company elimination)

###### Terms of repayment of term loans from bank as at 31 March 2022

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 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
<b>Quarterly</b>									
Up to 1095	14	1,381.82	10	1,090.91	-	-	-	-	2,472.73
1096-1460	10	213.75	9	321.25	13.00	790.00	-	-	1,325.00
More than 1460	154	4,383.75	144	4,244.42	90.00	2,357.57	95.00	2,866.97	13,852.71
<b>Half yearly</b>									
1096-1460	2	142.86	2	142.86	2	142.85	-	-	428.57
More than 1460	47	2,264.85	57	2,645.73	50	2,169.77	112	5,772.56	12,852.91
<b>Yearly</b>									
More than 1460	25	1,770.00	23	1,757.50	15	1,459.58	11	966.67	5,953.75
<b>On maturity (Bullet)</b>									
Up to 1095	4	50.00	3	925.00	-	-	-	-	975.00
1096-1460	1	211.25	3	1,461.25	10	4,670.00	-	-	6,342.50
More than 1460	2	465.00	3	650.00	-	-	1	500.00	1,615.00
Interest accrued	-	2.02	-	-	-	-	-	-	2.02
Impact of EIR									(18.94)
Total									45,801.25

-Interest rate ranges from 5% p.a to 7.12% p.a as at 31 March 2022

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

#### 46 Other disclosures (Contd.)

#### 7. Borrowings (other than debt securities) - Terms of repayment (before inter-company elimination) (Contd.)

##### Terms of repayment of term loans from bank as at 31 March 2021

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 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
<b>Monthly</b>									
Up to 1095	12	150.00	4	50.00	-	-	-	-	200.00
<b>Quarterly</b>									
Up to 1095	18	1,506.82	17	1,744.32	10	1,090.91	-	-	4,342.05
1096-1460	14	493.75	8	193.75	3	131.25	6	600.00	1,418.75
More than 1460	122	3,586.87	141	4,020.21	121	3,728.56	127	4,195.42	15,531.06
<b>Half yearly</b>									
1096-1460	1	125.00	-	-	-	-	-	-	125.00
More than 1460	35	1,917.62	33	1,792.62	33	1,792.62	52	2,367.67	7,870.53
<b>Yearly</b>									
1096-1460	1	33.32	-	-	-	-	-	-	33.32
More than 1460	19	1,236.25	23	1,570.00	21	1,557.50	13	1,176.25	5,540.00
<b>On maturity (Bullet)</b>									
Up to 1095	2	450.00	-	-	1	250.00	-	-	700.00
1096-1460	2	727.50	1	211.25	4	2,211.25	-	-	3,150.00
More than 1460	1	1,250.00	2	465.00	3	650.00	-	-	2,365.00
Interest accrued	-	1.41	-	-	-	-	-	-	1.41
Impact of EIR									(28.12)
Total									41,249.00

-Interest rate ranges from 5.10% p.a to 8.85% p.a as at 31 March 2021

#### 7. Terms of repayment of working capital demand loans from bank

Original maturity of loan (In no.of days)	As at 31 March 2022		As at 31 March 2021	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
<b>On maturity (Bullet)</b>				
Up to 365	3	750.00	5	270.00
Total		750.00		270.00

-Interest rate ranges from 4.35% p.a to 7.05% p.a as at 31 March 2022 (Previous year 4.10% to 7.25%)

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

#### 46 Other disclosures (Contd.)

#### 7. Borrowings (other than debt securities) - Terms of repayment (before inter-company elimination) (Contd.)

##### Terms of repayment of TREPs

Original maturity of loan (In no.of days)	As at 31 March 2022		As at 31 March 2021	
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore
<b>On maturity (Bullet)</b>				
Up to 365	9	1,999.16	2	299.17
Total		1,999.16		299.17

- Interest rate ranges from 3.35% p.a to 3.85% p.a as at 31 March 2022 (Previous year 1.25%)

#### 7. Terms of repayment of external commercial borrowing as at 31 March 2022

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 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
<b>On maturity (Bullet)</b>									
731 to 1095	-	-	1	758.07	-	-	-	-	758.07
More than 1095	13	4,185.25	1	568.55	-	-	-	-	4,753.80
Interest accrued	-	23.24	-	-	-	-	-	-	23.24
Impact of EIR									(12.67)
Total									5,522.44

- Contracted interest rate ranges from 0.65% p.a to 1.22% p.a as at 31 March 2022

- Interest rate ranges from 5.85% to 7.68% p.a under cross currency interest rate swap (CCIRS) as at 31 March 2022

#### 7. Terms of repayment of external commercial borrowing as at 31 March 2021

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 year		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
<b>On maturity (Bullet)</b>									
731 to 1095	-	-	-	-	1	746.57	-	-	746.57
More than 1095	-	-	13	4,152.58	1	575.19	-	-	4,727.77
Interest accrued	-	23.87	-	-	-	-	-	-	23.87
Impact of EIR									(29.57)
Total									5,468.64

-Contracted interest rate ranges from 0.65% p.a to 1.25% p.a as at 31 March 2021

-Interest rate ranges from 5.85% to 7.68% p.a under cross currency interest rate swap (CCIRS) as at 31 March 2021

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

#### 46 Other disclosures (Contd.)

##### 8. Deposits - Terms of repayment

##### Terms of repayment of public deposits as at 31 March 2022

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365-730	3,272.40	1,239.11	-	-	4,511.51
731-1095	284.07	2,600.34	11.16	-	2,895.57
More than 1095	4,116.98	1,216.46	5,761.29	1,880.27	12,975.00
Interest accrued	505.41	187.64	143.24	42.15	878.44
Impact of EIR					(76.06)
Total					21,184.46

##### Terms of repayment of public deposits as at 31 March 2021

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365-730	3,462.08	1,080.58	-	-	4,542.66
731-1095	645.26	292.30	2,454.24	-	3,391.80
More than 1095	2,603.09	4,200.68	1,215.48	2,366.75	10,386.00
Interest accrued	331.00	260.77	68.88	59.60	720.25
Impact of EIR					(79.48)
Total					18,961.23

##### Terms of repayment of deposit from others as at 31 March 2022

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	659.33	-	-	-	659.33
366-730	5,923.01	2,089.53	-	-	8,012.54
731-1095	6.04	196.79	1.58	-	204.41
More than 1095	145.81	125.57	220.36	28.06	519.80
Interest accrued	153.56	74.27	7.43	1.09	236.35
Impact of EIR					(17.37)
Total					9,615.06

-Interest rates range from 4.00% p.a. to 9.35% p.a. as at 31 March 2022

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

#### 46 Other disclosures (Contd.)

##### 8. Deposits - Terms of repayment (Contd.)

###### Terms of repayment of deposit from others as at 31 March 2021

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	824.50	-	-	-	824.50
366-730	4,157.32	961.03	-	-	5,118.35
731-1095	256.81	6.24	87.70	-	350.75
More than 1095	53.81	151.78	129.95	44.51	380.05
Interest accrued	134.28	15.71	28.08	2.14	180.21
Impact of EIR					(11.66)
Total					6,842.20

-Interest rates range from 4.05% p.a. to 9.35% p.a. as at 31 March 2021

##### 9. Subordinated debts - Terms of repayment

###### Terms of repayment of subordinated debts as at 31 March 2022

(₹ In Crore)

Original maturity of deposits (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					
More than 1825	207.10	50.00	452.50	2,950.00	3,659.60
Interest accrued and impact of EIR	198.36	-	-	-	198.36
Impact of EIR					(12.19)
Total					3,845.77

-Interest rate ranges from 8.05% to 10.21% as at 31 March 2022

###### Terms of repayment of subordinated debts as at 31 March 2021

(₹ In Crore)

Original maturity of deposits (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					
More than 1825	50.00	207.10	50.00	3,402.50	3,709.60
Interest accrued and impact of EIR	202.84				202.84
Impact of EIR					(13.83)
Total					3,898.61

-Interest rate ranges from 8.05% to 10.21% as at 31 March 2021

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

#### 46 Other disclosures (Contd.)

##### 10. Insurance contract liabilities

(₹ In Crore)

As at 31 March

Particulars	As at 31 March	
	2022	2021
Insurance contracts liabilities		
General insurance contract liabilities	21,254.68	19,656.20
Life insurance contract liabilities	62,840.02	54,291.92
Undistributed participating policyholders surplus	1,498.76	1,281.94
Total	85,593.46	75,230.06

##### Change in general insurance contract liabilities

At the beginning of the period	19,656.20	17,354.83
Add: Premium earned	6,485.79	7,682.78
Less: Premium written	(6,244.69)	(7,250.52)
Add: Claims incurred (including IBNR)	15,160.02	18,793.48
Less: Claim outstanding (including IBNR)	(13,802.64)	(16,924.37)
Total	21,254.68	19,656.20

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	With DPF	Without DPF	Total	With DPF	Without DPF	Total
<b>Change in life insurance contract liabilities</b>						
At the beginning of the period	20,753.10	33,538.82	54,291.92	17,444.01	22,970.16	40,414.17
Add/(Less)						
Premium	3,305.85	10,636.72	13,942.57	2,800.62	7,427.61	10,228.23
Insurance liabilities released	(2,867.59)	(7,215.55)	(10,083.14)	(2,337.76)	(5,055.42)	(7,393.18)
Unwinding of discount rate	1,044.67	4,826.03	5,870.70	944.85	8,516.68	9,461.53
Others	(373.33)	(808.70)	(1,182.03)	1,901.38	(320.21)	1,581.17
Total	21,862.70	40,977.32	62,840.02	20,753.10	33,538.82	54,291.92
<b>Undistributed participating policyholders surplus</b>						
Opening balance	1,281.94	-	1,281.94	1,003.95	-	1,003.95
Amount utilised during the period	-	-	-	-	-	-
Amount credited during the period	216.82	-	216.82	277.99	-	277.99
Total	1,498.76	-	1,498.76	1,281.94	-	1,281.94

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

#### 46 Other disclosures (Contd.)

##### 11. Investment contract liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Investment contract liabilities	10,898.95	8,881.18
	10,898.95	8,881.18
<b>Reconciliation of investment contract liabilities</b>		
<b>At the beginning of the period</b>	8,881.18	6,946.84
<b>Additions</b>		
Deposits	2,184.48	1,796.61
Interest credited to policyholders'	824.21	797.98
	3,008.69	2,594.59
<b>Deductions</b>		
Withdrawals	890.50	580.04
Fee income and other expenses	100.42	80.24
Others	-	(0.03)
	990.92	660.25
<b>At the end of the period</b>	10,898.95	8,881.18

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

## 46 Other disclosures (Contd.)

### 12. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below

#### Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation	As at 31 March	
		2022	2021
Bajaj Finance Ltd.	India	52.49%	52.74%
Bajaj Allianz General Insurance Company Ltd.	India	74.00%	74.00%
Bajaj Allianz Life Insurance Company Ltd.	India	74.00%	74.00%

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
<b>Information regarding non-controlling interest</b>		
<b>Accumulated balances of material non-controlling interest</b>		
Bajaj Finance Ltd.	20,891.12	17,488.12
Bajaj Allianz General Insurance Company Ltd.	2,291.85	2,033.29
Bajaj Allianz Life Insurance Company Ltd.	2,890.15	2,942.57
<b>Profit/(loss) allocated to material non-controlling interest</b>		
Bajaj Finance Ltd.	3,323.80	2,087.95
Bajaj Allianz General Insurance Company Ltd.	355.44	481.35
Bajaj Allianz Life Insurance Company Ltd.	77.52	327.62



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

#### 46 Other disclosures (Contd.)

##### 12. Material partly owned subsidiaries (Contd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

##### Summarised Statement of Profit and Loss for the year ended 31 March 2022

	(₹ In Crore)		
	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Revenue from operations	31,632.42	19,593.27	17,315.22
Other income	7.99	18.86	153.37
<b>Total income</b>	<b>31,640.41</b>	<b>19,612.13</b>	<b>17,468.59</b>
Employee benefits expenses	3,589.66	749.34	1,918.73
Finance costs	9,748.24	5.98	7.41
Fees and commission expense	1,745.55	878.85	915.54
Impairment on financial instruments	4,803.40	86.27	0.18
Claims incurred pertaining to insurance business	-	7,916.17	8,468.56
Reinsurance ceded	-	5,767.59	202.15
Net change in insurance/investment contract liabilities	-	918.92	4,835.27
Depreciation, amortisation and impairment	384.57	70.14	61.96
Other expenses	1,865.21	1,388.45	881.44
<b>Total expenses</b>	<b>22,136.63</b>	<b>17,781.71</b>	<b>17,291.24</b>
Profit before tax	9,503.78	1,830.42	177.35
Tax expense	2,475.55	463.36	(120.79)
<b>Profit for the year</b>	<b>7,028.23</b>	<b>1,367.06</b>	<b>298.14</b>
<b>Total comprehensive income</b>	<b>7,062.50</b>	<b>1,116.60</b>	<b>(65.51)</b>
Attributable to non-controlling interests	3,340.16	290.33	(17.03)
Dividends paid to non-controlling interests	287.60	32.10	35.67

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

#### 46 Other disclosures (Contd.)

##### 12. Material partly owned subsidiaries (Contd.)

##### Summarised Statement of Profit and Loss for the year ended 31 March 2021

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Revenue from operations	26,668.10	17,942.60	16,061.45
Other income	14.95	18.86	153.37
<b>Total income</b>	<b>26,683.05</b>	<b>17,961.46</b>	<b>16,214.82</b>
Employee benefits expenses	2,498.67	795.46	1,206.59
Finance costs	9,414.00	7.41	7.52
Fees and commission expense	1,246.48	801.37	634.18
Impairment on financial instruments	5,968.58	67.99	(57.72)
Claims incurred pertaining to insurance business	-	6,082.18	5,782.25
Reinsurance ceded	-	4,755.99	98.82
Net change in insurance / investment contract liabilities	-	1,682.18	6,293.87
Depreciation, amortisation and impairment	325.27	75.64	61.16
Other expenses	1,237.79	1,224.76	689.01
<b>Total expenses</b>	<b>20,690.79</b>	<b>15,492.98</b>	<b>14,715.68</b>
Profit before tax	5,992.26	2,468.48	1,499.14
Tax expense	1,572.44	617.13	239.07
<b>Profit for the year</b>	<b>4,419.82</b>	<b>1,851.35</b>	<b>1,260.07</b>
<b>Total comprehensive income</b>	<b>4,362.81</b>	<b>1,901.52</b>	<b>1,096.65</b>
Attributable to non-controlling interests	2,061.01	494.39	285.13
Dividends paid to non-controlling interests	-	38.69	43.10

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

#### 46 Other disclosures (Contd.)

##### 12. Material partly owned subsidiaries (Contd.)

##### Summarised Balance Sheet as at 31 March 2022

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Financial assets	209,458.37	26,813.31	88,229.23
Non-financial assets	3,046.99	7,016.64	1,073.78
Financial liabilities	167,993.47	1,729.09	12,966.40
Insurance contract liabilities	-	21,254.68	64,338.78
Non-financial liabilities	799.20	2,031.36	881.88
Equity	43,712.69	8,814.82	11,115.95
<b>Attributable to</b>			
Equity holders of the parent	22,821.57	6,522.97	8,225.80
Non-controlling interest	20,891.12	2,291.85	2,890.15

##### Summarised Balance Sheet as at 31 March 2021

(₹ In Crore)

	Bajaj Finance Ltd. (Consolidated)	Bajaj Allianz General Insurance Company Ltd.	Bajaj Allianz Life Insurance Company Ltd.
Financial assets	168,904.38	25,676.18	77,319.66
Non-financial assets	2,622.49	6,220.04	869.40
Financial liabilities	133,783.71	2,663.86	10,397.13
Insurance contract liabilities	-	19,656.20	55,573.86
Non-financial liabilities	824.75	1,755.84	900.53
Equity	36,918.41	7,820.32	11,317.54
<b>Attributable to</b>			
Equity holders of the parent	19,430.29	5,787.03	8,374.97
Non-controlling interest	17,488.12	2,033.29	2,942.57

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

#### 46 Other disclosures (Contd.)

##### 12. Material partly owned subsidiaries (Contd.)

##### Summarised cash flow information for the year ended 31 March 2022

(₹ In Crore)

	<b>Bajaj Finance Ltd. (Consolidated)</b>	<b>Bajaj Allianz General Insurance Company Ltd.</b>	<b>Bajaj Allianz Life Insurance Company Ltd.</b>
Operating	(37,028.62)	(0.88)	3,466.20
Investing	6,346.84	(69.95)	(4,528.08)
Financing	32,239.62	(197.43)	(160.87)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,557.84</b>	<b>(268.26)</b>	<b>(1,222.75)</b>

##### Summarised cash flow information for the year ended 31 March 2021

(₹ In Crore)

	<b>Bajaj Finance Ltd. (Consolidated)</b>	<b>Bajaj Allianz General Insurance Company Ltd.</b>	<b>Bajaj Allianz Life Insurance Company Ltd.</b>
Operating	(880.95)	2,339.15	3,250.19
Investing	(428.54)	(1,864.10)	(1,314.15)
Financing	1,826.14	(200.98)	(188.72)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>516.65</b>	<b>274.07</b>	<b>1,747.32</b>

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

#### 46 Other disclosures (Contd.)

##### 13. Derivatives (BALIC)

BALIC offers guaranteed products wherein the policyholders are assured of a fixed rate of return for premiums to be received in the future. These premiums are likely to be received over a longer tenure and the guaranteed rate of return is fixed at the beginning of the policy term. Any fall in interest rates would mean that each incremental investment of BALIC would earn a lower rate of return. Accordingly, a fall in interest rates would mean lower interest earnings for BALIC from future investments, thereby exposing BALIC to interest rate risk. IRDAI master circular for Investment Regulations, 2016 allows insurers to deal in rupee denominated interest rate derivatives to hedge the volatility of returns from future fixed income investments, due to variations in market interest rates.

BALIC has during the year, as part of its hedging strategy, entered into Forward Rate Agreement ('FRA') transactions to hedge the risk of movements in interest rates for highly probable forecasted transactions as permitted by the IRDAI circular on interest rate derivatives.

FRA is a forward contract to hedge the risk of movements in interest rates. In a FRA contract, BALIC fixes the yield on the government bond for the period till the maturity of the contract. As on the date of entering the FRA, BALIC fixes the yield on future investments in a government bond. BALIC is using FRA instruments to hedge the interest rate risk arising out of highly probable forecasted future cash inflows. These highly probable forecasted future cash inflows arise from already written policies or from interest income and redemption of investments.

BALIC has a well-defined Board approved derivative policy and process document setting out the strategic objectives, risk measures and functioning of the derivative transactions as per the hedging strategy. BALIC is following hedge accounting for all derivative transactions.

FRA undertaken by BALIC is solely for the purpose of hedging interest rate risks on account of following forecasted transactions:

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

##### a. Nature and terms of outstanding derivative contract

- i. Total notional principal amount of FRA undertaken during the year and outstanding at the year end

Sr. No.	Particulars	(₹ In Crore)	
		As at 31 March <b>2022</b>	<b>2021</b>
<b>i)</b>	<b>Total notional principal amount of Forward Rate Agreements undertaken during the year</b>		
1	6.79% GOI (MD 26/12/2029)	-	319.45
2	7.88% GOI (MD 19/03/2030)	-	214.97
3	7.61% GOI (MD 09/05/2030)	-	206.48
4	8.97% GOI (MD 05/12/2030)	-	231.70
5	6.68% GOI (MD 17/09/2031)	30.55	167.32
6	8.32% GOI (MD 02/08/2032)	-	189.51
7	7.95% GOI (MD 28/08/2032)	238.37	524.57
8	8.24% GOI (MD 10/11/2033)	-	100.31
9	7.40% GOI (MD 09/09/2035)	460.05	651.52
10	6.67% GOI (MD 15/12/2035)	1,654.54	-
11	8.33% GOI (MD 07/06/2036)	672.77	-

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

#### 46 Other disclosures (Contd.)

##### 13. Derivatives (BALIC) (Contd.)

		(₹ In Crore)	
		As at 31 March	
Sr. No.	Particulars	2022	2021
12	8.30% GOI (MD 31/12/2042)	175.76	-
13	8.17% GOI (MD 01/12/2044)	57.42	-
14	8.13% GOI (MD 22/06/2045)	56.44	-
15	7.06% GOI (MD 10/10/2046)	50.08	-
16	7.72% GOI (MD 15/06/2049)	75.40	-
17	6.99% GOI (MD 15/12/2051)	71.82	-
18	7.72% GOI (MD 26/10/2055)	66.84	-
19	6.80% GOI (MD 15/12/2060)	59.00	-
20	6.76% GOI (MD 22/02/2061)	407.91	-
21	6.95% GOI (MD 16/12/2061)	424.40	-
	<b>Total</b>	<b>4,501.35</b>	<b>2,605.83</b>

		(₹ In Crore)	
		As at 31 March	
Sr. No.	Particulars	2022	2021
<b>ii)</b>	<b>Total notional principal amount of Forward Rate Agreements outstanding at the year-end</b>		
1	6.79% GOI (MD 26/12/2029)	319.45	319.45
2	7.88% GOI (MD 19/03/2030)	214.97	214.97
3	7.61% GOI (MD 09/05/2030)	206.48	206.48
4	8.97% GOI (MD 05/12/2030)	231.70	231.70
5	6.68% GOI (MD 17/09/2031)	197.86	167.32
6	8.32% GOI (MD 02/08/2032)	189.51	189.51
7	7.95% GOI (MD 28/08/2032)	534.95	524.57
8	8.24% GOI (MD 10/11/2033)	100.31	100.31
9	7.40% GOI (MD 09/09/2035)	556.25	512.20
10	6.67% GOI (MD 15/12/2035)	1,654.54	-
11	8.33% GOI (MD 07/06/2036)	672.77	-
12	8.30% GOI (MD 31/12/2042)	175.76	-
13	8.17% GOI (MD 01/12/2044)	57.42	-
14	8.13% GOI (MD 22/06/2045)	56.44	-
15	7.06% GOI (MD 10/10/2046)	50.08	-
16	7.72% GOI (MD 15/06/2049)	75.40	-
17	6.99% GOI (MD 15/12/2051)	71.82	-
18	7.72% GOI (MD 26/10/2055)	66.84	-
19	6.80% GOI (MD 15/12/2060)	44.01	-
20	6.76% GOI (MD 22/02/2061)	384.10	-
21	6.95% GOI (MD 16/12/2061)	424.40	-
	<b>Total</b>	<b>6,285.06</b>	<b>2,466.51</b>
<b>iii)</b>	<b>Notional principal amount of outstanding and not 'highly effective' as at balance sheet date</b>	-	-
<b>iv)</b>	<b>Mark-to-market value of FRA and not 'highly effective' as at balance sheet date</b>	-	-

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

#### 46 Other disclosures (Contd.)

##### 13. Derivatives (BALIC) (Contd.)

- II. The fair value gains or losses (MTM) with respect of FRAs outstanding as at the balance sheet date is stated below

Sr. No.	Particulars	(₹ In Crore)	
		As at 31 March	
		2022	2021
1	6.79% GOI (MD 26/12/2029)	4.24	2.68
2	7.88% GOI (MD 19/03/2030)	(0.82)	(1.67)
3	7.61% GOI (MD 09/05/2030)	1.19	0.12
4	8.97% GOI (MD 05/12/2030)	0.51	(0.93)
5	6.68% GOI (MD 17/09/2031)	(2.84)	(1.01)
6	8.32% GOI (MD 02/08/2032)	(0.86)	(0.11)
7	7.95% GOI (MD 28/08/2032)	(3.91)	(3.22)
8	8.24% GOI (MD 10/11/2033)	(1.05)	(0.70)
9	7.40% GOI (MD 09/09/2035)	(15.90)	(9.24)
10	6.67% GOI (MD 15/12/2035)	(20.87)	-
11	8.33% GOI (MD 07/06/2036)	(13.84)	-
12	8.30% GOI (MD 31/12/2042)	3.00	-
13	8.17% GOI (MD 01/12/2044)	(0.86)	-
14	8.13% GOI (MD 22/06/2045)	(1.03)	-
15	7.06% GOI (MD 10/10/2046)	(0.71)	-
16	7.72% GOI (MD 15/06/2049)	(1.24)	-
17	6.99% GOI (MD 15/12/2051)	0.80	-
18	7.72% GOI (MD 26/10/2055)	0.89	-
19	6.80% GOI (MD 15/12/2060)	(1.54)	-
20	6.76% GOI (MD 22/02/2061)	(9.74)	-
21	6.95% GOI (MD 16/12/2061)	(0.37)	-
	<b>Total</b>	<b>(64.95)</b>	<b>(14.08)</b>

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

#### 46 Other disclosures (Contd.)

##### 13. Derivatives (BALIC) (Contd.)

##### b. Movement in cash flow hedge reserve

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Balance at the beginning of the year	-	0.62	0.62	-	-	-
Add: Changes in the fair value during the year	(2.00)	(14.54)	(16.54)	-	0.62	0.62
Less: Amount reclassified from OCI to profit or loss	0.04	-	0.04	-	-	-
Balance at the end of the year (Net of tax)	(1.96)	(13.92)	(15.88)	-	0.62	0.62

An amount of ₹ 38.89 crore [Previous year ₹ (15.71) crore] was recognised in Statement of Profit and Loss on account of cash flow hedge.

##### c. Counterparty wise details

(₹ In Crore)

Name of counterparty	As at 31 March 2022		As at 31 March 2021	
	J.P. Morgan Chase/HSBC Ltd/ Standard Chartered Bank / Citibank NA/ BNP Paribas		J.P.Morgan Chase/HSBC Ltd./ Standard Chartered Bank	
Current credit exposure		14.73		4.14
Potential future credit exposure		187.18		71.95
Credit exposure		201.91		76.09

The credit exposure has been calculated on the basis of credit equivalent amount using the Current Exposure Method (CEM) which is sum of the following:

- The current credit exposure (gross positive mark to market value of the contract); and
- Potential future credit exposure which is a product of the notional principal amount across the outstanding contract and a factor that is based on the mandated credit conversion factors as prescribed under the IRDAI circular on interest rate derivatives, which is applied on the residual maturity of the contract

##### d. Price sensitivity of outstanding interest rate derivative contracts

(₹ In Crore)

Name of counterparty	As at 31 March	
	2022	2021
PV01 (Price value of one basis point)		
Hedge instrument	(4.03)	(1.24)
Hedge item	4.03	1.24

PV01 measures the change in the present value of the hedge instrument / item resulting from one basis point shift in the yield and OIS curve.



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

#### 46 Other disclosures (Contd.)

##### 14. Fair value of equity investments at FVTOCI

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Aditya Birla Sun Life AMC	20.36	-
Ambuja Cements Ltd.	13.17	12.36
Asian Paints Ltd.	4.62	3.81
Axis Bank Ltd.	24.74	6.98
Bajaj Auto Ltd.	0.06	0.06
Bajaj Holdings & Investment Ltd.	0.02	0.02
Bayer CropScience Ltd.	10.44	-
Bharti Airtel Ltd.	38.98	21.72
Britannia Industries Ltd.	10.10	-
Cipla Ltd.	20.87	-
Divis Laboratories Ltd.	21.13	-
Dr Reddys Laboratories Ltd.	46.30	22.58
Godrej Consumer Products Ltd.	9.72	7.29
HCL Technologies Ltd.	5.82	-
HDFC Bank Ltd.	132.62	2.99
Hero Motocorp Ltd.	17.89	-
Hindalco Industries Ltd.	5.70	-
Hindustan Unilever Ltd.	46.71	-
Housing Development Finance Corporation	9.56	-
Housing Development Finance Corporation Ltd.	47.77	7.87
ICICI Bank Ltd.	41.04	5.82
ICICI Lombard General Insurance Co. Ltd.	9.96	-
ICICI Prudential Asset Management Co. Ltd.	113.71	-
Infosys Ltd.	62.93	-
ITC Ltd.	25.06	21.86
Kotak Mahindra Bank Ltd.	10.52	10.52
Larsen & Toubro Ltd.	30.05	11.35
Lupin Ltd.	1.87	-
Mahindra & Mahindra Ltd.	6.45	-
Marico Ltd.	5.04	-
Maruti Suzuki India Ltd.	16.63	3.43
MRF Ltd.	3.25	-
Nippon India Mutual Fund	81.91	-
NTPC Ltd.	3.04	-

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

#### 46 Other disclosures (Contd.)

##### 14. Fair value of equity investments at FVTOCI (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Oil & Natural Gas Corpn Ltd.	7.38	-
Pidilite Industries Ltd.	10.80	-
Power Grid Corporation of India Ltd.	15.72	-
RBL Bank Ltd.	55.72	88.70
Reliance Industries Ltd.	127.26	60.09
Sanofi India Ltd.	3.00	-
Siemens Ltd.	11.37	5.53
State Bank of India	24.18	-
Sun Pharmaceuticals Industries Ltd.	11.53	-
Tata Consultancy Services Ltd.	133.28	-
Tata Motors Ltd.	13.02	-
Tata Steel Ltd.	38.56	24.36
Tech Mahindra Ltd.	11.25	-
The Ramco Cements Ltd.	2.30	4.00
Titan Company Ltd.	18.26	-
UltraTech Cement Ltd.	40.60	-
Wipro Ltd.	10.54	-
<b>Fair Value</b>	<b>1,432.81</b>	<b>321.34</b>

##### 15. Ultimate beneficiary

No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

No funds (which are material either individually or in the aggregate) have been received by BFL and its subsidiary viz BFinsec from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the BFL and BFinsec shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

One of the subsidiary viz BHFL has received fund from entities (Funding Party) with the understanding that the BHFL shall directly or indirectly lend to other entities.

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

## 46 Other disclosures (Contd.)

### 15. Ultimate beneficiary (Contd.)

#### Details of transaction

(₹ In Crore)					
Name of funding party	Date of fund received	Amount of fund received	Name of other intermediaries or ultimate beneficiaries	Date of fund advanced or loaned	Amount of fund advanced or loaned
Karuna Ventures Pvt Ltd	7-Dec-21	65.00	Tenshi Kaizen Pvt. Ltd.	9-Dec-21	61.50
Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 CIN: U74110KA2009PTC050575			Address: Plot no. 46, Higher pharmatech pvt. Ltd., 1st phase, KIADB industrial area, Harohalli, Ramanagar, Karnataka, 562112 CIN: U24230KA2007PTC042337		
Premsagar Infra Realty Pvt. Ltd.	18-Nov-21	445.00	A2Z Online Services Pvt. Ltd.	29-Nov-21	420.00
Address: 191/A/2A/1/2, Tower E, tech Park One, Next to don bosco school, off airport road Yerwada pune 411006 CIN: U55701PN1991PTC134103			Address: Third floor Tower E Tech Park One, Next to Don Bosco School, Yerwada, Pune-411006 CIN: U74140PN2000PTC139217		

BHFL does not have relationship in terms of Companies Act 2013 and Ind AS 24 with the funding parties and beneficiaries companies.

In respect of above transactions, relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

### 16. Relationship with Struck off Companies (BFL)

(₹ In Crore)					
S.No	Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the struck off company	Balance outstanding 31 March 2022	Balance outstanding 31 March 2021
1	Asquare Events And Production Private Limited	Loan receivables	No	0.13	0.13
2	Ayuh-Meditech Solutions Private Limited	Loan receivables	No	0.02	0.04
3	Bhandari Hotels Private Limited	Loan receivables	No	0.09	0.09
4	Dheer Software Solutions Private Limited	Loan receivables	No	0.04	0.04
5	First Paper Idea India Private Limited	Loan receivables	No	0.11	0.11
6	Fortuner Con-Serve Private Limited	Loan receivables	No	0.03	0.03
7	Grabstance Technologies Private Limited	Loan receivables	No	0.05	0.07
8	Green Way Super Market Private Limited	Loan receivables	No	0.11	0.11
9	Indira Smart Systems Private Limited	Loan receivables	No	0.10	0.10
10	Koolair Systems Private Limited	Loan receivables	No	0.10	0.10
11	Maxin Hydro Dynamic India Private Limited	Loan receivables	No	0.06	0.06
12	Mazda Agencies Private Limited	Loan receivables	No	0.11	0.11
13	R. R. Movers & Logistics Private Limited	Loan receivables	No	0.13	0.12
14	Shrine Infrastructure Private Limited	Loan receivables	No	0.57	0.56
15	Sri Beera Barji Trading Co. Private Limited	Loan receivables	No	0.07	0.07
16	Vijayasree Rearing And Processing Private Limited	Loan receivables	No	0.04	0.04
17	Wave Aquatic Private Limited	Loan receivables	No	0.11	0.11
18	Gayathri Technocrats Private Limited	Loan receivables	No	0.15	0.21
19	CSE Computer Solutions East Pvt Ltd	Loan receivables	No	0.37	0.38

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

#### 46 Other disclosures (Contd.)

##### 17. Disclosure pertaining to stock statement filed with banks or financial institutions

The Group has availed of the facilities (secured borrowings) from the lenders inter alia on the condition that, the Group shall provide or create or arrange to provide or have created, security interest by way of a first pari passu charge of the loans. Security interest is created by charge creation towards security and debenture trustee on behalf of security holders and debenture holders.

For Bajaj Finance Ltd.

##### (a) Details of receivable reported in the quarterly stock statement and receivable as per books of account

(₹ In Crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Name of bank	Trustees	Trustees	Trustees	Trustees
Particulars of Securities Provided	Loans	Loans	Loans	Loans
Amount as per books of accounts	117,372.02	121,243.87	130,731.63	144,276.25
Add : Impairment loss allowance	4,780.96	4,427.84	4,040.30	3,936.84
Add : Impact of EIR	1,334.84	1,468.39	1,663.25	1,742.64
<b>Amount as per books of accounts (Gross)</b>	<b>123,487.82</b>	<b>127,140.10</b>	<b>136,435.18</b>	<b>149,955.73</b>
<b>Amount as reported in the quarterly return/statement</b>	<b>112,020.80</b>	<b>125,534.07</b>	<b>135,802.51</b>	<b>141,462.65</b>

Amount as reported in quarterly return is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties.

##### (b) Summary of coverage required and available for secured borrowings

(₹ In Crore)

Particulars	Jun-21	Sep-21	Dec-21	Mar-22
Receivables as reported in the quarterly return/statement (A)	112,020.80	125,534.07	135,802.51	141,462.65
Coverage required for secured borrowings (including interest accrued thereon) (B)	66,603.21	70,457.49	73,133.57	80,375.39
Charge free receivables =(A-B)	45,417.59	55,076.58	62,668.94	61,087.26
Asset cover ratio =(A/B)	1.68	1.78	1.86	1.76

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

**47 Revenue from contracts with customers (BFL)**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	<b>2022</b>	<b>2021</b>
<b>Type of services</b>		
Service and administration charges	1,161.57	1,313.82
Fees on value added services and products	449.39	369.71
Foreclosure charges	226.92	144.56
Distribution income	1,199.17	612.48
Brokerage income	29.64	11.82
<b>Total</b>	<b>3,066.69</b>	<b>2,452.39</b>
<b>Geographical markets</b>		
India	3,066.69	2,452.39
Outside India	-	-
<b>Total</b>	<b>3,066.69</b>	<b>2,452.39</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	3,066.69	2,452.39
Services transferred over time	-	-
<b>Total</b>	<b>3,066.69</b>	<b>2,452.39</b>

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	<b>2021</b>
<b>Contract balances</b>		
Fees, commission and other receivable	359.07	415.84
<b>Total</b>	<b>359.07</b>	<b>415.84</b>

Impairment allowance recognised on contract balances is ₹ Nil (Previous year ₹ Nil)

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

## 48 Employee stock option plan

### Bajaj Finance Ltd.

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the then issued equity capital of the Company aggregating to 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of BFL vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of BFL under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 677,313 stock options i.e. from 1,829,803 to 2,507,116 options of the face value of ₹ 10 each under the stock options scheme of BFL i.e. Employee Stock Option Plan 2009.

Pursuant to the sub-division of each equity share of face value of ₹ 10 into five equity shares of face value of ₹ 2 on 10 September 2016 and allotment of bonus equity share in the proportion of one equity share of face value of ₹ 2 for every one equity share on 14 September 2016, the aggregate number of equity shares which would be available for future grants under the Employee Stock Option Plan, 2009 were adjusted from 2,507,116 equity shares of face value of ₹ 10 to 25,071,160 equity shares of face value of ₹ 2 each.

Further, vide the Special Resolution passed by the members of BFL through postal ballot on 19 April 2021, BFL has approved the increase in the aforesaid limit of options by 10,000,000 options. The maximum limit under the scheme now stand revised from 25,071,160 options (adjusted for sub-division and bonus) to 35,071,160 options.

Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employment with BFL or subsidiaries of BFL except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of BFL has approved the following grants to select senior level executives of BFL in accordance with the Stock Option Scheme. Under the scheme, sixteen grants have been made as of 31 March 2022, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under

### As at 31 March 2022

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-
15-May-13	138.04	3,949,300	75,500	-	3,020,800	853,000	75,500
1-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	285,255	-	2,189,995	340,750	285,255
20-May-15	448.16	1,935,000	315,145	-	1,250,355	369,500	315,145
24-May-16	765.37	1,430,000	403,375	-	801,250	225,375	403,375
17-May-17	1,347.75	1,120,750	440,307	-	539,080	141,363	440,307
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-
1-Feb-18	1,677.85	120,000	27,126	-	43,910	48,964	27,126
17-May-18	1,919.95	1,273,416	404,417	244,912	416,510	207,577	649,329
16-May-19	3,002.75	1,123,900	343,451	501,778	198,595	80,076	845,229
19-May-20	1,938.60	2,054,250	311,196	1,411,314	197,334	134,406	1,722,510
27-Apr-21	4,736.55	936,643	2,401	905,273	773	28,196	907,674
Total		28,917,109	2,608,173	3,063,277	19,305,582	3,940,077	5,671,450

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

#### 48 Employee stock option plan (Contd.)

##### Bajaj Finance Ltd. (Contd.)

##### As at 31 March 2021

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-
16-May-12	87.61	3,595,000	62,050	-	2,953,700	579,250	62,050
15-May-13	138.04	3,949,300	329,225	-	2,767,075	853,000	329,225
1-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	637,500	-	1,837,750	340,750	637,500
20-May-15	448.16	1,935,000	474,060	-	1,091,440	369,500	474,060
24-May-16	765.37	1,430,000	584,351	-	620,274	225,375	584,351
17-May-17	1,347.75	1,120,750	384,021	232,526	362,840	141,363	616,547
16-Oct-17	1,953.05	16,350	-	4,088	12,262	-	4,088
1-Feb-18	1,677.85	120,000	24,926	14,914	32,071	48,089	39,840
17-May-18	1,919.95	1,273,416	318,972	530,655	232,903	190,886	849,627
16-May-19	3,002.75	1,123,900	207,880	807,957	66,171	41,892	1,015,837
19-May-20	1,938.60	2,054,250	-	2,020,150	-	34,100	2,020,150
Total		27,980,466	3,022,985	3,610,290	17,591,366	3,755,825	6,633,275

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

	Financial Year 2021-22	Financial Year 2020-21
Grant date	27-Apr-21	19-May-20
No. of options granted	936,643	2,054,250
Weighted average fair value (₹)	2,108.92	787.24

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

##### As at 31 March 2022

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	6,633,275	87.61-3,002.75	1,206.35	4.51
Granted during the year	936,643	4,736.55	4,736.55	
Cancelled during the year	184,252	1,677.85-4,736.55	2,584.37	
Exercised during the year	1,714,216	87.61-4,736.55	1,008.80	
Outstanding at the end of the year	5,671,450	138.04-4,736.55	2,219.04	4.49
Exercisable at the end of the year	2,608,173	138.04-4,736.55	1,374.30	2.59

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

#### 48 Employee stock option plan (Contd.)

**Bajaj Finance Ltd. (Contd.)**

**As at 31 March 2021**

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	6,267,030	70.52-3002.75	1,206.35	3.98
Granted during the year	2,054,250	1,938.60	1,938.60	
Cancelled during the year	68,871	1,347.75-3,002.75	2,270.91	
Exercised during the year	1,619,134	70.52-3,002.75	637.39	
Outstanding at the end of the year	6,633,275	87.61-3,002.75	1,206.35	4.51
Exercisable at the end of the year	3,022,985	87.61-3,002.75	875.50	2.40

The weighted average market price of equity shares for options exercised during the year is ₹ 2,532.25 (Previous year ₹ 4,093.17).

#### Method used for accounting for share based payment plan

BFL has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹) *
12-Jan-10	6.70%	1-5 years	54.01%	0.62%	35.87
21-Jul-10	7.42%	3.5 -6.5 years	55.38%	1.28%	54.20
28-Jul-11	8.27%	3.5 -6.5 years	53.01%	1.42%	70.52
16-May-12	8.36%	3.5 -6.5 years	49.58%	1.37%	87.61
15-May-13	7.32%	1-5 years	29.97%	1.09%	138.04
1-Nov-13	8.71%	1-5 years	32.83%	1.11%	135.31
16-Jul-14	8.66%	1-5 years	38.01%	0.73%	219.66
20-May-15	7.76%	3.5 -6.5 years	34.88%	0.36%	448.16
24-May-16	7.38%	3.5 -6.5 years	33.13%	0.47%	765.37
17-May-17	6.89%	3.5 -6.5 years	34.23%	0.05%	1,347.75
16-Oct-17	6.69%	3.5 -6.5 years	34.51%	0.04%	1,953.05
1-Feb-18	7.42%	3.5 -6.5 years	34.05%	0.04%	1,677.85
17-May-18	7.91%	3.5 -6.5 years	33.65%	0.19%	1,919.95
16-May-19	7.09%	3.5 -6.5 years	34.03%	0.13%	3,002.75
19-May-20	5.58%	3.5 -6.5 years	40.30%	0.83%	1,938.60
27-April-21	5.65%	3.5 -6.5 years	42.51%	0.21%	4,736.55

\* adjusted for sub-division of shares and issue of bonus shares thereon

For the year ended 31 March 2022, BFL has accounted expense of ₹ 161.03 crore as employee benefit expenses on the aforesaid employee stock option plan (Previous year ₹ 124.75 crore). The balance in employee stock option outstanding account is ₹ 397.56 crore as of 31 March 2022 (Previous year ₹ 303.25 crore).



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

#### 48 Employee stock option plan (Contd.)

##### Bajaj Allianz General Insurance Company Ltd.

BAGIC has granted Employee Stock Option 2018 Tranche I (ESOP 2018), Employee Stock Option 2018 – Tranche II (ESOP 2019) and Employee Stock Option 2018 – Tranche III (ESOP 2020) to its eligible employees. These grants have a graded vesting over three years and the vested options have to be exercised by employees within eight years from the date of vesting subject to the norms prescribed by the Nomination and Remuneration Committee. The mode of settlement of the scheme is through equity shares of the Bajaj Finserv Ltd. (Holding Company). Details of each grant is as follows

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Date of grant	28 April 2021	22 May 2020	16 May 2019	19 July 2018
No. of option granted	149,200	176,675	45,200	16,625
Exercise price	₹ 10,091.34	₹ 4,702.05	₹ 7,454.70	₹ 6,365.75
Graded vesting period				
1st Year	34%	34%	34%	34%
2nd Year	33%	33%	33%	33%
3rd Year	33%	33%	33%	33%
Maximum term of option granted/contractual life (years)	8	8	8	8

BAGIC follows the fair value method of accounting for stock options granted to employees. A summary of status of ESOP schemes in terms of options forfeited, options exercised, options outstanding and options exercisable is as given below

Particulars	For the year ended 31 March 2022				For the year ended 31 March 2021		
	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018	ESOP 2020	ESOP 2019	ESOP 2018
Outstanding at the beginning of the year	-	173,250	43,458	17,861	-	44,375	17,313
Granted during the year *	149,200	-	-	-	176,675	-	1,175
Forfeited/lapsed during the year	7,525	3,794	740	-	3,425	775	325
Exercised during the year	-	18,834	11,024	9,513	-	142	302
Outstanding at the end of the year	141,675	150,622	31,694	8,348	173,250	43,458	17,861
Exercisable at the end of the year	-	40,099	18,462	8,348	-	14,703	5,740
Remaining contractual life (years)	6.07	5.24	4.26	3.39	7.14	6.12	5.29

\* Including transfer within group companies

The fair value of options has been calculated using the Black-Scholes model. The fair value on the date of grant and the key assumptions used in Black-Scholes model for calculating fair value of each option are as follows

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Weighted average fair value on the date of grant	₹ 3,107.84	₹ 1,470.51	₹ 2,240.09	₹ 1,930.46
Risk-free interest rate	4.45% to 5.36%	6.35%	7.56%	8.07%
Expected life	One year after vesting	One year after vesting	One year after vesting	One year after vesting
Expected volatility *	34.97% to 40.80%	35.56%	30.40%	29.65%
Expected dividend yield	₹ 5.00	₹ 2.50	₹ 1.75	₹ 1.75

\* Based on historical stock prices using annualised standard deviation of daily change in stock price.

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

#### 48 Employee stock option plan (Contd.)

##### Bajaj Allianz Life Insurance Company Ltd.

BALIC has granted stock options under Employee Stock Option 2018-Tranche I (ESOP 2018), Employee Stock Option 2018 – Tranche II (ESOP 2019), Employee Stock Option 2018 – Tranche III (ESOP 2020) and Employee Stock Option 2018 – Tranche IV (ESOP 2021) to its eligible employees. These grants have a graded vesting over three years and the vested options must be exercised by employees within eight years from the date of last vesting, subject to the norms prescribed by the Nomination and Remuneration Committee. The mode of settlement of the scheme is through equity shares of the Bajaj Finserv Ltd. (Holding Company). Details of each option is as follows

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Date of grant	28 April 2021	21 May 2020	16 May 2019	19 July 2018
No. of option granted	127,250	124,925	42,250	23,825
Exercise price	₹ 10,091.35	₹ 4,702.05	₹ 7,454.70	₹ 6,365.70
Graded Vesting Period:				
1st Year	34%	34%	34%	34%
2nd Year	33%	33%	33%	33%
3rd Year	33%	33%	33%	33%

BALIC follows the fair value method of accounting for stock options granted to employees. A summary of status of ESOP schemes in terms of options forfeited, options exercised, options outstanding and options exercisable is as given below

Particulars	For the year ended 31 March 2022				For the year ended 31 March 2021			
	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Outstanding at the beginning of the year	-	118,575	30,618	12,645	-	-	35,500	16,858
Granted during the year	127,250	-	-	-	-	124,925	-	-
Forfeited/lapsed during the year *	2,900	790	1,102	544	-	6,350	3,230	2,169
Exercised during the year	-	16,389	11,193	6,638	-	-	1,652	2,044
Outstanding at the end of the year	124,350	101,396	18,323	5,463	-	118,575	30,618	12,645
Exercisable at the end of the year	-	23,828	8,692	5,463	-	-	9,452	7,880
Remaining contractual life (years)	6.07	5.31	4.43	3.33	-	6.13	5.12	4.29

The weighted average share price during the year was ₹ 14,609.67 (Previous year: ₹ 6,743.64).

\* Including ESOP units of employee transferred within group companies.

Particulars	ESOP 2021	ESOP 2020	ESOP 2019	ESOP 2018
Average fair value on the date of grant	₹ 3,107.84	₹ 1,470.51	₹ 2,240.09	₹ 1,930.46
Risk-free interest rate	4.45% to 5.36%	6.35%	7.56%	8.07%
Expected life	One year after vesting	One year after vesting	One year after vesting	One year after vesting
Expected volatility *	34.97% to 40.80%	35.56%	30.40%	29.65%
Expected dividend per share	₹ 5.00	₹ 2.50	₹ 1.75	₹ 1.75

\* Based on historical stock prices using annualised standard deviation of daily change in stock price.

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

#### 49 Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ In Crore)

Particulars	Net assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>1 Parent</b>								
Bajaj Finserv Ltd.	10.85%	4,368.20	9.31%	424.23	0.37%	(1.60)	10.26%	422.63
<b>2 Subsidiaries (Indian)</b>								
Bajaj Allianz General Insurance Company Ltd.	21.90%	8,814.82	30.00%	1,367.06	57.19%	(250.46)	27.11%	1,116.60
Bajaj Allianz Life Insurance Company Ltd.	27.62%	11,115.95	6.54%	298.14	83.03%	(363.65)	(1.59%)	(65.51)
Bajaj Finance Ltd. (Consolidated)	109.33%	43,996.95	154.25%	7,028.23	(7.83%)	34.27	171.47%	7,062.50
Bajaj Finserv Direct Ltd.	1.62%	652.96	(1.92%)	(87.59)	(0.21%)	0.91	(2.10%)	(86.68)
Bajaj Finserv Health Ltd.	0.10%	35.13	(2.84%)	(129.45)	0.16%	(0.72)	(3.16%)	(130.17)
Bajaj Finserv Ventures Ltd.	0.22%	87.51	0.00%	0.01	-	-	0.00%	0.01
Bajaj Finserv Mutual Fund Trustee Ltd.	0.00%	0.03	0.00%	(0.02)	-	-	0.00%	(0.02)
Bajaj Finserv Asset Management Ltd.	0.14%	57.22	(0.06%)	(2.78)	-	-	(0.07%)	(2.78)
(Less) : Minority interests in all subsidiaries	(64.78%)	(26,073.12)	(82.44%)	(3,756.76)	(32.71%)	143.30	(87.72%)	(3,613.46)
(Less) : Inter-company eliminations	(7.03%)	(2,821.02)	(12.82%)	(583.94)	-	-	(14.19%)	(583.94)
<b>3 Joint ventures (as per equity method) (Indian)</b>								
Bajaj Allianz Financial Distributors Ltd.	0.03%	13.37	(0.02%)	(0.36)	-	-	(0.01%)	(0.36)
(Less) : Inter-company eliminations	-	(1.20)	-	-	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>40,246.80</b>	<b>100.00%</b>	<b>4,556.77</b>	<b>100.00%</b>	<b>(437.95)</b>	<b>100.00%</b>	<b>4,118.82</b>

#### 50 Events after reporting date

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

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

## 51 Miscellaneous

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan  
Chief Financial Officer

Sanjiv Bajaj  
Chairman & Managing Director

Ketan Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende  
Company Secretary

Madhur Bajaj  
Director

Pune: 28 April 2022

## Salient features of the financial statements of subsidiaries for the year ended 31 March 2022

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries is given below

### Part A : Subsidiaries

(₹ In Crore)

Particulars	Bajaj Allianz General Insurance Co. Ltd.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Finance Ltd.	Bajaj Housing Finance Ltd.	Bajaj Financial Securities Ltd.	Bajaj Finserv Direct Ltd.	Bajaj Finserv Health Ltd.	Bajaj Finserv Ventures Ltd.	Bajaj Finserv Mutual Fund Trustee Ltd.	Bajaj Finserv Asset Management Ltd.
a The date since when subsidiary was acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	1 November 2014	1 November 2014	7 February 2014	5 July 2019	27 September 2021	11 October 2021	18 October 2021
b Reporting period for the subsidiary	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022	27 September 2021 to 31 March 2022	11 October 2021 to 31 March 2022	18 October 2021 to 31 March 2022
c Paid-up share capital	110.23	150.71	120.66	4,883.33	631.65	3.12	2.50	2.50	0.05	60.00
d Reserves and surplus	8,704.59	10,965.24	41,935.22	1,858.03	63.69	649.85	32.62	85.01	(0.02)	(2.79)
e Total assets	33,829.95	89,303.01	168,016.08	48,527.08	1,830.19	731.25	101.16	87.57	0.03	60.60
f Total liabilities	33,829.95	89,303.01	168,016.08	48,527.08	1,830.19	731.25	101.16	87.57	0.03	60.60
g Investments	24,401.04	85,813.22	16,371.82	1,248.27	323.83	527.56	2.61	11.99	-	55.19
h Turnover	19,612.13	17,468.59	27,871.48	3,767.13	124.32	207.34	88.21	0.09	-	0.27
i Profit before tax	1,830.42	177.35	8,586.39	959.86	22.64	(87.59)	(129.45)	0.01	(0.02)	(2.85)
j Provision for tax	463.36	(120.79)	2,235.90	250.24	5.80	-	-	-	-	(0.07)
k Profit after tax	1,367.06	298.14	6,350.49	709.62	16.84	(87.59)	(129.45)	0.01	(0.02)	(2.78)
l Proposed dividend **	210%	300%	1000%	-	-	-	-	-	-	-
m % of shareholding	74.00%	74.00%	52.49%	100.00% *	100.00% *	80.10% *	100.00%	100.00%	100.00%	100.00%

\* Held by Bajaj Finance Ltd.

# The remaining 19.90% shareholding is held by Bajaj Finance Ltd.

\*\* Includes interim dividend paid

Name of subsidiary sold during the year : Nil

### Part B : Joint venture

(₹ In Crore)

Particulars	Bajaj Allianz Financial Distributors Ltd.	Bajaj Allianz Staffing Solutions Ltd.
a Date on which the associate or joint venture was associated or acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	16 March 2015
b Latest audited Balance Sheet date	31 March 2022	31 March 2022
c Shares of joint venture held by the company on the year end		
Number	1,200,000	950,000
Amount of investment in joint venture	1.20	0.95
Extent of holding %	50.00%	100.00% *
d Description of how there is significant influence	By way of shareholding	By way of shareholding
e Reason why associate/joint venture is not consolidated	N.A.	N.A.
f Networth attributable to shareholding as per latest audited Balance Sheet	12.54	1.31
g Profit/(loss) for the year		
Considered in consolidation	0.02	(0.38)
Not considered in consolidation	-	-

\* Held by Bajaj Allianz Financial Distributors Ltd.

On behalf of the Board of Directors

S Sreenivasan  
Chief Financial Officer

Sanjiv Bajaj  
Chairman & Managing Director

Uma Shende  
Company Secretary

Madhur Bajaj  
Director

Pune: 28 April 2022

# **STANDALONE FINANCIAL STATEMENTS**

## Independent Auditors' Report on the Standalone Financial Statements

To The Members of **Bajaj Finserv Ltd.**

### Opinion

1. We have audited the accompanying standalone Ind AS financial statements of Bajaj Finserv Ltd. ('the Company'), which comprise the standalone Balance Sheet as at 31 March 2022, and the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of Changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the standalone financial statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year then ended.

### Basis for opinion

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

### Key audit matters

4. We have determined that there are no key audit matters to communicate in our report.

### Other information

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

### Management's responsibility for the standalone financial statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act

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

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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the standalone financial statements, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the standalone financial statements

11. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - 12.1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - 12.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
  - 12.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - 12.4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - 12.5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other matters

16. Attention is drawn to the fact that the audited standalone financial statements of the Company for the year ended 31 March 2021 were audited by erstwhile auditors whose report dated 28 April 2021, expressed an unmodified opinion on those audited standalone financial statements. Our opinion is not modified in respect of this matter.

### Report on other legal and regulatory requirements

17. As required by the Companies (Auditors' Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
18. As required by Section 143(3) of the Act, we report that:
  - 18.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 18.2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - 18.3. The standalone Balance Sheet, the standalone Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - 18.4. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - 18.5. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
  - 18.6. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
  - 18.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act.

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

19. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- 19.1. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements – Refer Note 27 to the standalone financial statements.
- 19.2. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 19.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 19.4. The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.
- 19.5. The Management has represented that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.
- 19.6. In our opinion and according to the information and explanations given to us, the dividend declared during the year is in compliance with Section 123 of the Act.

For Khimji Kunverji & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey  
Partner  
ICAI Membership Number: 044000  
UDIN: 22044000AHYQRC7111

Pune: 28 April 2022

## Annexure A to the Independent Auditors' Report

### Annexure A to the Independent Auditors' Report on the Standalone Financial Statements of Bajaj Finserv Ltd. for the year ended 31 March 2022

(Referred to in paragraph 17 under 'Report on other legal and regulatory requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment ('PPE').  
  
The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified on annual basis. Pursuant to the programme, all PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) The Company's business does not involve inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.  
  
(b) In our opinion and according to the information and explanations given to us, the Company does not have sanctioned working capital limits from banks or financial institutions which are secured on the basis of security. Accordingly, the provision of clause 3(ii)(b) of the Order is not applicable to it.
- iii. In our opinion and according to the information and explanations given to us, the Company has not made investments in the nature of loan, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, paragraph 3(iii)(a) to (f) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us the Company has not granted any loans covered, made any investments or provided any guarantees and securities under section 185 of the Act. In our opinion and according to the information and explanations given to us, provision of section 186 of the Act in respect of investments made have been complied with by the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

## Annexure A to the Independent Auditors' Report (Contd.)

- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (1) section 148 of the Act, related to generation of power through wind turbines, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited by the Company to the appropriate authorities in all cases during the year.
- (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 services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
- (c) In our opinion and according to the information and explanations given to us, we report that the following dues of goods and services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, have not been deposited to/with the appropriate authority on account of any dispute.

(₹ In Crore)

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Forum where dispute is pending (in ₹ Crore)
Income Tax Act, 1961	Income tax	29.06	FY 2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	5.10	FY 2012-13, FY 2015-16 and FY 2016-17	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Goods and service tax	3.27	FY 2017-18 and FY 2018-19	Assessing Officer

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any outstanding loans or other borrowings to financial institutions, banks, government and dues to debenture holders.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money obtained by way of term loans during the year.

**Annexure A to the Independent Auditors' Report (Contd.)**

- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment/private placement of shares/fully/partly/optionally convertible debentures during the year.
- xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company that has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, during the course of our audit, the reports of the Internal Auditor's for the period under audit in accordance with the guidance provided in SA 610 'Using the work of Internal Auditors'.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company. and hence provisions of section 192 of the Act, 2013 are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted any non-banking financial or housing finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

## Annexure A to the Independent Auditors' Report (Contd.)

- (c) The Company is a unregistered Core Investment Company ('CIC') as defined in the regulations made by Reserve Bank of India. The Company is not required to obtain registration with Reserve Bank of India and continues to fulfil the criteria of an unregistered CIC.
- (d) According to the information and explanation given to us, in the group (in accordance with Core Investment Companies (CICs) (Reserve Bank) Directions, 2016) there are 16 companies forming part of the promoter/promoter group of the Company which are CICs including the Company. Further, as informed these CIC's are unregistered CICs as per Para 9.1 of notification No. RBI/2020-21/24 dated 13 August 2020 of the Reserve Bank of India.
- xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. M/s S R B C & CO LLP, the statutory auditors of the Company have resigned with effect from 27 October 2021. As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.
- xxi. Reporting under clause xxi of the Order is not applicable at the standalone level of reporting.

For Khimji Kunverji & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey  
Partner  
ICAI Membership Number: 044000  
UDIN: 22044000AHYQRC7111

Pune: 28 April 2022

## Annexure B to the Independent Auditors' Report

### **Annexure B to the Independent Auditors' report on the Standalone Financial Statements of Bajaj Finserv Ltd. for the year ended 31 March 2022**

(Referred to in paragraph '18.6' under 'Report on other legal and regulatory requirements' section of our report of even date)

#### **Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013.**

##### **Opinion**

1. We have audited the internal financial controls with reference to the standalone financial statements of Bajaj Finserv Ltd. ('the Company') as at 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

##### **Management's responsibility for internal financial controls**

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

##### **Auditor's responsibility**

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of internal financial controls with reference to the standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the standalone financial statements.

## Annexure B to the Independent Auditors' Report (Contd.)

### Meaning of internal financial controls with reference to the standalone financial statements

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

### Inherent limitations of internal financial controls with reference to the standalone financial statements

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

For Khimji Kunverji & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey  
Partner  
ICAI Membership Number: 044000  
UDIN: 22044000AHYQRC7111

Pune: 28 April 2022



## Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2022	2021
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	21.62	24.25
Bank balances other than cash and cash equivalents	4	0.43	100.42
Trade receivables	5	2.70	0.52
Investment in subsidiaries and joint venture	6A	3,039.04	2,394.66
Other investments	6B	1,152.24	1,100.31
Other financial assets	7	56.61	37.85
		<b>4,272.64</b>	<b>3,658.01</b>
<b>Non-financial assets</b>			
Current tax assets (net)		48.40	46.85
Investment property	8	5.24	5.37
Property, plant and equipment	9A	105.06	153.19
Capital work-in-progress	9B	4.08	2.29
Other non-financial assets	10	3.00	2.82
		<b>165.78</b>	<b>210.52</b>
<b>Total</b>		<b>4,438.42</b>	<b>3,868.53</b>

**Balance Sheet** (Contd.)

(₹ In Crore)

As at 31 March

Particulars	Note No.	2022	2021
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables	11		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2.03	2.15
Other financial liabilities	12	38.42	31.96
		<b>40.45</b>	<b>34.11</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)		17.41	17.41
Deferred tax liabilities (net)	13	3.79	6.63
Provisions	14	5.60	6.36
Other non-financial liabilities	15	2.97	3.10
		<b>29.77</b>	<b>33.50</b>
<b>EQUITY</b>			
Equity share capital	16	79.57	79.57
Other equity	17	4,288.63	3,721.35
		<b>4,368.20</b>	<b>3,800.92</b>
<b>Total</b>		<b>4,438.42</b>	<b>3,868.53</b>

Summary of significant accounting policies followed by the Company

2

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 Khimji Kunverji &amp; Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan  
Chief Financial OfficerSanjiv Bajaj  
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende  
Company SecretaryMadhur Bajaj  
Director

Pune: 28 April 2022

## Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2022	2021
<b>Revenue from operations</b>			
Interest income	18	71.83	61.59
Dividend income		510.66	232.79
Rental income		1.93	1.98
Windpower income	19	29.38	23.94
Net gain on fair value changes	20	10.03	3.43
<b>Total revenue from operations</b>		<b>623.83</b>	<b>323.73</b>
Other income	21	105.17	68.30
<b>Total income</b>		<b>729.00</b>	<b>392.03</b>
<b>Expenses</b>			
Employee benefits expenses	22	111.77	101.88
Depreciation, amortisation and impairment	23	4.22	4.68
Other expenses	24	49.79	40.37
<b>Total expenses</b>		<b>165.78</b>	<b>146.93</b>
<b>Profit before tax</b>		<b>563.22</b>	<b>245.10</b>
Tax expense			
Current tax		141.29	67.84
Deferred tax		(2.30)	(1.52)
Total tax expense	25	138.99	66.32
<b>Profit for the year</b>		<b>424.23</b>	<b>178.78</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(2.14)	0.69
Tax impacts on above		0.54	(0.39)
Items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>(1.60)</b>	<b>0.30</b>
<b>Total comprehensive income for the year</b>		<b>422.63</b>	<b>179.08</b>
Basic Earnings per share (in ₹)	26	26.7	11.2
Diluted Earnings per share (in ₹)	26	26.6	11.2
(Nominal value per share ₹ 5)			
Summary of significant accounting policies followed by the Company	2		

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 Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan

Chief Financial Officer

Sanjiv Bajaj

Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende

Company Secretary

Madhur Bajaj

Director

Pune: 28 April 2022

## Statement of Changes in Equity

### A Equity share capital

Particulars	Note No.	(₹ In Crore)	
		2022	2021
At the beginning of the year		79.57	79.57
Changes in equity share capital during the year		-	-
<b>At the end of the year</b>	16	<b>79.57</b>	<b>79.57</b>

### B Other equity

Particulars	Note No.	Reserves and surplus					Total other equity
		Securities premium	General reserve	Share based payments reserve	Treasury shares	Retained earnings	
<b>Balance as at 31 March 2020</b>	17	929.26	1,197.14	32.45	(200.17)	1,497.18	3,455.86
Profit for the year		-	-	-	-	178.78	178.78
Other comprehensive income (net of tax)		-	-	-	-	0.30	0.30
Total comprehensive income for the year ended 31 March 2021		-	-	-	-	<b>179.08</b>	<b>179.08</b>
Recognition of share based payments to employees of the Company		-	-	19.11	-	-	19.11
Equity shares earlier held in abeyance, issued during the year [See note 16 d.]		0.01	-	-	-	-	0.01
Realisation from treasury shares held by ESOP trust		-	-	-	15.95	-	15.95
Recognition of share based payments to employees of subsidiaries		-	-	51.34	-	-	51.34
<b>Balance as at 31 March 2021</b>	17	<b>929.27</b>	<b>1,197.14</b>	<b>102.90</b>	<b>(184.22)</b>	<b>1,676.26</b>	<b>3,721.35</b>
Profit for the year		-	-	-	-	424.23	424.23
Other comprehensive income (net of tax)		-	-	-	-	(1.60)	(1.60)
Total comprehensive income for the year ended 31 March 2022		-	-	-	-	<b>422.63</b>	<b>422.63</b>
Recognition of share based payments to employees of the Company		-	-	21.01	-	-	21.01
Exercise of options by employees pursuant to ESOP scheme		12.00	-	(12.00)	-	-	-
Final dividend, declared and paid during the year		-	-	-	-	(47.74)	(47.74)
Realisation from treasury shares held by ESOP trust		-	-	-	64.25	-	64.25
Recognition of share based payments to employees of subsidiaries		-	-	107.13	-	-	107.13
<b>Balance as at 31 March 2022</b>	17	<b>941.27</b>	<b>1,197.14</b>	<b>219.04</b>	<b>(119.97)</b>	<b>2,051.15</b>	<b>4,288.63</b>
Summary of significant accounting policies followed by the Company	2						

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Khimji Kunverji & Co LLP  
Chartered Accountants  
ICAI Firm Registration Number: 105146W/W100621

Ketan S Vikamsey  
Partner  
ICAI Membership Number: 044000

Pune: 28 April 2022

On behalf of the Board of Directors

S Sreenivasan  
Chief Financial Officer

Sanjiv Bajaj  
Chairman & Managing Director

Uma Shende  
Company Secretary

Madhur Bajaj  
Director

## Statement of Cash Flows

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
<b>I. Operating activities</b>		
Profit before tax	563.22	245.10
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
i) Depreciation, amortisation and impairment	4.22	4.68
ii) Share based payment to employees	21.01	19.11
iii) Loss on sale of property, plant and equipment	-	0.07
	25.23	23.86
Less:		
i) Profit on sale of investments, net	10.03	3.43
ii) Surplus on sale of property, plant and equipment	32.55	-
iii) Amortisation of premium/discount on acquisition of debt securities	2.26	10.69
	44.84	14.12
	543.61	254.84
Change in assets and liabilities		
i) (Increase)/decrease in trade receivables	(2.18)	(0.09)
ii) (Increase)/decrease in loans and other assets	(18.94)	23.17
iii) (Increase)/decrease in other bank balances	99.99	(99.81)
iv) Increase/(decrease) in liabilities and provisions	3.30	(2.87)
	82.17	(79.60)
Reimbursement of share based payments	107.13	45.55
(Purchase)/sale of money market mutual funds, etc., net *	20.52	22.95
Net cash from operating activities before income-tax	753.43	243.74
Income-tax paid	(142.84)	(74.38)
<b>Net cash flow from operating activities</b>	<b>610.59</b>	<b>169.36</b>
Carried forward	610.59	169.36

## Statement of Cash Flows (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Brought forward	610.59	169.36
<b>II. Investing activities</b>		
i) Purchase of property, plant and equipment	(16.89)	(7.64)
ii) Sales proceeds of property, plant and equipment	91.69	0.42
iii) Investment in subsidiaries	(644.39)	(106.10)
iv) Sale of investments *	528.60	809.95
v) Purchase of investments *	(588.75)	(861.86)
vi) (Investment in)/Realisation from treasury shares by ESOP trust	64.25	15.95
<b>Net cash used in investing activities</b>	<b>(565.49)</b>	<b>(149.28)</b>
<b>III. Financing activities</b>		
i) Dividend paid	(47.73)	(0.19)
ii) Rights issue proceeds (net of expenses) [See note 16 d.]	-	0.01
<b>Net cash used in financing activities</b>	<b>(47.73)</b>	<b>(0.18)</b>
<b>Net change in cash and cash equivalents</b>	<b>(2.63)</b>	<b>19.90</b>
Cash and cash equivalents as at the beginning of the year	24.25	4.35
Cash and cash equivalents as at the end of the year	21.62	24.25

\* As the Company is an investment company, dividend received and interest earned are considered as part of cash flow from operating activities. Purchase and sale of investments has been classified into operating and investing activity based on the intention of the Management at the time of purchase of securities.

Summary of significant accounting policies followed by the Company

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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 Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan  
Chief Financial Officer

Sanjiv Bajaj  
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende  
Company Secretary

Madhur Bajaj  
Director

Pune: 28 April 2022

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

- 1 Bajaj Finserv Ltd. (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is primarily engaged in the business of promoting financial services such as finance, insurance, broking, investments, etc. including distribution using digital platforms through its investments in subsidiaries and joint ventures. The Company is also engaged in the business of generating power through wind turbines, a renewable source of energy. The Company's registered office is at Bajaj Auto Ltd. Complex, Mumbai-Pune road, Pune, Maharashtra, India. Its shares are listed on two recognised stock exchanges in India.

Under the Master Circular – Core Investment Companies (Reserve Bank) Directions, 2016, the Company is termed as an Unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020. As an Unregistered CIC, the Company must invest at least 90% of its net assets in Group companies, of which at least 60% must be through equity investments.

## 2 Significant accounting policies followed by the Company

### 2A Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

### 2B Summary of significant accounting policies followed by the Company

#### 1. Use of estimates

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

#### 2. Revenue recognition

##### Income

The Company recognises income (including rent, etc.) on accrual basis to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. However, where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed.

##### 1. Interest income

Interest income from debt instruments is recognised using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument.

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Balance Sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the Statement of Profit and Loss.

### 2. Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

### 3. Wind farm income

A five-step model in line with Ind AS 115 is applied to account for revenue arising from contracts with customers and revenue is recognised at an amount that reflects the consideration to which Company expects to be entitled in exchange for transferring goods or services to a customer.

Income from wind-power generation is recognised on acceptance by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) of units generated and after giving allowance for wheeling and transmission losses over time. Simultaneously, relevant entitlements for generating green energy are recognised to the extent the ultimate collection is reasonably certain.

Company exercises judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

### 4. Rent and other income

The Company recognises income (including rent) on accrual basis.

## 3. Property, plant and equipment and depreciation/amortisation

### A. Property, plant and equipment

- i) Property, plant and equipment, capital work in progress except land are carried at cost of acquisition or construction as the case may be, less accumulated depreciation and amortisation. Land is carried at cost of acquisition. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by the Management. The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Changes in the expected useful life are accounted for by changing the period or methodology, as appropriate, and treated as changes in accounting estimates. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.
- ii) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain 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 in the Statement of Profit and Loss when the asset is derecognised.



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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

### B. Depreciation and amortisation

#### a. Leasehold land

Premium on leasehold land is amortised over the period of lease.

#### b. On other tangible assets

- i. Depreciation is calculated using the straight line method to write down the cost of property and equipment (including components thereof) to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are, as follows:
  - Buildings – 60 years
  - Computers – 3 years
  - Wind turbines – 22 years
  - Others – furniture, electric fittings and office equipment – 3 to 10 years
- ii. Useful life of assets/components are determined by the Management by internal technical assessments.
- iii. Depreciation on additions is being provided on pro rata basis from the month of such additions.
- iv. Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.
- v. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if necessary and appropriate.

### C. Impairment of property, plant and equipment

An assessment is done at each Balance Sheet date as to whether there are any indications that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/Cash Generating Unit (CGU) is made. Where the carrying value of the asset/CGU exceeds the recoverable amount, the carrying value is written down to the recoverable amount.

## 4. Investment property

Land and buildings which are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed when incurred. Depreciation on investment property is provided on a pro rata basis on straight line method over the estimated useful lives. Useful life of assets, as assessed by the Management, corresponds to those prescribed by Schedule II - Part 'C' of the Act.

## 5. Investments and financial assets

### A. Investment in subsidiaries and joint venture

Interest in subsidiaries and joint venture are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments. Loans and other similar arrangements with subsidiaries which are probable to be settled for a fixed number of equity shares of the borrower for a fixed price are classified as equity investments.

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

### B. Other investments and financial assets

#### I. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)), and
- those to be measured subsequently at amortised cost.

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For assets classified as 'measured at amortised cost', this will depend on the business model and contractual terms of the cash flows.

#### Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### The SPPI test (Solely Payments of Principal and Interest)

As a second step of its classification process the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

### II. Measurement

#### Initial Measurement

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company, measures a financial asset at its fair value including, in the case of 'a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'FVTPL' are expensed in profit or loss.

#### Subsequent Measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are two measurement categories into which the Company classifies its financial instruments:

#### Subsequently measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. Debentures, Bonds etc. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

#### Subsequently measured at FVTPL

Financial assets that do not meet the criteria for amortised cost, are measured at FVTPL e.g. investments in mutual funds. A gain or loss on a financial asset that is subsequently measured at FVTPL is recognised in profit or loss and presented net in the Statement of Profit and Loss with other gains/(losses) in the period in which it arises.

### III. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Since the Company makes investments in highly rated fixed income securities, which are categorised as 'subsequently measured at amortised cost', the risk parameters such as tenor, the probability of default corresponding to the credit rating by rating agency (viz. CRISIL, ICRA), for each of these instruments is considered in estimating the probable credit loss over life time of such securities.

ECL impairment loss allowance (or reversal) is recognised during the period only if material and is recognised as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

Financial assets measured at amortised cost and revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### IV. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2021-22 and 2020-21.

### V. Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

## 6. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

## 7. Employee benefits

### A. Compensated absences and long-term incentive plan

Compensated absences entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised on the basis of an independent actuarial valuation.

The Company's liability towards long-term incentive plan, being a defined benefit plan, is accounted for on the basis of an independent actuarial valuation.

They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

### B. Gratuity

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under Cash Accumulation Policy and Debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability on the basis of an independent actuarial valuation is recognised as a liability.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

### C. Employee stock option scheme

The fair value of options granted under the Bajaj Finserv Ltd. - Employee Stock Option Scheme (BFS-ESOS) is recognised as an employee benefits expenses with a corresponding credit to share based payments reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance conditions (e.g., continuance of an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Upon exercise of the options, the aggregate of exercise price received and the corresponding balance in share based payments reserve is transferred to share capital to the extent of face value of equity shares and balance into securities premium account.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the share based payments reserve is transferred within other equity.

While the fair value of stock options granted to employees of the Company is recognised in the Statement of Profit and Loss, the value of stock options, net of reimbursements, granted to employees of the subsidiary companies is considered as capital contribution/investment in the subsidiary.

### D. Treasury shares

The Company has created an employee benefit trust (EBT) for providing share based payment to its employees. When the Company uses EBT as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued or sold, is recognised in capital reserve. Share options exercised during the reporting period are settled with treasury shares.

### E. Defined contribution plans

The Company has three defined contribution plans for its employees:

- Contribution to superannuation fund as per the scheme of the Company

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

- Contribution to provident fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority

The Company recognises contribution payable to these fund/schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

## 8. Taxation

- a. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income computation and Disclosure standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- b. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- c. Minimum Alternate Tax (MAT) in respect of a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax and thereby utilising MAT credit during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and utilised. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.
- d. Deferred tax is provided using the asset-liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- e. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.
- f. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

- g. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- h. 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.

### 9. Goods and service tax/value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets, goods or services is not eligible for recovery from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

### 10. Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources is remote, no provision or disclosure is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 11. Operating leases including investment properties

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As a lessee

##### a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to note 3C for accounting policies on impairment of non-financial assets.

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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

### b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

### c) Short term leases

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

### As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

## 12. Cash and cash equivalents

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

## 13. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 14. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Core Management Committee which includes the Chairman & Managing Director who is the Chief Operating Decision Maker. The Core Management Committee examines performance both from product and a geographical perspective.

## 15. Foreign currency translation

### Functional and presentational currency

The standalone financial statements are presented in INR which is also functional currency of the Company.



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

## 2B Summary of Significant accounting policies followed by the Company (Contd.)

### Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

### 16. Dividends on equity shares

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company.

### 17. Fair value measurement

The Company measures financial instruments, such as, investment in mutual funds at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and 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, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

## **2B Summary of Significant accounting policies followed by the Company** (Contd.)

The Company has set policies and procedures for both recurring and non-recurring fair value measurement of financial assets, which includes valuation techniques and inputs to use for each case.

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

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

### 3 Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	2021
Balances with banks	21.62	24.25
	21.62	24.25

### 4 Bank balances other than cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	2021
Unclaimed dividend accounts	0.43	0.42
Deposits with original maturity exceeding three months	-	100.00
	0.43	100.42

### 5 Trade receivables

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	2021
Good	2.70	0.52
	2.70	0.52

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor from any firms or private companies respectively in which any director is a partner, a director or a member.

#### Trade receivables ageing schedule

Particulars	(₹ In Crore)					
	Outstanding for following periods from due date of payment					
	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	Total
<b>31 March 2022</b>						
Undisputed trade receivables – considered good	1.15	1.55	-	-	-	2.70
Unbilled dues	-	-	-	-	-	-
<b>31 March 2021</b>						
Undisputed trade receivables – considered good	0.52	-	-	-	-	0.52
Unbilled dues	-	-	-	-	-	-

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

**6 Investments**

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	<b>2021</b>
<b>A Investment in subsidiaries and joint venture</b>		
<b>Investment in equity instruments carried at cost</b>		
<b>In subsidiaries</b>		
Bajaj Finance Ltd.	1,910.73	1,910.73
Bajaj Allianz Life Insurance Co. Ltd.	111.53	111.53
Bajaj Allianz General Insurance Co. Ltd.	81.57	81.57
Bajaj Finserv Direct Ltd.	2.50	2.50
Bajaj Finserv Health Ltd.	2.50	2.50
Bajaj Finserv Asset Management Ltd.	60.00	-
Bajaj Finserv Mutual Fund Trustee Ltd.	0.05	-
Bajaj Finserv Ventures Ltd.	2.50	-
Deemed equity at cost for Bajaj Finserv Direct Ltd. *	522.93	176.10
Deemed equity at cost for Bajaj Finserv Health Ltd. *	237.50	87.50
Deemed equity at cost for Bajaj Finserv Ventures Ltd. *	85.00	-
Deemed equity at cost on account of ESOP scheme	21.03	21.03
<b>Cost</b>	<b>3,037.84</b>	<b>2,393.46</b>
<b>In joint venture</b>		
Bajaj Allianz Financial Distributors Ltd.	1.20	1.20
<b>Cost</b>	<b>1.20</b>	<b>1.20</b>
<b>Total (A)</b>	<b>3,039.04</b>	<b>2,394.66</b>
<b>B Other investments</b>		
<b>Investments carried at amortised cost</b>		
<b>In debt securities of subsidiaries</b>		
Bajaj Finance Ltd.	686.14	529.47
Bajaj Housing Finance Ltd.	349.58	150.01
<b>Amortised cost</b>	<b>1,035.72</b>	<b>679.48</b>
<b>In certificate of deposits</b>		
Axis Bank Ltd.	48.67	48.16
Bank of Baroda	-	49.87
Export Import Bank Of India	-	48.71
HDFC Bank Ltd.	48.49	-
National Bank For Agriculture And Rural Development Ltd.	-	195.86
Small Industries Development Bank Of India	-	48.09
<b>Amortised cost</b>	<b>97.16</b>	<b>390.69</b>

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

## 6 Investments (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Investments carried at fair value through profit and loss</b>		
<b>In mutual funds</b>		
Nippon India Overnight Fund - Direct Growth Plan	19.36	30.14
<b>Fair value</b>	<b>19.36</b>	<b>30.14</b>
<b>Total (B)</b>	<b>1,152.24</b>	<b>1,100.31</b>
<b>Total Investments (C) = (A) + (B)</b>	<b>4,191.28</b>	<b>3,494.97</b>

\* Refer note 2B. 5) A.

All investments in 6A and 6B above are within India.

## 7 Other financial assets

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Credit receivable for windpower generated	1.49	2.17
REC receivable	0.01	0.01
Interest accrued on investments	48.64	33.76
Security deposits	2.74	1.24
Other receivables	3.73	0.67
	<b>56.61</b>	<b>37.85</b>

## 8 Investment property

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Gross carrying amount</b>		
Opening balance	8.25	8.25
Additions	-	-
Closing balance	8.25	8.25
<b>Accumulated depreciation</b>		
Opening balance	2.88	2.75
Depreciation charge	0.13	0.13
Closing balance	3.01	2.88
<b>Net carrying amount</b>	<b>5.24</b>	<b>5.37</b>

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

## 8 Investment property (Contd.)

### i) Amounts recognised in profit or loss for investment properties

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Rental income	1.93	1.98
Direct operating expenses from property that generated rental income	(0.03)	(0.06)
Profit from investment properties before depreciation	1.90	1.92
Depreciation	(0.13)	(0.13)
Profit from investment property	1.77	1.79

### ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

### iii) Leasing arrangements

Investment properties are leased out to tenants under operating leases. Disclosure on future rent receivable is included in Note 33.

### iv) Fair value

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Investment property	40.26	40.26

### Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties.

Investment properties leased out by the Company are cancellable leases. The market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

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

**9A Property, plant and equipment****Current year**

Particulars	Gross block (a)			Accumulated depreciation			Net block		
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions/ adjustments	For the year (a)	As at 31 March 2022	As at 31 March 2022
Land freehold (c)	48.51	11.10	-	59.61	-	-	-	-	59.61
Land leasehold	8.19	-	8.19	-	-	-	-	-	-
Buildings (b)	73.62	-	45.14	28.48	8.93	2.45	1.20	7.68	20.80
Waterpumps, Reservoirs and Mains	1.06	-	1.06	-	0.09	0.13	0.04	-	-
Computers	2.93	0.32	-	3.25	1.90	-	0.48	2.38	0.87
Electric fittings	7.57	-	7.09	0.48	1.41	1.38	0.45	0.48	-
Furniture	7.21	0.51	1.09	6.63	2.81	0.43	0.89	3.27	3.36
Office equipment	2.01	0.16	-	2.17	1.89	-	0.06	1.95	0.22
Leasehold improvements	-	0.47	-	0.47	-	-	0.01	0.01	0.46
Vehicles	7.76	2.54	1.52	8.78	2.83	0.56	0.96	3.23	5.55
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
<b>Total</b>	<b>442.58</b>	<b>15.10</b>	<b>64.09</b>	<b>393.59</b>	<b>289.39</b>	<b>4.95</b>	<b>4.09</b>	<b>288.53</b>	<b>105.06</b>

**Previous year**

Particulars	Gross block (a)			Accumulated depreciation			Net block		
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year (a)	As at 31 March 2021	As at 31 March 2021
Land freehold (c)	47.12	1.39	-	48.51	-	-	-	-	48.51
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings (b)	71.68	1.94	-	73.62	7.33	-	1.60	8.93	64.69
Waterpumps, Reservoirs and Mains	0.94	0.12	-	1.06	0.02	-	0.07	0.09	0.97
Computers	2.62	0.31	-	2.93	1.47	-	0.43	1.90	1.03
Electric fittings	7.40	0.17	-	7.57	0.73	-	0.68	1.41	6.16
Furniture	6.65	0.56	-	7.21	1.98	-	0.83	2.81	4.40
Office equipment	2.01	0.01	0.01	2.01	1.83	*	0.06	1.89	0.12
Vehicles	7.52	0.85	0.61	7.76	2.08	0.13	0.88	2.83	4.93
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
<b>Total</b>	<b>437.85</b>	<b>5.35</b>	<b>0.62</b>	<b>442.58</b>	<b>284.97</b>	<b>0.13</b>	<b>4.55</b>	<b>289.39</b>	<b>153.19</b>

\* The amount is below the rounding off norms adopted by the Company

(a) Refer note 2B clause 3) of summary of significant accounting policies.

(b) Excludes premises held as investment properties and given on lease disclosed as an investment. Correspondingly depreciation for the year on investment property amounting to ₹ 0.13 crore (previous year ₹ 0.13 crore) has been reduced from the said Investments under note 8.

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore.

(d) All title deeds of immovable properties are held in the name of the Company.

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

## 9B Capital work-in-progress

### Current year

#### CWIP ageing schedule

(₹ In Crore)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	1.79	2.29	-	-	4.08

### Previous year

(₹ In Crore)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	2.29	-	-	-	2.29

There are no projects temporarily suspended and hence not required to be disclosed separately.

## 10 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Capital advances	2.05	0.69
VAT refund receivable	0.80	0.88
Others	0.15	1.25
	3.00	2.82

## 11 Trade payables

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.03	2.15
	2.03	2.15

On the basis of information requested from vendors with regards to their registration (filing of Memorandum) under 'The Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)' and in view of the terms of payments not exceeding 45 days, which has been promptly paid, no liability exists as at 31 March 2022 and 31 March 2021 and hence no disclosures have been made in this regard.



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

**11 Trade payables** (Contd.)**Trade payables ageing schedule**

(₹ In Crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
<b>31 March 2022</b>						
MSME	-	-	-	-	-	-
Others	1.81	0.19	0.01	0.01	0.01	2.03
<b>31 March 2021</b>						
MSME	-	-	-	-	-	-
Others	1.71	0.36	0.04	0.03	0.01	2.15

**12 Other financial liabilities**

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
Unclaimed dividend	0.43	0.42
Directors' remuneration and commission payable	12.22	8.77
Employee benefits payable	23.12	19.84
Security deposits	2.14	2.14
Others	0.51	0.79
	<b>38.42</b>	<b>31.96</b>

**13 Deferred tax liabilities (net)**

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
<b>Deferred tax liabilities</b>		
On account of timing difference in Property, plant and equipment	5.75	6.82
Retiral and other employee benefits:		
Defined benefit plan provisions - P&L	1.02	0.97
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	0.35	1.06
Movement in fair value of financial assets designated at FVTPL	-	0.01
<b>Gross deferred tax liabilities</b>	<b>7.12</b>	<b>8.86</b>

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

### 13 Deferred tax liabilities (net) (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Deferred tax assets</b>		
On account of timing difference in		
Retiral and other employee benefits:		
Provision for compensated absences	0.69	0.67
Defined benefit plan provisions - OCI	1.73	1.19
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	0.91	0.37
<b>Gross deferred tax assets</b>	<b>3.33</b>	<b>2.23</b>
<b>Deferred tax liabilities (net)</b>	<b>3.79</b>	<b>6.63</b>

### Movement in deferred tax liabilities/(assets)

Particulars	(₹ In Crore)				
	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	MAT credit entitlement	Total
<b>At 31 March 2020</b>	9.20	(0.11)	(1.33)	(15.70)	(7.94)
(Charged)/credited					
- to profit and loss	(2.38)	0.81	0.05	-	(1.52)
- to other comprehensive income	-	-	0.39	-	0.39
MAT (utilisation/transfer)/credited	-	-	-	15.70	15.70
<b>At 31 March 2021</b>	6.82	0.70	(0.89)	-	6.63
(Charged)/credited					
- to profit and loss	(1.07)	(1.26)	0.03	-	(2.30)
- to other comprehensive income	-	-	(0.54)	-	(0.54)
<b>At 31 March 2022</b>	<b>5.75</b>	<b>(0.56)</b>	<b>(1.40)</b>	<b>-</b>	<b>3.79</b>

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

#### 14 Provisions

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Provision for employee benefits [See note 30]		
Provision for gratuity	2.85	0.90
Provision for compensated absences	2.75	2.66
Provision for long-term incentive plan	-	2.80
	5.60	6.36

#### 15 Other non-financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Taxes and duties payable	2.46	2.64
Other payables	0.51	0.46
	2.97	3.10

#### 16 Equity share capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
<b>Authorised</b>		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
<b>Issued, subscribed and fully paid-up shares</b>		
159,137,444 (31 March 2021: 159,137,444) equity shares of ₹ 5 each	79.57	79.57
	79.57	79.57

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	₹ In Crore	Nos.	₹ In Crore
<b>Equity shares</b>				
At the beginning of the year	159,137,444	79.57	159,137,290	79.57
Equity shares earlier held in abeyance, issued during the year [See note 16 d.]	-	-	154	-
<b>Outstanding at the end of the year</b>	159,137,444	79.57	159,137,444	79.57

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

## 16 Equity share capital (Contd.)

### b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	% Holding	Nos.	% Holding
<b>Equity shares of ₹ 5 each fully paid</b>				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnallal Sons Pvt. Ltd.	15,345,384	9.64%	15,345,384	9.64%

### d. Shares reserved for issue at a subsequent date

14,417 (31 March 2021: 14,417) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter. In the previous year, the Company had issued and allotted 154 of such equity shares at the offered price of ₹ 650, thereby collecting ₹ 0.01 crore as premium. During the year, the Company did not issue any such equity shares.

### e. Details of promoter shareholding

Shares held by promoters at the end of the year	As at 31 March 2022			As at 31 March 2021		
	Nos.	% Holding	% Change during the year	Nos.	% Holding	% Change during the year
<b>Promoter/Promoter group name</b>						
Deepa Bajaj	25,025	0.02%	-	25,025	0.02%	-
Geetika Bajaj	247,900	0.16%	0.16%	-	-	-
Kiran Bajaj	423,360	0.27%	-	428,360	0.27%	-
Kriti Bajaj	74,200	0.05%	0.03%	38,500	0.02%	-
Kumud Bajaj	50,000	0.03%	-	50,000	0.03%	-
Madhur Bajaj	50,000	0.02%	(0.35%)	595,045	0.37%	-
Minal Bajaj	64,200	0.04%	-	64,200	0.04%	-
Neelima Bajaj Swamy	50,000	0.03%	-	50,000	0.03%	-
Nimisha Jaipuria	50,000	0.03%	-	50,000	0.03%	-
Niraj Bajaj	358,815	0.23%	-	358,815	0.23%	-
Niravnayan Bajaj	205,866	0.13%	-	205,866	0.13%	-
Estate of Rahul Kumar Bajaj	55,662	0.03%	-	55,662	0.03%	-
Rajivnayan Bajaj	115,318	0.07%	-	115,318	0.07%	-
Rishabhayan Bajaj	7,600	-	-	7,600	-	-

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

**16 Equity share capital** (Contd.)

Shares held by promoters at the end of the year	As at 31 March 2022			As at 31 March 2021		
	Nos.	% Holding	% Change during the year	Nos.	% Holding	% Change during the year
Sanjali Bajaj	51,500	0.03%	-	51,500	0.03%	-
Sanjivnayan Bajaj	361,279	0.21%	(0.05%)	417,279	0.26%	-
Shefali Bajaj	52,599	0.03%	-	52,599	0.03%	-
Shekhar Bajaj	227,426	0.14%	-	227,426	0.14%	-
Siddhantnayan Bajaj	51,500	0.03%	-	51,500	0.03%	-
Suman Jain	578,389	0.36%	-	578,329	0.36%	-
Sunaina Kejriwal	698,938	0.44%	-	698,938	0.44%	-
Pooja Bajaj	10,036	0.01%	-	10,036	0.01%	-
Vanraj Bajaj	23,436	0.01%	-	18,436	0.01%	-
Sheetal Bajaj	27,000	0.02%	-	27,000	0.02%	-
Bachhraj And Company Pvt. Ltd.	2,014,978	1.27%	-	2,014,978	1.27%	-
Bachhraj Factories Pvt. Ltd.	1,078,787	0.68%	-	1,078,787	0.68%	-
Bajaj Auto Holdings Ltd.	209,005	0.13%	-	209,005	0.13%	-
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	-	62,314,214	39.16%	-
Bajaj Sevashram Pvt. Ltd.	2,382,906	1.50%	-	2,382,906	1.50%	-
Baroda Industries Pvt. Ltd.	919,001	0.58%	-	919,001	0.58%	-
Hercules Hoists Ltd.	92,063	0.06%	-	92,063	0.06%	-
Jamnalal Sons Pvt. Ltd.	15,345,384	9.64%	-	15,345,384	9.64%	-
Kamalnayan Investment & Trading Pvt. Ltd.	61,200	0.04%	-	61,200	0.04%	-
Madhur Securities Pvt. Ltd.	40,700	0.03%	-	40,700	0.03%	-
Maharashtra Scooters Ltd.	3,725,740	2.34%	-	3,725,740	2.34%	-
Niraj Holdings Pvt. Ltd.	10,300	0.01%	-	10,300	0.01%	-
Rahul Securities Pvt. Ltd.	143,000	0.09%	-	143,000	0.09%	-
Rupa Equities Pvt. Ltd.	137,400	0.09%	-	137,400	0.09%	-
Shekhar Holdings Pvt. Ltd.	30,300	0.02%	-	30,300	0.02%	-
Hindustan Housing Company Ltd.	8,000	0.01%	-	8,000	0.01%	-
Geetika Trust No. 2 (Kiran Bajaj)	-	-	(0.16%)	246,800	0.16%	-
Nimisha Trust (Madhur Bajaj)	1,400	-	-	1,400	-	-
Deepa Trust (Niraj Bajaj)	1,100	-	-	1,100	-	-
Kriti Trust (Niraj Bajaj)	-	-	(0.02%)	35,700	0.02%	-
Niravnayan Trust (Niraj Bajaj)	435,500	0.27%	-	435,500	0.27%	-
Rishab Trust (Rajivnayan Bajaj)	1,100	-	-	1,100	-	-
Sanjali Trust (Sanjivnayan Bajaj)	1,100	-	-	1,100	-	-
Siddhant Trust (Sanjivnayan Bajaj)	2,200	-	-	2,200	-	-

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

## 16 Equity share capital (Contd.)

Shares held by promoters at the end of the year	As at 31 March 2022			As at 31 March 2021		
	Nos.	% Holding	% Change during the year	Nos.	% Holding	% Change during the year
Geetika Trust (Shekhar Bajaj)	-	-	-	1,100	-	-
Nirvaan Trust (Sunaina Kejriwal)	100	-	-	100	-	-
Sanjali Family Trust (Sanjivnayan Bajaj)	44,400	0.03%	-	44,400	0.03%	-
Siddhant Family Trust (Sanjivnayan Bajaj)	43,300	0.03%	-	43,300	0.03%	-
Rishab Family Trust (Rajivnayan Bajaj)	610,650	0.38%	-	610,650	0.38%	-
Aryaman Family Trust (Manish Kejriwal)	119,400	0.08%	-	119,400	0.08%	-
Nirvaan Family Trust (Sunaina Kejriwal)	119,400	0.08%	-	119,400	0.08%	-
Neelima Bajaj Swamy Family Trust (Neelima Bajaj Swamy)	232,019	0.15%	-	232,019	0.15%	-
Nimisha Jaipuria Family Trust (Nimisha Jaipuria)	238,273	0.15%	-	238,273	0.15%	-
Neelima Bajaj Family Trust (Kumud Bajaj)	363,024	0.23%	-	363,024	0.23%	-
Nimisha Bajaj Family Trust (Madhur Bajaj)	355,370	0.22%	-	355,370	0.22%	-
Niravnayan Bajaj Family Trust (Niraj Bajaj)	550,000	0.34%	-	550,000	0.34%	-
Kriti Bajaj Family Trust (Minal Bajaj)	100,000	0.06%	-	100,000	0.06%	-
Geetika Shekhar Bajaj Trust (Shekhar Bajaj)	565,000	0.35%	-	565,000	0.35%	-
Kumud Neelima Family Trust (Madhur Bajaj)	136,261	0.09%	0.09%	-	-	-
Kumud Nimisha Family Trust (Madhur Bajaj)	136,261	0.09%	0.09%	-	-	-
Madhur Neelima Family Trust (Kumud Bajaj)	136,261	0.09%	0.09%	-	-	-
Madhur Nimisha Family Trust (Kumud Bajaj)	136,262	0.09%	0.09%	-	-	-
<b>Total</b>	<b>96,701,408</b>	<b>60.77%</b>	<b>(0.03%)</b>	<b>96,757,348</b>	<b>60.80%</b>	<b>-</b>

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

**17 Other equity**

Particulars	(₹ in Crore)	
	As at 31 March	
	2022	2021
<b>a. Reserves and surplus</b>		
<b>Securities premium</b>		
Balance as at the beginning of the year	929.27	929.26
Add: Received during the year (See note 16 d.)	-	0.01
Add: On exercise of options by employees pursuant to ESOP scheme	12.00	-
Balance as at the end of the year	941.27	929.27
<b>General reserve</b>		
Balance as at the beginning and the end of the year	1,197.14	1,197.14
<b>Share based payments reserve</b>		
Balance as at the beginning of the year	102.90	32.45
Add: Recognition of share based payments to employees of the Company	21.01	19.11
Add: Recognition of share based payments to employees of subsidiaries (net)	107.13	51.34
Less: Transfer on exercise of options by employees pursuant to ESOP scheme	(12.00)	-
Balance as at the end of the year	219.04	102.90
<b>Treasury shares</b>		
Balance as at the beginning of the year	(184.22)	(200.17)
Add: Movement during the year	64.25	15.95
Balance as at the end of the year	(119.97)	(184.22)
<b>Retained earnings</b>		
Balance as at the beginning of the year	1,676.26	1,497.18
Profit for the year	424.23	178.78
Items of other comprehensive income recognised directly in retained earnings		
Actuarial losses of defined benefit plans	(1.60)	0.30
Less: Appropriations		
Final dividend, declared and paid during the year	47.74	-
Total appropriations	47.74	-
Balance as at the end of the year	2,051.15	1,676.26
	4,288.63	3,721.35

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

## 17 Other equity (Contd.)

### b. Nature and purpose of reserve

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with section 52 and other provisions of the Companies Act, 2013.

#### General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

#### Share based payments reserve

Share based payments reserve is created as required by Ind AS 102 'Share Based Payments' on the employee stock option scheme operated by the Company.

#### Treasury shares

The reserve for shares of the Company held by the BFS ESOP Trust (ESOP Trust). Company has issued employees stock option scheme for its employees. The equity shares of the Company have been purchased and held by ESOP Trust. Trust to transfer such shares to employees at the time of exercise of option by employees.

## 18 Interest income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Interest income on		
Investments (at amortised cost)	71.82	61.39
Others	0.01	0.20
	<u>71.83</u>	<u>61.59</u>

## 19 Windpower income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Income from power generation (within India)	22.59	21.76
Income from Renewable Energy Certificates (REC) (within India)	6.79	2.18
	<u>29.38</u>	<u>23.94</u>



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

## 20 Net gain on fair value changes

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Net gain/(loss) on financial instruments at fair value through profit or loss		
Debt instrument at FVTPL	9.73	3.36
Others		
Gain on sale of debt instrument at amortised cost	0.30	0.07
Total net gain on fair value changes	10.03	3.43
Fair value changes		
Realised	10.06	3.53
Unrealised	(0.03)	(0.10)
	10.03	3.43

## 21 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Business support service	72.47	68.25
Miscellaneous receipts	0.04	-
Surplus on sale of property, plant and equipment (net)	32.55	-
Provision no longer required	0.11	0.05
	105.17	68.30

## 22 Employee benefits expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Salaries, wages and bonus to employees	84.38	77.19
Contribution to provident and other funds	5.41	4.85
Share based payments to employees	21.01	19.11
Staff welfare expenses	0.97	0.73
	111.77	101.88

## 23 Depreciation, amortisation and impairment

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Depreciation on property, plant and equipment	4.09	4.55
Depreciation on investment property	0.13	0.13
	4.22	4.68

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

## 24 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Rent	1.59	0.97
Repairs to buildings	4.17	3.38
Repairs to machinery - windmill	15.55	8.68
Repairs to others	0.05	0.06
Energy generation expenses	5.31	9.08
REC registration, issuance and brokerage charges	0.20	0.24
Rates and taxes	0.95	0.60
Insurance	0.75	0.76
Payment to auditor	0.26	0.23
Directors' fees and travelling expenses	0.83	0.71
Commission to non-executive directors	1.55	1.07
Loss on sale of property, plant and equipment	-	0.07
Travelling (including foreign travel) expenses	0.05	0.12
Business support service expenses	2.66	2.38
Expenditure towards Corporate Social Responsibility (CSR) activities	0.45	0.73
Legal and professional charges	5.80	2.30
Miscellaneous expenses	9.62	8.99
	49.79	40.37
<b>Payment to auditor</b>		
<b>As auditor</b>		
Audit fee	0.14	0.11
Tax audit fee	0.02	0.02
Limited review	0.09	0.09
Other services (certification fees and other matters)	0.01	0.01
Reimbursement of expenses [₹ 8,856 (Previous year ₹ 36,825)]	-	-
	0.26	0.23
<b>Expenditure towards Corporate Social Responsibility (CSR) activities</b>		
Gross amount required to be spent by the Company during the year	0.44	0.70
Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	0.45	0.73
	0.45	0.73

There is no shortfall at the end of the year out of the amount required to be spent by the Company.

The Company has incurred expenditure under CSR activities towards its direct employability and skill development initiatives, therapy of hearing impaired students and free cleft reconstruction surgeries of children from poor families.

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

**25 Tax expense**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
<b>(a) Tax expense</b>		
Current tax		
Current tax on profits for the year	141.29	67.84
Total current tax expense	141.29	67.84
Deferred tax		
Decrease/(increase) in deferred tax assets	(0.52)	(0.22)
(Decrease)/increase in deferred tax liabilities	(1.78)	(1.30)
Total deferred tax expense/(benefit)	(2.30)	(1.52)
Tax expense	138.99	66.32
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by statutory tax rate</b>		
Profit before tax	563.22	245.10
Tax at the statutory tax rate of 25.17%	141.76	61.69
Tax on expenditure not considered for tax provision	10.79	7.18
Tax on income not subject to tax	(13.56)	(2.55)
Tax expense	138.99	66.32

**26 Earnings per share (EPS)**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
Profit for the year (₹ In Crore)	424.23	178.78
Weighted average number of shares outstanding during the year (Nos)	159,137,444	159,137,373
Weighted average number of shares outstanding during the year (Nos) - Diluted	159,186,958	159,168,792
Earnings per share (Basic) ₹	26.7	11.2
Earnings per share (Diluted) ₹	26.6	11.2
Face value per share ₹	5.0	5.0

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

## 27 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
a. Claims against the Company not acknowledged as debts	8.53	8.53
b. Income-tax matters under dispute Appeal by Company	6.31	5.10
c. Value Added Tax (VAT), service tax and GST matters under dispute	4.50	1.23

In all the cases mentioned above, outflow is not probable and hence not provided by the Company.

It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

## 28 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2022	2021
Capital commitments, net of capital advances	1.73	-

## 29 Details of windpower generation and turnover

Particulars	For the year ended 31 March			
	2022		2021	
	Units (In Lakh)	Value (₹ In Crore)	Units (In Lakh)	Value (₹ In Crore)
Credit for units brought forward from previous year	68	2.17	73	2.22
Gross generated, during the year	764	23.40	716	24.38
Less - wheeling, transmission and banking charges	30	0.98	77	2.62
Sold, during the year	752	23.10	644	21.81
Credits receivable	50	1.49	68	2.17

The Company has 57,180 (Previous year 99,130) renewable energy certificates (REC) including 3,671 (Previous year 14,507) RECs at various stages for regulatory approvals.

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

### 30 Employee benefit plans

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

#### Funded schemes

##### Gratuity

The Company provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

#### Funded schemes (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2022</b>	<b>2021</b>
<b>Amount recognised in Balance Sheet</b>		
Present value of funded defined benefit obligation	21.23	16.76
Fair value of plan assets	18.38	15.86
<b>Net funded obligation</b>	<b>2.85</b>	<b>0.90</b>
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	1.75	1.56
Interest on net defined benefit liability/(asset)	0.03	0.13
<b>Total expense charged to Statement of Profit and Loss</b>	<b>1.78</b>	<b>1.69</b>
<b>Amount recorded as Other Comprehensive Income</b>		
Opening amount recognised in OCI outside Statement of Profit and Loss	4.75	5.44
Remeasurements during the period due to		
Changes in financial assumptions	(0.78)	-
Experience adjustments	2.83	(0.83)
Actual return on plan assets less interest on plan assets	0.09	0.14
<b>Closing amount recognised in OCI outside Statement of Profit and Loss</b>	<b>6.89</b>	<b>4.75</b>
<b>Reconciliation of net liability/(asset)</b>		
Opening net defined benefit liability/(asset)	0.90	2.43
Expense charged to Statement of Profit and Loss	1.78	1.69
Amount recognised outside Statement of Profit and Loss	2.14	(0.69)
Employer contributions	(1.97)	(2.53)
<b>Closing net defined benefit liability/(asset)</b>	<b>2.85</b>	<b>0.90</b>

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

### 30 Employee benefit plans (Contd.)

#### Funded schemes (Contd.)

(₹ In Crore)

As at 31 March

Particulars	2022	2021
<b>Movement in benefit obligation</b>		
Opening of defined benefit obligation	16.76	16.83
Current service cost	1.75	1.56
Interest on defined benefit obligation	1.05	1.05
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	(0.78)	-
Actuarial loss/(gain) arising on account of experience changes	2.83	(0.83)
Benefits paid/transferred	(0.38)	(1.85)
<b>Closing of defined benefit obligation</b>	<b>21.23</b>	<b>16.76</b>
<b>Movement in plan assets</b>		
Opening fair value of plan assets	15.86	14.40
Employer contributions	1.97	2.53
Interest on plan assets	1.02	0.92
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(0.09)	(0.14)
Benefits paid	(0.38)	-
Assets acquired/(settled) *	-	(1.85)
<b>Closing fair value of plan assets</b>	<b>18.38</b>	<b>15.86</b>
* On account of inter group transfer		
<b>Disaggregation of assets</b>		
Category of assets		
Insurer managed funds	18.38	15.86
Others	-	-
<b>Grand Total</b>	<b>18.38</b>	<b>15.86</b>

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

### 30 Employee benefit plans (Contd.)

#### Funded schemes (Contd.)

#### Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
<b>Senior staff</b>				
Impact of increase in 50 bps on DBO	(3.17%)	3.23%	(3.42%)	3.48%
Impact of decrease in 50 bps on DBO	3.33%	(3.10%)	3.60%	(3.34%)
<b>Junior staff</b>				
Impact of increase in 50 bps on DBO	(10.24%)	11.32%	(10.71%)	11.84%
Impact of decrease in 50 bps on DBO	11.69%	(10.04%)	12.28%	(10.46%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

#### Funding arrangement and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 0.95 crore

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

### 30 Employee benefit plans (Contd.)

#### Funded schemes (Contd.)

##### Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan

	(₹ In Crore)				
	Less than a year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
<b>31 March 2022</b>					
Senior staff	3.52	0.42	0.90	28.12	32.96
Junior staff	0.01	0.01	0.08	12.42	12.52
<b>31 March 2021</b>					
Senior staff	3.08	0.17	0.75	21.98	25.98
Junior staff	0.01	0.01	0.06	9.46	9.54

Particulars	As at 31 March	
	2022	2021
<b>Weighted average duration of defined benefit obligation (in years)</b>		
Senior Staff	6.49	7.02
Junior Staff	21.86	22.91

##### Principal actuarial assumptions (expressed as weighted averages)

Particulars	As at 31 March	
	2022	2021
Discount rate (p.a.)	7.25%	6.80%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.



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

### 30 Employee benefit plans (Contd.)

#### Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	2.75	-	2.66	2.80
Expense recognised in the Statement of Profit and Loss	1.43	0.02	1.79	0.21
Amount recorded as Other Comprehensive Income	-	-	-	-
Discount rate (p.a.)	7.25%	7.25%	6.80%	6.80%
Salary escalation rate (p.a.) - senior staff	10.00%	N.A	10.00%	N.A
Salary escalation rate (p.a.) - junior staff	10.00%	N.A	10.00%	N.A

#### Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

For the year ended 31 March

Particulars	2022	2021
<b>Defined contribution plans</b>		
Provident fund paid to Government authorities	2.68	2.33
Superannuation paid to trust	0.73	0.57
Pension fund paid to Government authorities	0.17	0.15
Others	0.12	0.04
<b>Defined benefit plans</b>		
Gratuity	1.68	1.69
Others	0.03	0.07
<b>Total</b>	<b>5.41</b>	<b>4.85</b>

### 31 Segment information

Segment information based on consolidated financial statements is given in note 43 to consolidated financial statements.

The Company has disclosed the business segments as primary reporting segment on the basis that risks and returns are primarily determined by the nature of products and services. Consequently, geographical segment has been considered as a secondary segment.

The business segments have been identified on the basis of the nature of products and services, the risks and returns and internal performance reporting systems

The business segments comprise the following:

- i. Life insurance
- ii. General insurance
- iii. Windmill
- iv. Retail financing
- v. Investments and others

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

**32 Disclosure of transactions with related parties as required by Ind AS 24**

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
<b>A Subsidiaries :</b>					
Bajaj Allianz General Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (81,568,165 shares of ₹ 10 each)	-	81.57	-	81.57
	Dividend received	91.36	-	110.11	-
	Rent received	1.93	-	1.98	-
	Deposit received	-	(2.14)	-	(2.14)
	Insurance expense	0.38	0.96	0.95	0.67
	Reimbursements for share based payments	49.34	-	22.56	-
	Business support service rendered	10.06	3.22	8.28	-
	Protection fee for brand usage recovered	0.22	-	-	-
	Business support service received	0.16	-	-	-
	Revenue expenses reimbursement received	0.23	-	0.17	-
	Purchase of property, plant and equipment	0.08	-	-	-
Bajaj Allianz Life Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (111,524,660 shares of ₹ 10 each)	-	111.53	-	111.53
	Dividend received	101.49	-	122.68	-
	Reimbursements for share based payments	41.23	-	16.38	-
	Business support service rendered	10.96	-	9.12	-
	Protection fee for brand usage recovered	0.22	-	-	-
	Insurance expense	0.18	-	0.11	-
	Security deposit paid	0.06	0.06	-	-
	Revenue expenses reimbursement received	0.23	-	0.19	-
	Business support service received	0.24	-	0.19	-
	Rent paid	0.10	-	-	-
Bajaj Finance Ltd. (52.49% shares held by Bajaj Finserv Ltd. Previous year 52.74%)	Contribution to equity (317,816,130 shares of ₹ 2 each)	-	1,910.73	-	1,910.73
	Investment in non-convertible debentures/commercial paper	-	685.00	-	525.00
	Redemption of non-convertible debentures	35.00	-	560.00	-
	Interest received on non-convertible debentures	42.17	-	74.27	-
	Dividend received	317.82	-	-	-
	Employee car transfer	-	-	0.23	-
	Business support services received	1.87	-	1.68	-
	Business support services rendered	38.38	-	28.93	-
	Protection fee for brand usage recovered	0.30	-	-	-
	Revenue expenses reimbursement received	0.10	-	0.03	-
	Interest accrued but not due	-	38.65	-	29.33
	Purchase of property, plant and equipment	0.02	-	-	-

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Bajaj Finserv Direct Ltd. (80.10% shares held by Bajaj Finserv Ltd. Previous year 100%)	Contribution to equity (2,500,000 shares of ₹ 10 each)	-	2.50	-	2.50
	Deemed equity at cost for Bajaj Finserv Direct Ltd.	346.83	522.93	51.10	176.10
	Reimbursements for share based payments	9.54	-	4.40	-
	Business support service rendered	3.92	0.06	8.08	-
	Revenue expenses reimbursement received	-	-	0.01	-
	Employee car transfer	0.34	-	-	-
Bajaj Finserv Health Ltd. (Fully owned subsidiary)	Contribution to equity (2,499,994 shares of ₹ 10 each)	-	2.50	-	2.50
	Deemed equity at cost for Bajaj Finserv Health Ltd.	150.00	237.50	55.00	87.50
	Business support service rendered	6.68	-	13.33	-
	Reimbursements for share based payments	7.03	-	2.21	-
	Employee car transfer	0.31	-	0.18	-
Bajaj Finserv Ventures Ltd. (Fully owned subsidiary)	Contribution to equity (2,500,000 shares of ₹ 10 each)	2.50	2.50	-	-
	Deemed equity at cost for Bajaj Finserv Ventures Ltd.	85.00	85.00	-	-
	Revenue expenses reimbursement received	0.06	-	-	-
Bajaj Finserv Asset Management Ltd. (Fully owned subsidiary)	Contribution to equity (6,000,000 shares of ₹ 10 each)	60.00	60.00	-	-
	Revenue expenses reimbursement received	0.58	-	-	-
	Business support service rendered	1.37	-	-	-
Bajaj Finserv Mutual Fund Trustee Ltd. (Fully owned subsidiary)	Contribution to equity (50,000 shares of ₹ 10 each)	0.05	0.05	-	-
Bajaj Housing Finance Ltd. (Fully owned subsidiary of Bajaj Finance Ltd.)	Investment in non-convertible debentures/commercial paper	-	350.00	-	150.00
	Interest accrued but not due	-	9.99	-	0.37
	Interest received on non-convertible debentures	9.00	-	-	-
Bajaj Financial Securities Ltd. (Fully owned subsidiary of Bajaj Finance Ltd.)		-	-	-	-

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
<b>B Associates, joint venture and investing parties:</b>					
Bajaj Holdings & Investment Ltd. (investing party)	Shares of BFS held by BHIL (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	18.69	-	-	-
	Business support services received	0.03	-	0.13	-
	Business support service rendered	0.35	-	0.51	-
	Revenue expenses reimbursement paid	0.05	-	0.54	-
	Employee car transfer	0.06	-	-	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	1.90	-	1.68	-
Bajaj Allianz Staffing Solutions Ltd (Fully owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Business support services received	0.08	-	0.06	-
<b>C Key management personnel and their relatives:</b>					
Sanjiv Bajaj (Chairman & Managing Director) (Also Key management personnel)	Short-term employee benefits (including commission and perquisite)	20.53	(10.66)	16.41	(7.71)
	Post-employment benefits	1.26	-	0.91	-
	Deposit paid	0.67	1.08	-	0.41
	Rent paid	0.77	-	0.43	-
	Sale of property, plant and equipment	90.94	-	-	-
Madhur Bajaj	Sitting fees	0.07	-	0.06	-
	Commission	0.14	(0.14)	0.09	(0.09)
Rajiv Bajaj	Sitting fees	0.05	-	0.05	-
	Commission	0.10	(0.10)	0.08	(0.08)
Shefali Bajaj	Deposit paid	0.41	0.41	-	-
	Rent paid	0.04	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Niraj Bajaj	Nil	-	-	-	-

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2021-22		2020-21	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
<b>D Other entities/persons:</b>					
Bajaj Auto Ltd.	Sale of windpower	6.81	-	11.40	-
	Open access charges reimbursement	5.20	-	8.14	-
	Business support services received	0.36	-	0.39	-
	Revenue expenses reimbursement paid	0.04	-	0.08	-
Bajaj Electricals Ltd.	Purchases	0.01	0.01	-	-
Hindustan Housing Co. Ltd.	Shares of BFS held by Hindustan Housing (8,000 shares of ₹ 5 each)	-	-	-	-
	Dividend paid	-	-	-	-
Hercules Hoists Ltd.	Shares of BFS held by Hercules Hoist (92,063 shares of ₹ 5 each)	-	(0.05)	-	(0.05)
	Dividend paid	0.03	-	-	-
Bajaj Auto Holdings Ltd.	Shares of BFS held by BAH (209,005 shares of ₹ 5 each)	-	(0.10)	-	(0.10)
	Dividend paid	0.06	-	-	-
Hind Musafir Agency Ltd.	Services received	0.01	-	0.11	-
Mukand Ltd.	Sale of windpower	3.87	-	10.48	0.52
	Open access charges reimbursement	-	-	0.55	-
	Security deposit paid/(refunded)	-	-	(0.10)	-
	Interest received	-	-	0.01	-
Maharashtra Scooters Ltd.	Shares of BFS held by MSL (3,725,740 shares of ₹ 5 each)	-	(1.86)	-	(1.86)
	Dividend paid	1.12	-	-	-
Sanjali Family Trust	Rent paid	0.57	-	0.55	-
	Security deposit paid	-	0.14	-	0.14
	Revenue expenses reimbursement paid	0.08	-	0.07	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.73	-	0.57	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	0.50	-	0.30	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity contribution	1.50	-	2.30	-
D J Balaji Rao	Sitting fees	0.16	-	0.13	-
	Commission	0.31	(0.31)	0.20	(0.20)
Dr. Gita Piramal	Sitting fees	0.14	-	0.14	-
	Commission	0.27	(0.27)	0.21	(0.21)
Dr. Naushad Forbes	Sitting fees	0.16	-	0.14	-
	Commission	0.31	(0.31)	0.21	(0.21)
Manish Kejriwal	Sitting fees	0.15	-	0.13	-
	Commission	0.29	(0.29)	0.20	(0.20)
Anami Roy	Sitting fees	0.08	-	0.06	-
	Commission	0.16	(0.16)	0.09	(0.09)

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

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

### 33 Lease

#### As a lessor

The Company has given a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

(₹ In Crore)

Particulars	As at 31 March	
	2022	2021
i) Office premise		
Gross carrying amount	8.25	8.25
Depreciation for the year	0.13	0.13
Accumulated depreciation	3.01	2.88
ii) The total future minimum lease rentals receivable at the balance sheet date is as under		
<b>Receivable</b>		
Within one year	1.93	1.93
After one year but not more than five years	5.23	7.16
More than five years	-	-
	<b>7.16</b>	<b>9.09</b>

### 34 Fair value measurement

#### i) Financial instruments by category

(₹ In Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
<b>Investments</b>						
Bonds and debentures	-	-	1,035.72	-	-	679.48
Liquid mutual funds	19.36	-	-	30.14	-	-
Certificate of Deposit	-	-	97.16	-	-	390.69
Trade receivables	-	-	2.70	-	-	0.52
Other financial assets	-	-	56.61	-	-	37.85
Cash and cash equivalents	-	-	21.62	-	-	24.25
Other bank balances	-	-	0.43	-	-	100.42
<b>Total financial assets</b>	<b>19.36</b>	<b>-</b>	<b>1,214.24</b>	<b>30.14</b>	<b>-</b>	<b>1,233.21</b>
<b>Financial liabilities</b>						
Trade payables	-	-	2.03	-	-	2.15
Other financial liabilities	-	-	38.42	-	-	31.96
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>40.45</b>	<b>-</b>	<b>-</b>	<b>34.11</b>

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

### 34 Fair value measurement (Contd.)

#### ii) Fair value hierarchy

This section explains the basis of estimates made in determining the fair values of the financial instruments that are

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Accounting Standard, which are explained herein below.

#### Financial assets measured at fair value - recurring fair value measurements at 31 March 2022

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial investments at FVTPL</b>					
Liquid mutual funds	6B	19.36	-	-	19.36
Total financial assets		19.36	-	-	19.36

#### Financial assets which are measured at amortised cost for which fair values as at 31 March 2022 are disclosed below

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Bonds and debentures	6B	1,037.44	-	-	1,037.44
Certificate of Deposit	6B	97.16	-	-	97.16
Total financial assets		1,134.60	-	-	1,134.60

#### Assets disclosed at fair value - at 31 March 2022

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	8	-	40.26	-	40.26

#### Financial assets measured at fair value - recurring fair value measurements at 31 March 2021

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial investments at FVTPL</b>					
Liquid mutual funds	6B	30.14	-	-	30.14
Total financial assets		30.14	-	-	30.14

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

### 34 Fair value measurement (Contd.)

#### Financial assets which are measured at amortised cost for which fair values as at 31 March 2021 are disclosed below

Particulars	Notes				(₹ In Crore)	
		Level 1	Level 2	Level 3	Total	
Bonds and debentures	6B	706.38	-	-	706.38	
Certificate of Deposit	6B	390.69	-	-	390.69	
Total financial assets		1,097.07	-	-	1,097.07	

#### Assets disclosed at fair value - at 31 March 2021

Particulars	Notes				(₹ In Crore)	
		Level 1	Level 2	Level 3	Total	
Investment property	8	-	40.26	-	40.26	

#### Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

**Level 2:** The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

#### Valuation techniques used to determine fair value

Valuation techniques used to determine fair value include

- Open ended mutual funds and certain bonds and debentures at NAV's/rates declared and/or quoted.
- Close ended mutual funds at NAV's declared by AMFI.
- For other bonds and debentures values with references to prevailing yields to maturity matching tenures, quoted on sites of credible organisation such as ICRA (Investment Information and Credit Rating Agency).
- Commercial papers and certificate of deposits, being short-term maturity papers, amortised cost is assumed to be the fair value.



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

### 34 Fair value measurement (Contd.)

#### iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ In Crore)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<b>Investments</b>				
Bonds and debentures	1,035.72	1,037.44	679.48	706.38
Certificate of Deposit	97.16	97.16	390.69	390.69
Total financial assets	1,132.88	1,134.60	1,070.17	1,097.07

The carrying amounts of certificate of deposits, trade receivables, trade payables, other financial assets/liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

### 35 Financial risk management

The Company operates, at present, only in India. Whilst risk is inherent in the Company's activities, it is managed through a risk management framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. The Company's activities expose it to credit risk, liquidity risk and market risk.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk.

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds. The Company's risk management is carried out by its Risk Management Committee as per such policies approved by the Board of Directors. Accordingly, Company's Risk Management Committee identifies, evaluates and manages financial risks.

#### A. Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash equivalents, financial assets measured at amortised cost, financial assets measured at FVTPL and trade receivables.

#### Credit risk management

In regard to trade receivables, which are typically unsecured, credit risk is managed through credit approvals, establishing credit limit and continuously monitoring the credit worthiness of customers to whom credit is extended (substantially through debt securities) in the normal course of business.

With regards to financial assets represented substantially by investments, the Company has an investment policy which allows the Company to invest only with counterparties having a credit rating equal to or above AA+ and P1+. The Company reviews the creditworthiness of these counterparties on an on-going basis. Counter party exposure limits maybe updated as and when required, subject to approval of Board of Directors.

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

### 35 Financial risk management (Contd.)

#### B. Liquidity risk

The Company's principal sources of liquidity are 'cash and cash equivalents, investments in money market instruments' and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period.

#### C. Other risk (Market risk)

The Company has deployed its surplus funds in debt and money market instruments (including through funds). The Company is exposed to price risk on such investments; which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

As an unregistered CIC, the Company must invest at least 90% of its net assets in Group companies, of which at least 60% must be through equity investments. Therefore 10% of its net assets are currently invested in liquid fixed income securities such as certificate of deposits and liquid mutual funds to ensure adequate liquidity is available. Hence temporary market volatility, if any is not considered to have material impact on the carrying value of these Investments. Nevertheless, the Company has invested its surplus funds primarily in debt instruments of its subsidiary with CRISIL AAA and STABLE A1+ rating and thus the Company does not have significant risk exposure.

### 36 Capital management

#### a) Objectives, policies and processes of capital management

The Company is cash surplus and has only equity capital. Under Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016, the Company is termed as an Unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020 and is not exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in debt and money market instruments (including through mutual funds) depending on economic conditions in line with the CIC guidelines set out by the RBI and investment policy set by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds. The Company does not have any borrowings.

(₹ In Crore)

As at 31 March

Particulars	As at 31 March	
	2022	2021
<b>Equity</b>	4,368.20	3,800.92
Add: Deferred tax liabilities (net)	3.79	6.63
Less: Tangible and other assets	114.38	160.85
Working capital	66.33	151.73
Investments in subsidiaries and joint venture	3,039.04	2,394.66
<b>Investments in debt and similar investments</b>	<b>1,152.24</b>	<b>1,100.31</b>

No changes in this regard were made in the objectives, policies and processes of capital management during the year.

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

### 36 Capital management (Contd.)

#### b) Analytical ratios

The Company is termed as an Unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020 and is not exposed to any regulatory imposed capital requirements. Thus, the following analytical ratios are not applicable to the Company:

1. Capital to risk-weighted assets ratio (CRAR)
2. Tier I CRAR
3. Tier II CRAR
4. Liquidity Coverage Ratio.

#### c) Dividends distributed and proposed

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2022	2021
<b>Dividends recognised in the financial statements</b>		
Final dividend for the year ended 31 March 2021 of ₹ 3 (31 March 2020 - ₹ Nil) per equity share.	47.74	-
<b>Dividends not recognised at the end of the reporting period</b>		
Directors have recommended the payment of a final dividend of ₹ 4 per equity share for the year ended 31 March 2022 (31 March 2021 - ₹ 3). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	63.66	47.74

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

**37 Maturity analysis of assets and liabilities**

(₹ in Crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	21.62	-	21.62	24.25	-	24.25
Bank balances other than cash and cash equivalents	0.01	0.42	0.43	100.00	0.42	100.42
Trade receivables	2.70	-	2.70	0.52	-	0.52
Investment in subsidiaries and joint venture	-	3,039.04	3,039.04	-	2,394.66	2,394.66
Other investments	532.61	619.63	1,152.24	455.69	644.62	1,100.31
Other financial assets	53.87	2.74	56.61	36.61	1.24	37.85
<b>Non-financial assets</b>						
Current tax assets (net)	-	48.40	48.40	-	46.85	46.85
Investment property	-	5.24	5.24	-	5.37	5.37
Property, plant and equipment	-	105.06	105.06	-	153.19	153.19
Capital work-in-progress	-	4.08	4.08	-	2.29	2.29
Other non-financial assets	0.15	2.85	3.00	0.06	2.76	2.82
<b>Total</b>	<b>610.96</b>	<b>3,827.46</b>	<b>4,438.42</b>	<b>617.13</b>	<b>3,251.40</b>	<b>3,868.53</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Trade payables	2.03	-	2.03	2.15	-	2.15
Other financial liabilities	38.42	-	38.42	29.41	2.55	31.96
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	-	17.41	17.41	-	17.41	17.41
Deferred tax liabilities (net)	-	3.79	3.79	-	6.63	6.63
Provisions	4.71	0.89	5.60	3.94	2.42	6.36
Other non-financial liabilities	2.97	-	2.97	3.10	-	3.10
<b>Total</b>	<b>48.13</b>	<b>22.09</b>	<b>70.22</b>	<b>38.60</b>	<b>29.01</b>	<b>67.61</b>
<b>Net</b>	<b>562.83</b>	<b>3,805.37</b>	<b>4,368.20</b>	<b>578.53</b>	<b>3,222.39</b>	<b>3,800.92</b>

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

### 38 Share-based payments (Employee stock option plan)

The Company has established employees stock options plan, 2018 (ESOP Scheme) for its employees pursuant to the special resolution passed by shareholders at the annual general meeting held on 19 July 2018. The employee stock option plan is designed to provide incentives to the employees of the Company and for its unlisted subsidiaries to deliver long-term returns and is an equity settled plan. The ESOP Scheme is administered by the Compensation Committee of the Board. Participation in the plan is at the Compensation Committee's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted under ESOP scheme would vest in not less than one year and not more than five years from the date of grant of the options. The Compensation committee of the Company has approved grant with related vesting conditions. Vesting of the options would be subject to continuous employment with the Company and hence the options would vest with passage of time. In addition to this, the Compensation Committee may also specify certain performance parameters subject to which the options would vest. Such options would vest when the performance parameters are met.

Once vested, the options remain exercisable over period of eight years from the date of vesting or such period as may be decided by the Compensation Committee at its sole discretion from time to time. Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan to employees of the Company and unlisted subsidiaries

Particulars	Number of options	
	As at 31 March	
	2022	2021
Opening balance	772,174	288,037
Granted during the year	381,700	500,912
Exercised during the year	108,560	5,376
Forfeited during the year	31,955	11,399
Closing balance	1,013,359	772,174
Vested and exercisable	239,313	117,248

No options expired during the year

#### Weighted average fair value of options granted during the year

Grant date	28 April 2021	21 July 2021
Weighted average fair value per option	₹ 3,350 per option	₹ 4,177 per option

The fair value at grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

### 38 Share-based payments (Employee option plan) (Contd.)

The model inputs for options granted during the year ended 31 March 2022 and 31 March 2021 included

Grant	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII
a) options are granted for no consideration and vesting period is	1 to 4 years	1 to 4 years	1 to 4 years	1 to 4 years	1 to 2 years	1 to 4 years	1 to 4 years
b) exercise price	₹ 6,365.70 per option	₹ 6,050.90 per option	₹ 7,454.70 per option	₹ 4,702.75 per option	₹ 6,115.55 per option	₹ 10,091.35 per option	₹ 12,597.15 per option
c) grant date	19 July 2018	29 January 2019	16 May 2019	21 May 2020	16 September 2020	28 April 2021	21 July 2021
d) share price at grant date	₹ 6,296.90	₹ 6,233.05	₹ 7,617.45	₹ 4,537.75	₹ 6,143.60	₹ 10,489.30	₹ 12,310.10
e) expected price volatility of the Company's shares	29.65%	30.50%	30.40%	35.56%	36.57%	34.64%-40.80%	34.34%-39.87%
f) expected dividend yield	0.03%	0.03%	0.02%	0.05%	0.08%	0.05%	0.02%
g) risk-free interest rate	8.07%	7.45%	7.56%	6.35%	6.41%	4.45%-5.69%	4.48%-5.81%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

### 39 Other notes

- The Company has performed an assessment to identify transactions with struck off companies as at 31 March 2022 and no such company was identified.
- No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- No funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

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

#### 40 Events after reporting date

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

#### 41 Miscellaneous

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Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji & Co LLP

Chartered Accountants

ICAI Firm Registration Number: 105146W/W100621

S Sreenivasan  
Chief Financial Officer

Sanjiv Bajaj  
Chairman & Managing Director

Ketan S Vikamsey

Partner

ICAI Membership Number: 044000

Uma Shende  
Company Secretary

Madhur Bajaj  
Director

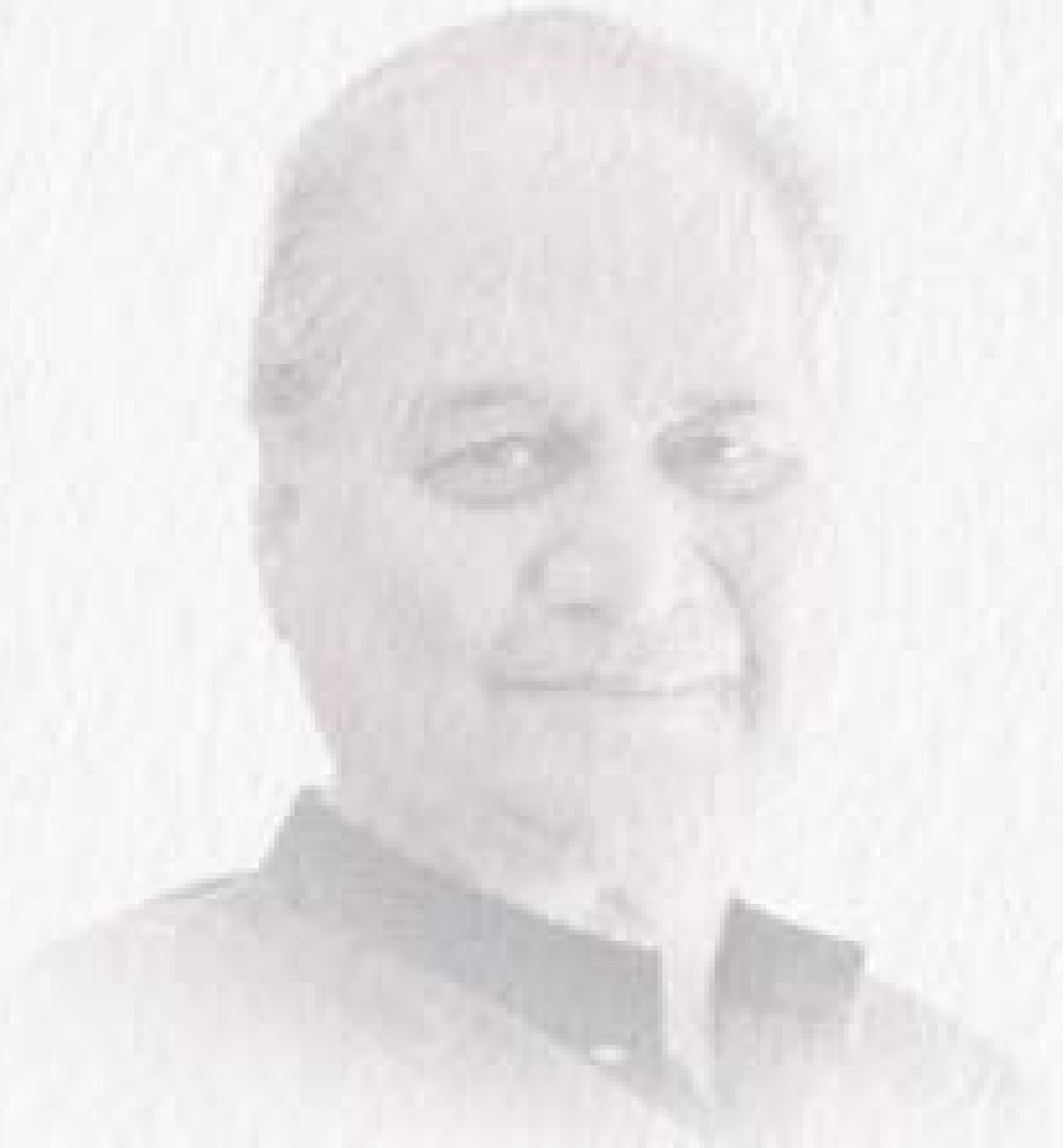
Pune: 28 April 2022











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

- Rahul Bajaj



BAJAJ FINSERV LIMITED  
Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Pune-411 035  
[www.bajajfinserv.in/corporate-bajaj-finserv](http://www.bajajfinserv.in/corporate-bajaj-finserv)

# Being Responsive **Being Responsible**

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## **Business Responsibility & Sustainability Report**

*(also includes elements of Environmental,  
Social and Governance)*

**FY2022**

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## About the Cover

The cover image showcases a macro view of the vastness of a landscape of forests and lush greenery, a symbolic representation of the vision that Bajaj Finserv takes of the financial services businesses from the standpoint of its role as a Group entity. The caption of the theme '**Being Responsive, Being Responsible**' speaks of our broader commitment to the community, playing the role of a responsive and responsible corporate organisation - being responsive to the needs while acting responsibly through our various ventures as befits a market leader and a holding company of our size.

## Preface

The Securities and Exchange Board of India (SEBI) from FY2023 has mandated India's top 1,000 listed entities based on market capitalisation on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) to submit 'Business Responsibility and Sustainability Report' (BRSR/Report) effective 1 April 2022. This Report is required to be in line with the National Guidelines on Responsible Business Conduct published by the Ministry of Corporate Affairs ("NGRBCs") in 2019.

Bajaj Finserv Limited ('BFS', 'Bajaj Finserv', 'the Company') herewith presents its BRSR for FY2022, having voluntarily early adopted, in line with the NGRBCs and BRSR requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations"). This Report, consistent with

previous years, has been presented for the consolidated Group.

This Report describes the approach of the Company, its subsidiaries and its joint venture ('Bajaj Finserv Group', 'BFS Group', 'the Group') towards creating an employee-friendly workplace and a positive environmental and social outcome through its business in a responsible, ethical and inclusive manner. It also highlights the Group's commitment towards enhancing customer value.

While this BRSR provides information about the key initiatives undertaken by the Group towards Environment, Social and Governance ('ESG'), certain other initiatives that are covered in the Annual Reports of the Company and its subsidiaries for FY2022 (available on Company's website – [bajajfinserv.in](http://bajajfinserv.in)) have not necessarily been repeated here.



**This report, consistent with previous years, has been presented for the consolidated Group.**

# About Bajaj Finserv

BFS is the holding company for financial services business under the Bajaj Group. Its vision is to provide financial solutions for retail and SME customers through their life cycle.

BFS’s areas of business are:



## Finance and Lending

BFS participates in the lending business through its 52.49% subsidiary – Bajaj Finance Limited (BFL), a non-banking finance company (NBFC), whose equity shares are listed on BSE and NSE. BFL also participates in the savings business by offering fixed deposits, mutual funds and the like to its customers. BFL operates a mortgage business through a 100% subsidiary – Bajaj Housing Finance Limited (BHFL), which is engaged in various aspects of housing finance and development. BFL also has another 100% unlisted subsidiary, Bajaj Financial Securities Limited (BFinsec), registered with the SEBI as a stockbroker and depository participant providing its clients with a full suite of investment products and services in an all-in-one digital platform.



## Insurance

BFS’s insurance participation is through (i) Bajaj Allianz General Insurance Company Limited (BAGIC) – general insurance (including health insurance); and (ii) Bajaj Allianz Life Insurance

Company Limited (BALIC) – life insurance and retirement plans (together ‘Insurance subsidiaries’). Both are unlisted joint ventures with Allianz SE, one of the world’s leading composite insurers. BFS holds 74% equity capital in these companies, with the balance being held by Allianz SE.



## Renewable Power

BFS also has investments in renewable energy in the form of 138 windmills situated in Maharashtra with an aggregate installed capacity of 65.2 MW.



## Other Ventures

BFS, through its subsidiary, Bajaj Finserv Direct Limited (BFDL / Bajaj Markets), has created a digital marketplace which offers a range of financial products, including loans, insurance, mutual funds, investments, lifestyle products, payments and e-commerce.

BFS, through its 100% subsidiary, Bajaj Finserv Health Limited (BFHL), a health tech venture,

aims to transform healthcare in India by integrating a fragmented healthcare delivery ecosystem with technology and financial services on a digital platform to bring quality healthcare closer to consumers’ reach through products, networks and technology.

For mutual fund and asset management, BFS, through Bajaj Finserv Asset Management Limited, a 100% subsidiary, has obtained an in-principle approval from SEBI to set up the asset management company and is in the process of completing the requirements for the final licence for mutual funds.

Bajaj Finserv Ventures Limited is another 100% subsidiary of BFS, which is an investment platform for (i) early to mid-stage venture capital investments and (ii) an alternate class of assets.

Under the Master Circular – Core Investment Companies (Reserve Bank) Directions, 2016, the Company is termed as an unregistered Core Investment Company as per Reserve Bank of India (RBI) Guidelines dated 13 August 2020. The Company’s equity shares are listed on BSE and NSE.

## Key Consolidated Financial Metrics for the BFS Group: (₹ in Crore)

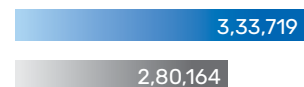
### Total income



### Net profit\*



### Total assets



\* attributable to owners of the Company



ESG initiatives



Statutory reporting



# Message from the Chairman & Managing Director

ESG is not just the right thing to do, it is what will shape a better tomorrow for all!



There is an adage that 'life never gets any easier or more forgiving, it is only we who get stronger and more resilient' with every challenge and hardship that life presents. These unique experiences help us become more accepting of our new realities to thrive in a new, emerging environment.

And nothing can be more relevant today than this when we think of the overwhelming shared experiences of the two bygone years. In this new, emerging world, being responsible for one's environment and communities is no longer an option but an imperative for building a sustainable future for all.

At Bajaj Finserv companies, the financial services arm of the Bajaj Group, one of the country's oldest and most revered business houses, we have imbued our organisational fabric with this belief. We have built it into our business philosophy.

The very foundation of our group was laid by the philanthropic instinct of Shri Jamnalalji Bajaj, our Group's founding father, who took the bold and unprecedented step of using business to serve society, a long cherished value further strengthened by the legendary and extraordinary excellence of my father and our Chairman Emeritus,

Late Shri Rahul Bajaj. Sadly, he left for his heavenly abode earlier this year, and us with a greater responsibility to take forward this inspirational legacy of being a responsive and responsible corporate citizen to serve the needs of an aspirational new India.

In line with this ideology, we have adopted a practical approach to implementing our ESG goals and mapped our business responsibility strategy towards the realisation of the nation's sustainable development and its people's inclusive growth. Our businesses will strive towards achieving these twin objectives, as



ESG initiatives



Statutory reporting

ESG is not just a part but the core of our sustainable long-term growth strategy.

We are steered by the ethos of “reaching financial services solutions to millions of Indians”, whom we seek to empower and enable with our diversified and innovative portfolio of financial products and services. For example, Crop Insurance, one of our products that we have consistently served our customers with over the years, is for the protection of our nation’s farmers whose livelihood is fraught by the high volatility and variability of weather.

Driven by our strong and sustained focus on protecting the environment today to nurture a better tomorrow, we are continually investing in eco-friendly initiatives despite being in a low-impacting business. From minimising paper consumption to designing financial products that protect the planet, we continue to take steps to lower the carbon footprint of our operations. Our 138 windmills continue to generate more power than we can consume annually.

Customer centricity and employee wellness are the other two key pillars of our social development credo, and we are continuously fostering these through concerted measures.

Our community outreach programmes are crafted to serve the emergent needs of the lesser advantaged beneficiaries of society. In fact, as a Group, we have always taken pride in being accountable to our own people and the communities around which we operate.

During FY2022, Bajaj Group joined forces with the local government authorities to conduct a large-scale inoculation drives for our communities in Pune and Aurangabad. And I am happy to share that more than 1 million doses of the COVID-19 vaccines were administered during those drives.

Enabling access and affordability of healthcare treatment for children is an important focus area for us. We have been extending financial support to

the families of children undergoing treatment for curable diseases or suffering from ailments requiring prolonged treatment.

Our dedicated CSR teams conduct year-long engagement programmes in remote rural locations to spread awareness about preventive healthcare, immunisation needs, prenatal and post-natal care for mothers and newborns, inculcating proper oral healthcare, basic hygiene and dietary habits for children.

Our community-based livelihood and skilling programmes help enhance the household income of rural, tribal and migrant populations and create income generation opportunities for their communities.

As a part of a part of the Bajaj Group, we believe that education is one of the most important drivers of the socio-economic prosperity and stability of a self-reliant nation, and all children must have access to education.

Our child education programmes aim to make quality education available to all children through curricular, extra-curricular and supplementary intervention programmes. We are also invested in the dire need of addressing issues of child protection and preventing crime against children.

Our employability initiative ‘BEYOND’ aims to upskill the first-generation graduates from smaller towns and cities to gain the right aptitude and attitude for building a strong career in the financial services industry. The employability programme, started way back in 2015, and has so far benefitted more than 20,000 fresh graduates across the country, which we achieved in collaboration with our partner institutes. It is heartening to note, that this year, Bajaj Finserv BEYOND touched a milestone of up-skilling a record number of 10,000 students with the desired capabilities and a winning edge to compete for the limited job opportunities in the BFSI industry.

Our well-crafted governance framework has been structured to not just meet the compliance standards

of today but go beyond to shape the responsibility benchmarks of tomorrow.

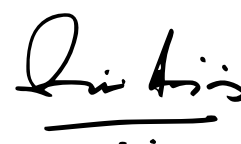
We have developed a robust model of ethical, transparent, responsible and accountable business systems and processes. We remain committed to conducting our business with total integrity, that furthers all stakeholders’ interests.

As committed last year, we have not only completed the accounting of our GHG emissions but also obtained independent assurance over the same. Another commitment that we made last year was to open 50 inclusion branches of BFL in rural and backward areas in FY2022, which has been achieved and taking that further, we plan to open another 50 branches during FY2023.

By adopting Responsible Investment principles, our insurance companies have proactively adapted themselves to our ESG framework. Further, the Bajaj Finserv companies are collectively embracing a consistent Code of Ethics and Professional Conduct, thereby taking another progressive step towards the hallmark legacy of our founding fathers of being a more responsible and ethical organisation.

As we move towards the expansion of our sustainability efforts, we shall continue to accelerate our ESG journey with the unwavering support and dedication of our People.

I urge you all to go through our report to look at some of the ways in which we are powering our ESG journey of responsiveness and responsibility because ESG is not just the right thing to do, it is what will shape a better tomorrow for all!



**Sanjiv Bajaj**

Chairman & Managing Director



ESG initiatives



Statutory reporting









# Highlights During the Year

- 1** Mega Vaccination drive by Bajaj Group administered over 1 million doses of COVID-19 vaccines
- 2** Adoption of Responsible Investment principles by Insurance subsidiaries
- 3** Installation of rooftop solar generation plants at 3 offices and raw hard water treatment plant at an office
- 4** As committed in FY2021, BFL opened 50 financial inclusion branches in rural and backward areas in FY2022 and is committed to open another 50 such branches in FY2023
- 5** Adoption of consistent Code of Ethics and Personal Conduct across BFS Group
- 6** Early voluntary adoption of SEBI's BRSR for FY2022 and independent assurance thereon
- 7** Accounting of greenhouse gas emissions and independent assurance thereon (FY2021 and FY2022)
- 8** Bajaj Finserv employability initiative 'BEYOND' enters northern and eastern states of India, placement division established
- 9** Voluntary third-party assessments for 19 Corporate Social Responsibility partner organisations



# Our Focus Areas

The ambit of ESG is wide and also evolving. It is our firm belief that in order to achieve our ESG objectives and have a greater impact, we need to be focussed on identified areas rather than spreading wide. Accordingly, in our [Responsible and Sustainable Business Conduct policy](#), we have identified following as our areas of focus:

 <p><b>Governance</b></p> <p>Conduct and govern business with integrity in a manner that is ethical, transparent and accountable.</p>	 <p><b>Financial inclusion</b></p> <p>Provide access to relevant and affordable financial products and services that meet the needs of larger society.</p>	 <p><b>Preserving and protecting environment</b></p> <p>Strive to adopt environmental practices and processes that minimise / eliminate the adverse impact of company operations on the environment.</p>	 <p><b>Empowering society</b></p> <p>Promote social welfare activities for inclusive growth, equitable development, and well-being of society.</p>
 <p><b>Customer centricity</b></p> <p>Innovate / invest in products, technologies and processes that enhance customer experience and promote professional, fair and transparent dealings.</p>	 <p><b>Employee wellbeing</b></p> <p>Create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth.</p>	 <p><b>Cyber security</b></p> <p>Adopt robust information security, cyber security and fraud controls.</p>	 <p><b>Stakeholder engagement</b></p> <p>Engage with relevant stakeholders for enhancing the sustainable and responsible business practices.</p>



# Summary of Our Major Initiatives Towards ESG

In line with its sustained focus on furthering its ESG goals, the BFS Group continues to take targeted initiatives with deep-rooted responsibility and accountability towards its stakeholders. The summary of major initiatives is narrated below:



## Governance

- ◆ Board approved 'Responsible Business Conduct and Sustainability Policy' of the Company and its material subsidiaries<sup>1</sup>, comprising the essence of ESG
- ◆ Approval of Responsible Investment Principles by the Boards of Insurance subsidiaries, as part of their respective investment policies
- ◆ Adoption of consistent *Code of Ethics and Personal Conduct* for employees across the BFS Group
- ◆ Confidential framework of *Whistle Blower Policy* and elaborate anti-bribery and anti-corruption norms
- ◆ Liquidity / solvency higher than the statutory requirement across material subsidiaries
- ◆ Women empowerment through our policies at workplace, entrepreneurship opportunities, social initiatives and more



## Preserving and protecting environment

- ◆ Renewable power generated is about two times the electricity consumed
- ◆ Installation of rooftop solar power generation units at three offices and hard water treatment plant at one office building
- ◆ BFL has adopted an *Environmental Policy* thereby committing not to extend funds through its commercial lending business for specified lines of businesses and specific activities
- ◆ Continual focus on reducing paper consumption through digital initiatives
- ◆ Extensive awareness campaigns to promote sustainable living and practices amongst employees and other stakeholders



## Reaching financial services to millions of Indians

- ◆ Operating over 4,200 branches through our subsidiaries across the country providing financial products and services
- ◆ Insured crops in over 14.5 million hectares, covering about 6.6 million farmers in 12 states in the last 4 years
- ◆ Extended financing to over 9 million new-to-credit customers during the last 3 years
- ◆ Significantly higher contribution of rural and social sector business in Insurance subsidiaries, as compared to Insurance Regulatory and Development Authority of India (IRDAI) norms
- ◆ Realising its commitment of the previous fiscal, BFL has committed to open another 50 financial inclusion branches in rural and backward areas in FY2023



## Empowering society

- ◆ Spent ₹ 96.18 crore towards CSR in FY2022
- ◆ Bajaj Group - Mega Vaccination drive administered over 1 million doses of Covid-19 vaccine to the beneficiaries in Pune and Aurangabad region
- ◆ Over 20,000 students (67% being women) have enrolled for Certification Programme in Banking, Finance and Insurance (CPBFI), since inception, with more than 10,500 students enrolling during FY2022
- ◆ More than 1.2 million people benefited over the years through active CSR projects as on 31 March 2022

<sup>1</sup> BFL, BHFL, BAGIC and BALIC are material subsidiaries





## Customer centricity

- ◆ Charters and policies to protect interest of customers
- ◆ Use of technology to enhance customer experience
- ◆ Dedicated customer complaint reduction units, to review the grievance redressal mechanism with Board oversight
- ◆ Customer education and awareness campaigns
- ◆ Recognised for innovative customer service and related initiatives



## Human capital management

- ◆ More than 58,000 employees underwent 0.9 million hours of training to upskill / multi-skill themselves
- ◆ Gender pay parity with median remuneration for FY2022 at ₹ 0.05 crore across the Group
- ◆ Offered equal growth opportunities through auto promotions / internal job posting mechanism – more than 14,300 employees moved to new roles
- ◆ Covid-19 initiatives for employees and their families:
  - ◆ financial aid of ₹12.70 crore to 2,810 employee families
  - ◆ More than 24,000 free doctor consultations for employees
- ◆ Professional counsellors to discuss mental health and wellbeing matters – availed by more than 4,500 employees



## Information and cyber security

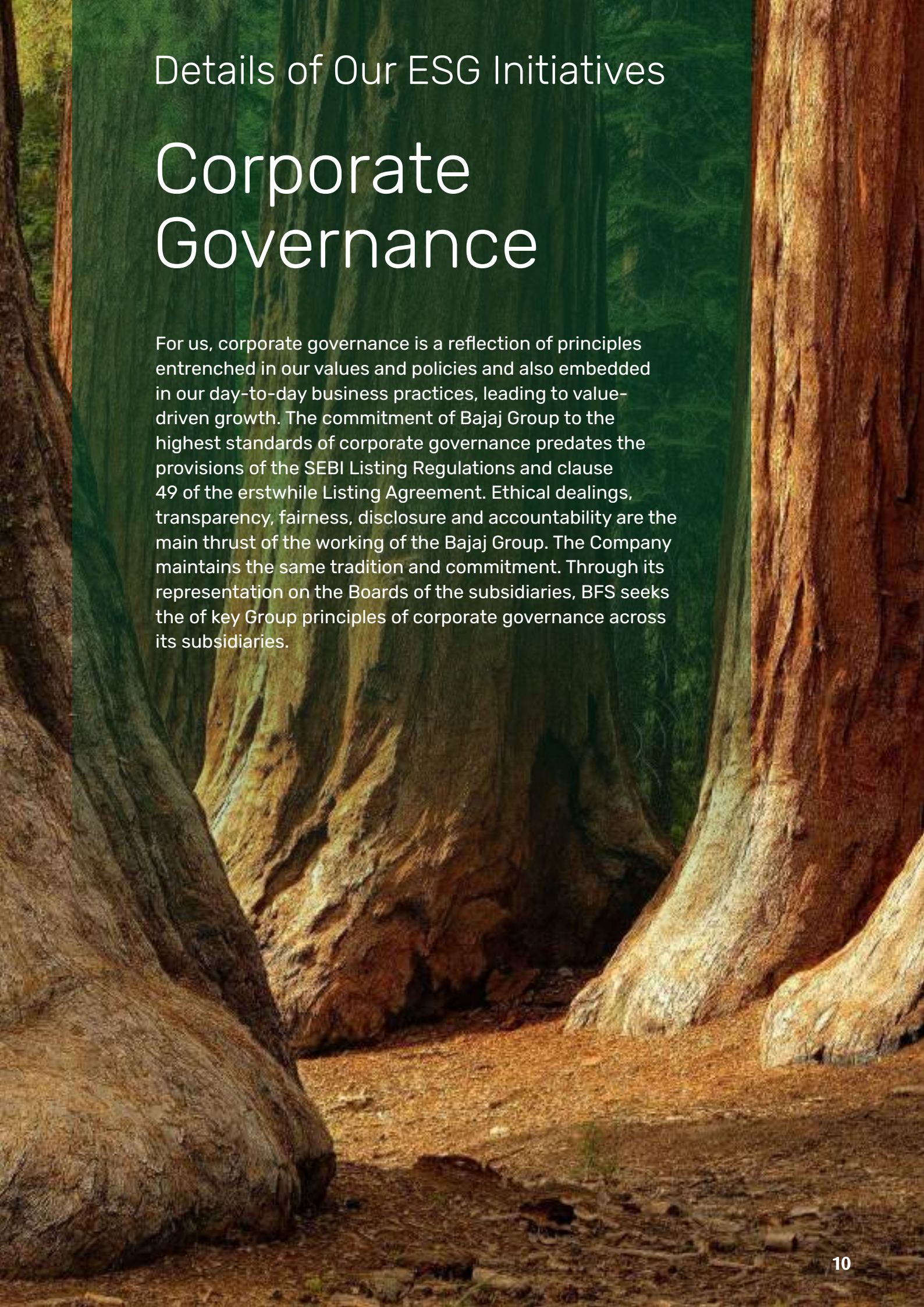
- ◆ Well-established information security framework, cyber security policy and business continuity plan
- ◆ Awareness campaigns for Cyber safety and fraud prevention for employees, customers and value chain partners.
- ◆ IT Security related projects have oversight of Board of respective companies
- ◆ Dedicated information security, cyber risk and fraud control units
- ◆ Data Loss Prevention solutions in place
- ◆ Data security and information technology security systems compliant with ISO 27001:2013 and ISO 22301:2012



## Stakeholder engagement

- ◆ Maintained one of the highest standards of business information disclosure amongst financial services groups in India
- ◆ Continuous engagement with value chain partners
- ◆ Various offline and online engagement channels for employees and customers
- ◆ Actively participated in public and regulatory policy development



A photograph of a forest floor with large tree trunks and a green overlay. The image shows several large, textured tree trunks in shades of brown and tan, set against a dark green background. The ground is covered in brown leaves and twigs. A semi-transparent green rectangular area is overlaid on the left side of the image, containing the text.

## Details of Our ESG Initiatives

# Corporate Governance

For us, corporate governance is a reflection of principles entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value-driven growth. The commitment of Bajaj Group to the highest standards of corporate governance predates the provisions of the SEBI Listing Regulations and clause 49 of the erstwhile Listing Agreement. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust of the working of the Bajaj Group. The Company maintains the same tradition and commitment. Through its representation on the Boards of the subsidiaries, BFS seeks the of key Group principles of corporate governance across its subsidiaries.



## Building on Corporate Governance

Key governance practices are as follows:

- ◆ Compliance with applicable law
- ◆ Number of Board and Committee meetings more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans and risks
- ◆ Board comprises of Director, from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required
- ◆ Panel of independent directors with outstanding track record and reputation
- ◆ Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management
- ◆ Separate meeting of independent Directors without presence of non-independent directors or executive management
- ◆ Confidential Board evaluation process where each Board member evaluates the performance of every Director, Committees of the Board, the Chairman of the Board and the Board as a whole
- ◆ Presentations by key senior management team members of the Company and its subsidiaries to familiarise the Directors with key elements of each of the businesses
- ◆ Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions
- ◆ Representation of the Company via non-executive and independent Director, on the Board of its material subsidiaries which ensures an institutionalised structure of control over subsidiaries

- ◆ Half-yearly communication from the Chairman to all shareholders of the Company giving an update on the Company's performance
- ◆ Adoption of key governance policies and codes by the Board in line with best practices, which are made available to stakeholders for downloading/viewing from the Company's website
- ◆ Half-yearly letter from the Chairman to all shareholders of the Company giving an update on the Company's performance
- ◆ Apart from BFS and its listed subsidiaries, which carry out familiarisation programmes for its Directors, as required under the SEBI Listing Regulations, even unlisted material subsidiaries on an ongoing basis keep their respective Directors abreast of matters relating to the industry, business models, risk metrics, mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities, major developments and updates on the Company, etc.
- ◆ The Company has indicated material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to businesses in the Statutory reporting section of this Report

Full details of the Company's Corporate Governance are presented separately in the Report on Corporate Governance of the Annual Report

## Nurturing Ethics and Integrity

The value of ethics and integrity are deeply ingrained and practised in day-to-day operations across the BFS Group. Some of the key elements of its policies and practices in this regard include:

**Six meetings of ESG Committee members were held across the BFS Group along with an update presentation to Board of Directors of Group companies on overall ESG strategy.**

- ◆ The Group's [Code of Ethics and Personal Conduct \(CoEPC\)](#) covers good working, cultural and integrity norms. The 'disciplinary actions and grievance redressal policy' and 'Whistle Blower Policy/vigil mechanism', allow employees to consult on issues, anonymously report and/or escalate grievances of any nature. Including harassment, fraud / suspected fraud, unethical behaviour, instances a leak or suspected leak of unpublished price sensitive information, etc. which are detrimental to our Company's interest or/and is a process/policy violation. Further, with the entire BFS Group embracing a consistent CoEPC, we have taken another futuristic step towards being a more responsible and ethical organisation.
- ◆ A framework of policies and processes is in place to safeguard employees who report any unethical behaviour against discrimination, harassment, victimisation or other unfair employment practices. BFS and its material subsidiaries also accord employees direct access to the Chairman of their Audit Committee
- ◆ BFS and its listed subsidiaries have a separate [Code of Conduct for its Directors and Senior Management](#). They shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement. The Annual Report carries Directors' and Senior Management's affirmation as communicated to all stakeholders by the Chairman & Managing Director







- ◆ The Company, through its Chairman & Managing Director, has signed the following charters of Confederation of Indian Industry ('CII'):
  - ◆ Model code of conduct for ethical business practices,
  - ◆ Charter on fair and responsible workplace guidelines for collaborative employee relations, and
  - ◆ Charter on fair and responsible workplace guidelines for contract labour.

- ◆ Led by its zero-tolerance towards unethical business practices, the BFS Group ensures adherence to necessary policies with respect to anti-fraud, anti-bribery, conflict of interest, prevention of insider trading, prevention of money laundering, prevention of sexual harassment and related party transactions. Depending on the nature of severity of misconduct/non-compliance of CoEPC/policies, appropriate action ranging from counselling, warning, suspension, and pay deduction to termination are taken.

## Zero tolerance towards unethical business practices.

- ◆ Transparency and fairness in dealings with customers is followed across the Group. None of the products withholds any relevant information needed by the customers to make informed decisions.



## Awards and Recognition

The successful milestones of the Company, its subsidiaries and key personnel, found appreciation in various prestigious awards during the year. Some of those are listed below:

### BFS

- ◆ Late Rahul Bajaj, Chairman Emeritus of Bajaj Group, was conferred with the 'Hall of Fame' honour at the CNBC-TV18 India Business Leader Awards, 2022 for his extraordinary leadership over the years.
- ◆ S. Sreenivasan, Chief Financial Officer of Bajaj Finserv, was conferred with the 'CFO of the Year BFSI & Fintech' Award in 2021 by CII.

### BFL

- ◆ Rajeev Jain, Managing Director, was conferred with the 'Champion of Champions' honour in the prestigious Business Today-PwC India's Best CEOs rankings in March 2022.
- ◆ Sandeep Jain, Chief Financial Officer, was conferred with the Best Financial Minds in India INC - Financial Express CFO Awards 2022.

### BAGIC

- ◆ Conferred with 'General Insurance Company of the Year' at India Insurance Summit and Awards 2022.
- ◆ Received the 'Gold Award in the Non-Life Insurance Provider of the Year' at the 20th edition of the Outlook Money Awards.

### BALIC

- ◆ Awarded for the 'Highest Growth' category at the ASSOCHAM 13th Global Insurance E-Summit and Awards.
- ◆ Won accolades for revolutionary digital platform Smart Assist, including ET BFSI Excellence Awards 2021 under 'Best Digital Customer Experience Initiative [Insurance]':





## Engaging in prudent and responsible business conduct

Imbued in BFS Group is a strong culture of responsible business conduct for building long-term businesses and providing sustainable growth, and meeting the interests of its stakeholders. Besides adopting high standards of governance, the Group remains committed to prudent business practices in order to ensure that businesses are not exposed to undue risks.

Some of the prudent business practices we follow are enumerated below:

- ◆ Recognising the risks that our businesses carry and keeping the interest of our stakeholders into consideration, all material subsidiaries maintain liquidity / solvency in excess of the norms laid down by the relevant regulators:

	Subsidiary	As of 31 March 2022		As of 31 March 2021		As of 31 March 2020	
		Regulatory requirement	Company ratio	Regulatory requirement	Company ratio	Regulatory requirement	Company ratio
Capital to Risk-weighted Assets ratio (CRAR)	BFL	15% (RBI)	27.2%	15% (RBI)	28.3%	15% (RBI)	25%
	BHFL	15% (RBI)	19.7%	14% (RBI)	21.3%	13% (RBI)	25%
Solvency ratio	BAGIC	150% (IRDAI)	344%	150% (IRDAI)	345%	150% (RBI)	254%
	BALIC	150% (IRDAI)	581%	150% (IRDAI)	666%	150% (RBI)	745%

- ◆ BFL maintains low leverage levels and has always raised equity capital upon reaching 6 to 7 times, much more conservative than the regulatory stipulation and most other NBFCs.

- ◆ More than 98% of the fixed income portfolio of our insurance subsidiaries comprises the highest credit-rated securities (sovereign / AAA or equivalent).

- ◆ The company and its material subsidiaries have a Risk Management framework duly approved by their Boards, more details about which are available in the Annual Report the respective company. Risk management systems are well structured and robustly developed across our businesses as manifested in the fact that:

- BFL ended the year with improved stage two assets of 1.97%, gross NPA of 1.60% and net NPA of 0.68% on a consolidated basis, representing pre-Covid metrics. The Company’s macro and management overlay provision was ₹1,060 crore as of 31 March 2022 compared to ₹840 crore as of 31 March 2021. BFL has entered FY2023 with portfolio quality better than pre-Covid.

- During FY2022, BALIC won the ‘Best Risk Management Initiative’ Award InsureNext, ‘Anti-Fraud Team of the Year’ award by Achromic Point, and ‘Best Fraud Prevention Platform’ by FinTech India Innovation Awards, recognising its risk management, fraud prevention and mitigation initiatives.
- During FY2022, BAGIC received ‘Fraud Intelligence Insurance company of the year’ at Quantic BFSI excellence awards 2021, Best Risk Management Initiative award (Non-Life insurance) for project Anveshak at InsureNext Summit and Best Risk Management strategy award at the 3rd emerging Asia Insurance award 2021.

- ◆ BAGIC industry-leading combined ratios consistent over time - Combined Ratio stood at 99.6% in FY2022.
- ◆ Long-term sustainable businesses can only be run by empowered professionals. BFS Group strongly believes empowerment and accountability to be inexorably linked and has identified ‘Accountable Empowerment’ as one of its core principles. Driven by this principle, all the Companies in the Group are

**In April 2022, the Boards of our insurance subsidiaries have approved Responsible Investment principles as part of their respective investment policies, which shall be implemented in a structured manner.**

managed by competent professionals, while being overseen by their respective Boards. The remuneration of senior management across BFS Group is benchmarked with appropriate peer groups, and it comprises fixed pay, variable pay and long-term incentive (including stock options).

### Making Responsible Investment

Cognisant of our duty to act in the best long-term interests of our investors, shareholders and policyholders, we believe that ESG issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Thus, we are consistent with our fiduciary responsibilities, we have adopted Responsible Investment principles.





## Striving for Women Empowerment

Women empowerment is one of the key priorities for sustainable and inclusive development of the society. We have several initiatives for empowerment of women, within the Group and outside, which steers women empowerment agenda.

### Nurturing the growth of women employees

- ◆ To support women colleagues, BFS and its subsidiaries have put in place robust women-centric policies such as women safety, cab facility, women travel policy, flexible working hours (specially post maternity), preferential transfers and so on.
- ◆ The women workforce to the total workforce has been increasing over the last few years from 11% as of 31 March 2019 to 16% as of 31 March 2022.
- ◆ Over the last three years, the gender mix of the total employees hired during the year witnessed an increase in the female ratio from 12% in FY2020 to 21% in FY2022.
- ◆ Further, BAGIC has received 'Best Organisations for Women' award 2022 by The Economic Times.

### Empowering women customers/ value chain partners

- ◆ BAGIC offers women-specific critical illness insurance plan for protection against eight life-threatening conditions. Till date more than 45,000 women have been insured under this plan.
- ◆ Provided financing access, amounting to over ₹ 49,000 crore, to more than 8.7 million women borrowers during the last 3 years.
- ◆ Insurance subsidiaries provide significant entrepreneurship opportunities to women – 40,164 women insurance agents represent 26.9% of our total insurance agents as of 31 March 2022.

### Empowering women through society

- ◆ We strive to empower women (including young girls) through our various CSR programmes in areas of healthcare, education and livelihood (refer to 'Empowering Society' section).
- ◆ Female student enrolment in CPBFI is 67% – our flagship programme to equip fresh graduates and final-year undergraduate students for the BFSI sector.
- ◆ More than 0.2 million women reached through women focussed CSR projects active as of 31 March 2022.



# Reaching Financial Services to Millions of Indians

At BFS Group, there is an all-pervasive belief in the importance of providing access to individuals and businesses, across the country, to relevant financial products and services. It is our constant endeavour to enable individuals and businesses to meet their transactional, payments, credit, insurance and savings needs through such access.



The Group operates over 4,200 branches across the country, through which it provides financial products to millions of Indians. The Group has, over the years, enhanced consumer access to financial products and services through a robust and expanding digital presence.

Further, through its operations in smaller towns and villages, the Group generates opportunities for the local populations in the form of employment and addition to a value-chain partner network. Such opportunities enhance local capabilities and create a robust economic cycle in the smaller cities/ towns and villages. Around 75% of our permanent employees as of 31 March 2022 are from areas other than the top 10 cities of India<sup>2</sup>.

To achieve its objective of taking its gamut of financial services to millions of Indians:

- ◆ The Group has developed a robust distribution network in medium and small towns, as well as in villages across the country. This is helping us bring our financial solutions closer to society. To cite an example, realising its commitment listed in

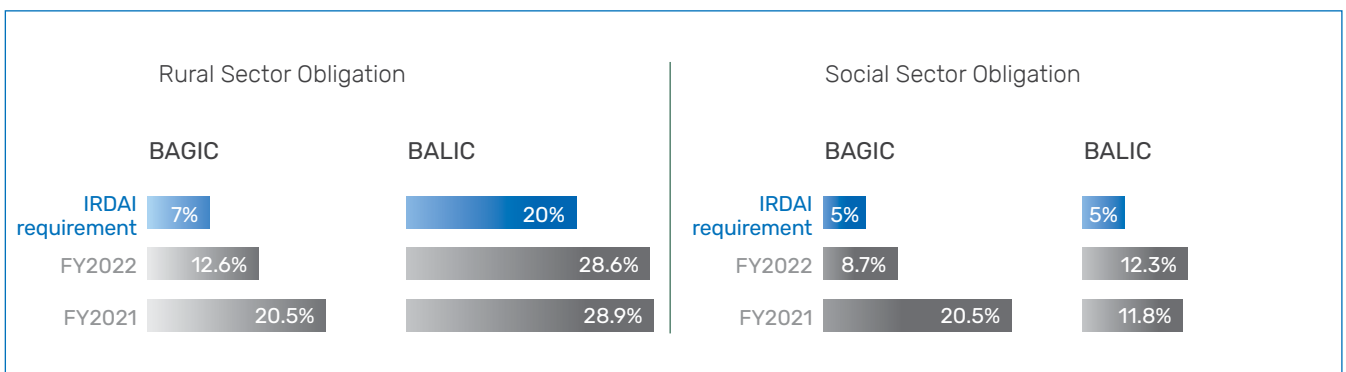
the previous fiscal, BFL opened 50 financial inclusion branches in unbanked rural centres in FY2022. It has now committed to opening another 50 branches in rural and backward areas in FY2023 to expand its reach to under-banked and unbanked rural customers.

- ◆ Participating actively in the Government's crop insurance programmes, we have insured over 12 million hectares, covering about 6.6 million farmers in more than 12 states over the last 4 years.
- ◆ Over the last 3 years, we have, through similar participation in the Government's health insurance schemes, insured over 48.4 million beneficiaries / 12.98 million families.
- ◆ The Group has remained concerted on onboarding new-to-credit customers with small ticket financing products, thus giving them access to the large suite of products offered by the financial services sector. Over the last three years, BFL has extended credit facilities to over 9 million new-to-credit customers.

**The Group operates over 4,200 branches across the country, through which it provides financial products to millions of Indians.**

- ◆ We continue to have a significantly higher contribution of rural / social sector business in our Insurance subsidiaries as compared to IRDAI norms.
- ◆ Extending our continued support to the Government's agenda of 'Housing for All', we disbursed ₹ 3,040 crores in loans under the 'Pradhan Mantri Awas Yojana', to more than 10,000 customers during FY2022. We facilitated another ₹ 227 crores of interest subsidy for our customers from the National Housing Board.
- ◆ BFL provides financing for three-wheeler passenger vehicles and commercial vehicles, enabling the underprivileged and underserved population of the society to own a productive asset and earn a living. During the last 3 years, BFL has financed more than 0.3 million three-wheeler passenger and commercial vehicles and disbursed ₹ 6,190 crore.

**Realising its commitment listed in the previous fiscal, BFL opened 50 financial inclusion branches in unbanked rural centres in FY2022. It has now committed to opening another 50 branches in rural and backward areas in FY2023 to expand its reach to under-banked and unbanked rural customers.**



<sup>2</sup> Top 10 cities by population identified as per Census 2011

# Preserving and Protecting Environment

As a financial services group, BFS does not have a sizeable consumption of any raw material, nor does it produce any tangible goods. Even as we continue providing financial solutions to serve the needs of people, we nurture a culture of conservation and reduce dependence on natural resources.



**As committed in our Report for FY2021, we have completed the accounting of our GHG emissions for FY2021, and FY2022 for the BFS Group and an independent assurance has been obtained on the same.**

Refer GHG emission - Independent Verification statement by DNV Business Assurance India Private Limited for the detailed report.

To uphold our environment and work towards a green planet, we continue to make our operations more sustainable. We have adopted four major areas in preservation and protection of the environment i) off-setting environmental impact, ii) eco-friendly offices and practices, iii) reducing paper consumption and iv) products that preserve and protect the environment. These initiatives are detailed below:

### (i) Off-setting environmental impact

Following initiatives assist in offsetting the impact of businesses on environment:



#### Renewable Energy

The Group is currently a net generator of renewable power:

- ◆ 138 windmills of the Company with an installed capacity of 65.2 MW generated over 74 million\* units of electricity, which is about two times the electricity consumed by the BFS Group<sup>3</sup>.
- ◆ Additionally, during the year, we have commissioned rooftop solar plants with an installed annual capacity of 150 kWh.



Rooftop Solar plants installed at Bajaj Allianz House



#### Water Conservation and Treatment

- ◆ Two large offices in Pune have a rainwater harvesting facility, with an aggregate capacity of 14,600 litres.
- ◆ During the year, at one of our corporate offices, we have installed a water treatment plant with the capacity to collect, treat and filter 10,000 litres of raw hard water per day, which is reused for gardening and common area cleaning.



Water Treatment plant commissioned at Bajaj Allianz House



#### Waste Management

BFS Group has systems in place to manage e-waste and engages with certified e-waste handlers for the disposal of e-waste. Approximately 33.99 Metric Tonne of e-waste generated has been disposed through authorised recyclers in FY2022. The Group has received green, disposable and re-cycling certificates from the respective e-waste handlers.



\* Net of wheeling and transmission losses

<sup>3</sup>The Company and its subsidiaries do not consume the minimum power needed to qualify for captive consumption and hence, the power is wheeled to third parties.





## (ii) Eco-friendly offices and practices

The offices where our people conduct daily interactions set the benchmark for BFS's beliefs and work ethic, including its commitment to a better environment. Its initiatives include:

- ◆ Selected and designed offices to facilitate maximum natural light and including use the of LED light fittings in offices
- ◆ Installed ozone-friendly air conditioners manufactured with R32 refrigerant – that lowers our carbon emissions
- ◆ Segregation of dry and wet waste
- ◆ Use of cloud-based virtual servers to increase energy efficiency and data security
- ◆ Conduct meetings and training through digital mediums, reducing impact of travel on the environment

## (iii) Reducing paper consumption

The BFS Group has implemented various environmental protection measures aimed to reduce paper consumption across all its business operations. We have been increasingly focussed on the integration of digital applications in our processes, improving efficiencies, lowering costs and enhancing the customer experience while helping protect the environment. Some of these initiatives include:

<div style="text-align: center; margin-bottom: 10px;"> </div> <h3>Customer processes</h3> <ul style="list-style-type: none"> <li>◆ E-agreements and OTP-based agreements across low-ticket and high-volume businesses</li> <li>◆ End-to-end web-based onboarding of customers, intermediaries, agents, etc.</li> <li>◆ Insurance policy issuance and claim processing electronic means</li> <li>◆ Paperless loans on e-commerce and wallet platforms, and through tele-binding process for existing customers</li> <li>◆ Processing of insurance claims based on scanned documents and images</li> <li>◆ Migrating all mandatory and voluntary customer communications over email, messaging applications, etc.</li> </ul>	<div style="text-align: center; margin-bottom: 10px;"> </div> <h3>Employee processes</h3> <ul style="list-style-type: none"> <li>◆ Paperless hiring of over 12,000 employees during the year, saving on paper document submissions and ensuring greener experience</li> <li>◆ Adoption of payroll services portal and applications for communicating related information</li> <li>◆ Final settlements and claim management of employees through clearance portals</li> </ul>	<div style="text-align: center; margin-bottom: 10px;"> </div> <h3>Other processes</h3> <ul style="list-style-type: none"> <li>◆ The shift from issuance of physical purchase orders to electronic purchase orders</li> <li>◆ Moving significant proportion of invoice processing to e-invoicing</li> <li>◆ Access controlled printing system which enables in reducing paper wastage</li> <li>◆ As a step towards further reducing paper consumption across the Group, documents for i) Board and their Committee meetings and ii) internal review meetings are all transmitted electronically, using a secured web-based application, over last several years.</li> </ul>
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## Products that preserve and protect the environment

Another important way of supporting the environment is providing financial offerings to our customers that assist in the preservation and protection of the environment:

- ◆ insuring more than 1,400 renewable power generation facilities (comprising a mix of solar, wind and hydro)
- ◆ financing solar power generation facilities

- ◆ BFL has during the year identified an exclusion list of activities and/or end use, for which it shall not lend, as detailed in its [Environmental Policy](#)
- ◆ BFL offers financing for e-Scooters, enabling customers to access environmentally friendly modes of transport. During the last 3 years, BFL financed more than 1,500 e-Scooters and disbursed an amount of more than ₹ 15 crore

**1,400 MW**  
renewable power generation facilities insured.

## Environment Protection and Sustainability Awareness Campaigns

We believe that in order to achieve desired results, sustainable practices need to be a collective effort by mankind and cannot be achieved by a single individual or an organisation. Keeping this in mind, we initiated awareness campaigns on sustainable practices for our employees and the world by leveraging our social media presence amplifying the simple, doable activities that can help our planet.

Various creatives were used to promote the message of SaveEarth, SaveWater, SaveElectricity, SaveTrees, SaveWater, StopPollution, ReducePlastics, etc., under the campaign - #LiveSustainably across the Group companies through the use of social media, internal employee device screen savers, displays across office spaces, etc. The campaign also promoted and encouraged the members to take a pledge to live sustainably, thus positively driving the future agendas.



# Empowering Society

Bajaj Group's philanthropic philosophy was articulated by its founder Shri Jamnalalji Bajaj who had advised that all business activities should look for opportunities for philanthropy in all business activities, without considering the business motive.





While collaborating with other Companies in the Bajaj Group, the BFS Group has its flagship CSR projects that resonate closest with its social objectives of healthcare, education and livelihood. Preference is given to the activities which are replicable, scalable and sustainable on a long-term basis with focus on lives, living and livelihood. Through its social investments, Bajaj Group addresses the needs of communities, taking sustainable initiatives in the areas of health, education, environment, women empowerment, infrastructure, rural development, community development and response to natural calamities.

### Our approach

Most of the projects supported by BFS are executed by credible grassroots organisations - ranging from tiny local entities to those with a pan-India presence. Since 2014, we have worked with 130 partner organisations on more than 300 projects. Partner proposals undergo appropriate checks to ensure that they meet stipulated criteria and have the potential for delivering to the needs of the target beneficiaries.

The Group uses social sector experts and other independent professionals to conduct social and financial assessments of the projects. These

**Since 2014, we have worked with 130 partner organisations on more than 300 projects.**

assessments help in the early identification and mitigation of risks to the concerned projects. During the year, 19 projects underwent a third-party review on various aspects. The Group further endeavours to expand the coverage of assessments by external agencies to more organisations in the coming years.



## Healthcare

### Children-focussed projects

More than  
**76,000**  
kids

### Women-focussed projects

More than  
**1,57,000**  
women

### Other health initiatives

More than  
**1,00,000**  
individuals

Note: The beneficiaries are estimated for active projects and not necessarily for the year

We have directed our focus towards projects that would help in i) healthcare infrastructure creation and augmentation, ii) reduction in malnourishment and infant and maternal mortality rates, iii) communicable and non-communicable diseases and iv) specialised surgeries and treatment programmes. Some of the notable impact of these initiatives are as under:

- ◆ More than 82,000 in-meal and nutrition supplements have been provided for cancer-afflicted kids and more than 60,000 counselling sessions have been provided for cancer patients since 2018
- ◆ More than 74,000 individuals benefited from access to primary healthcare and lab facilities, from the tribal and rural communities of Gadchiroli, urban slums of Pune region, since 2020
- ◆ Cleft Reconstructive Surgeries for more than 62,000 underprivileged children across India since 2014, of whom 41% were women beneficiaries and 51% of surgeries were for beneficiaries aged below 18 months
- ◆ More than 51,000 children participated in various preventive health awareness measures campaigns over the last three years
- ◆ Supported capacity building of organisations on addressing developmental disabilities by training more than 12,200 development specialists through various workshops since 2020
- ◆ More than 21,000 beneficiaries in various districts of Maharashtra and Rajasthan were provided nutrition facilities along with health, education and protection measures
- ◆ In Pune, more than 5,800 individuals were provided with medical care, treatment and support, and more than 7,000 individuals participated in awareness campaigns related to mental health issues during the year





## Integrated Health Project for Slums of Pune City

BFS Group has partnered with the NGO Partner Ashish Gram Rachna Trust, Pachod for 50 Slums in Hadapsar, Mundhwa and Ghorpadi areas of Pune city for health-based interventions.

Most commonly, primary health care is provided based on a syndromic approach, i.e, symptoms reported by the patient. Treatment is provided based on triage of symptoms reported by the patient, examination by a doctor and clinical pathology lab tests, and all made accessible at the slum level through outreach

workers and a Mobile Medical Unit. Following is the beneficiary profile from March 2020 onwards:

- ◆ 3,850 young married women covered for outreach services – Maternal care, Reproductive health and family planning
- ◆ 950 women identified and referred for self-reported symptoms of Reproductive tract infection
- ◆ Pathology lab services for early diagnosis of illness, 3,200 individuals benefited from the services



## Education

### Children-focussed projects

More than

**65,000**

Children given educational facilities

### Other education initiatives

More than

**44,000**

individuals provided with other learning facilities

### BEYOND- Flagship employability initiative

CPBFI annual enrolments crossed

**10,500**

Annual enrolments crossed for CPBFI

Note: The beneficiaries are estimated for active projects and not necessarily for the year

BFS's education initiatives focus strongly on primary education, with a special thrust on improving i) low learning outcomes, ii) early childhood education, iii) learning disabilities, and iv) out-school programmes. Some of the notable impacts of these initiatives are as under:

- ◆ From FY2021 onwards, more than 10,200 children benefited from a host of educational facilities provided through non-formal education centres, evening and night schools, school learning advancement programmes, and the like
- ◆ More than 34,400 specially-abled children were provided educational awareness and training programmes since FY2021 with the aim to bridge the gap of learning disabilities
- ◆ During the year, around 3,500 children benefited from education facilities provided for empowering de-notified tribes, migrant labourers working at construction sites, and vulnerable communities
- ◆ More than 2,300 students benefited through career guidance programme, networking with employment agencies and exposure visits during the last 3 years
- ◆ More than 6,000 direct beneficiaries enrolled for secondary education through 18-night schools in Mumbai, Pune, and Ahmednagar, and an evening learning centre project in Pune since 2017
- ◆ Through 550 classroom sessions and awareness programmes, reached 13,000 students and 350 teaching / non-teaching staff from 15 government secondary and 5 low-cost private schools in Pune district promoting education related to mental health, reproductive and sexual health, gender equity, and mitigating bullying and violence, substance use, and other adverse health outcomes



ESG initiatives



Statutory reporting



## Education Related to Mental Health in Schools - Sangath

We have partnered with Sangath to enhance the school climate and therefore promote education related to mental health, reproductive and sexual health, gender equity, and mitigate bullying and violence, substance use, and other adverse health outcomes. Through this project, we have reached:

- ◆ 13,000 students and 350 teaching / non-teaching staff from 15 government secondary and 5 low-cost private schools in Pune district
- ◆ This involved about 1,550 classroom sessions and awareness programmes. Further, more than 2,000 individual counselling sessions and follow-ups were also arranged



### Bajaj Finserv - BEYOND

Bajaj Finserv BEYOND is a flagship employability initiative under our CSR ambit. It aims to make graduates, especially first-generation graduates from small towns, employable in the financial services industry. Under BEYOND, the Company conducted a customised 100-hour certificate programme, viz. Certificate Programme in Banking, Finance and Insurance (CPBFI) for final-year undergraduate students. CPBFI comprehensively covers all aspects of employability, i.e. attitude, skills and knowledge, and unlike conventional skilling programmes, prepare the students for more than 10 roles in the financial services industry. The programme also produces a unique talent pool of "industry trained graduates" for

the entire BFSI industry, which offers an excellent balance between cost and productivity compared to their traditional target segments. FY2022 was a record year for CPBFI, with annual enrolments crossing 10,500 and the programme entering 18 states. With a certified alumni base of close to 8,000 graduates, a placement division has now been set up under BEYOND to provide career opportunities to CPBFI alumni.

BFS has partnered with a top management school and mental health experts to develop the programme's curriculum and pedagogy. The students are trained by the industry through intense 100-hour training sessions covering aspects of industry-

**FY2022 was a record year for CPBFI, with annual enrolments crossing 10,500 and the programme entering 18 states.**

readiness viz. attitude-skill-knowledge, along with soft skill trainings. A round of mock interviews is also conducted by recruiters from the industry, where the students gain experience of a corporate recruitment process and receive feedback about their own industry-readiness. This programme is available for a nominal fee, with the rest of the cost borne by the Group.

### BEYOND's Journey So Far

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
CPBFI launched in partnership with Symbiosis International University in Pune		First 2 college partnerships at Wardha and Nagpur	CPBFI moves to smaller towns	CPBFI enters Goa, Madhya Pradesh and Karnataka. First job fair at Ratnagiri, Maharashtra	CPBFI enters Tamil Nadu, Andhra Pradesh, Telangana. 2nd job fair at Nagpur	CPBFI goes online during Covid-19 pandemic	New curriculum introduced. BEYOND goes North and East. Placement division set up. First virtual pan India job fair
<b>States</b>	1	1	1	4	7	8	18
<b>Towns</b>	1	4	6	16	41	58	114
<b>Enrolment</b>	36	166	406	1,022	3,810	4,081	10,530

Male 33%: Female 67% | First-generation graduates 66% | Commerce 63%: Management 29%: Others 8% | Graduates 74% : Post-Graduates 26% | Employability<sup>4</sup> of students reached 74% in FY2022

<sup>4</sup> Employability is measured based on results of interview by corporate recruiters



## Livelihood and Others

Children-focussed projects

More than  
**21,000**  
kids

Women-focussed projects

More than  
**25,000**  
women

Other livelihood project initiatives

More than  
**18,000**  
individuals

Note: The beneficiaries are estimated for active projects and not necessarily for the year

BFS Group undertakes two modes of livelihood activities: i) farm/agro-based and ii) non-farm. Further, it also undertakes projects in childcare and protection. Some of the notable impacts of these initiatives are:

- ◆ 7,500 farmer families of 1,077 Self Help Groups were trained and applied the skills and knowledge in advancing Kharif Agriculture in their fields

- ◆ More than 500 Self Help Groups were formed since 2019, providing them an opportunity to build an institutional platform and giving them financial support for income enhancement through various livelihood activities

### “Income Enhancement of Marginalised Families Through Goat Rearing” - Yuva Mitra



Yuva Mitra conceptualised a goatery-based livelihood programme for enhancing the income of marginalised women in the Sinnar block of Nashik district. The project provides scientific knowledge on goat rearing through Goat Resource Centre, and establishes value chains in goat, goat milk, and goat byproducts, in addition to the developing a well-equipped veterinary ambulance for prompt veterinary service. Under the project, 26 buck entrepreneurs have been developed for breed improvement. The project has helped in the establishment of 568 JLGs, with the involvement of 2,840 goat-rearing women across 30 villages. Besides, 24,052 goats were vaccinated, and 7,983 goats were treated through veterinary services.





## Our response to Covid-19

The Group's Covid response activities were carried out in two phases. While during the first phase/first wave of the pandemic, the focus was laid on immediate need mitigation in terms of healthcare systems upgradation, during the second phase it was on mass vaccination and mitigating the urgent oxygen crisis that had hit the country.

### Key Highlights

#### Covid-19 First Wave: Healthcare Systems Upgradation – Urban and Rural

- ◆ The entire contribution was spent on procurement of equipment, consumables, protective gear and setting up of Covid Care Centres
- ◆ Key hospitals across the city of Pune were provided medical equipment such as ventilators, HFNOs, extracorporeal membrane machines and CT Scan Machines
- ◆ Pune's largest Covid Care Centre was set up in Viman Nagar with a capacity of 2,800 beds with the support of the Group's Covid Response Funds

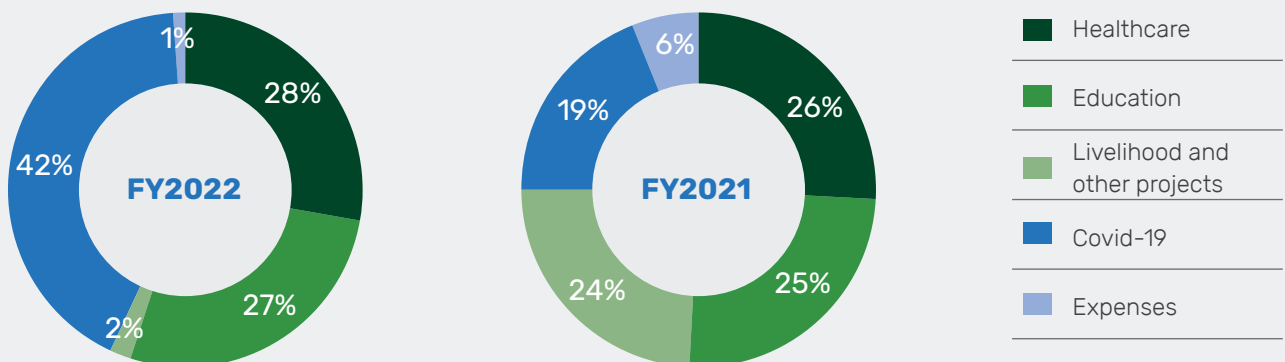
- ◆ 17 facilities were targeted for key healthcare upgradation in a phased manner. These facilities played a key role in the second wave as all were used as Covid response facilities
- ◆ Operation of Tele ICU in Khed and Bhore (Pune) was initiated to transform remote rural hospitals into functional ICUs

#### Covid-19 Second Wave: Mitigating the Oxygen Crisis and Vaccination Drive

- ◆ Bajaj Group - Mega Vaccination drive - Through this, Bajaj Group was able to administer over 1 million doses of Covid vaccines to the beneficiaries of Pune and Aurangabad region
- ◆ The Group has been a core supporter of project #MissionVayu: an industry-led effort by Pune Platform for Covid-19 Response (PPCR), anchored at MCCIA, to alleviate the ongoing oxygen crises by airlifting oxygen concentrators and BiPAP machines from Singapore to India
- ◆ The Bajaj Group contributed 12 Oxygen plants, upgradation of 17 rural healthcare Covid ICU and isolation wards, support through MCCIA to Covid hospitals for 23 high flow nasal oxygen therapy machines, 10 vaccine refrigerators, 70 BiPaPs, and 32 oxygen concentrators, 37 ventilators and operationalisation of 15 Tele ICUs beds in Pune
- ◆ The Bajaj Group supported certain rural areas - Manchar (100 beds), Chandoli (45 beds), Narayangaon (30 beds) and Vadgaon Maval (30 beds), to alleviate the load on the Pune urban health infrastructure by providing more than 200 oxygen supported beds in different parts of the district
- ◆ Other support to these facilities included providing key additional infrastructure such as oxygen piping and uninterrupted power supply to ensure that admitted patients receive the best of care



### Summary of CSR expenditure by BFS Group:



For statutory disclosures on CSR, refer to the Corporate Social Responsibility section of the Annual Report.

# Customer Centricity

At BFS Group, we always strive to listen to our customers and drive continuous transformation to provide them with a frictionless experience. We have ingrained the values of ethics, transparency and accountability into the organisational fabric and concerted practice the same in our daily operations, including in our dealings with customers. The Group offers innovative products/services to appropriately address customer's grievances and make them more aware, thus improving their experience.







## Enhancing customer experience

Tech-led seamless customer experiences have been the hallmark of our businesses. We believe that since every business is unique, so is its approach towards enhancing customer experience. We have centred our customer service proposition around a set of well-structured systems and practices. These are reflected in our diversified product suite, deep geographical footprint and vast distribution network. Together, they ensure that our financial products and services reach millions of Indians. This is discussed in detail in the section – “Reaching financial services to millions of Indians”.

However, the core objectives that tie them together stay the same – simplification of processes, ease of

use, and a quick and appropriate response. Some of the initiatives taken in this regard include:

- ◆ BALIC’s award-winning customer servicing platform – ‘i-SERV’ is available on digital platforms, such as messaging app, customer portal, mobile app and BOT. It has served more than 40,000 requests in the last two years. It provides support in 12 vernacular languages, eliminating the need for customers to visit branches
- ◆ All the Group companies have leveraged machine learning and robotic process automation to enable quick response to customer requests in an automated manner through self-service Chat BOT support over digital platforms. BALIC, through its WhatsApp Customer real-time servicing platform, has responded to more than 56 lakh transactions since inception, on real-time basis without human intervention. BAGIC’s eCare BOT has clocked 90,000 queries in the past eight 8 months, helping hospitals, IMDs and RMs check the status of cashless claims instantaneously, 24X7. During FY2022, BFL responded to approximately 87% of the service requests on a near-to-real-time basis without human intervention
- ◆ A host of online payment avenues and auto payment options are being provided across the Group businesses
- ◆ While BALIC has provided a one-stop solution web platform – ‘Go-digital’, for the customers to access all the digital offerings of the Company through the QR code facility, BAGIC has made its website available in 7 regional languages





- ◆ BFS Group endeavours to maintain best-in-class customer service, which is continuously tracked through net promoter scores, claim settlement ratio and grievance percentages. Insurance subsidiaries have one of the highest claim settlement ratios in the industry
- ◆ Our Insurance subsidiaries provide relevant and important information in the policy schedule, key features document and transcript for all their policies
- ◆ BAGIC launched an industry-first completely digital and paperless process - from onboarding, offline screening and medical check-ups, risk assessment to reporting and policy generation. Since 2017, 41.2 million policies have been processed digitally
- ◆ Insurance subsidiaries are active participants in the Regulatory Sandbox Framework of IRDAI, contributing to new and innovative products for their customers
- ◆ Health prime rider was introduced by BAGIC for select retail and group health customers. This rider covers 24x7 unlimited tele consultation, more than 90,000 doctors for teleconsultation, investigation, pathology and radiology expenses, as well as annual preventive health check-ups cover
- ◆ Companies in the Group have adopted the Net Promoter Score (NPS) as a mechanism to gauge customer experience for core services offered. NPS is a comprehensive global methodology to measure customer loyalty. This survey is conducted through an

**Since 2017, 41.2 million policies have been processed digitally.**

independent third party, and its outcome is given due importance in the Company's future planning process

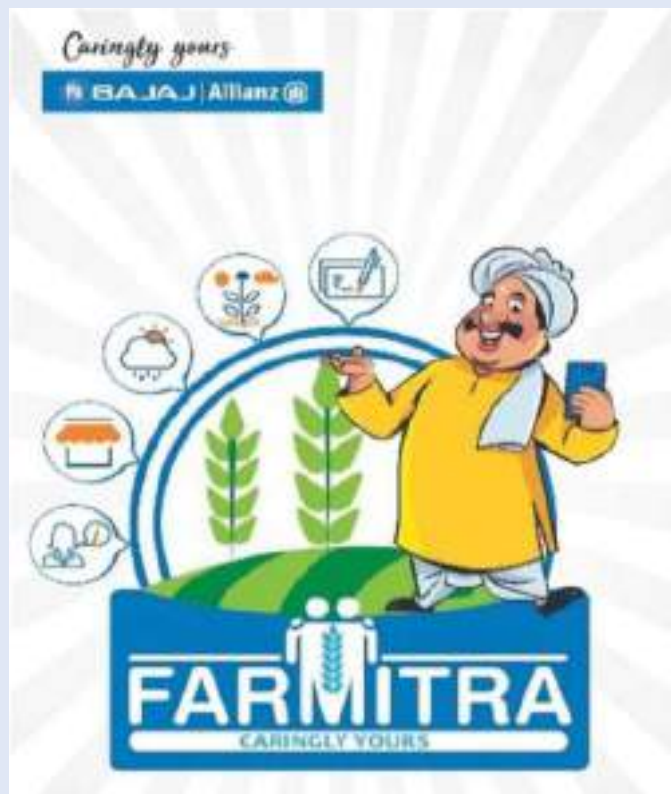
- ◆ Bajaj Markets started its journey in July 2018. It is a unique and diversified marketplace for financial services and e-commerce, which offers electronics, mobiles and lifestyle products in India. Its multi-provider open architecture platform currently offers over 100 financial product variants across loans, cards, insurance, investments and payments

## Farmitra

BAGIC not only provides crop insurance to farmers, it also empowers them through 'Farmitra' app, a unique offering in the industry, by:

- ◆ Hosting over 907 articles related to farming and insurance in various regional languages
- ◆ Enabling claim intimations through the app – over 0.3 million claim intimations since launch
- ◆ Receiving and processing video-based self-survey – More than 97,000 cases since July 2020
- ◆ Verification of self-submitted land records for discrepant cases – over 55,500 cases

The app has more than 0.5 million unique downloads





## Awards and Recognition

During the year, the Group companies received several prestigious awards, some of which are given below:

<h3 style="margin: 0;">BAGIC</h3>	<h3 style="margin: 0;">BALIC</h3>
<ul style="list-style-type: none"> <li>◆ 'General Insurance Company of the Year' at India Insurance Summit &amp; Awards 2022</li> <li>◆ 'Gold Award in the Non-Life Insurance Provider of the Year' at the 20th edition of the Outlook Money Awards</li> </ul>	<ul style="list-style-type: none"> <li>◆ Won accolades for revolutionary digital platform 'Smart Assist', including ET BFSI Excellence Awards 2021 under 'Best Digital Customer Experience Initiative [Insurance]'</li> </ul>
	<h3 style="margin: 0;">BFL</h3>
	<ul style="list-style-type: none"> <li>◆ Received Gold for 'Digital Marketing Excellence in Financial Services' for the Fixed Deposit digital campaign at the DIGIXX 2019 Awards by Adegully</li> </ul>

## Ensuring customer grievance redressal

Timely and appropriate customer grievance redressal is vital to ensuring customer satisfaction. It is our constant endeavour to reduce customer grievances by learning from our experiences, through root cause analysis.

Some of the initiatives in this regard are:

- ◆ The BFS Group companies, through their charters, policies etc., communicate customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable. These emphasise our commitment to fair practices by maintaining transparency in products and services offered
- ◆ Dedicated customer complaint reduction units are in place to review the grievance redressal mechanism under the oversight of the Boards of respective material subsidiaries

- ◆ Customer grievances are also reviewed with a focus on the identification of root causes, corrective action plans and customer service initiatives. Such review also has oversight of the Board of the respective material subsidiary
- ◆ BFL has appointed two Internal Ombudsmen as per the RBI guidelines on Appointment of Internal Ombudsman by NBFCs and an Internal Ombudsman for Prepaid Payments Instruments, to strengthen customer grievance redressal mechanism
- ◆ All material subsidiaries follow strict protocols for their outsourced agents by prescribing guidelines for maintaining the privacy of prospective and existing customers, providing accurate product information, telemarketing etiquettes, and more
- ◆ All material subsidiaries have a monitoring framework for their value chain partners, such as debt recovery agents, insurance agents, etc., to review their performance

and take suitable action in terms of warning, penalty and termination for deviations

- ◆ BFL has a 'Reparation Policy' based on principles of transparency and fairness in the treatment of customers. This policy seeks to compensate customers for service deficiencies as per agreed metrics

BFS Group did not receive any complaints regarding unfair trade practices, irresponsible advertising and anti-competitive behaviour during the year. The Group received 6,554 customer complaints in FY2022, all of which have been resolved appropriately.

## Enabling customer education and awareness

As a responsible corporate citizen, it is imperative for us to not just do business with customers but also educate them and make them more aware of what could be good or bad for them and the various types of frauds. It is also important for us to address their questions on financial products etc.

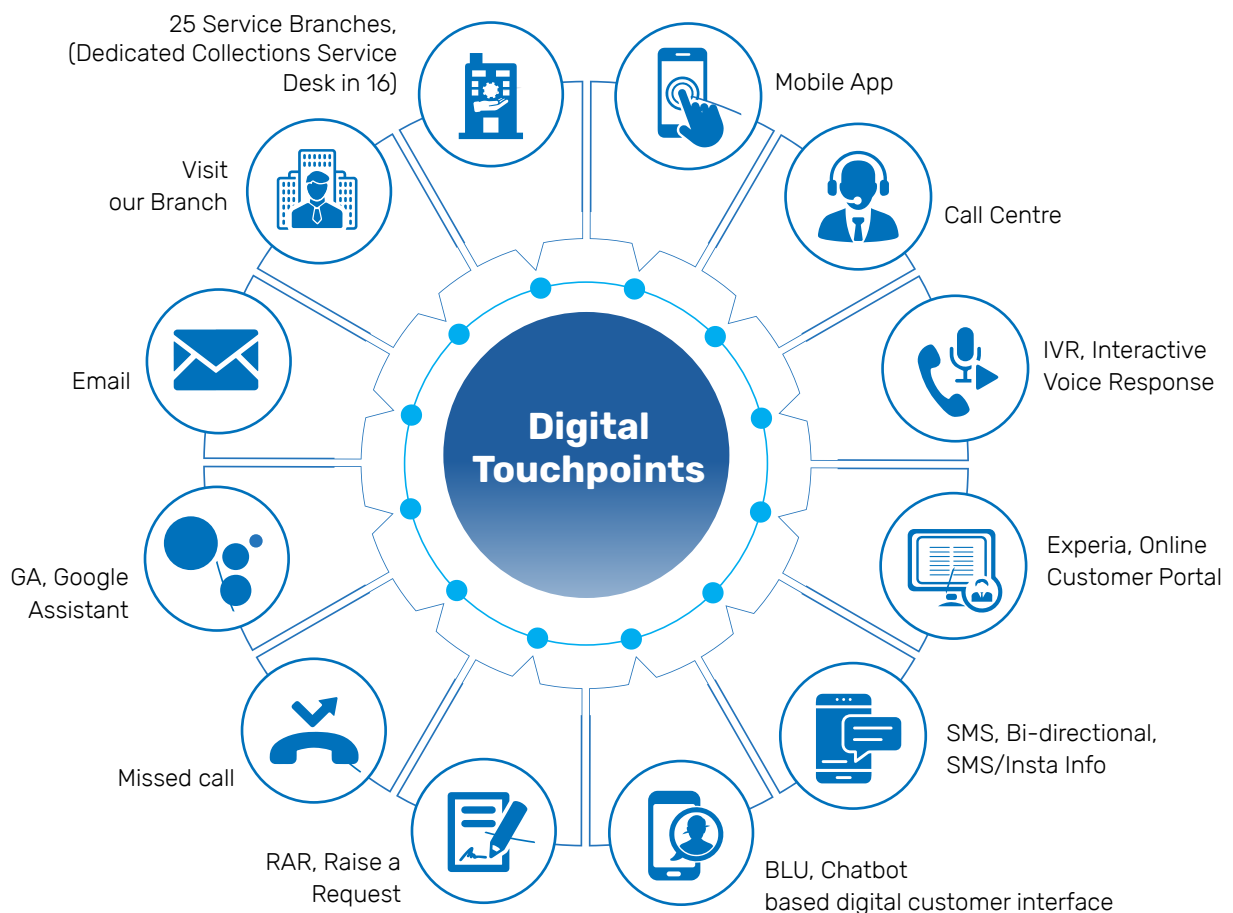




Some of the initiatives taken in this regard are:

- ◆ Video series called 'School of Insurance', with over 80 videos to educate on insurance in multiple regional languages
- ◆ Campaigns like 'Savdhaan Rahein. Safe Rahein', 'Be Cyber Safe' and 'Fraud Awareness Week' are undertaken across customer portals and social media channels for creating awareness about various consumer frauds that take place in the financial services ecosystem
- ◆ Online initiatives, such as Bajaj Allianz Marathon, Bagic4Fitness and other programmes around health awareness and well-being, are conducted to promote health and safety
- ◆ Awareness initiatives, like webinars, use of offline tools (including print and radio), comprehensive FAQs on website / apps, communications through email, blogs, etc., are a key focus area
- ◆ Insurance subsidiaries actively participate in and provide advisory support to industry-wide insurance awareness campaigns – like 'Sabse Pehle Life Insurance' and 'Fayde ki Baat' carried out by Life Insurance Council and General Insurance Councils, in addition to providing monetary contribution
- ◆ Educational material on information security, phishing, etc. is provided on our websites
- ◆ SMS and email alerts are sent to customers, notifying them that we never ask for OTP, PIN or such personal details. If such details are asked, they should report such matter immediately
- ◆ For the 5th year in a row, BAGIC has been promoting healthy heart initiatives through leadership participation in panel discussions

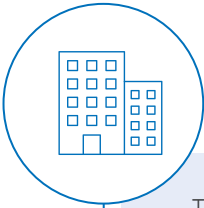
Details on the Group initiatives on cyber security, and data privacy are provided in the 'Information Security, Cyber Security and Fraud Controls section of the Report'



# Human Capital Management

We aim to provide a workplace that nurtures talent, inculcates responsibility and builds future leaders.



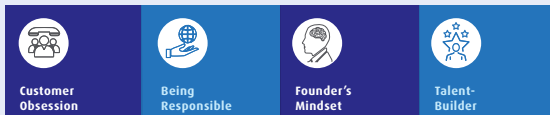


## A Nurturing Work Culture at Bajaj Finserv Group

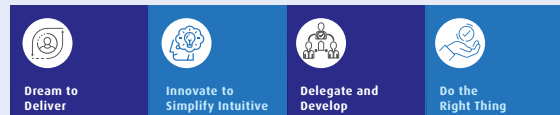
The BFS Group works to promote a workplace culture where innovation, agility and ownership thrive. We seek to create responsible leaders who build long-term profitable businesses while nurturing customer relationships. To cultivate an inclusive work culture that integrates employees' personal involvement and professional development, we promote a One BFS Leadership DNA. We have accordingly defined a set of leadership mindsets and behaviours that encapsulate the target culture, which will propel the Group towards a reimagined future in alignment with its purpose against the backdrop of a fast-developing nation.

We have identified four leadership mindsets and four leadership behaviours that together constitute the cultural DNA of the BFS Group. These leadership mindsets and behaviours combine to produce a culture that is highly customer-centric, agile, boldly entrepreneurial, audacious, and innovative.

### Leadership Mindsets



### Leadership Behaviours



The 4 leadership mindsets and the associated capabilities are detailed in the CoEPC adopted consistently across all the Group companies.

## People Practices

People are our key assets. Group's people policies and processes have enabled us to attract and retain talent in an intensely competitive market. We have created a safe, thriving and inclusive workplace for our employees. We provide our employee's opportunities for professional development to realise their potential that drives superior performance. Our 'Do More, Earn More' philosophy presents an opportunity that rewards people for their performance and maximises performance-linked earning. Our workplace culture encourages collaboration, accountability, open communication, trust, integrity and responsibility, which builds stronger teams.

**59,961**

Permanent employees as on 31 March 2022

**~50%**

Employees below age of 30

**6,400+**

Undergraduates employed

- ◆ As on 31 March 2022, the BFS Group has 59,961 permanent employees with diversified professional backgrounds, age brackets and so on, building a collaborative work culture and stronger teams. Our 6,090 women employees represent around 10% of the permanent workforce.
- ◆ Further, around 50% of our employees are under the age of 30 and only about 5% are above 45.
- ◆ The Group provides employment opportunities to more than 6,400 undergraduates.





## Inclusive Workplace for Stronger Teams

Our people practices acknowledge and respect employees' uniqueness while enabling employees to feel valued. In an inclusive workplace with a strong orientation to learning and development, we provide learning opportunities aligned to employees' roles, levels and specific focus areas. The Group has made a shift to digital learning, and most of trainings for professional development are conducted by internally certified trainers and managers.

Our robust reward and recognition framework acknowledges employee achievement and contribution to business outcomes while delivering future leaders.

Our people practices may be broadly grouped under four categories viz. i) fair, safe and transparent workplace; ii) pay, rewards and benefits; iii) talent development and retention; and iv) ethics, compliance and grievance redressal.

**Gender pay parity with median remuneration for FY2022 at ₹0.05 crore across the Group.**

## Fair, safe and transparent workplace

The BFS Group has mapped out an organisational strategy to create a workplace culture built on communication, trust and integrity. We have strived to create an open and safe workplace with policies and practices that are clear, transparent, and fair.

All business elements throughout the Group – business plans, compensation packages, computation of performance metrics, or compliance processes – demonstrate transparency. Management and employees are encouraged to communicate openly and effectively. The median remuneration for FY 2022 was 0.05 crore which ensured gender pay parity across the Group. Our commitment to employees is enshrined under the [Employee Charter \(Rights and Responsibilities\) and Human Rights statement \('Employee Charter'\)](#). The Employee Charter explicitly sets out what employees can reasonably expect from the Company while also stating the responsibility and work ethics expected from employees in the performance of their duties. This Charter also provides for equal opportunity and non-discriminatory practices. We prohibit forced child labour, bribery, and corruption. The Charter is available on the Company's website.

**We prohibit forced child labour, bribery, and corruption.**

The BFS Group walks the extra mile to develop a transparent, safe, healthful and inclusive workplace through some key practices.

- ◆ Recruitments and career advancement are based on merit
- ◆ BFS believes in equal pay for equal work and there is no discrimination against employees on any grounds. Employees are provided with competitive remuneration and benefits and a conducive work environment in exchange for their efforts and contributions
- ◆ Training on safety protocols like safety, and evacuation processes are provided to employees. During FY2022, 1,636 fire audits and 786 fire drills were conducted
- ◆ To promote a healthy work-life balance, we offer all employees a generous leave policy and flexible office options enabling employees to spend quality time with their families while managing work responsibilities
- ◆ We regularly conduct employee surveys for open feedback, assess employees' views and take action as appropriate to co-create a preferred workplace



## One Finserv – Employee Engagement Survey FY2022

It was conducted for continuous employee listening, action planning and for co-creating a preferred workplace. The employee survey had a **response rate of 93%** during the year. The survey was designed to obtain opinions from across the Group and to identify improvement opportunities in our systems and practices. Employee answers are treated with complete confidentiality and no access to anyone from the Group to any individual answers.





## Pay, rewards and benefits

BFS Group's philosophy is to reward people for their performance and contribution, which are anchored on metricised work deliverables and directly reflect in earning potential. Accordingly, strong performance pay, rewards and recognition and benefit plans have been created. The remuneration of employees consists of fixed pay, short-term performance pay (monthly/quarterly/annual) and long-term incentive plans (including stock options). These benefits beyond a fixed compensation package encourage performance and work delivery.

Other initiatives taken to enhance employee engagement are as follows:

- ◆ **Insurance:** We have insured our permanent employees under group term insurance, health insurance and accident insurance policies. Additionally, BAGIC provides unlimited health insurance cover for all its employees.
- ◆ **Leaves:** We have in place a generous package of earned leaves for employees. During the year, 195 employees availed maternity leave, while 1,363 employees took the benefit of paternity leave.
- ◆ **Performance:** Superlative employee performance is recognised and rewarded. More than 13,000 employees were recognised during the year.
- ◆ **Women's Safety:** The BFS Group of companies has put in place policies that support women colleagues' safety and performance, including cab facility, flexible working hours, especially post-maternity leave and preferential transfers.
- ◆ **Financial Assistance:** BFL Group has introduced 'I-Care', an employee participatory financial assistance programme for emergency situations. It encourages employees to enrol and contribute a small amount from their monthly salaries,

which is matched by the Company's contribution of an equal amount. More than 32,000 employees registered under this programme during the year and 158 employees received financial support of more than ₹ 8.26 crore. The Company makes an additional contribution when required.

- ◆ **Benefits:** The BFS Group also provides employees thoughtful benefits, including an option to receive the salary fortnightly or avail of an advance against salary to meet financial commitments. Across the Group, more than 1,300 employees availed benefits of fortnightly salary payment and more than 10,500 employees availed the benefit of advance salary in FY2022.

## Talent Treasure

The BFS Group strives to inculcate a sense of ownership in its employees that has helped to build and maintain a talent pipeline. In selecting between a 'develop versus hire' talent model, we place a larger emphasis on developing talent through capability building.

Employees at the BFS Group are the architects of their career progression. They own their development with guidance and support from immediate managers and the organisation. Besides, in-house capability building initiatives sustain high performance and enable the Company to retain and manage talent effectively.

Capability building is led by the Group Learning Academy (GLA) and the Learning and Development teams in the various companies. Various workshops and skill upgradation programmes to build capabilities has served to enable business growth and excellence.

The GLA focusses primarily on leadership and group talent capability building. It runs accelerated programmes aligned with BFS leadership mindsets, behaviours and identified key capabilities, apart from

**The BFS Group strives to inculcate a sense of ownership in its employees that has helped to build and maintain a talent pipeline.**

providing anytime learning sources. The Learning and Development teams focus on company-specific capability building. Additionally, multiple functional academies from different domains drive specific capability building and skills.

These programmes run by the Company have been popular with employees.

- ◆ During the year, more than 58,000 employees with tracked training hours of 0.9 million hours participated in at least one of the development programmes, viz. functional, managerial and leadership skill enhancement programmes, helping them in upskilling / multi-skilling. During the year, around 81% of the total women employees and 77% of total male employees participated in at least one of the functional / skill upgradation training
- ◆ In addition to various exhaustive awareness campaigns conducted during the year for fraud prevention, Cyber security and data privacy by the Group companies, more than 63,000 hours of training were provided to permanent employees. Refer to section < [Information Security, Cyber Security and Fraud Controls](#) > for more details on awareness campaigns
- ◆ Eligible employees are encouraged to pursue higher studies and enhance their technical skills
- ◆ The Group provides internal career growth and mobility opportunities to employees through







internal job posting mechanism and auto-promotions. More than 4,300 employees moved to new roles through these mechanisms and more than 10,000 employees got auto-promoted during the current year. Further, internal job postings on 'One Finserv Career' works as a one-stop destination to job opportunities across the BFS Group companies

- ◆ The BFS Group conducts group-wide programmes to identify and train young talent. These employees are trained in different roles with three companies over a period of 18-36 months, after which they take up the final role:
  - Group Young Leaders Programme – Talent from Premier B-Schools is groomed for Gen-man roles
  - 30 Under 30 – Aims to internally identify young talent under 30 who can be groomed for future capabilities
  - Group Finance Associate Program – grooms fresh Chartered Accountants for future roles.

- ◆ All eligible employees of BFS Group underwent quarterly / biannual / annual performance assessments conducted in a transparent manner and focussed on structured development conversations
- ◆ To support the digital transformation agenda of BFL, the need for tech talent was recognised and a young talent programme called Bajaj Young Technical Engineers (BYTE) was launched. A campus programme, BYTE aims to attract and build ground-up tech talent for the Company. In the current year, 260 new engineers have been offered to join BFL from seven chosen campuses. This programme will become a foundational frame for BFL with the objective to staff over 60% of the technical manpower requirements over the next few years

**More than 4,300 employees moved to new roles through these mechanisms and more than 10,000 employees got auto-promoted during the current year.**

- ◆ BFS Group companies organise various specialised programmes for upskilling and mentorship of its people. For example, BAGIC conduct 'Project Economy' - where cross-functional employee teams come together to work on a live business project and get recognised and rewarded based on the business outcome

## Bajaj Finserv ATOM - CEO's Challenge

1,180 teams across 17 B-schools registered for ATOM - a competition for students to use scenario planning and design thinking creating a disruptive solution for the future. ATOM un-case study programme offers a chance to peek in the future and be ready today with tomorrow in mind. The idea is to predict the direction of the financial products and services sector for an open banking era and create solution for citizens of the future. ATOM - CEO's Challenge is the proposition created to engage talent on campuses to design and build futuristic solutions on CEOs agenda. It will provide an opportunity to engage with leaders of the organisation, understand context of problems and then come up with breakthrough ideas for the CEO.





## Ethics, compliance and grievance redressal

Our corporate culture, based on trust and integrity, is reflected in our high level of compliance with regulations and employees’ ethics. While the BFS Group is compliant with applicable labour laws and regulations, our employees are not part of any employee association.

Our commitment to our people has led to the creation of a formal grievance redressal system available to all employees across Group companies, including joint ventures. Employees may anonymously raise their concerns, in confidence, without fear of reprisal or retribution. Our redressal mechanism involves a fair investigation of the complaint in accordance with the explicit guidelines provided by the CoEPC and Employees’ Charter, besides Disciplinary Action Committee reviews, whistleblower and vigil mechanism policies. The Disciplinary Action Committee delivers the decision without prejudice, as it enjoys Board oversight across Group companies. Group companies also maintain an independent helpline for employees to report their concerns.

- ◆ During the year, no company in the Group received any complaint related to forced or voluntary child labour, discrimination at workplace, health and safety concerns or grievances related to wages, working conditions or human rights related issues
- ◆ BFS strictly follows a gender-neutral policy for [prevention of sexual harassment](#). During FY2022, fourteen complaints of sexual harassment were received, of which twelve have been appropriately resolved. The others are in various stages of resolution as on 31 March 2022
- ◆ All Group companies conducted training programmes for employees with more than 0.17 million logged hours, covering topics like acceptable behaviour, human rights, anti-corruption and bribery, anti-

money laundering and facilitation payments, fraud prevention, insider trading, prevention of sexual harassment, etc.

## Support for Employees During Pandemic

Each of the BFS Group companies worked hard to support employees and foster a sense of inclusion at work during the Covid-19 pandemic. We took various steps to prevent disease spread and support employees who contracted Covid-19. viz. (i) Convenient access to vaccination, (ii) migration from physical to digital training and conferences, (iii) curtailed travel, (iv) taking extensive precautionary measures like sanitisation of offices, availability of hand sanitisers and masks, (v) work from home facilities and introduced operations in multiple shifts to ensure lesser number of employees at the workplace - enabling social distancing.

Various other employee welfare initiatives were implemented by Group companies. These included:

- ◆ During the year, the Company offered convenient access to Covid-19 vaccination across various locations to more than 71,000 employees and around 18,000 family members of employees.
- ◆ Employees infected by Covid-19 were allowed additional leaves above their annual entitlement – More than 9,800 employees availed the extra leaves
- ◆ Antibody testing camps were conducted periodically for employees
- ◆ Dedicated 24\*7 helplines were launched by every Group company to support employees and their families for Covid-19 testing and hospitalisation – More than employees and their family members were served through these helplines
- ◆ Some Group companies introduced a financial aid programme for employees who had contracted

## Employees may anonymously raise their concerns, in confidence, without fear of reprisal or retribution.

Covid-19 – in addition to medical insurance – to reduce the financial burden of treatment and isolation. Aid of ₹12.70 crore was availed by 2,810 employees

- ◆ Further, BFS and all its subsidiary companies adopted the ‘Covid Impacted Family Assistance Programme’, providing additional support in case of covid specific employee demise through medical expense reimbursement; monetary family assistance for 48 months; child education up to the age of 21 years; and employment opportunity for their spouse, if found suitable. During FY2022, more than 60 employee families were assisted through this programme
- ◆ To address queries about health and Covid-19, more than 24,000 free doctor consultations were provided and availed by employees and their dependents
- ◆ Counselling programmes were introduced for employees to connect with professional psychologists to discuss mental health and well-being matters – more than 4,500 employees availed of this service
- ◆ DIY health regimes were organised to help employees cope with remote working and maintain a good work-life balance. Health focussed initiatives included Health Coach Workshop on Parenthood, Well-being Webinar for Women and Children, and Virtual Fun Friday, which included physical fitness activities like Zumba, yoga etc.





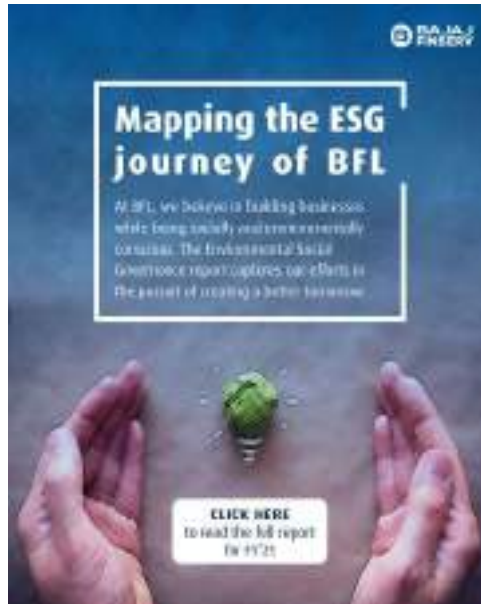
## Awards and Recognition

The successful milestones of the Company and its subsidiaries found appreciation in various prestigious awards during the year. Some of those are listed below:

- ◆ Bajaj Markets Recognised as the 'Dream Employer of the Year' at the Dream Companies to Work for Awards by The World HRD Congress 2022
- ◆ BALIC won Kincentric 'Best Employer Award' 2021
- ◆ BFL is recognised as Top 30 Great Places to Work in FY2022

## Employee ESG Awareness

- ◆ Employee engagement in ESG is the most effective way to promote ways of sustainable business.
- ◆ Social media posts, use of intranet communication platforms for subject matter dialogues, device screen savers, display across office spaces, email flashes, etc. were some of the targeted mediums used for the ESG awareness



**Group companies carried out campaigns during the year to create awareness amongst its employees on responsible and sustainable business conduct principles and to familiarise and engage them with the Group's ESG practices and initiatives.**



# Information Security, Cyber Security and Fraud Controls

Information has emerged as a valuable asset in this technological age, necessitating robust control over information security, cyber security and fraud. Our Information Technology (IT) framework provides for controls to overcome the various challenges and threats that can disrupt our business operations and endanger customer data.



We overcome these threats and challenges through the IT framework, which inter-alia covers governance, policy, operations, security, audit and Business Continuity Plan (BCP).

The IT framework of each of the Group companies is designed to establish, implement, monitor and constantly improve its information security posture.

- ◆ The focus of the IT framework is on the privacy of customer information and data security
- ◆ The material subsidiaries of the Company are compliant with ISO 27001:2013 Information security management system and ISO 22301:2012 Business Continuity Management
- ◆ The subsidiaries also comply with the applicable regulatory framework and guidelines (viz. RBI’s Master Direction – Information Technology Framework for the NBFC Sector, IRDAI’s Guidelines on Information and Cyber Security for Insurers, etc.)
- ◆ The Group companies have implemented Data Loss Prevention (DLP) solutions, such as:
  - ◆ Endpoint DLP
  - ◆ Email DLP
  - ◆ Conditional access to Office 365
  - ◆ VPN access on corporate laptops
  - ◆ Mobile Device Management for corporate mobile apps, etc.
- ◆ All data protection controls are enhanced periodically and evaluated at least once a year.

### IT Framework and Policies

The material subsidiaries have defined and implemented policies / frameworks / practices on cyber security and risks related to data privacy. The policies cover and communicate the respective company’s:

- ◆ Commitment to obtain user data through lawful and transparent

means, with explicit consent of the data subject where required

- ◆ Clear terms involving the collection, use, sharing and retention of user data, including data transferred to third parties
- ◆ Commitment to notify data subjects in a timely manner in case of policy changes or data breaches
- ◆ Commitment to collect and process user data that is limited to the stated purpose

The Group companies clearly disclose the mechanisms for data subjects to raise concerns about data privacy through dedicated cyber cell units / email IDs on their respective websites.

### Cyber Security

Cyber security policies and practices have been institutionalised with the aim to protect information infrastructure on the internet; prevent and respond to cyber threats; reduce vulnerabilities, and minimise damage from cyber incidents. A combination of dedicated teams, processes and technology enable the successful realisation of these objectives. Some of the operational measures to monitor and respond to data breaches and cyber-attacks are:

- ◆ Security operations centre: managed by reputed cyber security service providers,
- ◆ Surface Web and Dark Web monitoring: carried out through service providers, and
- ◆ Customer related fraud events: detected, managed and mitigated through risk control unit along with cyber risk team.

### Privacy of Personal Information

Led by a commitment to protecting the privacy of personal data, we have put well-structured privacy policies in place. Our privacy policies apply to our entire operations, including the



**The material subsidiaries of the Company are compliant with ISO 27001:2013 Information security management system and ISO 22301:2012 Business Continuity Management.**

suppliers. The privacy policy system is embedded in risk/compliance management across the material subsidiaries.

### Ensuring personal information privacy

- ◆ The Customers’ Personally Identifiable Information (PII) is masked in the core systems and customer-facing systems through data encryption
- ◆ Access to customer PII is restricted, and access is granted based on consent on a need-to-know basis with due approval
- ◆ Data uploaded on dialler is stored in an encrypted format, and no access to customer’s PII is granted to the calling agent
- ◆ Privacy terms are displayed on the website of the respective Group company; it covers the details regarding consent, collection, use, sharing, processing and retention of customer data. Any changes to the Privacy Terms are updated on the respective company’s website, where the customers can also raise their concerns

The BFS Group has zero-tolerance for breaches confidentiality and privacy. Further, the Group companies have defined actions, ranging from suspension to termination, penalty, legal action, etc., for noted instances of data breach. During the year, there were no instances of data breaches involving PII of customers across any of the Group companies.





## Audits and Assessments

We undertake regular audits and assessments of the security threats through a comprehensive strategy comprising:

- ◆ Regular internal security audits, vulnerability assessments and penetration testing of systems, products and practices affecting user data
- ◆ Periodic application security assessment, like pre-production, six-monthly application security assessment and yearly structured exercise at various stages of business enhancements, APIs, Bots etc.
- ◆ At least annual audit assessments, by external experts, of systems, products and practices affecting user data
  - ◆ ISO 27001 Surveillance Audit
  - ◆ ISO 22301 Surveillance Audit
  - ◆ Audits required as per the applicable regulatory requirements
  - ◆ Red Team exercise for internet-facing customer systems and IT Infrastructure

## Governance structure

In case of material subsidiaries, the IT security-related projects and operations are reviewed by a committee, under the oversight of the respective company’s Board. The committees meet at least on a half-yearly basis. Dedicated teams manage the cyber security programme and operations for digital initiatives.

## Awareness and Training

The BFS Group deploys multiple channels, such as class-rooms training, mails, posters, chronicles, brochures, etc., to create cyber security awareness across stakeholder communities, including employees, value-channel partners, business partners, etc.

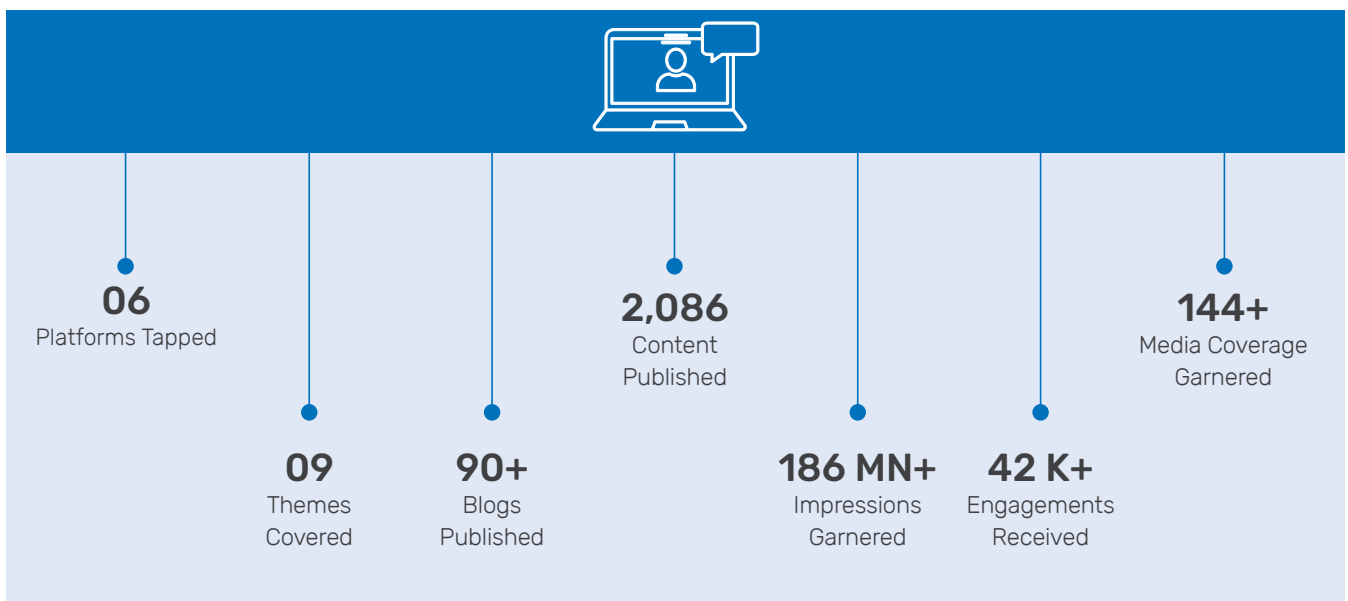
- ◆ Trainings are conducted for employees and vendors who use customer-facing application and assets
- ◆ To educate customers / users on privacy, security awareness and confidentiality aspects, the Group companies run campaigns on NOT sharing OTP, Fraud alerts, no asking/ sharing of personal details on calls, etc.

**Led by a commitment to protecting the privacy of personal data, we have put well-structured privacy policies in place.**

- ◆ “Fraud Awareness Week” is celebrated during November across insurance companies, with the active participation of Mancom members
- ◆ Training for law enforcement agencies, such as Police, on Insurance Frauds, creating awareness among them and an environment of deterrence among fraudsters
- ◆ Cautionary Note for customers on being ‘ Beware of spurious calls’, and Fraud Prevention Tips on the website for all stakeholders
- ◆ In addition, awareness campaigns were conducted during the year for fraud prevention, cyber security and data privacy by the Group companies, more than 63,000 hours of training were provided to permanent employees

## 'Be Cyber Safe' Campaign

Deployed a 360-degree customer awareness campaign for RBI’s cyber security awareness drive throughout October 2021.





## Fraud Awareness Campaigns

Group companies conduct various campaigns to create awareness amongst its employees, customers and value chain partners. Insurance Subsidiaries celebrated International Fraud Awareness Week from 14<sup>th</sup> to 20<sup>th</sup> November, 2021 with the intention of creating an anti-fraud awareness among our distributors and customers alike. Key highlights of some of the campaigns have been presented below:

### 'Savdhaan Rahein. Safe Rahein'

Our fraud awareness focus encompasses targeted initiatives and programmes covering customers and employees. It covered fraud themes of loans, fake profiles, ads on social media, UPI, vishing, phishing, SMS, lottery/offers, job and insurance frauds. The Group's Fraud prevention awareness campaign was recognised with Gold at Adgully's Digixx 2022- BFSI services sector.

Fraud Prevention   Savdhaan Rahein Safe Rahein - Key Highlights			
Input		Output	
<b>10+</b> Platforms Tapped	<b>10+</b> Themes Covered	<b>343MN</b> Impressions Garnered	<b>15MN</b> Engagements Received
<b>130+</b> Blogs Published	<b>10,000</b> Content Published	<b>167MN+</b> Video Views Achieved	<b>500</b> Media Coverage Garnered

**Click images to watch the video**





## Business Continuity Management

All Group companies have in place a business continuity strategy and framework, which is also compliant with applicable regulatory requirements. BCP envisages the likely disruptive events, as well as their probability and impact on business operations. The impact is assessed through business impact analysis. The process is aimed at eliminating or minimising any potential disruption to critical business operations.

The BCP includes Disaster Recovery procedures to quickly recover from

an emergency. Annual BCP drills and reviews are conducted to ensure that the BCP is effective given the current nature of business processes, infrastructure, personnel, etc.

## Fraud Risk Management

To check any fraudulent activities across our business operations, we closely assess the various fraud risks to which we are exposed. Our anti-fraud programme is crafted to prevent such risks. Fraud risk audits are conducted at least annually. Fraud risk policies and frameworks are also reviewed annually. Fraud risks are monitored at least quarterly and have Board

oversight through Audit Committee, Risk Committee and Whistle Blower Committee.

**Insurance Subsidiaries celebrated International Fraud Awareness Week from 14th to 20th November, 2021 with the intention of creating an anti-fraud awareness among our distributors and customers alike.**



# Stakeholder Engagement

BFS's key stakeholders include shareholders and investors, customers, government and regulators, value chain partners, employees and society as a whole. Through periodic interactions, the BFS Group actively addresses their expectations and concerns.







BFS Group is dedicated to upholding and protecting stakeholders’ interests and ensuring compliance with all applicable laws pertaining to human rights. In FY2022, none of the companies in BFS Group received any complaint relating to a violation of human rights.

### Shareholders and Investors

Leading with integrity, invoking the trust of stakeholders, BFS and BFL, the two equity listed entities within the BFS Group, maintain one of the highest standards of business information disclosures amongst financial services companies in India. Both companies communicate with shareholders and investors in various ways, including quarterly investor presentations, press releases and communications through stock exchanges, participation in investor conferences, etc. Additionally, senior executives of our unlisted material subsidiaries (BAGIC and BALIC in case of BFS and BHFL in case of BFL) also participate in the investor call and address their queries, underlining the importance of these engagements.

Our Stakeholders Relationship Committee of the Board addresses the grievances of investors. During the year, the Group received 17 shareholder and investor complaints, of which 1 was pending for resolution as on

31 March 2022 which also has been appropriately resolved subsequently.

### Value-Chain Partners

BFS Group strives to influence its partners in the value chain to participate in responsible and sustainable business conduct depending upon their means and resources. We believe that mutual and inclusive growth of our value-chain partners is necessary to foster trust and manage potential risks through interactions with value chain partners. Each subsidiary has various partners such as vendors, business associates etc., with whom they have an ongoing engagement in the form of in-person / online meetings, emails, performance discussions, trainings, company policy/process communication etc. Additionally, each company conducts periodical meets/conferences for some of its value-chain partners. For instance, BFL conducts ‘Samvaad–Dialogues to Success’ with its business partners while our insurance subsidiaries conduct agent meets.

Each of the Companies in the Group conducts awareness and training programmes for its value chain partners (especially agents and other intermediaries), depending upon business needs, stakeholder

feedback and regulatory requirements relating to code of conduct, anti-money laundering, fraud prevention, health and safety, prevention of sexual harassment, whistle blower mechanism, other functional trainings, etc.

During the year, our insurance subsidiaries provided specialised training to their agents. These training sessions covered various topics such as code of conduct, ethics, professional conduct, anti-money laundering, functional and skill upgradation trainings that were knowledge-based and covered the ‘Did you Know’ series about products, processes, FAQs, new product launches, know your compliances, existing products, ready-reckoners, sample illustrations, selling stories and video pitches. Similarly, BFL conducted Suo-moto Debt Recovery Agent (DRA) training and a Change Agent program for its collection agents. All agents associated with collections are covered under this program – more than 17,800 agents have completed the training program.

All material subsidiaries have a monitoring framework for their value chain partners such as debt recovery agents, insurance agents,

## “Samvaad – Dialogues to Success”

An annual meet is conducted to strengthen relationship with business partners and to address their concerns – around 1,000 large retailers used to attend this session in person in pre-Covid-19 period. BFL felicitates and recognises outstanding performance of its partners in such forums. In FY2022, due to travel restrictions, ‘Samvaad’ was conducted in a digital manner and was broadcasted LIVE where over 11,000 retailers participated and interacted live with the senior management.





etc. to review their performance and take suitable action in terms of warning, penalty and termination for deviations. This is achieved through contracting, engagement, and following Board-approved policies and codes:

- ◆ Insurance subsidiaries – Appointments and operations are conducted according to the guidelines provided under the Policy on Appointment of Insurance agents, Policy on payment of Commission/ Remuneration / Reward to Insurance Agents and Insurance Intermediaries and Policy on engagement of Agency Development Partner
- ◆ BFL and its subsidiaries have adopted a Board-approved Code of Conduct for Direct Selling Agents, Direct Marketing Agents and Recovery Agents

to stay on track and provide timely and accurate information, as required.

Each of the Group companies participates in the interactive engagement with government authorities and regulators, be it by offering suggestions and recommendations or feedback on draft policies. We also provide our discerning views on setting up of new industry standards or regulatory developments pertaining to the financial services industry. These interactions enable us to understand the areas of focus and concerns. When providing our views or feedback, we always attempt to balance the interests of various stakeholders objectively. All interactions with government bodies and regulators like RBI, SEBI, IRDAI etc., are conducted only by authorised senior officials of the Group companies.

BFS Group is one of the financial conglomerates which is monitored by the Inter-regulatory Forum (IRF), comprising representatives from the IRDAI, SEBI, RBI, NHB and PFRDA. As part of the monitoring process, an annual meeting is held by the IRF

with the BFS Group, wherein the IRF is updated on the practises at the BFS Group pertaining to compliances, risk management, capital adequacy, grievance management, business development, etc. From the respective regulators’ side, their expectations on any identified issues and challenges, if any, in the conduct of respective companies are discussed, including their expectations from the overall BFS Group of companies.

BFS and its subsidiaries are also members of various trade and industry chambers, associations, councils and other collective platforms or forums. We proactively participate in the discussions and contribute to the resolutions within the scope of these forums.

For instance, BFS is a member of the World Economic Forum and CII, through which it actively engages in policy advocacy. These engagements are overseen by Sanjiv Bajaj, Chairman & Managing Director of the Company, and the President of CII, from May 2022.

## Government and Regulators

The BFS Group companies continually monitor their legal and regulatory compliances. We regularly engage with government agencies and regulators

## Society

### Empowering society



## Customers

### Customer centricity



## Employees

### Human capital management



# Statutory Reporting

- A. BRSR Independent Verification Statement
- B. Statutory Disclosures - BRSR
- C. GHG Independent verification statement

## Introduction

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finserv Limited ('the Company' or 'Bajaj Finserv', Corporate Identification Number: L65923PN2007PLC130075 to undertake an independent assurance of Bajaj Finserv's Business Responsibility and Sustainability Reporting ('BRSR') disclosures (the 'Report') which shall form part of the Company's Business Responsibility and Sustainability Report FY 2022 in its digital/online format. The disclosures in this Report have been prepared based on the requirements of SEBI Circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, prescribing format of the BRSR and the guidance notes and the nine principles of the National Guidelines on Responsible Business Conduct, 2019 ('NGRBC') of the Ministry of Corporate Affairs, Government of India. The intended user of this assurance statement is the Management of Bajaj Finserv ('the Management') and its stakeholders. Our assurance engagement was planned and carried out during March 2022 – June 2022 covering the Company's non-financial/sustainability performance during 1<sup>st</sup> April 2021 - 31<sup>st</sup> March 2022. We performed a limited level of assurance based on our assurance methodology, VeriSustain<sup>TM1</sup>.

## Responsibilities of the Management of Bajaj Finserv and of the Assurance Provider

The Management has the sole responsibility for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analyzing and reporting the information presented in the Report. Bajaj Finserv is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on sustainability performance. In performing this assurance work, DNV's responsibility is to the Management of Bajaj Finserv; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of Bajaj Finserv.

We do not provide any services to Bajaj Finserv which in our opinion constitutes a conflict of interest with this assurance work. Our assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and are free from material misstatements.

## Scope, Boundary and Limitations

The reporting scope and boundary encompasses economic, environmental, social and governance performance of Bajaj Finserv in India covering the financial and insurance services-related operations of Bajaj Finserv Limited, its subsidiaries and joint ventures, as brought out in Section A: General Disclosures of the BRSR.

The assurance engagement considers an uncertainty of  $\pm 5\%$  based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) activities, and other financial data are based on financial statements prepared by Bajaj Finserv and audited by its statutory auditors which is subject to a separate audit process. We were not involved in the review of financial information within the Report.

## Basis of our Opinion

As part of the assurance process, a multi-disciplinary team of sustainability specialists performed assurance work for selected sample sites of Bajaj Finserv. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to Bajaj Finserv's business and its key stakeholders. We carried out the following activities:

- Reviewed the approach to stakeholder engagement and materiality determination process and its outcomes as brought out in the Report.
- Conducted interviews with selected representatives responsible for management of sustainability issues and implementation of the NGRBC Principles and carried out reviews of selected evidence to support topics

<sup>1</sup> The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from [www.dnv.com](http://www.dnv.com)



and claims disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver Bajaj Finserv's overall sustainability objectives.

- Carried out remote verification of sustainability performance data and sample evidences related to the following sampled subsidiaries that is, Bajaj Finance Limited, Bajaj Allianz General Insurance Company Limited and Bajaj Allianz Life Insurance Company Limited to review the processes and systems for aggregating site-level sustainability information, as well as overall aggregation and consolidation of data from sites by the sustainability team at the Corporate Office at Pune in Maharashtra.
- Reviewed the process of reporting on BRSR requirements including Section A: General Disclosures, Section B: Management and Process Disclosures, and Section C: Principle-wise Performance Disclosures.
- Carried out an assessment of the processes for gathering and consolidating performance data related to the NGRBC Principles and, for a sample, checked the processes of data consolidation to assess the Reliability and Accuracy of performance disclosures reported based on BRSR requirements.
- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness as per VeriSustain for a limited level of verification.
- An independent assessment of the reports non-financial information against the requirements of BRSR and the guidance notes

### Opinion and Observations

Based on the verification undertaken, nothing has come to our attention to suggest that the Report together with referenced information does not properly describe Bajaj Finserv Limited's adherence to the requirements of BRSR including the General Disclosures, Management and Process Disclosures, and Principle-wise Performance Disclosures.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

#### Materiality

*The process of determining the issues that is most relevant to an organization and its stakeholders.*

The Report brings out the broad range of issues which the Company has identified as being material to its business which are mapped as risks and opportunities, along with the rationale for considering the issue as being material. The Company may strengthen its process of materiality identification and prioritisation of material topics through engagement and feedback with internal and external stakeholders.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.**

#### Stakeholder Inclusiveness

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

The Report brings out the key stakeholder groups identified by Bajaj Finserv, that is, shareholders and investors, customers, government and regulators, value chain partners, employees, and society. The formal and informal modes of engagement with these stakeholder groups as well as the key topics and concerns which have come out from these engagement channels are brought out within the Report.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.**

#### Responsiveness

*The extent to which an organization responds to stakeholder issues.*

The Report brings out the approaches adopted by the Company to adapt and/or mitigate impacts related to its identified material issues, as well as responses to key stakeholder concerns. The disclosures bring out the descriptions of structures, policies and processes implemented by Bajaj Finserv towards adopting and reviewing the NGRBC Principles, as well as performance data, and processes for governance.

**Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.**

#### Reliability

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The Report brings out the processes that Bajaj Finserv has established towards capturing and reporting its sustainability performance related to each Principle of NGRBC. The majority of data and information verified through our remote assessments with the Company's management teams and data owners at the operations sampled by us as part of our assurance engagement were found to be fairly accurate and reliable. Some of the data



inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed for correctness.

**Nothing has come to our attention to believe that the Report does not meet the principle of Reliability.**

**Completeness**

*How much of all the information that has been identified as material to the organisation and its stakeholders is reported?*

The Report brings out the Company’s performance during FY 2021-22 related to economic, environmental, social and governance-related aspects of the BRSR and covering the operations of Bajaj Finserv Limited, its subsidiaries and its joint ventures, covering the performance related to the nine NGRBC Principles. Bajaj Finserv may further strengthen its processes towards capturing and reporting information and data related to Essential and certain Leadership Indicators of Principle-wise Performance Disclosures in future reporting periods.

**Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.**

**Neutrality**

*The extent to which a report provides a balanced account of an organization’s performance, delivered in a neutral tone.*

The Report brings out Bajaj Finserv’s sustainability performance during the reporting period in a neutral tone in terms of content along with descriptions of key risks and opportunities during the reporting period.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.**

**Statement of Competence and Independence**

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct<sup>2</sup> during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Assurance Statement, the GHG Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. We did not provide any services to Bajaj Finserv and its subsidiaries and joint ventures in the scope of assurance during FY 2021-22 that could compromise the independence or impartiality of our work.

For DNV Business Assurance India Private Limited

<p><b>Lankalapalli, Bhargav</b> Digitally signed by Lankalapalli, Bhargav Date: 2022.06.24 16:28:03 +05'30'</p> <p>Bhargav Lankalapalli Lead Verifier DNV Business Assurance India Private Limited, India.</p>	<p><b>Radhakrishnan, Kiran</b> Digitally signed by Radhakrishnan, Kiran Date: 2022.06.24 16:48:02 +05'30'</p> <p>Kiran Radhakrishnan Technical Reviewer DNV Business Assurance India Private Limited, India.</p>
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24<sup>th</sup> June 2022, Mumbai, India.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>2</sup> The DNV Code of Conduct is available on request from [www.dnv.com](http://www.dnv.com) (<https://www.dnv.com/about/in-brief/corporate-governance.html>)

# Statutory Disclosures

## Business Responsibility & Sustainability Report

### Section A: General Disclosures

#### I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65923PN2007PLC130075
2.	Name of the Listed Entity	Bajaj Finserv Limited (Referred to as 'the Company'/'BFS')
3.	Year of incorporation	2007
4.	Registered office address	Bajaj Auto Limited Complex, Mumbai-Pune Road, Pune - 411035
5.	Corporate address	6th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411014
6.	E-mail	<a href="mailto:uma.shende@bajajfinserv.in">uma.shende@bajajfinserv.in</a>
7.	Telephone	020 7157 6064
8.	Website	<a href="https://www.bajajfinserv.in/corporate-bajaj-finserv">https://www.bajajfinserv.in/corporate-bajaj-finserv</a>
9.	Financial year for which reporting is being done	2021 - 2022
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	₹ 79.57 crore
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report	Name of the person Ms. Uma Shende Telephone Number 020 7157 6064 Email ID <a href="mailto:uma.shende@bajajfinserv.in">uma.shende@bajajfinserv.in</a>
13.	Reporting boundary	Consolidated basis Collectively referred to as 'the Group'/'the BFS Group' (For more details on entities considered for consolidation refer #21 below)

#### II. Products/services

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

S. No.	Description of Main Activity	Description of Business Activity	NIC Code	% of Turnover of the Group
1.	Financial and Insurance Services	Non-Banking Finance Company engaged in lending and allied activities	65923	45%
2.		Non-life Insurance Business	65120	28%
3.		Life Insurance	65110	25%

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

BFS is the holding company for financial services business under the Bajaj Group. Its vision is to provide financial solutions for retail and SME customers through their life cycle. These involve: (i) asset acquisition and lifestyle enhancement through financing, (ii) asset protection through insurance, (iii) family protection through life and health insurance, (iv) providing healthcare needs for the family, (v) offering savings products, (vi) wealth management, and (vii) retirement planning and annuities. Through these businesses it offers various attractive solutions, refer #14 for product/service wise breakup of turnover.



### III. Operations

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

Location	Number of plants	Number of offices #	Total
National	Not applicable*	4058	4058
International		Not applicable	Not applicable

\* BFS Group provides financial services through its subsidiary companies and does not undertake any manufacturing activity.

# includes branches and corporate offices as at 31 March 2022.

#### 17. Markets served by the entity:

##### a. Number of locations

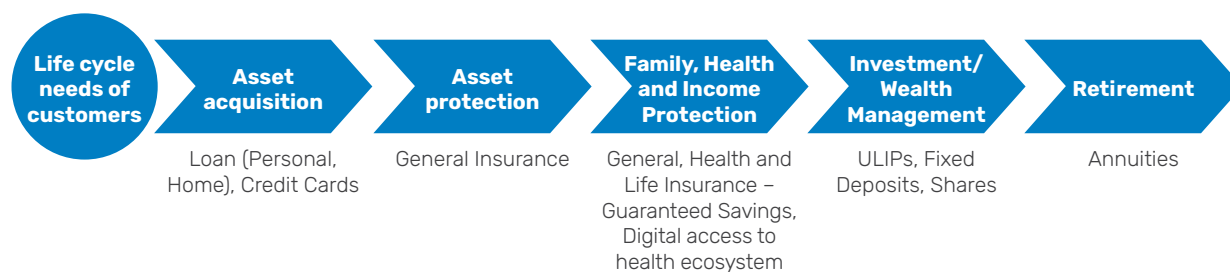
Locations	Number
National	Pan India
International (No. of Countries)	NIL

##### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

##### c. A brief on types of customers:

BFS Group provides financial products and services to meet life cycle needs of customers.



### Finance and Lending

- BFS participates in lending business through its 52.49% subsidiary – Bajaj Finance Limited (BFL). BFL also participates in savings business by offering fixed deposits, mutual funds and the like to its customers.
- As of 31 March 2022, BFL's customer franchise stood at 57.6 million, with a strong focus on mass affluent and above clients and has strong geographic presence across 3,504 locations and 1,33,200+ distribution points.
- BFL operates mortgage business through a 100% subsidiary – Bajaj Housing Finance Limited, is engaged in various aspects of housing finance and development. BFL also has another 100% unlisted subsidiary called Bajaj Financial Securities Limited, which is registered with the SEBI as a stockbroker and depository participant providing its clients a full suite of investment products and services in an all-in-one digital platform.

### Insurance

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





### Non-Life insurance

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

### Life Insurance

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

### Others

- BFS through its subsidiary, Bajaj Finserv Direct Limited (BFDL), has created a digital marketplace which offers range of financial products including loans, insurance, mutual funds, investments, lifestyle products, payments and e-commerce.
- BFS through its another 100% subsidiary, Bajaj Finserv Health Limited, a health tech venture, aims to transform healthcare in India by integrating a fragmented healthcare delivery ecosystem with technology and financial services on a digital platform to bring quality healthcare closer to consumers' reach through products, networks and technology.
- For mutual fund and asset management, BFS through Bajaj Finserv Asset Management Limited, a 100% subsidiary, has obtained an in-principle approval from SEBI to set up the asset management company and is in the process of completing the requirements for the final licence for mutual fund.
- Bajaj Finserv Ventures Limited is another 100% subsidiary of BFS, which is an investment platform for (i) early to mid-stage venture capital investments and (ii) alternate class of assets.

## IV. Employees

### 18. Details as at the end of Financial Year:

#### a. Employees (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
1.	Permanent (D)	59,961	53,871	90%	6,090	10%
2.	Other than Permanent (E) *	15,891	10,018	63%	5,873	37%
3.	<b>Total employees (D + E)</b>	<b>75,852</b>	<b>63,889</b>	<b>84%</b>	<b>11,963</b>	<b>16%</b>

\* Refers to fixed term employees

The Company does not have any 'worker'.

#### b. Differently abled Employees:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
1.	Permanent (D)	19	15	79%	4	21%
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total differently abled employees (D + E)</b>	<b>19</b>	<b>15</b>	<b>79%</b>	<b>4</b>	<b>21%</b>



## 19. Participation/Inclusion/Representation of Women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors (BoD/Board)	8	1	13%
Key Management Personnel *	3	1	33%

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

The above information pertains only to the Company as at 31 March 2022.

## 20. Turnover rate for permanent employees

	FY2022			FY2021			FY2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	31%	44%	33%	23%	30%	23%	32%	42%	33%

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

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

S. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/subsidiary/associate/joint venture	% of shares held by Bajaj Finserv Limited as at 31 March 2022
1	Bajaj Finserv Limited	Holding	—
2	Bajaj Allianz Life Insurance Company Limited	Subsidiary	74%
3	Bajaj Allianz General Insurance Company Limited	Subsidiary	74%
4	Bajaj Finance Limited	Subsidiary	52.49%
5	Bajaj Finserv Direct Limited *	Subsidiary	80.10%
6	Bajaj Finserv Health Limited	Subsidiary	100%
7	Bajaj Housing Finance Limited (100% Subsidiary of BFL)	Subsidiary	-
8	Bajaj Financial Securities Limited (100% Subsidiary of BFL)	Subsidiary	-
9	Bajaj Finserv Mutual Fund Trustee Limited	Subsidiary	100%
10	Bajaj Finserv Asset Management Limited	Subsidiary	100%
11	Bajaj Finserv Ventures Limited	Subsidiary	100%
12	Bajaj Allianz Financial Distributor Limited (BAFDL)	Joint Venture	50%
13	Bajaj Allianz Staffing Solutions Limited (100% subsidiary of BAFDL)	Joint Venture	-

\*Balance 19.90% shares are held by BFL

Keeping in mind that the nature and conduct of the businesses across the Group companies are distinct, to the extent relevant, the Company through its [Responsible and Sustainable Business Conduct Policy](#) (i) engages with and enjoins upon its Group companies to participate in the responsible and sustainable business conduct and (ii) requires its material subsidiaries<sup>1</sup> to embody a similar policy. Accordingly, the business responsibility initiatives of the subsidiaries and joint ventures could either be similar or distinct depending on the business responsibility initiative under consideration and nature of their respective businesses.

<sup>1</sup>BFL, BAGIC, BALIC and BHFL are the material subsidiaries of BFS.



## VI. CSR Details

22.

i.	Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No)	Yes
ii.	Consolidated Turnover for FY2022 (₹ in crore)	68,406.08
iii.	Consolidated net worth as at 31 March 2022 (₹ in crore)	66,319.92

## VII. Transparency and Disclosure Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the NGRBC:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY2022			FY2021		
		Number of complaints		Remarks	Number of complaints		Remarks
		Filed during the year	Pending resolution at close of the year		Filed during the year	Pending resolution at close of the year	
Shareholders and investors	Yes	17	1	Compliant pending as on 31 March 2022 has been appropriately resolved subsequently	15		
Customers	Yes	6,554	-		10,737	1	
Government and Regulators	Yes	-	-		-	-	
Value Chain Partners	Yes	-	-		-	-	
Employees	Yes	-	-		-	-	
Society	Yes	-	-		-	-	

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

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

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



S. No.	Material identified issue	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications - positive or negative
1	Climate change vulnerability	Risk and Opportunity	<p><u>Risks</u>  <i>Climate change vulnerability</i> - Climate change can result in claim frequency/severity (non-life insurance) and mortality (life insurance) being higher than expected.</p> <p><u>Opportunities</u>  <i>Opportunities in clean technology Financing/Insurance</i> - Increased awareness about climate change has accelerated the adoption of environment friendly products such as renewable power, electric vehicles etc., thereby creating an opportunity to finance and insure these class of assets.</p>	Underwriting policies and procedures are in place to assess and manage the risks. Periodic reviews of underwriting processes are conducted, and their effectiveness is assessed. Further, reinsurance programmes seek to optimise the retention of risk, based on risk retention appetite and capacity of the respective company.	<p><u>Negative</u>            Unpredictable adverse events can challenge our assumptions and impact profitability.</p> <p><u>Positive</u>            Being relatively newer class of assets, the Group's experience and depth of balance sheets could allow it to harness these opportunities.</p>
2	Customer experience	Risk	Given that the Group provides financial services products and services to millions of customers, any undesirable customer experience could result in loss of customers or even reputational loss.	Listening to customers and driving continuous transformation to provide them a frictionless experience is what the Group has always strived for. Ethics, transparency, fair practices and accountability are deeply ingrained and practiced in daily operations, including in dealing with customers. Customer experience is enhanced by offering products and services which meet the needs of customers, as well as adaptation of innovative technology solutions to provide a seamless and an "on the go" customer journey through its digital platforms.	<p><u>Negative</u>            Loss of reputation can result in loss of customer, thereby adversely impacting businesses of the Group.</p>
3	Financial inclusion	Opportunity	The reach of financial products and services is still shallow in India, especially in the mass segment and semi-urban/rural parts of India.	Group's customer reach is achieved through distribution networks, adaptation of innovative technology solutions to provide a seamless customer journey through its digital platforms and customised product offering.	<p><u>Positive</u>            Such distribution capabilities create opportunity for the Group.</p>



## Section B: Management And Process Disclosures

Structures, policies and processes put in place towards adopting the NGRBC Principles (P1 – P9) and Core Elements.

Disclosure questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)					Yes				
b. Has the policy been approved by the Board? (Yes/No)					Yes				
c. Web-Link of the Policies, if available	'Responsible and Sustainable Business Conduct Policy' covering the above-mentioned principles has been approved by the Board. All the policies disclosed by Company are available at <a href="http://bajajfinserv.in/policies-and-codes">bajajfinserv.in/policies-and-codes</a>								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes. The Company has translated the policies and imbibed the same into procedures and practices of the Company, as applicable.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	The Company strives to influence its partners in the value chain to participate in the responsible and sustainable business conduct depending upon their means and resources.								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	All policies have been developed based on industry practices, as per the regulatory requirements and through appropriate consultation with relevant stakeholders.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The subsidiary companies strive for the following - <ul style="list-style-type: none"> <li>BFL has committed to open another 50 financial inclusion branches in rural and backward areas in FY2023</li> <li>The insurance subsidiaries, based on the policies approved by their respective BoD in April 2022, endeavour to integrate the principles of Responsible Investment in the Investment operations</li> </ul>								
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	As committed in FY2021: <ul style="list-style-type: none"> <li>The Group completed accounting and independent assurance of its GHG emissions for FY2021 and FY2022, the results of which are included in this Report and</li> <li>BFL has opened 50 financial inclusion branches during the year.</li> </ul>								

### Governance, leadership and oversight

7. Statement by Director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.	<Refer Message from Chairman & Managing Director section>								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name	Mr Sanjiv Bajaj							
	Designation	Chairman and Managing Director							
	DIN	DIN 00014615							
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes	<ul style="list-style-type: none"> <li>The Company and all its material subsidiaries have their own policies, as approved by their respective Boards, the implementation of which is monitored through their empowered executive committee</li> </ul>							



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<ul style="list-style-type: none"> <li>Such executive committees meet periodically to assess the performance against their business responsibility objectives. Across the group seven such meetings in aggregate were held during the year</li> <li>Further at the group level, a committee comprising senior executives, including from material subsidiaries, meets periodically and provides directional inputs on business responsibility matters</li> <li>During the year, a separate meeting of all the BoD was also convened specifically to discuss and the sustainable and responsive business conduct initiatives across the BFS Group. Further, ESG Risks of the Company and its material subsidiaries were also discussed during the year in respective Company’s Risk Management Committee of the Board</li> </ul>								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee	Frequency (Annually/Half yearly/Quarterly/Any other – please specify)
Performance against the above policies and follow-up action	As a practice, all the policies of the Company are reviewed periodically or on a need basis by department heads, business heads, senior management personnel and placed before the BoD as and when required. During this assessment, the efficacy of the policies is also reviewed and necessary changes to policies and procedures are implemented.	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in compliance with the extant regulations as applicable.	
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Evaluation is a continuous process and is done internally.	

**Note:**

Other than the policies placed on the Company’s website ([bajajfinserv.in/policies-and-codes](http://bajajfinserv.in/policies-and-codes)), certain policies of the Company are internal documents and are not accessible to public.

The above compliance is also done by all the material subsidiaries of the Company through their policies and accompanying processes, to the extent relevant/applicable to them. Publicly accessible policies of material subsidiaries are available on their respective websites ([bajajfinserv.in/corporate-bajaj-finance](http://bajajfinserv.in/corporate-bajaj-finance), [bajajallianz.com/general-insurance.html](http://bajajallianz.com/general-insurance.html), [bajajallianzlife.com](http://bajajallianzlife.com), [bajajhousingfinance.in](http://bajajhousingfinance.in)).



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## Section C: Principle Wise Performance Disclosure

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

#### Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by awareness programmes
BoD	Apart from BFS and its listed subsidiaries, which carry out familiarisation programmes for its Directors, as required under the SEBI Listing Regulations, even unlisted material subsidiaries on an ongoing basis keep their respective Directors and KMPs abreast on matters relating to the industry, business models, risk metrics, mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company, etc.		100%
KMP	The BFS Group invests significant time and resources in the training and development of its employees, to help them stay ahead of latest trends and technology. Further, for certain relevant topics, periodical awareness programmes are carried out through emails, posters/banners (physical and digital) and other modes of internal communication. Such training/awareness programs are on array of topics, such as Code of Conduct, Ethics, Cyber security, Data Privacy, ESG, Fraud Prevention, Health and safety, Insider Trading, Prevention of sexual harassment, etc. During the year, more than 1.1 million hours of trainings were completed and logged by employees on above mentioned topics.		100%

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by Directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format

(Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary				
	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine				
Settlement		NIL		
Compounding fee				



**Non-Monetary**

	<b>NGRBC Principle</b>	<b>Name of the regulatory/enforcement agencies/judicial institutions</b>	<b>Brief of the Case</b>	<b>Has an appeal been preferred? (Yes/No)</b>
	Imprisonment	NIL		
	Punishment			

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

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes.

BFS Group has zero tolerance towards unethical business practices and prohibits bribery in any form in all of its business dealings through various policies, codes and charters.

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

Some of these policies, codes and charters are available on Company's website ([bajajfinserv.in/policies-and-codes](http://bajajfinserv.in/policies-and-codes)). Further material subsidiaries also have some of their policies, codes and charters available on their respective websites.

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

	<b>FY2022</b>	<b>FY2021</b>
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil

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

	<b>FY2022</b>		<b>FY2021</b>	
	<b>Number</b>	<b>Remarks</b>	<b>Number</b>	<b>Remarks</b>
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

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

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





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## Leadership Indicators

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

BFS Group strives to influence its value chain partners to participate in the responsible and sustainable business conduct depending upon their means and resources. Group companies carry out awareness/training programmes for its value chain partners (especially agents and other intermediaries), depending on the business needs, stakeholder feedback and regulatory requirements covering various topics. For example, our insurance subsidiaries provide specialised training to their agents. These training sessions cover various topics such as Code of Conduct, ethics, professional conduct, anti-money laundering, functional and skill upgradation trainings that were knowledge-based. They also covered the 'Did you Know' series about products, processes, FAQs, new product launches, know your compliances, existing products, ready-reckoners, sample illustrations, selling stories and video pitches. Similarly, on a suo moto basis, BFL has trained about 17,800 Debt Recovery Agents.

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

Yes.

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

The Company has a separate [Code of Conduct for Directors and Senior Management \('CoC'\)](#) which provides that 'Directors and Senior Management shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement'. The said CoC also requires them to not to engage in any material business relationship or activity, which conflicts with their duties towards the Company. A declaration for the Directors and Senior Management's affirmation to the said CoC is communicated to all stakeholders by the Chairman & Managing Director, through the Annual Report. CoC hyperlinked herewith, is available on the Company's website.

In addition to the above, the BFS Group CoEPC covers potential areas where conflict of interest may be encountered. It also provides specific guidelines on avoiding and dealing with possible conflicts of interest and the requirement to disclose potential conflicts of interest by employees.

Further, BFS and its material subsidiaries have policies on related party transactions, which require all the transactions to be at arm's-length price.

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

### Essential Indicators

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

Being a financial services group, the relevance of above is largely related to the Group's capex in information technology. During the year, the Group companies have invested ₹ 445.86 crore on Information Technology capex (hardware and software). Greater adoption of digital platforms not only brings in increased efficiencies of operations but also ensures substantially through reduced consumption of paper.

Further, as part of its initiative to reduce the carbon footprint of its operations, ₹ 1.14 crore have been invested for rooftop solar plant installations at certain offices during the year.

#### 2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

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

#### b. If yes, what percentage of inputs were sourced sustainably?

Refer a above.



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

Given the nature of the business, BFS Group companies provides financial services to its customers and does not manufacture any products, hence we do not currently maintain records for hazardous and other waste generation. However, recycled tissue papers are used at some of the corporate offices. BFS Group has systems in place to manage e-waste and engages with certified e-waste handlers for disposal of e-waste. Approximately, 33.99 metric tonnes of e-waste generated has been disposed through authorised recyclers in FY2022. The Group has received green, disposable and re-cycling certificates from the respective e-waste handlers.

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

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

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?

BFS Group provides varied financial products and services to its customers. However, lending and insurance (life and non-life) are the largest businesses for the Group. The broad lifecycle of these businesses has been summarised below:

**Sourcing:** Loans and Insurance are sourced through multiple channels such as walk-in at branches/offices, own digital platforms (website/mobile apps), agents/intermediaries etc. Depending on the type of product, information/applications are obtained from the customer either physically or electronically.

**Underwriting:** All loans and insurance products go through an underwriting mechanism, where eligibility for the product, validation of the documents provided, genuineness of the transaction, compliance with applicable regulations etc. are verified. Depending on the type of product, customer profile and other parameters, the underwriting can either be completely automated or may require manual intervention. Upon satisfaction with the above, including adherence to internal risk parameters, the product is issued to the customer (loan in case of lending and policy in case of insurance).

**Servicing:** After the issuance of product, there can be various reasons for which a customer may need servicing. While collecting instalments in case of loan or paying claims in case of insurance are the most obvious parts of customer servicing, there can be many more instances when a customer can reach out such as requesting change in personal information, adding/changing nominees, grievance redressal etc. As a Group, we believe in enhancing customer experience and have a number of digital tools where the customer can self-service and in the alternate, they can also reach out at our offices/branches, write to/call us etc.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

None other than those identified in *S. No. 24 of Section A* above.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Given the nature of the business, BFS Group companies provides financial services to its customers and does not manufacture any products, hence we do not currently maintain records for recycled/reused material consumed.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed.

Not Applicable

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

BFS Group provides financial services and thus the above is not applicable.



### PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

#### Essential Indicators

##### 1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities#	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	53,871	53,871	100%	53,871	100%	NA	NA	53,871	100%	53,871	100%
Female	6,090	6,090	100%	6,090	100%	6,090	100%	NA	NA	6,090	100%
<b>Total</b>	<b>59,961</b>	<b>59,961</b>	<b>100%</b>	<b>59,961</b>	<b>100%</b>	<b>6,090</b>	<b>10%</b>	<b>53,871</b>	<b>90%</b>	<b>59,961</b>	<b>100%</b>
<b>Other than Permanent employees</b>											
Male	10,018	1,964	20%	2,000	20%						
Female	5,873	476	8%	496	8%				NA*		
<b>Total</b>	<b>15,891</b>	<b>2,440</b>	<b>15%</b>	<b>2,496</b>	<b>16%</b>						

# wherever applicable under regulations, day care facilities are provided

\*Being fixed term employees

##### 2. Details of retirement benefits, for Current and Previous Financial Year.

Benefits	FY2022		FY2021	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Yes/No/NA)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Yes/No/NA)
PF	100%	Yes	100%	Yes
Gratuity	100%	Yes	100%	Yes
ESI	100%	Yes	100%	Yes
NPS	100%	Yes	100%	Yes
Super Annuation	100%	Yes	100%	Yes

**Note:** The above represents benefits provided to all the employees who are eligible/have opted for the said retirement benefits.

##### 3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

As a principle the Company through its [Employee Charter and Human Rights Statement](#) prohibits discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

Corporate offices of the Group companies have ramps for easy movement and wheelchair accessible restrooms for specially abled people.



4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company through its [Employee Charter and Human Rights Statement](#) prohibits discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

As enshrined in the '[Responsible and Sustainable Business Conduct Policy](#)', the Company provides remuneration and equal opportunities at the time of recruitment as well as during employment irrespective of age, sex, colour, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids) or any other status of individuals, thereby presenting an opportunity to excel and grow best suited to the individual's suitability and ability to perform the related work.

The above are available on our website [bajajfinserv.in/policies-and-codes](http://bajajfinserv.in/policies-and-codes).

5. Return to work and Retention rates of permanent employees that took parental leave.

Gender	Permanent employees	
	Return to work rate	Retention rate
Male	100%	87%
Female	98%	94%
<b>Total</b>	<b>99%</b>	<b>88%</b>

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

Category	Yes/No
Employees	Yes. BFS Group creates a culture which is fair, open and transparent and where employees can openly present their views. BFS Group transparently communicates its policies and practices such as company plans, compensation, performance metrics, performance pay grids/calculation, career enhancements, compliance etc. BFS Group enables employees to work without fear of prejudice, gender discrimination and harassment. It has zero tolerance towards any non-compliance of these principles.  A formal grievance mechanism is available to employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation, along with mechanism to consult on ethical issues through the explicit means provided by <a href="#">CoEPC</a> , <a href="#">Whistle Blower Policy</a> , <a href="#">Prevention of Sexual Harassment Policy</a> and other policies/charters.

7. Membership of employees in association(s) or Unions recognised by the listed entity:

BFS Group employees are currently not part of any employee association.

8. Details of training given to employees:

Category	On Skill upgradation								
	Total employees			Permanent employees			Non-permanent employees		
	Total (A=C+E)	No. (B=D+F)	% (B/A)	Total (C)	No. (D)	% (D/C)	Total (E)	No. (F)	% (F/E)
Male (G)	63,889	49,118	77%	53,871	41,588	77%	10,018	7,530	75%
Female (H)	11,963	9,697	81%	6,090	4,984	82%	5,873	4,713	80%
<b>Total Employees (G+H)</b>	<b>75,852</b>	<b>58,815</b>	<b>78%</b>	<b>59,961</b>	<b>46,572</b>	<b>78%</b>	<b>15,891</b>	<b>12,243</b>	<b>77%</b>



### For Health and Safety:

BFS Group trains its employees on safety protocols by conducting periodic trainings on fire safety and evacuation drills. During the year, 1,636 fire audits and 786 drills were conducted.

Periodical awareness programmes are carried out through emails, posters/banners (physical and digital) and other modes of internal communication. The Group companies also initiated exhaustive employee engagement campaigns like “#Stay Healthy #Stay Safe” to imbibe and encourage employees to adopt healthy and safety measures – eating healthy, staying hydrated, using stairs, maintaining right posture, etc. Various campaigns and collaterals were released to spread awareness among the employees on the pandemic precautions and safety compliances.

#### 9. Details of performance and career development reviews of employees:

Performance appraisal was conducted during the year for all the eligible employees as per the policies.

#### 10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

BFS Group is committed to provide a productive workplace by minimising the risk of accidents, injury and exposure to health risks. BFS has adopted various initiatives for occupational health and safety by setting up Emergency response teams, safety signage displays related to Do's and Don'ts/Attention marks across premises, identification of fire marshals, firefighting systems, etc.

BFS Group trains its employees on safety protocols by conducting periodic trainings on fire safety and evacuation drills. During the year, across 1,636 locations fire audits and 786 drills were conducted.

Group Companies also run internal awareness campaigns on health and safety related aspects such as always wear a helmet, eat healthy, drink enough water, stay on the move, choose to use the stairs, etc.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

BFS Group provides financial services and does not undertake any manufacturing activity and hence this is not applicable for us. However, the Company has designed and adopted manuals and procedures to cover environmental aspects and health and safety risks that the facility/property can control and directly manage, and those that it does not directly control or manage but over which it can be expected to have an influence through its Environment, Health and Safety Manual.

There are no product risks but there are those related to the provision of services like ergonomics in work as well as those associated with the operation of utilities, indoor air quality, lift/elevator safety, fire safety procedures, personnel protective equipment, signages, etc.

Further, our risk assessment also periodically cover incidents that have been noted and immediate steps are taken to mitigate the associated risks. During the year, no such instances have been noted which necessitated further action.

The applicable processes have been briefly described in 'a' above.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Not Applicable. The Company does not have any 'worker'.

- d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes.



11. Details of safety-related incidents, in the following format:

Safety Incident/Number	Category	FY2022	FY2021
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NIL	NIL
Total recordable work-related injuries		NIL	NIL
No. of fatalities		NIL	NIL
High consequence work-related injury or ill-health (excluding fatalities)		NIL	NIL

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Refer 10 (a) above.

13. Number of Complaints on the following made by employees:

	FY2022			FY2021		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	NA	Nil	Nil	NA
Health & Safety	Nil	Nil	NA	Nil	Nil	NA

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Working conditions	BFS Group strives to keep the workplace environment safe, hygienic and humane, upholding the dignity of the employees. Offices across the Group are internally assessed periodically through surveys, audits, etc. for various aspects of health and safety measures and related working conditions.
Health and safety practices	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

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

### Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of Employees (Yes/No)?

All Group companies extend various support and compensatory package in the event of death of permanent employees. Some of these include full month's pay with recovery waivers, iCare fund release, Group Term Life insurance assured amounts, etc. Further, various additional benefits were provided for Covid-related deaths ranging from medical expense reimbursement, monetary assistance for 48 months to family members, facilitating child education up to the age of 21 years, employment opportunity for spouse where suitable, etc.



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2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

BFS Group strives to influence its partners in the value chain to participate in the responsible and sustainable business conduct depending upon their means and resources. Having said that, there are multiple measures to ensure that statutory dues have been deducted and deposited by them which include contractual commitments, obtaining evidences of payment, review/audit of value chain partners, seeking confirmations of compliance, etc., which depend on the nature of product/services rendered. For example, material subsidiaries on an annual basis, select a sample of value chain partners to review their processes and controls, which includes their compliance for deduction and payment of statutory dues.

3. Provide the number of employees having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Not Applicable

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

The BFS Group invests significant time and resources in the training and development of its employees, help them stay ahead of latest trends and technology. With such trainings, most employees are skilled and tend to be employable upon retirement/termination.

5. Details on assessment of value chain partners:

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Working conditions	BFS Group expects all its value chain partners to follow extant regulations, including health and safety practices and working conditions.
Health and safety practices	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

In absence of any significant risks/concerns, no need for corrective action plan has been necessitated.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

1. Describe the processes for identifying key stakeholder groups of the entity.

Individual or group concerned or interested with or impacted by the activities of the businesses and vice versa, now or in the future are identified as key stakeholder by the Group Companies. Based on this, the key stakeholders are shareholders and investors, customers, government and regulators, value chain partners, employees and the society as a whole.

The Group understands the impact of its policies, decisions, products and services and associated operations on the stakeholders. In line with its policies, practices and processes, the Group engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner, and if warranted takes corrective measures.

The Group also engages with relevant stakeholders for enhancing the sustainable and responsible business practices.



2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable and Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholder and Investor	No	Multiple channels – physical and digital including quarterly investor presentations, press releases and communications through stock exchanges, participation in investor conferences, etc.	Frequent and need-based	To inform about the performance, major developments and other relevant updates regarding the Company and Group
Customer	No	Multiple channels – physical and digital	Frequent and need-based	Servicing throughout the lifecycle of the customer and address queries/grievances that the customer may have
Government and Regulators	No	Multiple channels – physical and digital	Need-based	To provide timely recommendations/feedback on draft policies, representations before regulators and associations for advancement and improvement of financial services industry in India
Value Chain Partner	No	Multiple channels – physical and digital including in-person meetings, emails, performance discussions, trainings, company policy/process communication, periodical meets/conferences, etc.	Frequent and need-based	To enhance the access and understanding of relevant financial products and services of the Group
Employees	No	Multiple channels – physical and digital	Daily	To create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth
Society	Yes	Multiple channels – physical and digital	Frequent and need-based	To promote social welfare activities for inclusive growth, fair and equitable development and well-being of society through our business functioning

### Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Group companies to the extent considered necessary and permitted by regulations, ensure transparent communication and access to relevant information about its decisions that impact relevant stakeholders, keeping in mind the need to protect confidential competitive plans and information.

Engagement with stakeholders is a continuous process, as part of the Group's business activities. Such engagement is generally driven by the responsible business functions, with senior executives also participating based on the need of the engagement. The BoD are updated on various developments arising out of such engagement and they provide their guidance/inputs on such matters.





- P1 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social  
 P2 topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were  
 incorporated into policies and activities of the entity.

P3 Continuous engagement with stakeholders helps in aligning expectations, thereby enabling the Group to better serve its  
 stakeholders.

P4 The Company personnel interact with various stakeholders to understand the evolvement and relevance of ESG topics,  
 P5 their impact and expectations from the Group. Based on such interactions, the Group has over the last few years  
 enhanced its reporting on business responsibility and has also started certain new initiatives. The Group believes that it  
 is still learning the evolving aspects of ESG and lays significant importance to such interactions.

P6 For example, during the year, BFL has adopted an [Environmental Policy](#) thereby committing not to extend fund through its  
 P7 commercial lending business for specified lines of businesses and specific activities.

- P8 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised  
 P9 stakeholder groups.

BFS Group companies through their CSR policies have taken up various initiatives and activities for the benefit of different  
 segments of the society, with focus on the marginalised, poor, needy, deprived, under-privileged and differently abled  
 persons.

## PRINCIPLE 5: Businesses should respect and promote human rights

### Essential Indicators

1. Employees who have been provided training on human rights issues and policy(ies) of the entity:

Any employee who works full-time or part-time in any BFS Group Company must adhere to the commitment of BFS to  
 integrity and ensure the principles laid down in [CoEPC](#) which amongst other things includes principles of mutual respect,  
 privacy, equal opportunities and non-discrimination, health, safety and environment and sexual harassment.

Our commitment to employees' rights is enshrined in the [Employee Charter and Human Rights Statement](#) of the respective  
 companies – which sets out what our employees can reasonably expect from the Company (Employee Rights) and the  
 responsibilities and qualities that are expected from them while performing their duties (Employee Responsibilities). It  
 also lays down the principles of equal opportunity and non-discrimination, anti-corruption and bribery, prohibition of  
 forced and child labour, transparency, safe healthful and harassment-free workplace, amongst others.

BFS Group companies use various mediums to create awareness on ESG initiatives (including human rights) for its  
 employees through use of Social media as well as internal communication channels - intranet, bulletins, etc.

2. Details of minimum wages paid to employees in the following format:

Category	FY2022					FY2021				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Permanent Employees</b>										
Male	53,871	415	1%	53,456	99%	44,342	142	0%	44,200	100%
Female	6,090	69	1%	6,021	99%	4,590	69	2%	4,521	98%
<b>Other than Permanent Employees</b>										
Male	10,018	1,992	20%	8,026	80%	4,765	2,009	42%	2,756	58%
Female	5,873	492	8%	5,381	92%	2,204	490	22%	1,714	78%



3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration (₹ in crore)	Number	Median remuneration (₹ in crore)
BoD – Non-Executive Directors	6	0.22	1	0.27
BoD – Executive Directors	1	21.69	NA	NA
KMP (excluding BoD)	1	10.94	2	0.68
Employees other than BoD and KMP	72,376	0.05	8,572	0.05

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

While BFS Group aims to not have a situation that leads to any grievance; should such a situation arise, BFS Group has a well-defined Grievance redressal mechanism for its employees. A formal grievance mechanism is available to all employees, to report or raise their concerns confidentially and anonymously, without fear of any retaliation.

The Group regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed.

BFS Group believes that every workplace shall be free from violence, harassment, intimidation and/or any other unsafe or disruptive conditions, either due to external or internal threats. Accordingly, BFS Group has aimed to provide reasonable safeguards for the benefit of employees at the workplace, while having due regard for their privacy and dignity. BFS Group also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse. As a matter of policy, BFS Group does not hire any employee or engage with any agent or vendor against their free will.

Across the Group, Designated Ethics Officer at each of the companies deals with the issues of the respective Company. BFS Group Employees must promptly report any violation of this Code to their Manager and to the Ethics Officer.

6. Number of Complaints on the following made by Employees:

	FY2022			FY2021		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	14	2	The pending cases as on 31 March 2022 are in process of resolution as per respective Company's policy.	10	-	
Discrimination at workplace	-	-		-	-	
Child labour	-	-		-	-	
Forced labour/ Involuntary labour	-	-		-	-	
Wages	-	-		-	-	
Other human rights related issues	-	-		-	-	



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**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

A formal grievance mechanism is available to all employees to report or raise their concerns confidentially and anonymously, without fear of retaliation, along with mechanism to consult on ethical issues through the explicit means provided by [CoEPC](#), [Employee Charter](#) and [Human Rights Statement disciplinary action committee](#) reviews, [whistle blower](#) and [vigil mechanism](#) policies. BFS Group prohibits retaliation against any employee who reports in good faith any suspected or potential violation of the CoEPC of the Company which includes aspects of discrimination and harassment.

It is the duty of every Employee to report instances of possible CoEPC violations that they are aware of. At BFS Group, sharing a possible concern about the Code honestly and in good faith, even if it turns out to be unfounded – is never an excuse for any kind of retaliation. The Ethics Officers will ensure CoEPC investigations are conducted in a fair and confidential manner and that there will not be any adverse impact on Employees who highlight possible CoEPC violations in good faith.

BFS also prohibits retaliation for using any of BFS’s complaint reporting procedures, if made in good faith, or for filing, testifying, assisting, or participating in any investigation conducted by a government enforcement agency.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

The Group appreciates the inherent, universal, indivisible, inalienable and interdependent nature of human rights. The Group strives to percolate these values, through its policies, at all levels in the Group.

**9. Assessments for the year**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labour	The Group is in compliance with the laws, as applicable.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

**10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**

No corrective actions pertaining to Question 9 was necessitated by the Group during the year under review.

**Leadership Indicators:**

**1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

There have been no significant human rights grievances/complaints warranting modification/introduction of business processes.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

Not Applicable

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

As a principle, the Company through its [Employee Charter and Human Rights Statement](#) prohibits discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

Corporate offices of the Group companies have ramps for easy movement and wheelchair accessible restrooms for specially abled people.



P1 4. Details on assessment of value chain partners

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual Harassment	The Group expects and strives to influence its value chain partners to adhere to the same values, principles and business ethics as upheld by the Group in all their dealings. No specific assessment in respect of value chain partners has been carried out other than certain elements covered in annual review of processes and controls of select sample of value chain partners by material subsidiaries.
Discrimination at workplace	
Child labour	
Forced labour/Involuntary labour	
Wages	
Others – please specify	

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P8 5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

P9 No corrective actions pertaining to Question 4 was necessitated by the Group during the year under review.

## PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	Unit of measurement	FY2022	FY2021
Total electricity consumption (A)	Gigajoules	1,22,780	1,12,090
Total fuel consumption (B)	Gigajoules	4,296	2,991
<b>Total energy consumption (A+B)</b>	<b>Gigajoules</b>	<b>1,27,076</b>	<b>1,15,081</b>

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No)  
If yes, name of the external agency.

During the year, energy indicators were verified as part of emission accounting by DNV Business Assurance India Private Limited for FY2021 and FY2022.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water.

The Group's usage of water is restricted to human consumption purposes only. Given that most offices/branches of the Group are present in shared premises, total freshwater consumption is not accounted. However, efforts have been made to ensure that water is consumed judiciously in the office premises.

- Two large offices in Pune have rainwater harvesting facility, with aggregate capacity of 14,600 litres.
- Water treatment plant with capacity to collect, treat and filter 10,000 litres of raw hard water per day, which is reused for gardening and common area cleaning.
- In various offices, sensor taps are installed in office washrooms to optimise water consumption.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No



5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Not Applicable

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Unit	FY2022	FY2021
Total Scope 1 emissions	(tCO <sub>2</sub> e)	12,585.24	10,386.86
LPG used for cooking, diesel generators, company owned vehicles, fire extinguishers and refrigerant release in air conditioners and refrigerators.			
Total Scope 2 emissions	(tCO <sub>2</sub> e)	26,833.47	24,542.46
Purchased electricity from the grid (Net of captive solar power consumption)			
Total Scope 1 and Scope 2 emissions	(tCO <sub>2</sub> e)	39,418.71	34,929.32
Total Scope 1 and Scope 2 emissions per crore of Consolidated Total Revenue from operations	Per crore of Consolidated Total Revenue from operations	0.58	0.58

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No)  
If yes, name of the external agency.

Yes. During the year, the assessment was carried out by DNV Business Assurance India Private Limited for FY2021 and FY2022. Refer section Independent Verification statement.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Group has undertaken various projects on environmental sustainability such as waste management and clean energy projects. 138 windmills of the Company with installed capacity of 65.2 MW generated over 74<sup>2</sup> million units of electricity, which is about two times the electricity consumed by the BFS Group, making BFS Group a net generator of renewable power. In addition, Rooftop Solar power plants with an installed capacity of 150 kWh have been commissioned during the year. During the year, BFL has also adopted an Environmental Policy thereby committing not to extend fund through its commercial lending business for specified lines of businesses and specific activities.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY2022 (in metric tonnes)
E-waste	33.99

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No)  
If yes, name of the external agency.

E-waste recycling is carried out by registered e-waste vendors. Form 2 (for maintaining records of e-waste handled/generated), green certificates and disposal and recycling reports have been provided by these vendors.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Given the nature of the business, there is no usage of hazardous and toxic chemicals by the Group companies. BFS Group has systems in place to manage e-waste and engages with certified e-waste handlers for disposal of e-waste. Approximately, 33.99 metric tonnes of e-waste generated has been disposed through authorised recyclers in FY2022. The Group has received green, disposable and re-cycling certificates from the respective e-waste handlers.

<sup>2</sup>Net of wheeling and transmission losses



10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details.

No

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Yes/No)

Based on the nature of business, the Group is in compliance with applicable environmental norms.

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	Unit of measurement	FY2022	FY2021
<b>From renewable sources</b>			
Total electricity consumption (A) *	Gigajoules	244	-
<b>From non-renewable sources</b>			
Total electricity consumption (B)	Gigajoules	1,22,536	1,12,090
Total fuel consumption (C)	Gigajoules	4,296	2,991
<b>Total energy consumed from non-renewable sources (A+B+C)</b>	Gigajoules	<b>1,26,832</b>	1,15,081

\* Rooftop Solar power plants with an installed capacity of 150 kWh have been commissioned during the year.

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No)  
If yes, name of the external agency.

During the year, energy indicators were verified as part of emission accounting by DNV Business Assurance India Private Limited for FY2021 and FY2022.

2. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Unit	FY2022	FY2021
<b>Total Scope 3 emissions</b>	(tCO <sub>2</sub> e)	9,922.87	3,717.29
Purchased goods and services; Fuel and energy related activities; Upstream transportation of products; Waste generated in operations; Business travel; Employee commute; Upstream leased assets; Downstream transportation and distribution; End of life treatment			
<b>Total Scope 3 emissions per crore of Consolidated Total Revenue from operations</b>	Per crore of Consolidated Total Revenue from operations	0.15	# 0.06

# Scope 3 emission per crore of consolidated total revenue from operations for FY2021 is not representative of the Group's operations considering the impact of Covid-related lockdown/restrictions.

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No)  
If yes, name of the external agency.

Yes. During the year, the assessment was carried out by DNV Business Assurance India Private Limited for FY2021 and FY2022. Refer section *Independent Verification statement*.



3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives.

Please refer to response provided at Q. 3, 7 and 9 of the essential indicators above.

5. Does the entity have a business continuity and disaster management plan?

Yes. All material subsidiaries have Business Continuity Plan (BCP, strategies and framework which is also compliant with applicable regulatory requirements. BCP envisages the likely disruptive events, their probability and impact on business operations which is assessed through business impact analysis. These aim to eliminate or minimise any potential disruption to critical business operations. The BCP includes Disaster Recovery procedures to quickly recover from an emergency. Annual BCP drills are conducted to ensure that the BCP is effective given the current nature of business processes, infrastructure, personnel, etc. For more details, refer [Section <Information security, cyber security and fraud controls>](#)

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Given the nature of the business, there has been no adverse impact to the environment.

## PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.

BFS Group through its subsidiaries is a member of 9 trade and industry chambers/associations.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers associations	Company Name	Reach of trade and industry chambers/associations (State/National/International)
1	Confederation of Indian Industry	BFS, BAGIC, BALIC	International
2	World Economic Forum	BFS	International
3	General Insurance Council	BAGIC	National
4	Indo German Chamber of Commerce		International
5	Bombay Chamber of Commerce and Industry	BALIC	National
6	Executive Council of Insurers		National
7	Insurance Information Bureau of India		National
8	Life Insurance Council		National
9	Internet and Mobile Association of India	BFDL	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

No corrective action was necessitated by the Group during the year under review.



## Leadership Indicators

### 1. Details of public policy positions advocated by the entity:

BFS Group maintains regular engagement with the Government agencies and regulators and stands committed to providing timely and accurate information, suggestions and recommendations, feedback on draft policies, etc., as and when required. It keenly participates in putting forward views on the setting of new industry standards or regulatory developments pertaining to the financial services industry. While making recommendations, in line with our policy, we attempt to balance the interest of various stakeholders. The senior executives of BFS Group engage with RBI, SEBI, IRDAI and other regulators on a periodic basis or as and when required. This enables the BFS Group to understand their areas of focus and concerns. All interactions with the Government and regulators are done by authorised officials of the respective company.

BFS is a member of World Economic Forum and Confederation of Indian Industries (CII), through which it actively engages in policy advocacy. These engagements are overseen by Mr. Sanjiv Bajaj, Chairman & Managing Director of the Company, also, the President of CII with effect from May 2022.

BFS and its subsidiaries are members of various trade and industry chambers, associations, councils and such other collective platforms ('forums'). We proactively contribute to the discussions and resolutions within the scope of these forums. *Refer section Stakeholder Engagement.*

## PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

### Essential Indicators

#### 1. Details of Social Impact Assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

No project was required to be assessed for their impact during the year under the regulatory requirement. However, the Group uses social sector experts and independent professionals to conduct social and financial assessments of the projects. These assessments help in early identification and mitigation of risks to the concerned projects. During the year, 19 projects underwent a third-party review on various aspects. The Group further endeavours to expand the coverage of assessments by external agencies to more organisations in the coming years.

#### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

Not Applicable

#### 3. Describe the mechanisms to receive and redress grievances of the community.

The BFS Group Companies have various mechanisms to receive and redress grievances of various stakeholders. Details of such mechanisms and policies is detailed in [CSR policy](#) disclosed on the website.

#### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

(₹ in crore)

	FY2022	FY2021
Directly sourced from MSMEs	412.16	205.64

## Leadership Indicators

### 1. Provide details of actions taken to mitigate any negative social impacts identified in the SIA (Reference: Question 1 of Essential Indicators above):

Not Applicable





2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.

None

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)

(b) From which marginalised/vulnerable groups do you procure?

(c) What percentage of total procurement (by value) does it constitute?

Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

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

6. Details of beneficiaries of CSR Projects:

Numbers in thousands

Theme	Total Beneficiaries	Beneficiaries of Children focussed projects included in Total Beneficiaries	Beneficiaries of Women focussed projects included in Total Beneficiaries
<b>Health</b>	<b>1,007</b>	<b>77</b>	<b>157</b>
Covid vaccination *	670	-	-
Meal supplements and ration baskets	163	6	157
Medical treatment, care and support	88	7	-
Surgeries	63	63	-
Health awareness programmes	23	1	-
<b>Education</b>	<b>109</b>	<b>65</b>	<b>-</b>
Health awareness programmes	58	47	-
Awareness programmes	28	1	-
Education facilities	15	15	-
Capacity Building of Organisations	8	2	-
<b>Livelihood</b>	<b>66</b>	<b>22</b>	<b>26</b>
Empowering for employment	46	2	26
Rehabilitation and resettlement	20	20	-
<b>Grand Total</b>	<b>1,182</b>	<b>164</b>	<b>183</b>

\* Mega Vaccination drive administered over 1 million doses of Covid-19 vaccine to the beneficiaries in Pune and Aurangabad region by Bajaj Group

The beneficiaries are estimated for active projects and not necessarily for the year.

Beneficiaries are from vulnerable and marginalised groups, as all the CSR initiatives and activities taken up at the various work centres and locations benefit different segments of the society, with focus on the marginalised, poor, needy, deprived, under-privileged and differently abled persons.

For more details on the CSR initiatives undertaken during the year, [Section <Empowering society>](#)



## PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Timely and appropriate customer grievance redressal is imperative. In fact, we aim to reduce the grievances learning from our experiences, through root cause analysis. The Group's dealings with its customers are professional, fair and transparent. BFS Group has a robust customer/policy holders services governance framework and same are enumerated under the section of *Customer centricity*.

#### 2. Turnover of products and/services as a percentage of turnover from all products/service that carry information.

Transparency and fairness in dealings with customers is followed across the Group. None of the products withhold any relevant information needed by the customers to make informed decisions.

#### 3. Number of consumer complaints in respect of the following:

	FY2022			FY2021		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy						
Advertising						
Cyber-security	NIL	NIL	None	NIL	NIL	None
Restrictive Trade practices						
Unfair Trade practices						
Others	6,554	-		10,737	1	

\*Complaints mentioned above are in the operational nature of day-to-day transactions with customers

Some of the initiatives in this regard are:

- The BFS Group companies, through their charters, policies etc., communicate customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable. These emphasise our commitment to fair practices by maintaining transparency in products and services offered.
- Dedicated customer complaint reduction units are in place, to review the grievance redressal mechanism under oversight of the Boards of respective material subsidiaries.
- Customer grievances are also reviewed with focus on identification of root cause, corrective action plans and customer service initiatives.
- Detailed customer grievance handling mechanism is further enumerated under section *Customer centricity* of the Report as well as on respective company websites.

#### 4. Details of instances of product recalls on account of safety issues.

Not Applicable

#### 5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Each of the material subsidiaries in the Group has adopted an information security framework to establish, implement, monitor and constantly improve its information security posture. We focus on privacy of customer information and data security. The material subsidiaries of the Company are compliant with ISO 27001:2013 Information security management system. They also comply with the applicable regulatory framework and guidelines (viz. RBI's Master Direction – Information Technology Framework for the NBFC Sector, IRDAI's Guidelines on Information and Cyber Security for Insurers, etc.).



In case of material subsidiaries, IT Security related projects and operations are reviewed by a committee, under oversight of Board of respective companies. These committees meet at least on a half-yearly frequency. Further, dedicated teams manage cyber security programme and operations for digital initiatives. *“For more details refer Information security, cyber security and fraud controls”.*

6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

No penalties/regulatory action has been levied or taken on the above-mentioned parameters.

### Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web-link, if available).

BFS Group companies envisage to be an omnipresent financial services provider company enabling its existing and new customer to engage, transact and be serviced online to offline and vice versa.

Information relating to various financial services provided by the BFS Group is available on the Company's website, [bajajfinserv.in/corporate-bajaj-finserv](http://bajajfinserv.in/corporate-bajaj-finserv)

In addition, the Group companies actively use various social media and digital platforms to disseminate information on its products suite.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

As a responsible corporate citizen, it is imperative to not just do business with customers, but also educate them and make them more aware of what could be good or bad for them, frauds, addressing their questions on financial products, etc.

Each Group company has a mechanism to inform customers on usage of products offered. Continuous and contextual communication across the customer lifecycle through – press releases, yearly customer engagements, company website and blogs, social media campaigns, use of video content, on-ground activities, participation in insurance awareness programmes – GIC, Product awareness Campaigns, awareness campaigns during the pandemic, webinars, feature based audio-visual content for ease of understanding, etc. have helped us educate and create awareness amongst our customers and society at large.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Tech-led seamless customer experiences has been the hallmark of our businesses. Each business is unique and so is the approach towards enhancing customer experience. But the core objectives that tie them together stay the same – simplification of processes, ease of use and quick and appropriate response. The importance of *information security, cyber security and fraud controls* cannot be over-emphasised in this technological age. The need for robust control over these areas find a dominant place in our information technology framework. These controls obviate disruptions and security threats endangering loss of customer data and disruption in business operations.

All material subsidiaries have BCP, aligned strategies and framework and framework which is also compliant with applicable regulatory requirements. BCP envisages the likely disruptive events, their probability and impact on business operations which is assessed through business impact analysis

During the year, there were no major disruptions of critical services of the Group. Owing to Covid-19 related disruptions, customers were intimated of the same through the call centres, electronic communications or through the Group's website. The digital/online portals also ensured that customers could continue to be served during the lockdowns.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Transparency and fairness in dealings with customers is followed across the Group. None of the products withhold any relevant information needed by the customers to make informed decisions.



P1 The BFS Group companies through their charters, policies, etc. communicate the customer rights, company  
P2 commitments, grievance redressal mechanism and ombudsman scheme, as applicable which emphasise our  
commitment to fair practices by maintaining transparency in products and services offered.

P3 [Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the  
P4 entity, significant locations of operation of the entity or the entity as a whole? \(Yes/No\)](#)

P5 Yes. The material subsidiaries carry out various surveys on regular basis for continuous listening to customers and  
driving continuous transformation to provide them a frictionless experience.

P6 5. [Provide the following information relating to data breaches:](#)

P7 a. [Number of instances of data breaches along with impact -](#)

P8 None

P9 b. [Percentage of data breaches involving personally identifiable information of customers -](#)

None. The Group has not witnessed any instances of data breaches during the year.



## Mapping UN SDG Goals

### We have mapped our initiatives under the BRSR principles to the United Nations Sustainable Development Goals

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



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



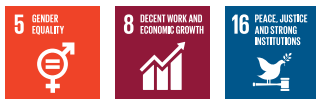
Principle 3 : Businesses should respect and promote the well-being of all employees, including those in their value chains



Principle 4 : Businesses should respect the interests of and be responsive to all its stakeholders



Principle 5 : Businesses should respect and promote human rights



Principle 6 : Businesses should respect and make efforts to protect and restore the environment



Principle 7 : Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



Principle 8 : Businesses should promote inclusive growth and equitable development



Principle 9 : Businesses should engage with and provide value to their consumers in a responsible manner



## Introduction

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finserv Limited ('the Company' or 'Bajaj Finserv', Corporate Identification Number: L65923PN2007PLC130075) to carry out an independent verification of Bajaj Finserv Group's Scope 1, Scope 2 and Scope 3 Greenhouse Gas Emissions (the 'GHG Emissions') data in spreadsheets and for its seven (7) subsidiaries and two (2) joint ventures sites for the period 1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021 and 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022. This verification has been carried out as part of the overall work of assurance of Bajaj Finserv's Business Responsibility and Sustainability Reporting for FY 2021-22 and other disclosures as applicable.

The Company has prepared its GHG emissions based on the requirements set out in Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised edition) published by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) to calculate its GHG emissions and reported in the Business Responsibility and Sustainability Reporting as mandated under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The verification provides a limited level of customized engagement as per DNV's VeriSustain<sup>TM1</sup> protocol, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised\* for Defining Report Content and Quality. This verification applies a ±5% uncertainty threshold towards errors and omissions.

Bajaj Finserv Group is responsible for the collection, analysis, aggregation, preparation (conversion factors, assumptions, methodology, calculations) and presentation of GHG Emissions as part of its sustainability disclosures. Our responsibility of performing this work is to the management of Company and in accordance with terms of reference agreed with the Company. The verification engagement is based on the assumption that the data provided to us is complete, sufficient, true and free from material misstatements. DNV disclaims any liability or co-responsibility for any decision a person or entity would make based on this verification statement. The verification was carried out from March 2022 to May 2022 by a team of qualified sustainability and GHG assessors.

## Scope, Boundary and Limitations of Verification

The scope of work agreed upon with Company includes verification of its GHG emissions as below:

- Scope 1 emissions arising from stationary and mobile combustion of fossil fuels – Diesel and Petrol. Fugitive emissions from the leakage of refrigerants
- Scope 2 emissions arising from consumption of purchased electricity from the grid.
- Scope 3 emissions arising from employee commute, business travel (air, train and road), shared diesel generators, freight goods and hotel stay.

The operational boundary selected for reporting and the consolidation approach is based on operational control criterion adopted by Bajaj Finserv Limited and includes the following seven subsidiaries and two joint ventures in India:

- Bajaj Finserv
- Bajaj Finance Limited
- Bajaj Allianz General Insurance Company Limited
- Bajaj Allianz Life Insurance Company Limited
- Bajaj Housing Finance Limited
- Bajaj Finserv Direct Limited
- Bajaj Finserv Health Limited
- Bajaj Financial Securities Limited
- Bajaj Allianz Financial Distributor Limited & Bajaj Allianz Staffing Solutions Limited

The subsidiaries Bajaj Finserv Mutual Fund Trustee Limited, Bajaj Finserv Asset Management Limited and Bajaj Finserv Ventures Limited of Bajaj Finserv Group does not form part of boundary for verification.

We did not come across any limitations to the agreed scope of work except the use of default values to calculate GHG emissions.

*The VeriSustain protocol is available on request from [www.dnv.com](http://www.dnv.com)*

*\* Assurance Engagements other than Audits or Reviews of Historical Financial Information.*



## Verification Methodology

The verification was conducted by DNV in accordance with the requirements as set out in VeriSustain for a limited level of verification while adopting a risk-based approach and selection of samples. We carried out the following activities:

- Desk review of the Company's emissions data for FY 2020-21 and FY 2021-22 provided in spreadsheets.
- Review of activity data and related evidence maintained in corresponding dashboard systems.
- Interaction with key managers and data owners to review data consolidation systems of the Company and sampled operational sites including reviews of emission factors and assumptions used for calculations.
- Remote verification of activity data and sample evidence related to the following sampled subsidiaries that is, Bajaj Finserv Limited, Bajaj Allianz General Insurance Company Limited and Bajaj Allianz Life Insurance Company Limited
- Review of the consolidated GHG emissions data in order to calculate the total emission of Bajaj Finserv Group for all subsidiaries and joint ventures with the corresponding environment and sustainability teams.

Due to the outbreak of the COVID-19 pandemic and related travel restrictions, we carried out remote assessments following DNV's remote audit methodology, as one-to-one discussions and onsite location audits were not feasible.

## Conclusion

On the basis of our verification methodology and scope of work agreed upon, nothing has come to our attention to believe that the GHG data (absolute emissions) as below are not a correct representation of Bajaj Finserv Limited's GHG emissions data during FY 2020-21 and FY 2021-2022:

Emissions for FY 2020-21									
Indicator	Bajaj Finserv	Bajaj Finance Limited	Bajaj Allianz General Insurance Company Limited	Bajaj Allianz Life Insurance Company Limited	Bajaj Housing Finance Limited	Bajaj Finserv Direct Limited	Bajaj Finserv Health Limited	Bajaj Financial Securities Limited	Bajaj Financial Securities Limited & Bajaj Allianz Staffing Solutions Limited
Scope 1 Emissions (tCO <sub>2</sub> e)	125.74	6,370.37	823.98	2,544.35	405.52	79.04	8.76	29.09	-
Scope 2 Emissions (tCO <sub>2</sub> e)	380.16	15,884.54	1,949.97	4,711.04	1,463.25	84.88	14.78	53.85	-
Scope 3 Emissions (tCO <sub>2</sub> e)	46.72	2,247.18	381.93	706.32	190.63	100.61	14.69	28.90	0.31
Total (tCO <sub>2</sub> e)	552.62	24,502.09	3,155.88	7,961.71	2,059.40	264.53	38.23	111.84	0.31

Emissions for FY 2021-22									
Indicator	Bajaj Finserv	Bajaj Finance Limited	Bajaj Allianz General Insurance Company Limited	Bajaj Allianz Life Insurance Company Limited	Bajaj Housing Finance Limited	Bajaj Finserv Direct Limited	Bajaj Finserv Health Limited	Bajaj Financial Securities Limited	Bajaj Financial Securities Limited & Bajaj Allianz Staffing Solutions Limited
Scope 1 Emissions (tCO <sub>2</sub> e)	131.96	7,534.01	1,109.32	2,891.2	729.92	92.51	17.86	78.46	-
Scope 2 Emissions (tCO <sub>2</sub> e)	418.51	16,903.18	3,885.05	3,783.67	1,500.20	93.18	36.94	212.74	-
Scope 3 Emissions (tCO <sub>2</sub> e)	31.55	5,361.99	1,507.21	2,441.44	389.71	118.18	22.10	47.25	3.44
Total (tCO <sub>2</sub> e)	582.02	29,799.18	6,501.58	9,116.31	2,619.83	303.87	76.90	338.46	3.44

Note 1: The average retail price of diesel and petrol used for calculating DG set consumption and owned diesel & petrol cars consumption is based on the data provided by Petroleum Planning and Analysis Cell data, Ministry of Petroleum and Natural Gas dated 17-March 2022.



Note 2: The Guest House facility commonly shared between Bajaj Allianz General Insurance Company Limited & Bajaj Allianz Life Insurance Company Limited, associated electricity and LPG consumption is apportioned equally between both subsidiaries

Note 3: The car hire charges for Bajaj Allianz General Insurance Company Limited is calculated based on the existing contract charges (80 km / 8hrs and 300 km /day for outstation package) rather than actual km travelled.

Note 4: The bifurcation of total fuel reimbursement amount claimed in Bajaj Allianz General Insurance Company Limited are based on the assumption 30% and 70% for 2 Wheelers and 4 Wheelers respectively and 65% and 35% for consumption of petrol and diesel respectively.

Note 5: The average mileage of Company Owned Vehicles – Diesel for Bajaj Finance Limited – CF is assumed as 11 km / litre.

Note 6: The emission factor associated with all fuel types was obtained from UK Government GHG Conversion Factors for Company Reporting

Note 7: Emissions factors for purchased electricity - Grid Emission factor based on weighted average factor of 0.79 tCO<sub>2</sub>/MWh from the CO<sub>2</sub> Baseline Database for the Indian Power Sector User Guide Version 16.0 March 2021.

### Summary of Emissions:

Indicator	Factors	Emissions for FY 2020-21 (tCO <sub>2</sub> e)	Emissions for FY 2021-22 (tCO <sub>2</sub> e)
<b>Scope 1 Emissions</b>	a) LPG used for cooking, b) diesel generators, c) company owned vehicles, d) CO <sub>2</sub> release due to use of fire extinguishers and e) Refrigerant release in air conditioners and refrigerators.	10,386.86	12,585.24
<b>Scope 2 Emissions</b>	Purchased electricity from the grid	24,542.46	26,833.47
	<b>Total Scope 1 &amp; Scope 2 Emissions</b>	34,929.32	39,418.71
<b>Scope 3 Emissions</b>	a) Purchased goods and services; b) Fuel and energy related activities; c) Upstream transportation of products; d) Waste generated in operations; e) Business travel; f) Employee commute; g) Upstream leased assets; h) Downstream transportation & distribution; i) End of life treatment	3,717.29	9,922.87
	<b>Total Scope 1, Scope 2 &amp; Scope 3 Emissions</b>	38,646.62	49,341.58

### DNV's Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct<sup>1</sup> during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. DNV did not provide any services to Bajaj Finserv and its subsidiaries in the scope of verification during FY 2020-21 and FY 2021-22 that could compromise the independence or impartiality of our work.

For DNV Business Assurance India Private Limited,

<p><b>Lankalapalli, Bhargav</b></p> <p>Digitally signed by Lankalapalli, Bhargav Date: 2022.05.31 13:07:20 +05'30'</p> <p>Bhargav Lankalapalli Lead Verifier DNV Business Assurance India Private Limited, India.</p>	<p><b>Vadakepatth, Nandkumar</b></p> <p>Digitally signed by Vadakepatth, Nandkumar Date: 2022.05.31 13:33:32 +05'30'</p> <p>Vadakepatth Nandkumar Technical Reviewer DNV Business Assurance India Private Limited, India.</p>
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Mumbai, India, 31<sup>st</sup> May 2022.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>1</sup> [DNV corporate governance & code of conduct - DNV](#)







ESG is not just the right thing to do, it is what will shape a better tomorrow for all!



**Corporate Governance**



**Reaching Financial Services to Millions of Indians**



**Preserving and Protecting Environment**



**Empowering Society**



**Customer Centricity**



**Human Capital Management**



**Information Security, Cyber Security and Fraud Controls**



**Stakeholder Engagement**



[www.bajajfinserv.in](http://www.bajajfinserv.in)