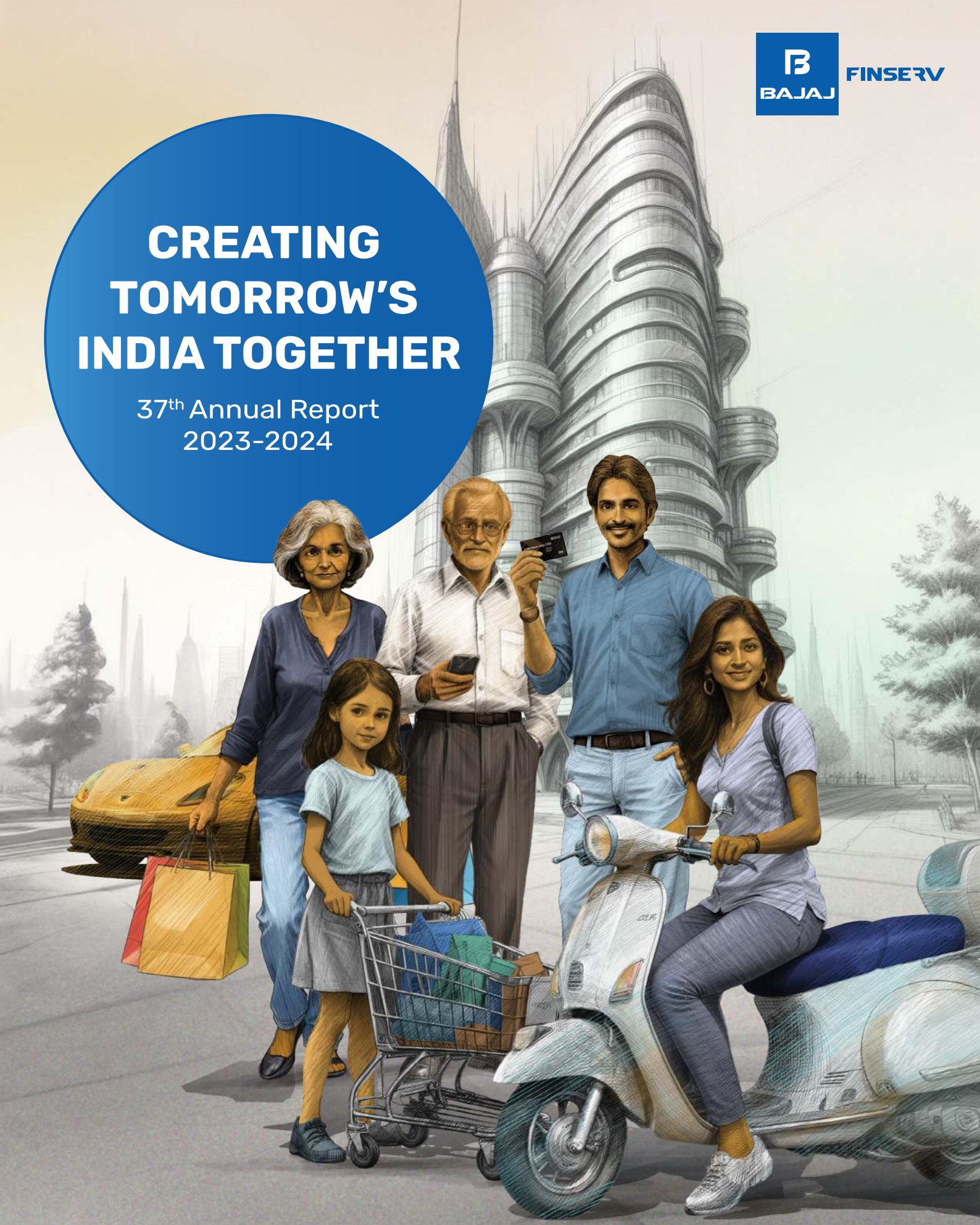
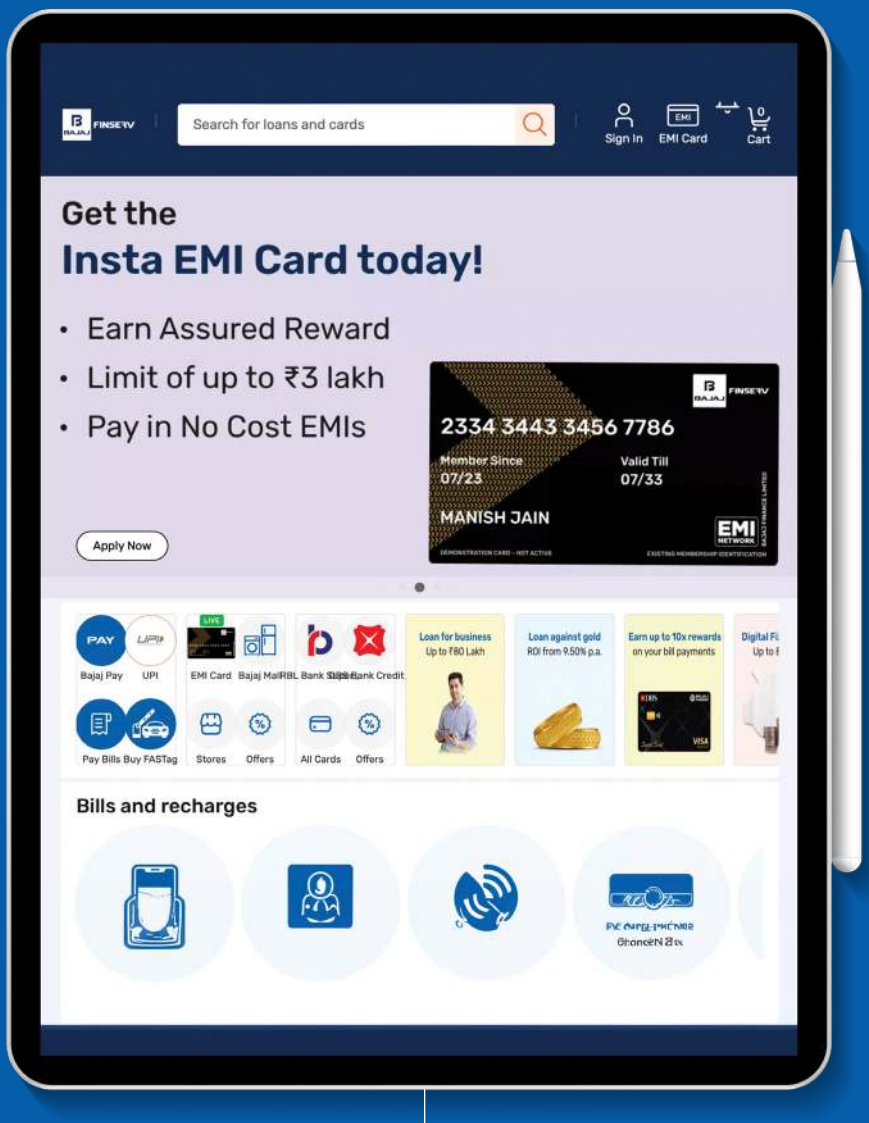
BAJAJ FINSERV

CREATING TOMORROW'S INDIA TOGETHER

37th Annual Report
2023-2024



BAJAJ FINANCE LIMITED



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For more information visit our website:
https://www.aboutbajajfinserv.com/finance-about-us

ABOUT BAJAJ FINANCE

Bajaj Finance Ltd. is one of India's leading and most diversified financial services companies.

At the heart of our business lie tech-driven innovation and financial inclusion. Over 17 years, Bajaj Finance has enabled India's growing mass affluent and middle-class population to fulfil aspirations by providing access to an extensive range of financial solutions. Since inception, the Company has leveraged technology to launch 26 product lines and 51 product variants for retail, MSME and commercial consumers, with major product innovations such as the EMI card and Flexi.

Customers
83.64
million

Locations
4,145

Employees
53,782

AUM
₹330,615
crore

Product Groups

- Consumer Lending
- Mortgages
- Personal Loan
- SME Lending
- Gold Loan
- Auto Financing
- Loan against Securities
- Rural Lending
- Commercial Lending
- Micro-finance Lending
- Public and Corporate Deposits
- Partnerships and Services

OUR BUSINESS CONSTRUCT



Ambition

To be a leading payments and financial services company in India with a customer franchise of over 150 million, market share of 3% of payments Gross Merchandise Value (GMV), 3%-4% of total credit in India and 4%-5% of retail credit in India.



Strategy

To be an omnipresent financial services company spanning across all consumer platforms – physical, app, web, social, rewards and virtual.



Approach

To acquire customers and cross-sell payments, assets, deposits, insurance, investments, and broking products to efficiently meet their financial needs across all consumer platforms.



Philosophy

To build businesses with a long-term view anchored on prudence and risk management to deliver 'through the cycle' return on equity of 21-23%.



Market share

To deliver sustainable growth and endeavour to be among the top five in respective product and sector.



Profit share

To focus on profitable growth and endeavour to be among the top 20 profit-making companies in India and top five in financial services companies in India.



Customer share

To grow BFL share of customer's wallet by offering all products and services in a frictionless manner and deliver highest Customer Satisfaction (CSAT) score and Products Per Customer (PPC).



Technology and data-first

To create technology and data-first as an organisation culture to solve all problems. Be an early adopter and invest in emerging technologies and data practices to deliver sustained growth, superior customer experience, improved productivity, and robust controllership.

FY2024 HIGHLIGHTS: OUR YEAR IN REVIEW

Financial

₹ 330,615 crore ↑ 34%
AUM

₹ 14,451 crore ↑ 26%
Profit after Tax

₹ 60,151 crore ↑ 35%
Deposits

Net NPA
0.37%
Best ever

Gross NPA
0.85%
Best ever

↑ YOY Growth

Omnipresence metrics

52.41 million
Net Bajaj Finserv app installs

198,250+
Active distribution points

4,145
Locations

24.78 million
UPI handles

₹ 11,700 crore
Personal loans disbursed on Bajaj Finserv app

Social

99,000+
Youth skilled for employment and enterprise

19,000+
Beneficiaries of Women Empowerment programmes

4.92+ lakh
Beneficiaries of child health, education and protection projects

100
Microfinance branches opening

Environment

626.8 kilowatt
Capacity of solar panels installed

~3.45 lakh
Saplings planted

20 E-Vehicles
Introduced for inter-office shuttle services

54,000+ E-Vehicles
Financed

CHAIRMAN'S LETTER



> We have crafted a visionary blueprint (Long-Range Strategy) for the next decade that reshapes our ambition, strategy, approach, and goals of customer share, market share and profit share. The blueprint envisages your Company to become a dominant payments and financial services company in India over the medium term.

Sanjiv Bajaj
Chairman

Dear Shareholder,

Last year, I discussed your Company's implementation of its Omnichannel strategy. I am happy to share that your Company has made substantial progress across all aspects of this strategy. This has enabled customers to move between online and offline and vice versa in a frictionless manner, accelerated business operations and resulted in significant reductions in process complexities and operational costs. Thanks to this strategy, your Company has rapidly ascended to become the largest private sector non-banking financial company in India. I extend my heartfelt congratulations to everyone involved. However, we must continue to strive for excellence as there is still a lot to accomplish.

Where do we go from here? We have crafted a visionary blueprint (Long-Range Strategy) for the next decade that reshapes our ambition, strategy, approach, and goals of customer share, market share and profit share. The blueprint envisages your Company to become a dominant payments and financial services company in India over the medium term. You can find detailed insights into this plan in the Management Discussion and Analysis (MD&A) section. I am tremendously excited about this blueprint—it is bold and ambitious, yet achievable.

This blueprint anticipates rapid growth for India. In FY2024, India's real GDP is expected to comfortably surpass 7% annually, or 12% in nominal terms. Assuming no major unforeseen disturbances occur, I foresee similar growth rates for FY2025 and FY2026. Structural reforms, deregulation, robust infrastructure investments and a vibrant financial sector will be key to achieving these growth rates.

The financial sector is crucial and indispensable for any nation state that aims to achieve robust economic growth. That applies to India too. Banks and Non-Banking Financial Companies (NBFCs) in India are very well positioned to play that role. With robust loan and deposit growth and low levels of bad loans as of FY2024, banks and NBFCs can invest in creating new products, delivery channels and outreach to serve the increasing financial services needs of India.

Now, let me discuss NBFCs. NBFCs have become key players in India's financial sector, supplementing banks by filling the credit gap for under-served segments and Micro, Small, and Medium Enterprises (MSMEs). With a deep understanding of local markets and a strong drive for innovation, NBFCs have advanced credit dissemination, offering customised products and services at a reasonable cost. NBFC sector AUM is estimated at US$ 326 billion as of FY2023, reflecting their increasing role in meeting the needs of growing India. This performance shows the sector's strength and its vital contribution to India's economic growth.

Your Company had yet another strong year exhibited in superior financial results. In FY2024:

- Customer franchise grew by 21% to 83.64 million
- Number of new loans booked was 36.20 million
- Number of customers on Bajaj Finserv App was 52.41 million
- Assets under management (AUM) increased by 34% to ₹ 330,615 crore
- Net interest income (NII) increased by 29% to ₹ 29,582 crore
- Net total income (NTI) increased by 26% to ₹ 36,258 crore
- Total operating expenses (Opex) grew by 22% to ₹ 12,325 crore
- Opex to Net Total Income (NTI) stood at 34%
- Pre-impairment operating profit increased by 28% to ₹ 23,933 crore
- Impairment on financial instruments increased by 45% to ₹ 4,631 crore
- Profit before tax (PBT) increased by 24% to ₹ 19,310 crore
- Profit after tax (PAT) increased by 26% to ₹ 14,451 crore
- Capital adequacy ratio as on 31 March 2024 was 22.52%, Tier-I adequacy was 21.51% including CET1 ratio of 21.32% which are well above the RBI norms.

CHAIRMAN'S LETTER (Contd.)

However, FY2024 also presented a challenge for your Company, as RBI advised halting sanction and disbursal of two product lines due to certain deficiencies related to Key Fact Statement (KFS). Since then, the Company has complied with the necessary corrections and has formally requested a review and removal of these restrictions. Your Company remains fully committed to maintaining highest standards of compliance and regulatory adherence.

Let me now talk about your Company's subsidiaries. Bajaj Housing Finance Ltd. (BHFL), one of India's leading housing finance companies, also had a strong year. In FY2024, its total AUM increased by 32% to ₹ 91,370 crore; PBT rose by 27% to ₹ 2,161 crore; and PAT increased by 38% to ₹ 1,731 crore. Its GNPA and NNPA ratios at 0.27% and 0.10% bps are amongst the lowest in the industry.

Though significantly smaller than Bajaj Finance and BHFL, your Company's other subsidiary, Bajaj Financial Securities Ltd. (BFinsec) which is registered with the SEBI as a stockbroker and depository participant, has also done well. With an AUM of ₹ 3,817 crore, it generated revenue of ₹ 486 crore, PBT of ₹ 71 crore and PAT of ₹ 56 crore.

While we continue to build large and profitable businesses, your Company also cares deeply about Environmental, Social and Governance (ESG) practices. Our ESG theme is 'A Legacy of Responsibility'. To fulfill this vision, your Company has created a comprehensive framework for Responsible and Sustainable Business conduct. It covers corporate governance, financial inclusion, environment conservation and protection, social empowerment, customer orientation, human capital management, cyber security, and stakeholder management.

Your Company remains very excited about its long-term growth prospects. It remains committed to continuous transformation, excellent customer service and fostering a supportive and dynamic work environment, all leading to higher shareholder value creation.

To prepare your Company to achieve its long-term growth objectives, the Board of Directors, has approved the promotion of Anup Saha, Executive Director as Deputy Managing Director and the appointment of three Chief Operating Officers. I wish them all the very best in their elevated roles.

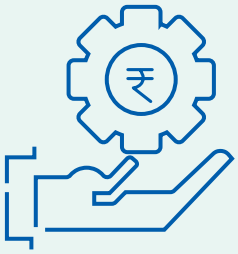
Finally, what are my thoughts about the near future? The economic future of India looks good. As does that of your Company. I am positive that with our dedicated management team and deep digital empowerment, we will see even better years ahead.

As always, thank you for your support. We truly appreciate it.

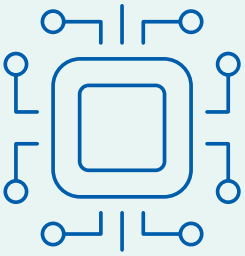
Yours sincerely,

Sanjiv Bajaj
Chairman

WHAT WE STRIVE FOR



Highly diversified financial services strategy with an optimal mix of risk and profit to deliver a sustainable business model



Technology and analytics driven, using emerging digital technologies to transform into a customer-centric digital enterprise



Customer centric approach focused on servicing all financial services needs of customers



Continuous innovation for frictionless customer experiences



Committed to make a meaningful difference to society and environment

OUR LEADERSHIP

DEEPAK BAGATI
Chief Operating Officer
& President - Debt Management Services

MANISH JAIN
Managing Director, Bajaj Financial Securities Limited

ANURAG CHOTTANI
Chief Operating Officer
& Chief Technology Officer

RAJEEV JAIN
Managing Director

ATUL JAIN
Managing Director, Bajaj Housing Finance Limited

ANUP SAHA
Deputy Managing Director

SANDEEP JAIN
Chief Operating Officer
& Chief Financial Officer

SANJIV BAJAJ
Chairman

CORPORATE INFORMATION

Board of Directors

Sanjiv Bajaj
Chairman

D J Balaji Rao
(up to 28 November 2023)

Dr. Naushad Forbes

Anami N Roy

Pramit Jhaveri

Dr. Arindam Bhattacharya

Radhika Haribhakti

Rajiv Bajaj

Rajeev Jain
Managing Director

Anup Saha
Deputy Managing Director
(w.e.f. 1 April 2024)

Rakesh Bhatt
(up to 31 January 2024)

Audit Committee

Anami N Roy
Chairman

Dr. Naushad Forbes

Pramit Jhaveri

Dr. Arindam Bhattacharya

Stakeholders Relationship Committee

Radhika Haribhakti
Chairperson

Dr. Arindam Bhattacharya

Sanjiv Bajaj

Nomination and Remuneration Committee

Radhika Haribhakti
Chairperson

Anami N Roy

Sanjiv Bajaj

Corporate Social Responsibility Committee

Dr. Naushad Forbes
Chairman

Sanjiv Bajaj

Rajeev Jain

Risk Management Committee

Directors

Pramit Jhaveri
Chairman

Anami N Roy

Sanjiv Bajaj

Rajeev Jain

Senior Executives

Sandeep Jain

Deepak Bagati

Fakhari Sarjan

IT Strategy Committee

Directors

Dr. Naushad Forbes
Chairman

Sanjiv Bajaj

Rajeev Jain

Senior Executives

Anurag Chottani

Rajendra Bisht

Mudit Mehrish
(w.e.f. 25 April 2024)

Customer Service Committee

Pramit Jhaveri
Chairman

Dr. Naushad Forbes

Sanjiv Bajaj

Rajeev Jain

Strategic Investment Committee

Pramit Jhaveri
Chairman

Anami N Roy
Radhika Haribhakti
Sanjiv Bajaj

Chief Financial Officer

Sandeep Jain

Company Secretary

R Vijay

Joint Statutory Auditors

Deloitte Haskins & Sells
G. M. Kapadia & Co.

Secretarial Auditor

Shyamprasad D Limaye

Bankers

State Bank of India
Bank of Baroda
HDFC Bank
Punjab National Bank
ICICI Bank
Canara Bank
Union Bank of India
IndusInd bank
Axis Bank
Bank of India

Share Transfer Agent

KFin Technologies Ltd.

Unit: Bajaj Finance Ltd.
Selenium Building, Tower-B,
Plot No 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi
Telangana-500 032
Toll free no.: 1800 309 4001

Email ID: einward.ris@kfintech.com

Website: https://www.kfintech.com/

Debenture Trustee

Catalyst Trusteeship Ltd.

GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road, Pune–411 038
Tel No.: (020) 66807200

Email ID: dt@ctltrustee.com

Website: https://catalysttrustee.com/

Registered Office

Akurdi, Pune–411 035

Corporate Office

4th Floor, Bajaj Finserv Corporate
Office, Off Pune–Ahmednagar Road,
Viman Nagar, Pune–411 014
Tel No.: (020) 71576403

Website: https://www.aboutbajajfinserv.com/finance-about-us

CIN: L65910MH1987PLC042961

ESG HIGHLIGHTS OF FY2024

Being Socially and Environmentally Conscious

Our Responsible and Sustainable Business Conduct policy is aligned with the National Guidelines on Responsible Business Conduct as well as our business model. Our ESG framework is based on eight pillars:



Governance

Conduct and govern business with integrity in a manner that is ethical, transparent and accountable



Financial Inclusion

Provide access to relevant and affordable financial products and services that meet the needs of the larger society



Preserving and Protecting the Environment

Strive to adopt environmental practices and processes that minimise/eliminate the adverse impact on environment due to company operations



Human Capital Management

Create a thriving, safe and inclusive workplace for employees and provide merit-based opportunities for professional development and growth

Customer Centricity

Innovate/invest in products, technologies and processes that enhance customer experience and promote professional, fair and transparent dealings



Information & Cyber Security

Adopt robust information security, cyber security and fraud control practices



Empowering Society

Promote social welfare activities for inclusive growth, equitable development, and well-being of society



Stakeholder Engagement

Engage with relevant stakeholders for enhancing sustainable and responsible business practices

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236 lakh
New-to-credit customers added in the last six years

53,000+
Students benefitted through Certificate Programme in Banking, Finance & Insurance (CPBFI)

6 lakh
Trees saved by reducing 505 crore paper sheets

'Most Committed to ESG' Award
in India 2024 in Bronze category by FinanceAsia

OUR SOCIAL RESPONSIBILITY INITIATIVES

Bajaj Beyond: Empowering India's Youth with Employability & Entrepreneurship



Launch of CPBFI batch at Indrayani College, Talegaon, Pune

Under Bajaj Beyond, the Group has committed ₹ 5,000 crore to social impact initiatives over 5 years which will benefit over 2 crore youth. It will enable young aspiring students to take advantage of employment and entrepreneurial opportunities offered by India's growing economy.

Skilling has been central to our social impact programmes. It has a multiplier effect on the wellbeing of youth and their families.

Drawing inspiration from the teachings and life of the founder of the Bajaj Group, Jamnalal Bajaj, the Group launched Bajaj Beyond, the Group's new identity for all its Corporate Social Responsibility (CSR) and charitable programmes, with a sharp focus on skill development.

Under Bajaj Beyond, the Group has committed ₹ 5,000 crore to social impact initiatives over 5 years which will benefit over 2 crore youth. It will enable young aspiring students to take advantage of employment and entrepreneurial opportunities offered by India's growing economy.

Bajaj Finance is an integral part of Bajaj Beyond and this offers us an opportunity to make a positive difference to people's lives while also enhancing India's young talent.

Empowering Today's Youth through Skilling

At Bajaj Finance, our social investments are dedicated to India's next generation – its children and youth, in the areas of skilling, child education, child health, child protection, and inclusion for Persons with Disabilities. These are either self-implemented or carried out in collaboration with non-profit organisations.

Under skilling, a significant initiative is our self-implemented flagship skilling programme – Certificate Programme in Banking, Finance, and Insurance (CPBFI). The programme equips young graduates, especially first generation graduates from tier-2 and tier-3 cities with the knowledge, skills and attitude required for securing employment in the banking, insurance and financial services industry. The programme works to bridge the skilling gap, by linking industry with academia.

CPBFI offers training modules co-designed by industry experts and spans 410 colleges with over 240 trainers across 22 states. The 100-hour programme combines experiential learning with insights from corporate trainers and finance experts, covering technical skills and 20+ workplace skills. CPBFI also emphasises the right attitude using psychology-based tools.

99,000+
Youth skilled cumulatively through self-implemented and grant-making initiatives

FY2024 was a milestone year as Bajaj Finserv partnered with the National Skill Development Corporation (NSDC) and the All India Council for Technical Education (AICTE), under the aegis of the Ministry of Education, to provide joint certification to students completing the programme. As part of the partnership, Bajaj Finserv, jointly with the Ministry of Education, launched Project Odiserv in Odisha, introducing the programme in 60 colleges, spanning 11 cities and 10 districts of the state. Subsequent job fairs at key locations in the state enabled students to secure employment opportunities.

Bajaj Finserv has also received a Letter of Intent from the National Council for Vocational Education and Training (NCVET), recognising the company as a Dual Awarding Body. This enables further collaborations and engagements to provide accredited skilling programmes.

Bajaj Finserv also works with several non-profit organisations to provide skill development programmes and vocational training to enable youth to enhance their income through employment or enterprise. The interventions are deeply intertwined with our focus areas and designed to address need gaps. The initiative in this space includes sector-specific or need-based training, healthcare capacity-building, enhancement of teaching skills, women empowerment through skilling and skill development for persons with disabilities.

33,537
Children benefitted from health interventions



11-year-old Umera Faisal Shaikh from Mumbai smiles after successful cleft lip surgery support by Bajaj Finance Ltd. in partnership with Smile Train

Enabling Holistic Development of Children and Youth

Protecting and enhancing the wellbeing of children is central to our social impact programmes. We support child health, child education, child protection and inclusion of persons with disabilities, in collaboration with several grassroots-level organisations.

Under child health, we provide financial assistance to children affected by mainly heart conditions, cancer, cleft lip/palate, Type 1 diabetes and epilepsy. This also includes our strategic project - Maha Smiles—Cleft Care for Every Child – which creates awareness, identifies and offers timely treatment to underprivileged children affected by cleft conditions in Maharashtra. So far, 33,537 children have benefitted from these interventions.

In the child education space, we focus on digital learning interventions, foundational learning (FLN), mental health programmes, early childhood education, vocational trainings, scholarships, after-school support etc.

4.44+ lakh
Children benefitted from the education initiatives

Considering that many children face the risks of trafficking, abuse, child labour, legal conflicts, or juvenile delinquency, we supported 14,582 children under interventions for child protection such as childcare, adoption and daycare, rescue and regeneration, learning centre, aftercare and awareness.

Persons with disabilities often face multiple challenges and limited opportunities. Our programmes are directed towards rehabilitating individuals with physical, intellectual, and learning disabilities to facilitate their inclusion into mainstream society. Our interventions comprise early rehabilitation, educational, medical and community rehabilitation, provision of residential homes and accessible infrastructure support.

99,000+
Individuals with disabilities benefitted from the programmes

MANAGEMENT DISCUSSION AND ANALYSIS

Bajaj Finance Ltd. ('BFL', 'Bajaj Finance', or 'the Company') is a subsidiary of Bajaj Finserv Ltd. It is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI) and is classified as an NBFC-Investment and Credit Company (NBFC-ICC). Since 30 September 2022, it has been categorised as an upper layer NBFC (NBFC-UL) pursuant to the Scale Based Regulation (SBR) put forth by the RBI.

BFL is engaged in the business of lending, partnership and services, payments and acceptance of deposits. The Company has a diversified lending portfolio across retail, SMEs (small and medium sized enterprises), and commercial customers with significant presence in both urban and rural India. It accepts public and corporate deposits and offers a variety of financial services products to its customers.

The Company was originally incorporated as Bajaj Auto Finance Private Ltd. on 25 March 1987 as a Non-Banking Financial Company primarily focused on providing two and three-wheeler finance. It launched an initial public offering of equity shares and was listed on the Bombay Stock Exchange ('BSE') on 7 June 1994. Thereafter, it got listed on National Stock Exchange of India ('NSE') on 1 April 2003. Subsequently, the Company ventured into consumer lending, SME lending, commercial lending, rural lending, partnership and services, payments and deposits.

Bajaj Finance has two wholly owned subsidiaries. viz (i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing'), which is registered with the National Housing Bank as a Housing Finance Company (HFC); and (ii) Bajaj Financial Securities Ltd. ('BFSL', 'BFinsec', 'Bajaj Broking'), which is registered with the Securities and Exchange Board of India (SEBI) as a Stock Broker and Depository Participant.

BFL also has two associate companies: (i) Snapwork Technologies Private Ltd. ('STPL') and (ii) Pennant Technologies Private Ltd. ('PTPL'). BFL acquired a 26.53% stake on a fully diluted basis in PTPL on 19 January 2024 and hence, it has become an associate company.

Over the years, Bajaj Finance has emerged as a leading player in the country's NBFC sector. As on 31 March 2024, on a consolidated basis, it had a franchise of 83.64 million customers and its assets under management (AUM) stood at ₹ 330,615 crore. It enjoys a capital adequacy of approximately 22.52%, which is well above the RBI norms. During the financial year 2023-24 ('FY2024'), it earned a net interest income of ₹ 29,582 crore; and profit after tax of ₹ 14,451 crore.

Macroeconomic Overview

Despite three turbulent years which witnessed a global pandemic, supply chain disruptions, conflict in Ukraine, and elevated interest rates to counter high inflation, India emerged as the fastest growing major economy of the world. Notwithstanding conflicts in Europe and Gaza and rising tensions in West Asia, a global recession that experts thought was imminent has not occurred. Indeed, the key indicators have turned positive: inflation is falling across all major countries; unemployment has not risen as economists thought it would; and the major central banks have put an end to monetary tightening, though they have not yet begun reducing their key interest rates.

According to the IMF's World Economic Outlook (April 2024), inflation is falling faster than expected in most regions; and it has forecasted global headline inflation to fall to 5.9% in 2024 and further to 4.5% in 2025, with the possibility of the 2025 forecast being further revised downwards.

In a milieu where the IMF has projected the world's real GDP growth at 3.2% in 2024 and 3.2% in 2025, its forecasts for India are impressive: 6.8% in 2024 followed by yet another stint of 6.5% in 2025. Indeed, the IMF has placed India as the fastest growing major economy in the world.

With a fair degree of control over retail inflation despite high and growing domestic demand and significant governmentled capital expenditure, India has recorded robust growth in FY2024. The second advance estimate of national income released by the national statistics office (NSO) on 29 February 2024 has pegged real GDP growth in FY2024 to be 7.6% versus 7% (first revised estimate) in FY2023. Table 1 gives the data.

Table 1: Real Gross Domestic Product (GDP) and Gross Value Added (GVA)

	FY2021 (2nd RE)	FY2022 (2nd RE)	FY2023 (1st RE)	FY2024 (2nd AE)
Real GDP (₹ in trillion)	136.9	150.2	160.7	172.9
Real GVA (₹ in trillion)	126.8	138.8	148.0	158.3
Real GDP growth	(5.7%)	9.7%	7.0%	7.6%
Real GVA growth	(4.1%)	9.5%	6.7%	6.9%

Source: Government of India, National Statistical Office (CSO). AE denotes advance estimate, and RE denotes revised estimate.

The first three quarters of FY2024 have witnessed impressive real GDP growth. Q1, FY2024 saw 8.2% growth; this was followed by 8.1% in Q2, FY2024; and then by 8.4% in Q3, FY2024. If numbers such as these prevail in the fourth quarter, then it is safe to assume that the actual GDP growth FY2024 will comfortably exceed the second advanced estimate of 7.6%.

The major driver of growth has been the central governmentled capital expenditure. The present government had considerably raised this to counter the overall demand and GDP suppression during the pandemic; and it has continued to rely upon it as a significant component of growth. To give an example: according to the second advance estimate for FY2024, gross fixed capital formation (GFCF) is expected to contribute over 34% of the GDP in FY2024 — an impressive ratio by any standard.

India's current account deficit (CAD) for Q3 FY2024 stood at US$10.5 billion, or 1.2% of GDP versus US$11.4 billion (1.3% of GDP) in Q2 FY2024. For the first three quarters of FY2024, the CAD aggregated US$31 billion, or 1.2% of GDP — compared to 2.6% over same period of FY2023. This narrowing of the CAD was due to a fall in merchandise trade deficit, robust growth in the export of services exports and strong remittances. According to the RBI, India is the largest recipient of remittances in the world.

Consumer price inflation (CPI) moderated in first three quarters of FY2024, with average retail inflation easing to 5.5%. The decline was account of benign core (non-food, non-fuel) inflation, which reduced to a four-year low of 3.8% in December 2023. CPI was 5.1% in January 2024 and 5.09% in February 2024. The monetary policy report of the RBI dated 5 April 2024 suggests that the moderation in inflation in Q3 and Q4 FY2024 was a result of weakening of supply side shocks especially in food prices and from the transmission of past monetary policy actions. Of course, regarding inflation, adverse weather conditions and escalating geopolitical hostilities remain key risks. Nevertheless, the CPI averaged at the rate of 5.4% in FY2024, and it is fair to expect it to further reduce to something like 4.5% in FY2025 subject to, of course, the usual upside risks.

In any event, overall retail inflation is now stable and within the tolerance band of the RBI.

Chart A depicts the movement of consumer price index (CPI), wholesale price index (WPI) and the repo rate since March 2023 over the respective month.

Chart A: CPI, WPI and Repo rate (in %)



Source: Government of India (mospi.gov.in)

The RBI's Monetary Policy Report of 5 April 2024 expects India's real GDP for FY2024 will grow by 7.6% and that CPI inflation will decline from 5.4% in FY2024 to 4.5% in FY2025, with most of the decline occurring in the first half of FY2025.

Non-food credit growth of the scheduled commercial banks was 20.5% as on 23 February 2024 over 24 February 2023 versus 15.9% for the same period in the previous year. This growth was largely driven by services industry and personal loans which recorded a growth of 24% and 28.3%, respectively as on 23 February 2024 versus 20.5% and 20.6% for the same period in the previous year. Credit to industry registered a growth of 9.1% in February 2024 over the previous year against 6.8% in February 2023.

Credit to large industry rose by 7.1% versus 4.6% a year ago; to medium industries it was 12.5% as against 12.8%; to micro and small industries it was a growth of 14.7% in February 2024 as against 12.8% a year ago.

The Indian economy has weathered the external shocks reasonably well. It is by far the fastest growing major economy in the world. The growth impetus continues across all major sectors. Inflationary pressures have abated. The CAD is well under control. And, at the very least, we can expect yet another stellar year in FY2025.

NBFCs: An Industry Overview

NBFCs remain an important constituent of India's financial sector, and continue to leverage their superior understanding of regional dynamics and customised products and services to expedite financial inclusion in India. Lower transaction costs, innovative products, quick decision making, customer orientation and prompt service standards have differentiated NBFCs from banks.

Considering the reach and expanse of NBFCs, these entities are well-suited to bridge the financing gap in a large country like India. Systemically important NBFCs have demonstrated agility, innovation and frugality to provide formal financial services to millions of Indians.

The sector has undergone remarkable growth and has established itself as a significant player in the country's financial landscape. As of FY2023, the NBFC sector reached an impressive size of US$ 326 billion, underscoring its influence in the financial domain. Growth in the business of NBFCs is primarily attributed to a substantial increase in the demand for specialised financial services, particularly from Micro, Small, and Medium Enterprises (MSMEs), which typically face challenges in obtaining loans from traditional banks. Moreover, the rise of digitisation has been a driving force behind the NBFC sector's growth. Adoption of digital platforms has enabled NBFC's to broaden their customer base, streamline operations, reduce costs and enhance overall customer experience. This transformation is further accentuated by the role of emerging technologies like artificial intelligence, machine learning, robotic process automation and big data.

The latest edition of the RBI's Financial Stability Report notes that aggregate lending by NBFCs rose by 20.8% (y-o-y) in September 2023 from 10.8% a year ago, primarily led by personal loans and loans to industry. The gross non-performing assets (GNPA) and net non-performing assets (NNPA) ratios of NBFCs continued on their downward trajectory. The overall GNPA ratio in September 2023 was 4.6% versus 5.9% in September 2022; and NNPA ratio was 1.5% compared to 3.2% across the same period. Capital adequacy has also improved to 27.6% from 27.4% during this period. So too has the profitability-as evident from increase in the return on assets (RoA) to 2.9% from 2.5%.

Over the past two years, banks and NBFCs have seen rapid and persistent growth in retail loans, especially unsecured lending. Between September 2021 to September 2023, banks' retail loans grew at a compound annual growth rate (CAGR) of 25.5%, which exceeded the headline credit growth of 18.6%. Consequently, the share of retail lending in gross advances increased from 37.7% in September 2021 to 42.2% in September 2023. Alongside, unsecured retail lending grew by 27% during the same period, taking its share in total retail lending to 23.3% (or 9.8% of total gross advances of the banks).

Despite the sharp growth in retail lending, underlying asset quality has improved. The GNPA ratio of total retail advances improved to 1.6% in September 2023 from 2% in September 2022; and that of unsecured retail advances improved to 2% in September 2023 from 2.5% a year earlier.

A related development which has facilitated rapid growth in retail loans is bank lending to NBFCs, which constituted 9.9% of total bank credit at the end of June 2023. Bank lending to NBFCs increased at a CAGR of 26.3% during the past two years (i.e., from June 2021 to June 2023), which has been well above the growth of 14.8% in overall bank credit. However, such lending is mostly limited to top-rated NBFCs with close to 80% of credit given to those with AA-rating and above. Although there are no imminent signs of stress in the retail credit segment, its rapid growth amidst the disinflationary monetary policy stance raises concerns in terms of procyclicality of lending and higher debt servicing costs.

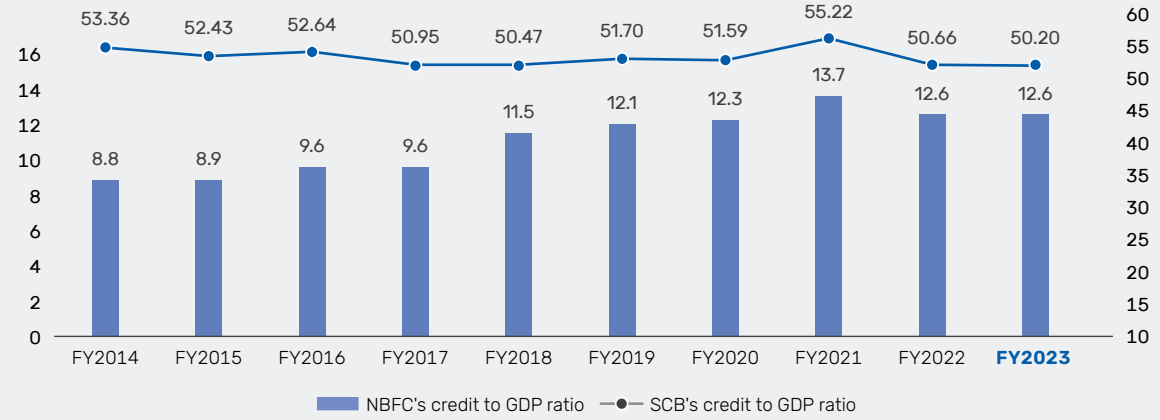
Recognising the importance of NBFCs, a series of measures have been implemented which have played an important role in strengthening the NBFCs. For instance, considering the growing size, complexity and interconnectedness of NBFCs, a revised scale-based regulatory framework has been implemented to harmonise the regulations of NBFCs with those of banks, wherever appropriate. In addition, the formal Prompt Corrective Action (PCA) framework was extended to NBFCs which enables supervisory intervention at appropriate times and requires the supervised entity to initiate and implement remedial measures in a timely manner.

As banks and NBFCs have entered into various co-lending models with divergent underwriting practices and banks have been the major lender to NBFCs, this rising interconnectedness raises risks emanating from cross-sectional dimensions. Thus, on 16 November 2023, the RBI increased risk weight on unsecured retail loans from 100% to 125% and also increased risk weight on bank exposures to NBFCs by 25% subject to a cap of 100%. The RBI's Financial Stability Report states that "the Reserve Bank took proactive regulatory measures, such as increase in risk weights on certain segments of consumer credit by banks and NBFCs as well as bank credit to NBFCs, along with a strengthening of credit standards in respect of various sub-segments under consumer credit, to prevent build-up of risks and spill-over to the wider financial system."

This decision to increase risk weights is both stability enhancing and credit positive. First, banks and NBFCs will be required to allocate higher capital for unsecured retail loans, which will improve their loss-absorbing buffers; and second, it will dampen growth exuberance among lenders and improve credit quality.

Based on Report on Trend and Progress of Banking in India 2022-23, Chart B depicts how credit as a percentage of nominal GDP of NBFCs and scheduled commercial banks has moved between FY2014 to FY2023.

Chart B: NBFC and SCB Credit as a % of GDP



This is a privileged track record despite the NBFCs being severely tested by four large external events in the last few years: (i) demonetisation, (ii) GST implementation, (iii) failure of a few large NBFCs, and (iv) the pandemic. The fact that several NBFCs have managed to overcome these stresses without a significant impact on their financial positions is a testament to their resilience and agility.

As NBFCs have become more significant, the RBI has enhanced its regulation of the sector in recent years to address the industry specific issues such as contagion risk in the financial system, oversimplified underwriting processes, concentration of credit risk, exposure towards technology related risks, etc. Accordingly, the RBI, over last few years, has issued various guidelines such as (i) vigil over asset-liability management practices, (ii) maintaining liquidity ratios, (iii) increased reporting requirements, and (iv) scale-based regulations. These have led to NBFCs adopting practices in line with banks. The regulatory vigil is based on four key cornerstones of: (i) responsible financial innovation, (ii) accountable conduct, (iii) responsible governance, and (iv) centrality of the customer.

The NBFC sector is an important stakeholder of the Indian financial sector. Strengthened regulation and enhanced oversight are in place to further strengthen the resilience of this key sector. Given this, we reiterate what we underscored in the previous year. We believe that NBFCs with superior capital adequacy, better margins, frugal cost and prudent risk management, and those incorporating above four key cornerstones in their business models will continue to deliver sustainable growth in the foreseeable future.

The Company

Bajaj Finance Ltd. ranks among the largest and most diversified NBFCs in India offering payments, partnership and services and lending solutions to customers. It has established a diversified business model which enables optimal balance of risk and profitability to deliver a sustainable business. The model is focused on acquisition of millions of customers and offering multiple loans and services on a cross-sell basis to meet their financial service needs. BFL's strategies and structure are closely aligned with the commercial banks in India. The Company is focused on continuous innovation to transform customer experience and create sustainable and profitable growth opportunities. Pursuant to scale-based regulation of the RBI, BFL and one of its subsidiaries, BHFL, are classified as upper layer NBFC since 30 September 2022 and, being upper layer NBFCs, are subject to an enhanced regulatory framework by the RBI.

BFL is present in 4,145 locations across the country, including 2,576 in rural/smaller towns and villages. Geographical expansion, large customer franchise and adoption of digital technology continue to be critical pillars of the Company's growth. It focuses on ten broad categories. These are:

(i) Consumer Lending (Sales finance)
(ii) Personal Loans
(iii) SME Lending
(iv) Auto Financing
(v) Rural Lending
(vi) Gold Loans
(vii) Commercial Lending
(viii) Loan against Securities
(ix) Deposits; and
(x) Partnerships and Services

On a consolidated basis, in FY2024, BFL delivered

- An AUM growth of 34% in FY2024 from ₹ 247,379 crore to ₹ 330,615 crore.
- Growth in profit after tax (PAT) of 26% in FY2024 from ₹11,508 crore to ₹ 14,451 crore.
- Return on average assets (RoA) of 5.08% in FY2024 and return on average equity (ROE) of 22.05%.

Despite a change in regulatory measures by the RBI where risk weights on consumer credit were increased from 100% to 125% during the year, BFL remains well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 22.52% as on 31 March 2024, making it amongst the best capitalised large NBFCs in India.

On 2 November 2023, BFL allotted 1,550,000 warrants at a price of ₹ 7,670 per warrant, on a preferential basis, to Bajaj Finserv Ltd, the promoter and holding company, on receipt of application money aggregating ₹ 297.21 crore being 25% of the total consideration. The remaining 75% of the consideration will be paid at the time of conversion of warrants into equity shares anytime within eighteen months from the date of allotment. Also, on 9 November 2023, BFL raised equity capital of ₹ 8,800 crore through the qualified institutional placement (QIP) route.

On the liability side, Bajaj Finance continues to maintain conservative liquidity buffers. The consolidated liquidity buffer was ₹ 15,668 crore as on 31 March 2024.

As on 31 March 2024, BFL's consolidated borrowings stood at ₹ 293,346 crore. In FY2024, the Company raised USD 725 million of fully hedged External Commercial Borrowings(ECB) as term loans from multiple banks under the automatic route.

BFL's consolidated average cost of funds for FY2024 was 7.74% and exit cost of fund as on 31 March 2024 was 7.83%.

As on 31 March 2024, BFL's consolidated gross NPA at 0.85% and net NPA at 0.37% are amongst the lowest in the industry. This validates the Company's deeply embedded risk culture and robust risk management practices which have ensured that despite the volatile economic environment amidst inflationary trends and rising interest rates, BFL's NPA as on 31 March 2024 stood at the best levels in its history.

As on 31 March 2024, at a consolidated level, the Company holds a management and macro-economic overlay of ₹ 300 crore for unforeseen macroeconomic events.

The consolidated performance highlights for FY2024 are given below.

Consolidated Performance Highlights, FY2024

- Customer franchise grew by 21% to 83.64 million
- Number of new loans booked was 36.2 million
- Number of customers on Bajaj Finserv App was 52.41 million
- Assets under management (AUM) increased by 34% to ₹ 330,615 crore
- Net interest income (NII) increased by 29% to ₹ 29,582 crore
- Net total income (NTI) increased by 26% to ₹ 36,258 crore
- Total operating expenses (Opex) grew by 22% to ₹ 12,325 crore
- Opex to Net Total Income (NTI) stood at 34%
- Pre-impairment operating profit increased by 28% to ₹ 23,933 crore
- Impairment on financial instruments increased by 45% to ₹ 4,631 crore
- Profit before tax (PBT) increased by 24% to ₹ 19,310 crore
- Profit after tax (PAT) increased by 26% to ₹ 14,451 crore
- Capital adequacy ratio as on 31 March 2024 was 22.52%, Tier-I adequacy was 21.51% including CET1 ratio of 21.32% which are well above the RBI norms.

The Company is optimistic about its growth potential in the future years, with its strong financial position, low NPAs, growth momentum, well provisioned balance sheet, strong capital adequacy, omnichannel business approach and strong start into FY2025.

Long Range Strategy (LRS)

BFL has a highly disciplined approach to long range strategic planning which involves a rolling five-year LRS. The strategy is evolved after analysing macroeconomic factors, industry outlook as well as technology and business megatrends. The strategic plan is then converted to an execution strategy with a rollout plan of over a 15–24 month horizon.

BFL has clearly articulated its business construct across (i) ambition, (ii) strategy, (iii) approach, (iv) philosophy, (v) market share, (vi) profit share, (vii) customer share and (viii) technology and data-first. These are defined below:

Ambition

To be a leading payments and financial services company in India with a customer franchise of over 150 million, market share of 3% of payments Gross Merchandise Value (GMV), 3%-4% of total credit in India and 4%-5% of retail credit in India.

Strategy

To be an omnipresent financial services company spanning across all consumer platforms – physical, app, web, social, rewards and virtual.

Approach

To acquire customers and cross-sell payments, assets, deposits, insurance, investments and broking products to efficiently meet their financial needs across all consumer platforms.

Philosophy

To build businesses with a long term view anchored on prudence and risk management to deliver 'through the cycle' return on equity of 21-23%.

Market share

To deliver sustainable growth and endeavour to be among the top five in respective product and sector.

Profit share

To focus on profitable growth and endeavour to be among the top 20 profit-making companies in India and top five in financial services companies in India.

Customer share

To grow BFL share of customer's wallet by offering all products and services in a frictionless manner and deliver highest customer satisfaction (CSAT) score and products per customer (PPC).

Technology and data-first

To create technology and data-first as an organisation culture to solve all problems. Be an early adopter and invest in emerging technologies and data practices to deliver sustained growth, superior customer experience, improved productivity and robust controllership.

Update on LRS FY2023 – FY2027

In January 2023, the Company unveiled its long range strategy for the period FY2023 to FY2027. In it, BFL envisaged launch of new products and new product variants, product innovations, geographical expansion, and continued enhancement of its operational capabilities to deliver robust growth. The Company also considered 15 relevant megatrends across the India Stack, Platform, Products and Technology to evaluate for implementation. The update on LRS 23-27 is as follows:

- Financing for purchase of new cars: Launched in Q1 FY2024 and now present in 108 locations.
- Micro finance: Launched in Q2 FY2024 and now present in 100 branches.
- Emerging corporate loans business: Launched in Q3 FY2024.
- Financing for purchase of tractor: Launched in Q3 FY2024 and now present in 197 locations.
- Addition of 100 locations in UP, Bihar and North-East India: Added 156 locations.
- Rewards as a platform: Scheduled to go live in Q1 FY2025
- Social platform: Scheduled to go live in Q2 FY2025
- B2B on QR and EDC: Deferred to FY2026
- Flexi on QR: Scheduled to go live in Q2 FY2025

Update on LRS FY2024 – FY2028

LRS 2024-28 envisages BFL to further expand its product stack with launch of new products, product variants and product innovations, expansion of product coverage in existing locations, increase customer footprint across all digital platforms and drive significant business volumes through digital platforms, continue to leverage megatrends to grow business, reduce friction, deliver scalability, and improve resilience. Some of the initiatives planned as part of the LRS are given below:

- On products, invest in new product lines to seize India opportunity and to grow in a sustained manner: Nine new product initiatives have been envisaged for expansion of BFL product suite. These are:
  - Assured buyback on new car – launched in FY2024.
  - Embedded Insurance – April 2024.
  - Commercial Vehicle – Q2 FY2025.
  - Bharat (affordable) Mortgages – Q2 FY2025.
  - Auto leasing – Q2 FY2025.
  - Financing for Industrial Equipment – Q3 FY2025.
  - Postpaid - Q2 FY2025.
  - Co-lending – Q2 FY2025.
  - Bajaj+ for EV (electric vehicles) – Q2 FY2025.
- On geography, strive to get all products in all locations in a sustained manner. Build significant presence in UP, Bihar and the North-East states.
- On platforms, dominate all digital platforms and deliver 25% of business volumes. The strategy is to grow from 5 million monthly downloads on the Bajaj Finserv App to 10 million; originate 1 billion organic traffic on the web; and deeply invest in marketplaces, social and rewards platforms.
- On horizontal functions, focus on solving the hardest problems across all functions to reduce friction, scalability, and resilience.
- On subsidiaries, become significant players in respective sectors. Contribute 12%-15% of retail mortgages and 50%-60% of broking accounts

The Company has also identified 10 relevant megatrends across the India Stack, Products, Technology and other areas which are being evaluated for implementation.

Omnichannel strategy

BFL is one of the largest and most diversified NBFCs in India, with 83.64 million customers. It offers a diverse suite of over 70 financial products and services focused on Consumer Lending (Sales finance), Personal Loans, SME Lending, Auto Financing, Rural Lending, Gold Loans, Commercial Lending, Loan against Securities, Deposits and Partnerships and Services. The Company has expanded its physical presence to 4,145 locations and over 1.98 lakh points of sale. It has expanded its base of merchants in the Payments business with over 3.1 million merchants. It has also rapidly expanded its presence across the digital space through the Bajaj Finserv App, the web and three proprietary marketplaces — the 'Insurance Marketplace', the 'Investment Marketplace' and the 'Bajaj Mall'. BFL has an AUM of ₹ 330,615 crore as on 31 March 2024.

The Company's strategy remains to be an 'omnipresent' financial services company dominant across all vectors of consumer presence covering physical, app, web, social and virtual platforms. The Omnichannel model has delivered a paradigm shift for the organisation, transitioning from a traditional product and process-centric framework to a customer-first strategy. This evolution is redefining every aspect of the Company's operations, placing the customer at the heart of its business reinvention.

The omnichannel strategy has six domains viz. (i) Geographic expansion, (ii) Bajaj Finserv app, (iii) Bajaj Finserv website, (iv) Payments, (v) Productivity apps, and (vi) Customer data platform (CDP). During FY2024, the Company has significantly advanced on all these domains.

- **Geographic expansion.** BFL has significantly expanded its geographic footprint, adding 412 new locations in FY2024, bringing its total presence to 4,145 locations. The company employs a strategic geographical expansion program, using GDP contribution as a key criterion for selecting new locations. A central tenet of this expansion is the "All products in All locations" strategy, which aims to augment market share growth across all products. This approach has enabled BFL to increase the number of locations offering more than 18 products to over 150, a figure that is expected to continue rising and drive growth. Additionally, BFL has broadened its gold loan business by inaugurating standalone gold loan branches, now numbering over 650 across India.
- **Bajaj Finserv App.** The Bajaj Finserv App is a cornerstone in BFL's transformation into a digital-first organisation, boasting over 52 million installations. The Company meticulously tracks over 3,500 KPIs within the app. This year marked a significant milestone with BFL conducting its inaugural Customer Experience Annual Operating Plan (AOP) for digital platforms, a move necessitated by the growing scale and intricacy of the business. A key initiative under this AOP was the unification of the App and Web into a single Digital Stack, with the strategy to equate App functionality with Web, ensuring a uniform and frictionless customer experience. The completion of the App = Web strategy is anticipated with a release in September 2024. Throughout the year, the app has seen the addition of numerous features, now totalling 704.

  In FY2024, the app played a pivotal role in BFL's growth, helping to onboard over 342,000 EMI card customers, disburse over ₹ 11,700 crore in personal loans, acquire upwards of 2.45 lakh credit cards, and facilitate over 8.2 million flexi-loan transactions. Additionally, the app attracted ₹ 293 crore in fixed deposits. It currently ranks as one of the top 8 financial services apps in Asia on the Google PlayStore.
- **Bajaj Finserv website** remains an extremely important driver of customer traffic, business volumes and service. More than 422 features are live on Web like the App. Customers can now initiate their journey on any one platform and complete the same on another without any disruptions. BFL has further strengthened its search ecosystem thereby laying a strong foundation for accommodating one billion web traffic over the medium term and its move towards 'Zero Paid' traffic. BFL's web platform played an important role with over 244 million customer visits and enabled disbursals of over ₹ 10,000 crore in FY2024. In FY2024, the web garnered over ₹ 1,200 crore of deposits.
- **Payments** is core to delivering the Omnichannel strategy. It is a tool for customers and merchants; and enables higher engagement and retention of customers on BFL's digital platforms. The Company has built a full-service payments business across all formats of issuance and acquiring with robust payments stack encompassing wallets, UPI, Bharat Bill pay service and single payment checkout gateway. In FY2024, BFL also went live with Bajaj Pay FastTag business.

As of 31 March 2024, i) 26.3 million customers have a wallet account with the Company; and ii) 24.78 million customers have a UPI handle. 27.54 million bill payment transactions were executed by the customers using BFL's bill pay service in FY2024.

As of 31 March 2024, GMV for UPI was ₹ 35,033 crore, Wallet Load at ₹ 1,962 crore and Wallet Spend at ₹ 1,920 crore.

BFL continues to enrich payments journey for customers as well as merchants and has been driving UPI payments. It has accelerated QR deployment at small and medium format merchants by mobilising its distribution channels. Bajaj Pay QR enables merchants to accept payments by way of UPI, PPI (Bajaj Pay Wallet) and Bajaj EMI (where eligible). The Company has deployed over 2.5 million merchant QRs in FY2024 with cumulative base crossing 3.1 million. BFL has also created merchant solutions and capabilities that enable merchant onboarding and single view for payments, business, marketing campaigns and rewards.

- **Productivity apps** help to improve productivity, engagement and collaboration within the BFL ecosystem. The Company has four productivity apps across its ecosystem (i) Sales One app, (ii) Debt Management Service One app, (iii) Merchant One app, and (iv) Partner One App. These help BFL leverage underlying platforms and bring a unified experience for all constituents from sales to debt management.
  - **Sales One app** acts as a single application gateway for sales teams across businesses to cater sales activities, reports and dashboards, cross-sell leads, trainings, enabling customer service, debt management service, and engagements. Several new features were added to the app in FY2024 such as market share reports, dealer onboarding, personalised notification, code of conduct and cross sell - lead capture form.
  - **DMS One app** enables the Company's debt management teams across products with a host of capabilities and features like mobile receipting, agency allocation, meeting calendars, call management and recording, repossession module, settlement workflow and letters, performance reports and others. It also enables imparting debt management and customer service related trainings and dissemination of important communication with the DMS employees and agencies resources. The app has 17,325 DMS employees and over 58,000 agents live as of 31 March 2024, and it processed 20.32 million receipts in FY2024. Apart from delivering high velocity and operating benefits, DMS One App significantly strengthens BFL's compliance and controllership.
  - **Merchant One app** enables merchants with capabilities such as self-onboarding, QR issuance and business dashboards. The app went live with onboarding journey, lifecycle management of merchants and multi-QR linking. Over 2.5 million merchants were onboarded through the app in FY2024.
  - **Partner One app** is a one stop productivity asset that enables 'Sourcing Business Partners' with end-to-end lifecycle capabilities such as onboarding, renewal, branch and associate management, case booking, transaction tracking, performance reports, query resolutions, training, payout and account management. The capability is now being used by over 50,000 users.
- **Customer data platform (CDP),** a key to the omnichannel experience. In FY2024, the Company decided to upgrade its CDP on modern big data stack and enable real time data stream, integrated visualisation and faster processing with enhanced UI experience. The new CDP has gone live for SMS (short messaging service), Email, RCS (rich communication service) and Social channels. It is being used by 180 active users. We plan to implement call centre integration by July 2024. Marketing platform supporting omnichannel which will enable cross-channel orchestration, customer communication and governance with an integrated multi-dialler by September 2024, multi-lingual architecture which will enable multi-channel orchestration, customer communication, call governance with an integrated multi-dialler by September 2024.

Table 2: Some key outcomes of the omnipresent strategy

Particulars		Unit	FY2024	FY2023
(i)	**Geography**			
	New locations added	#	412	229
	Locations as at 31 March	#	4,145	3,733
	Standalone gold loan branches as at 31 March	#	650	181
(ii)	**App metrics**			
	Downloads	# in MM	63.04	51.87
	Net Installs as at 31 March	# in MM	52.41	35.5
	In-App programs as at 31 March	#	147	104
	Service requests initiated on app	% of total SR	33.3%	22.0
(iii)	**App payments metrics**			
	UPI handles till 31 March	# in MM	24.78	12.98
	Bill pay transactions	# in MM	27.54	15.92
	QRs at merchant PoS as at 31 March	# in '000	3,140	627
	Rewards issued	# in MM	93.7	44.7
(iv)	**App business metrics**			
	EMI cards acquired on App	# in '000	342	368
	Personal loan disbursed on App	₹ in crore	11.7k	9.4k
	Credit card acquisition on App	# in '000	245.4	209.0
	Flexi loan transactions on App	# in MM	8.2	4.9
	DMS receipts on App	# in MM	4.6	3.3
(v)	**Marketplace metrics**			
	Bajaj Mall visits	# in MM	181.0	156.7
	Bajaj Mall loans	# in MM	2.2	2.4
	Insurance Bazaar - insurance policies	# in '000	893.3	294.3
	Investments Bazaar - mutual fund A/C	# in '000	190.3	73.9
(vi)	**Digital EMI card metrics**			
	EMI cards acquired digitally	# in MM	1.8	2.4
	EMI cards acquired digitally – CIF as at 31 March	# in MM	3.6	3.6
	B2B loans from digital EMI cards as at 31 March	# in MM	1.04	1.07

The Company plans to expand its footprint across another 300-350 locations to take geographical presence to 4,400 locations throughout India. On the app platform, the Company will focus on increasing the adoption of sales and service to increase online business and enhance self-service.

Business Update

In FY2024:

- BFL disbursed 36.2 million loans, representing a growth of 22% over FY2023.
- It was present in 4,145 locations across the country, including 2,576 locations in rural/smaller towns and villages.
- It operated through over 198,000 distribution points across India.
- It acquired a record 14.5 million new customers in FY2024 taking its existing customer franchise to 83.64 million as on 31 March 2024, a growth of 21% over 31 March 2023.

In FY2024, as part of its product strategy, the Company continued to expand its product offering for customers. Some of these new launches were: (i) New Car Financing; (ii) Large Corporate Lending; (iii) Emerging Corporate Lending; (iv) Micro Finance; and (v) Tractor Financing.

Consumer Lending: consumer electronics, furniture, digital products, e-commerce purchases, two-wheelers, three-wheelers and daily spends financing

BFL is the largest lender for financing of discretionary spends across consumer electronics, furniture, and digital products in India. Sales finance business consists of financing for consumer electronics, two-wheelers, digital products, lifestyle purchases, lifecare spends, retail spends and e-commerce purchases. This business is conducted under two verticals, viz. urban sales and rural sales.

Table 3: The volumes under the two verticals are tabulated below

(In millions)

Particulars	FY2024	FY2023	Growth
Urban sales finance	24.78	20.34	22%
Rural sales finance	7.68	5.84	32%
Total sales finance	**32.46**	**26.18**	**24%**

BFL's Existing Member Identification (EMI) card, with some 41 million cards-in-force, enables customers to avail instant finance after the first purchase across over 176,600 points of sale. In FY2024, EMI cards enabled BFL to finance over 13 million purchases across all sales finance categories: consumer electronics, digital products, lifestyle products, lifecare, e-commerce and other retail spends.

Bajaj Finance remained the largest financier of Bajaj Auto's two and three-wheelers in FY2024. During the year, it financed over 864,400 two-wheelers of Bajaj Auto which grew by 21% over previous year; and over 199,500 three-wheelers of Bajaj Auto which increased by 56% over the previous year. This constituted 41% and 49% of Bajaj Auto's two and three-wheelers domestic sales respectively. FY2024 was the first full financial year of operation for the non-Bajaj two-wheeler finance business. Under that business, BFL financed 242,976 two wheelers. Currently, the two-wheeler business is operational in 767 locations and servicing over 6,000 retailers and 14 OEMs.

BFL's Lifestyle Finance business provides financing facility for discretionary spends for high ticket size products and services across a wide network of over 10,600 stores in 281 locations across India. In FY2024, it financed over 7.9 lakh accounts, with a 24% Y-o-Y growth.

The Company offers financing to its existing EMI card customers for their purchases through e-commerce platforms. It financed over 2.36 million transactions in FY2024 till 15 November 2023, representing a growth of 27% versus same period previous year. On 15 November 2023, RBI directed Company to stop sanction and disbursal of 'eCom' and 'Insta EMI Card' with immediate effect.

The retail spends financing business offers easy instalment options to customers for small ticket purchases like fashion, eyewear, cycles, tyres, car accessories, vehicle servicing, power back-up and small appliances. The Company now focuses on relatively higher ticket spends which are economically more viable. This business is now operational in 126 locations with a footprint of over 50,100 urban partner stores across India. BFL financed nearly 8.88 lakh purchases in FY2024 compared to nearly 8.32 lakh in FY2023.

In FY2023, BFL launched 'Bajaj +', a novel variant in its mobile financing business to expand its reach to a larger customer segment. Initial outcomes of this variant are encouraging and should help BFL increase its customer

acquisition momentum and further its market presence in mobile financing. During FY2024, 2.72 million mobile phones purchase were financed under this variant as compared to 0.24 million in FY2023.

Personal Loans

Personal Loan Cross Sell (PLCS) business is a pre-approved loan origination programme to existing customers at BFL. It relies on risk analytics, dynamic campaign management and digital acquisition strategy. The revamped digital assets (app and web platforms) with a focus on 'Do it yourself' journey for existing customers and increased touch free acquisition has started delivering higher volume momentum. BFL has also made investments in enhancing its data analytics capabilities and identifying new opportunities in franchise.

In FY2024, BFL disbursed PLCS loans to over 1.42 million customers and delivered a 30% increase in Assets Under Management (AUM) to ₹ 37,648 crore.

BFL also offers salaried personal loans (SPL) to affluent salaried customers with average annual gross earnings of over ₹ 500,000. SPL business witnessed a commendable 29% growth in AUM to ₹ 26,251 crore. FY2024 also witnessed an overhaul of loan origination systems, underwriting processes, and loan booking mechanisms, aimed at bolstering efficiencies and augmenting customer satisfaction.

SME Lending: unsecured and secured loans to MSME and SME and loans to professionals

SME lending provides essential financial support to micro, small and medium enterprises (MSMEs), professionals and new and used car finance. BFL offers unsecured and secured loans in the form of working capital loans and term facilities to SMEs, MSMEs and professionals. Secured loans are offered against various property types including residential, commercial property and used four-wheeler. The SME lending book grew by 30% from ₹ 29,628 crore in FY2023 to ₹ 38,498 crore in FY2024.

As part of LRS strategy, BFL has started using the Account Aggregator facility for its SME business. This facility enables consent-based access to customer's banking transactions which helps better underwriting decisions, and enables the Company to hone its product offerings and credit monitoring.

For Businesses (SME and MSME)

BFL offers unsecured SME Loans to businesses across over 2,257 locations in India. Its AUM in FY2024 grew by 33% to ₹ 24,958 crore.

For Professionals

BFL offers secured and unsecured loans to doctors, chartered accountants, and other professionals consisting mainly of working capital loans and term loan facilities over 2,257 locations in India. AUM of unsecured loans to professionals grew by 22% over FY2023 to ₹ 13,031 crore.

In FY2024, medical equipment financing business gained strong traction enabled by field distribution, OEM network and dealer network. Currently the business has over 604 empanelled dealers and 35 OEMs for sourcing. This business is ancillary to the professional loans business and its AUM grew by 61% at ₹ 495 crore in FY2024.

For Tractor Financing

In FY2024, BFL commenced tractor financing business under SME lending. AUM of tractor financing stood at ₹ 26 crore.

Secured loans to SME and MSME customers

BFL offers secured loans to SME and MSME customers against residential property, commercial property and used four-wheeler. AUM of secured loans against residential or commercial property grew by 127% over FY2023 to ₹ 7,403 crore.

Auto financing: new car financing and financing for and against used car

In Q2 FY2024 BFL commenced New Cars Financing in 89 locations serving 1,733 dealer outlets and 23 automotive Manufacturers (OEM). This covers top 45 locations in the country. Aside of these locations, the Company has also deepened its distribution in two states — Tamil Nadu and Gujarat, covering more than 40 locations. With robust end-to-end digital journeys and frictionless processes, it financed 18,894 vehicles in FY2024.

BFL disbursed over 58,000 loans for/against used car in FY2024, a growth of 79%.

Rural Lending and Gold Loans

In FY2024, the Company expanded its rural lending footprint adding 235 new locations and deepening its rural geographical presence. At the end of FY2024, the rural business was present in 2,576 locations across 23 states and 3 union territories in India. During FY2024, the Company expanded its gold loans business presence by taking the total number of gold loan branches to 896, of which 650 were standalone gold loan branches. Overall, the Rural Lending and Gold Loans business closed FY2024 with AUM of ₹ 28,415 crore, registering a growth of 18% over the previous year.

Commercial Lending

Commercial lending consists of lending largely to mid-sized corporate companies engaged in sectors like auto component manufacturing, light engineering industry, specialty chemicals, pharma, packaging, financial institutions etc. Two new business verticals i.e. emerging corporate and large corporate lending were launched in FY2024.

BFL continues to have sharp focus on acquiring quality corporate clients, deepening relationships and ensuring a value add by offering products in the form of working and growth capital loans. Resilience shown by Indian economy in first half of FY2024 and expectation of continued buoyancy supported aggregate demand in FY2024. Commercial lending business closed FY2024 with AUM of ₹ 22,006 crore, recording a growth of 39% over the previous year.

Loan Against Securities

Loan against securities business offers medium-term and short-term financing against shares, bonds, mutual funds, insurance policies and deposits to customers across retail, high net-worth individuals (HNIs) and promoter categories. It is operational in 21 locations through physical branches and offers financing solution through a digital medium as well.

BFL, along with its 100% subsidiary viz. Bajaj Financial Securities Ltd., offers a full product suite to its retail and HNI customers. It offers loan against securities and Bajaj Financial Securities Ltd. offers various investment services like demat services, broking and margin trade financing. The LAS business grew strongly in FY2024 and closed the financial year with AUM of ₹ 18,221 crore, recording a growth of 30% over the previous year.

Deposits

BFL accepts deposits from retail and corporate clients. The consolidated deposits book as on 31 March 2024 stood at ₹ 60,151 crore, representing a growth of 35%. BFL's consolidated deposit book now contributes to 27% of its standalone borrowings and 21% of its consolidated borrowings as on 31 March 2024, as against 28% and 21%, respectively, as on 31 March 2023.

BFL continues to grow retail and corporate deposits as a part of its growth strategy and is simultaneously increasing its focus on digital origination of retail deposits. In January 2024, BFL launched a digital-only fixed deposit for 42 months tenure, available exclusively on Bajaj Finserv website and app. Deposits booked under the aforesaid scheme have a higher rate of interest compared to other deposit schemes benefitting both senior and non-senior citizens.

With more thrust on digital sourcing of deposits, approximately 57% of the deposits sourced during the year are paperless. Retail deposits now contribute to 63% of total deposits.

Partnerships and Services

In partnership with various financial service providers, BFL offers variety of products to its customers which includes life insurance, health insurance, extended warranty, comprehensive asset care, co-branded credit card and financial fitness reports.

BFL is registered with Insurance Regulatory and Development Authority of India (IRDAI) as a corporate agent and is permitted to distribute life, health, and general insurance products across 27 insurance partners. It has currently tied up with 15 insurers and will be adding more partners to offer increased product solutions and options to customers. During the year, BFL has also started distribution of the Micro Insurance Products to increase insurance penetration across rural and semi-urban geographies.

BFL in association with one of its partners, also offers comprehensive asset care products to its sales finance customers providing features such as extended warranty, theft cover, breakage cover, replacement cover etc. of their assets.

The number of cards-in-force for the RBL Bank Cobranded Card stood at over 3.63 million as on 31 March 2024, registering a growth of 12% over the previous year. The number of cards-in-force for the DBS Bank Cobranded Card stood at over 0.45 million as on 31 March 2024, registering a growth of 114% over the previous year.

These partnerships and products have enabled the Company to provide value added services to its customers and grow its fee-based income.

Assets Under Management (AUM): A Snapshot

In FY2024, BFL crossed a milestone of ₹ 300,000 crore of consolidated AUM and closed FY2024 with AUM of ₹ 330,615 crore as compared to ₹ 247,379 crore as at the end of FY2023, a growth of 34%.

Chart C depicts BFL's consolidated AUM over the last five years.

Chart C: Consolidated Asset Under Management (₹ in crore)

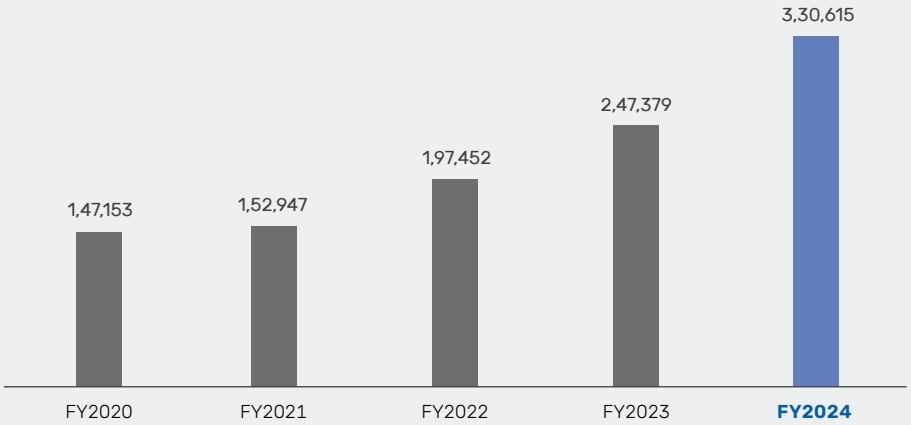


Table 4: Assets Under Management

(₹ in crore)

	Standalone			Consolidated		
Particulars	**FY2024**	**FY2023**	**Change**	**FY2024**	**FY2023**	**Change**
Two and three-wheeler finance	19,742	12,979	52%	19,742	12,979	52%
Urban sales finance	23,448	17,859	31%	23,448	17,859	31%
Urban B2C	64,471	49,707	30%	66,093	51,346	29%
Rural sales finance (excluding gold loans)	6,209	4,571	36%	6,209	4,571	36%
Rural B2C	17,607	16,657	6%	17,607	16,657	6%
SME lending (excluding car loans)	38,498	29,628	30%	38,470	29,764	29%
Loans against securities	18,221	14,028	30%	22,038	15,093	46%
Commercial lending	22,006	15,834	39%	22,006	15,834	39%
Mortgages	22,938	14,173	62%	103,316	77,713	33%
Gold Loans	4,599	2,800	64%	4,599	2,800	64%
Car Loans	7,087	2,763	156%	7,087	2,763	156%
Total	**244,826**	**180,999**	**35%**	**330,615**	**247,379**	**34%**

Financial Performance

Table 5: Standalone and Consolidated Financial Performance

(₹ in crore)

	Standalone			Consolidated		
Particulars	**FY2024**	**FY2023**	**Change**	**FY2024**	**FY2023**	**Change**
Interest Income	40,783	30,142	35%	48,307	35,549	36%
Interest and finance charges	13,843	9,285	49%	18,725	12,560	49%
Net interest income (NII)	**26,940**	**20,857**	**29%**	**29,582**	**22,989**	**29%**
Fees and commission income	5,007	4,207	19%	5,267	4,356	21%
Net gain on fair value changes	139	208	(33%)	308	334	(8%)
Sale of services and Income on de-recognised loans	24	29	(17%)	63	61	3%
Others	993	1,104	(10%)	1,038	1,118	(7%)
Net total income (NTI)	**33,103**	**26,405**	**25%**	**36,258**	**28,858**	**26%**
Employee benefit expenses	5,849	4,614	27%	6,396	5,100	25%
Depreciation and amortisation	629	444	42%	683	485	41%
Other expenses	5,000	4,399	14%	5,246	4,557	15%
Pre-impairment operating profit	**21,625**	**16,948**	**28%**	**23,933**	**18,716**	**28%**
Impairment on financial instruments	4,572	3,066	49%	4,631	3,190	45%
Share of profit from associates	-	-	-	8	2	300%
Profit before tax (PBT)	**17,053**	**13,882**	**23%**	**19,310**	**15,528**	**24%**
Profit after tax (PAT)	**12,644**	**10,290**	**23%**	**14,451**	**11,508**	**26%**
Other comprehensive income/ (expenses)	91	(27)	337%	90	(23)	391%
Total comprehensive income	**12,735**	**10,263**	**24%**	**14,541**	**11,485**	**27%**
Earnings per share (EPS) basic, in ₹	207.27	170.37	22%	236.89	190.53	24%
Earnings per share (EPS) diluted, in ₹	206.47	169.51	22%	235.98	189.57	24%
Book value per share, in ₹	1,168.31	852.61	37%	1,243.99	900.16	38%

Chart D depicts growth of BFL's consolidated PAT.

Chart D: Consolidated PAT (₹ in crore)

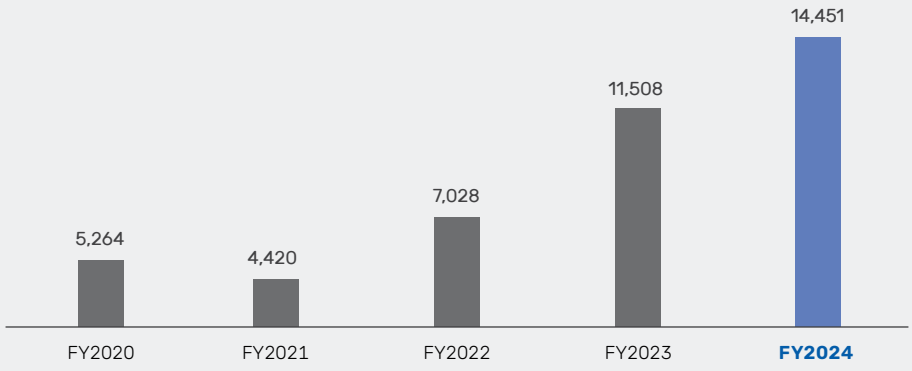


Chart E depicts consolidated return on average assets (ROA) and return on average equity (ROE) over the last 12 years.

Chart E: Consolidated ROA and ROE

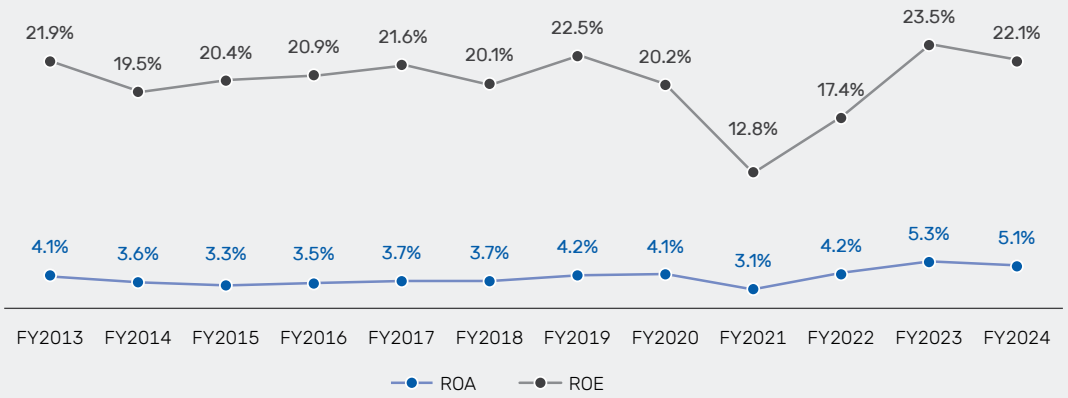


Table 6: Key Ratios on a Consolidated Basis

Ratios	FY2024	FY2023
Net interest income (NII) to average loans receivable	10.41%	10.60%
Total operating expenses to NTI	33.99%	35.15%
Return on average loans receivable (ROA)	5.08%	5.31%
Return on equity (ROE)	22.05%	23.46%
Capital to risk-weighted assets ratio (CRAR) *	22.52%	24.97%
Tier I *	21.51%	23.20%
Tier II *	1.01%	1.77%
Gross NPA	0.85%	0.94%
Net NPA	0.37%	0.34%
Provisioning coverage ratio (PCR)	57%	64%
EPS - Basic (₹)	236.89	190.53
Diluted (₹)	235.98	189.57

*These ratios are on standalone basis.

Risk Management, Debt Management and Portfolio Quality

Risk Management

As an NBFC, BFL is mainly exposed to credit, liquidity, operational, market and interest rate risk. It continues to invest in talent, processes and emerging technologies to build advanced risk management capabilities. The Company's sustained efforts to strengthen its risk framework have resulted in stable risk metrics.

Bajaj Finance promotes a strong risk culture that is embedded across the organisation. At the highest level, the Board of Directors has established a Risk Management Committee (RMC), which assists the Board in maintaining an oversight and review of the risk management principles and policies, strategies, risk appetite, processes and controls. This is enabled by a robust governance system and review mechanisms which include quarterly risk management review. The RMC met four times in FY2024.

The risks revolving around inflationary trends, elevated interest rates and tighter systemic liquidity emerged as challenges which needed to be addressed. BFL's risk framework has ensured that, despite these risks, its net interest income, NPAs and liquidity management were not impacted.

Moreover, BFL has a robust asset-liability management framework and maintains enough liquidity buffer to meet its repayment obligations and emerging credit demand. By virtue of effective focus on capital and liquidity management, reduction in operating expenses, focus on debt management, servicing capability and strengthening of underwriting norms combined with a very sharp view on risk metrics, the Company ought to continue to show higher level of efficiencies in all parameters.

As per the RBI's SBR framework, NBFCs classified in the middle and upper layers are required to undertake a thorough internal assessment of the needs for capital, commensurate with the risks in their business. Such internal assessment is required to be carried out using the Internal Capital Adequacy Assessment Process (ICAAP) prescribed for commercial banks under Pillar 2 of BASEL guidelines.

Accordingly, BFL has institutionalised a Board-approved ICAAP policy and document. The document encompasses the assessment of material risks to which the Company is exposed to and measures taken by the Company to mitigate those risks. BFL has completed its Internal Capital Adequacy Assessment for FY2023 in line with its Board approved ICAAP policy. Based on assessment of all the material risks applicable to the Company and reviewing the controls and risk mitigation techniques, BFL is not required to maintain any additional capital.

Credit risk

The Company has a strong governance framework which ensures that the Board of Directors and its committees approve risk strategies and delegate appropriate credit authorities. Robust underwriting practices and continuous risk monitoring ensure that portfolios stay within acceptable risk levels. BFL has a Board approved 'Sustainable Business Strategy Policy' which clearly lays down business and risk management principles of the Company.

BFL has deeply invested in its risk organisation structure that includes dedicated credit risk units for each business vertical; business specific units such as underwriting, risk containment and fraud control, payment risk; and horizontal risk analytics, business intelligence and operational risk management units. In addition, the Company continues to invest in debt management services capacity.

Through prevention and deterrence actions, the risk containment and fraud control unit is responsible for preventing frauds perpetrated by customers, sourcing channels and internal employees either alone or in connivance with others. It ensures that most fraud checks are performed well before any disbursal of loan through an inbuilt advanced fraud controls analytics in its loan origination system. The fraud check rules are periodically updated based on emerging learnings.

BFL has enabled all its employees and agencies to flag any suspicious activity or transaction on the core lending system which then go through extensive checks by the fraud control unit. This is further supported by a dedicated back-office unit and over 450 member field structure spread across over 260 locations for faster response to frauds.

BFL's robust underwriting process and vigilance on portfolio quality have ensured that risk at an overall level is within the defined corridor thresholds.

The Company's loan losses provisions for FY2024 were ₹ 4,631 crore versus ₹ 3,190 crore in FY2023. The increase is on account of increase in the AUM and delinquencies converging to pre-Covid levels post the clean-up that happened during Covid. Through FY2024, rural term loans business remained impacted on account of higher flows and necessary risk actions have been implemented. This led to a muted growth in rural term loan business of 6% in FY2024 versus 27% in FY2023.

BFL holds a management and macroeconomic overlay of ₹ 300 crore as on 31 March 2024 to counter any unforeseen risks — something that it keeps a close watch on.

The Company's balance sheet composition continues to diversify with a higher composition of low-risk businesses like mortgages and other secured businesses. BFL has also put in place a Board approved policy defining the exposure limits across Consumer Retail business with further separate exposure limits for Unsecured Retail.

It 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 2024, the Company covered ₹ 14,093.89 crore of its loan assets under this scheme. This helped BFL to offset ₹ 307.02 crore worth of credit losses for FY2024 with further claims maturing over FY2025.

In FY2024, BFL has also registered itself with Credit Guarantee Fund for Micro Units (CGMFU) governed by National Credit Guarantee Trustee Company Limited (NCGTC) for seeking guarantee cover for its SME portfolio. As on 31 March 2024, the Company covered ₹ 243.81 crore of its loan assets under this scheme.

Thus, BFL's balanced approach to portfolio management coupled with rigorous portfolio review has enabled it to identify early warning signals and take corrective actions. With sophisticated analytics, the Company has maintained a healthy new business portfolio quality and taken risk mitigating policy actions with agility and precision. On the back of improved stage 2 assets, consolidated gross NPA at 0.85% and net NPA at 0.37%, plus a strong macroeconomic and management overlay provision of ₹ 300 crore, BFL has entered FY2025 with healthy risk metrics.

Liquidity risk

BFL manages its liquidity risk in accordance with its Board approved Liquidity Risk Management Framework and ALM Policy which incorporates stipulations laid down by the RBI. The policy framework and the operational parameters are regularly reviewed by the Asset and Liability Management Committee (ALCO) set-up in line with guidelines issued by the RBI, which ensures that there are no material imbalances or excessive concentrations on either side of the balance sheet. The Company follows a prudent approach for managing liquidity and ensures availability of adequate liquidity buffer to overcome mismatches in case of stressed market environment.

The Company regularly monitors the gap between maturing assets and liabilities across all time buckets. BFL's robust liquidity management framework ensured that it had enough liquidity throughout FY2024 to meet its debt service obligations and balance sheet growth. Indeed, there was no disruption amidst the tight liquidity environment prevailing during the year.

BFL exceeds the regulatory requirement of liquidity coverage ratio (LCR) introduced by the RBI in FY2020. Currently, the LCR requirement is at 85% for BFL. In comparison to these norms, BFL's LCR as on 31 March 2024 was 168.91%.

The Company's liquidity management is elaborated in detail in the section on 'Credit Rating and Asset Liability Management (ALM)'.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. This is further elaborated in the section 'Operational Risk Management'.

Market risk

To effectively manage market risk on its investment portfolio, BFL follows a prudent investment policy which guides its investment decisions. The Company has invested its surplus funds mainly in government securities, liquid funds and deposits with banks and highly rated financial institutions. It calibrates the duration of investment portfolio to balance the twin objectives of maintaining liquidity for businesses and minimum impact of fair value changes on its investment portfolio.

Interest rate risk

BFL is exposed to interest rate risk on its investment portfolio and interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles. The Company raises funds from diversified sources like deposits, money market borrowings, term loans and short-term borrowings from banks and financial institutions, foreign currency borrowings, among others. In view of the financial nature of assets and liabilities, changes in market interest rates can adversely affect its financial condition. Fluctuations in interest rates can occur due to both internal and external factors. Internal factors include composition of assets and liabilities, maturity profile, pricing of borrowings and fixed and floating nature of assets and liabilities. External factors include macroeconomic developments, competitive pressures, regulatory developments, and global factors.

BFL monitors fair value change impact on its investment book using Value at Risk (VaR), PV01, modified duration and these parameters are defined in its Board approved Investment policy. Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis to measure the impact of such interest rate movements on its balance sheet. This is computed monthly and sensitivity of the market value of equity assuming varying changes in interest rates is presented and monitored by ALCO.

BFL's prudent interest rate risk management ensured that amidst a rising interest rate environment, the Company had no significant mark to market impact on its investment portfolio nor a significant impact on its net interest margin.

The Company's risk management framework is further detailed in note no. 47 of standalone financial statements and note no. 48 of consolidated financial statements.

Debt Management

Apart from risk management, BFL focuses on a robust debt management strategy to ensure that its delinquent debt portfolio is kept at minimal levels. It accords debt management an important place in its portfolio management strategy; and has a dedicated structure to follow a strict protocol for missed payments. The Company considers debt management as a service to customers to enable fair and ethical recovery of delinquent accounts and past-due payments.

BFL continues to invest in its debt management service structure, service organisation, processes, trainings of employees and agencies, strict adherence of compliance requirements and controllership by leveraging technology to follow a non-intrusive debt management mechanism. It follows a strong governance model for its debt management services practices and ensures strict adherence to the regulatory and internal policies, code of conduct and fair practice code. It offers a choice to customers to make overdue payments through digital channels, branch walk-in, at retailer points as well as door-step debt management services.

The debt management journey begins well before the customer's instalment falls due. As a matter of good customer service, BFL sends advance intimations to all its customers five to six days before the instalment falls due, to enable customers to maintain adequate funds in their bank account. This practice ensures that the credit history of a good customer is not impacted by any unintentional default.

The journey is expanded further to counselling of customers towards creating a good repayment behaviour by clearing subsequent EMIs directly from the given bank account. BFL has invested in service call centres to counsel customers after the payment of overdue EMI.

BFL follows a graded communication approach with delinquent customers across their repayment lifecycle. These clearly indicate: (i) the importance of timely payment, (ii) avoidance of penal charges, (iii) available payment channels and (iv) payment confirmation. These communications are also made in vernacular language *via* multiple channels like SMS, email, tele-calling and in-person visits.

The Company has a dedicated structure aligned with business verticals for servicing customers: (i) with current month outstanding; (ii) in early delinquency; and (iii) in NPA and write-off stage. It uses multiple modes such as employees, call centres, digital channels, field agencies and legal channels for debt management.

In an endeavour to follow a non-intrusive debt management practice, BFL collects an electronic clearing mandate from its customers. In case of dishonour of bank instrument, BFL provides customers with over 28 different digital payment options such as NEFT, RTGS, Bharat Bill Payment Service (BBPS), Unified Payment Interface (UPI), CC Avenue, Wallets, Google pay, payment banks etc. These digital channels, along with branch walk-ins, account for approximately 51% of debt management volume.

In November 2022, the Company got its DRA training accreditation from Indian Institute of Banking and Finance (IIBF). BFL has invested in online DRA training infrastructure for agents. After completion of online training, agents appear for a DRA certification test conducted by IIBF. The success rate of agents to clear the exam is around 80%. The Company has planned to cover all its DMS agents with DRA certification in coming two years.

Over years, BFL has taken various measures to strengthen its debt management process, some of which are enumerated below:

- It has set up a centralised call monitoring infrastructure for its outsourced debt management services agency network to improve controllership. All agencies are required to make collection calls only through this infrastructure. All calls are now being recorded and monitored periodically to ensure compliance of debt management code of conduct.
- It has opened dedicated debt management service desks across 38 branches (includes top locations and sensitive markets as well) to address debt related queries of walk-in customers. The Company is committed to expand coverage of this model across more cities in future.
- It has set up a centralised helpdesk for assisting and processing debt management services related requests.
- It has formed a dedicated in-house team and a centralised calling unit to enable speedier resolution of debt management related complaints of aggrieved customers.
- It has implemented a Debt Recovery Agent (DRA) certification process for its agents.
- It has formed a dedicated team of service advisors in service centres to address and resolve queries of delinquent customers raised over phone through a customer care number of the Company.

- It has expanded the scope of interaction experience score to seek the customers' rating on the debt management services agent interaction.
- It has significantly strengthened its compliance framework to ensure strict adherence by the debt management service agencies of its code of conduct policy and fair practice code. This framework lays down a penal staircase for non-compliance. BFL investigates every customer complaint pertaining to debt management services and takes appropriate corrective and penal action.
- It developed 127 situational videos in 8 vernacular languages which form part of the training module on its debt management services mobility app. These provide clear understanding to agents on the do's and don'ts while interacting with a customer.

Portfolio Quality

BFL has the experience of lending to and servicing of 83.64 million customers. Most businesses are focused on acquiring mass affluent customers — who represent bigger wallets, larger cross-sell opportunities and more acceptable risks. The Company has not only diversified risk across millions of customers and product categories but has also diversified its risk and portfolio in 4,145 urban and rural locations in India.

Product diversity has further strengthened over the past years with a build- up of used car financing, medical equipment finance etc. and the portfolio continues to shift the mix towards secured lending: for instance, mortgages now form 31% of our consolidated AUM. Simultaneously, high risk products like two and three-wheeler finance now contribute less to the consolidated AUM: now at 6%. The Company also continues to deepen its geographical presence and has added 412 locations to take our total presence to 4,145 locations. BFL's rural businesses now contributes 7% of the consolidated AUM and are growing at a faster pace than metros and larger geographies. BFL continues to re-pivot its mix towards lower risk assets like mortgages. It also continues its strategy of 'acquire and cross-sell' to manage cost and portfolio risk, based on its experience of an existing customer demonstrating significantly lower credit risk than a new customer and ensures acceptable risk across portfolios over the cycle.

As part of its long-range strategy, BFL is further expanding its product offering in newer business segments. During the year, BFL launched new car loans, micro finance and tractor financing and re-launched loan against property for MSME customers.

As mentioned earlier, BFL ended the year with improved stage 2 assets of 1.21%, gross NPA of 0.85% and net NPA of 0.37% on a consolidated basis. These metrics not only surpass the pre-pandemic levels but are also among the best in BFL's history. The Company's macroeconomic and management overlay provision was ₹ 300 crore as on 31 March 2024. The provision coverage on non-NPA assets, excluding the management overlay provision, stood at 95 bps and at 105 bps including the macro and management overlay provision. Consequently, BFL has entered FY2025 with among the best ever portfolio quality.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. Operational risk is inherent in BFL's business activities, as well as in the related support functions. The goal is to keep it at an appropriate level relative to the characteristics of BFL's businesses, the markets in which it operates and the regulatory environment.

BFL has in place an internal Operational Risk Management (ORM) Framework for systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the operational risks. The key objective is to enable the Company to ascertain an increased likelihood of an operational risk event occurring in a timely manner and to take steps to mitigate the same. It starts with identifying and defining key indicators (KRI's/KPIs) through process analysis and ending with formulation of action plans in response to the observed trends in the identified metrics. This is achieved through determining key process areas, converting these to measurable and quantifiable metrics, setting tolerance thresholds for the same and monitoring and reporting on breaches of the tolerance levels. Corrective actions are initiated to bring back the breached metrics within their acceptable thresholds by conducting the root cause analysis to identify the failure of underlying process, people, systems, or external events.

- BFL uses '3 lines of defence model' as a key component of its Risk Management Framework to manage its risks.
- The businesses, with support units, play a critical part in managing operational risk daily, in addition to implementing internal control related policies and procedures. Continuous monitoring of risk is carried out at multiple levels through key indicators (KRI/KPI) tracked as part of control charts.

- The Company has opted for a bottoms-up approach to risk identification, where internal compliance teams have been created in respective businesses and functions to drive ownership and culture of minimising operational risk by developing a strong control culture and, hence, making it the first line of defence.
- Dedicated compliance units have been formed across businesses and selected functions to monitor adherence to policies and processes laid down by the organisation.

  In BFL, internal compliance consists of following units which cover the length and breadth of the customer life cycle.
- **Sales Compliance unit:** Embedded in business units with focus on controls in the sales units around onboarding of customers across areas like information security, process lapse, misinformation, and mis-selling.
- **DMS Compliance unit:** Embedded in debt management services ensuring strict adherence of code of conduct policy and fair practice code by the debt management services agencies. It also enforces penal staircase for non-compliance. BFL investigates every customer complaint pertaining to debt management services and takes appropriate corrective, preventive and penal action.
- **Process Compliance unit:** Embedded in operations to monitor processes focused on customer transaction, services and all customer interactions.
- **Technology Compliance unit:** Embedded in the information technology unit with focus on internal and external environment consisting of network, applications, quality, cloud services, data management, security and review of rules and regulations.
- **Risk unit:** Focus on product programme and related credit policy adherence in the loan book. The activity aims at making sure that loans which are disbursed adhere to the policies and procedures put in place by the organisation.

The Company has also defined internal control practices across all processes, units and functions for the management of its day-today activities. It has established a 'Customer Complaints Root Cause Analysis' team under the Customer Experience Officer to fix policy and process gaps that lead to customer complaints. In addition, it has established cross-functional teams to identify and implement process changes keeping customer expectations in mind. The operations unit has a dedicated process compliance team for concurrent audits to monitor adherence to laid down policies and processes. Controls on operations processes executed from branches and the Head Office are managed through defined processes to be adhered to by customer facing and operations staff. Frauds are investigated to identify the root cause and relevant corrective steps are recommended to prevent recurrence. The risk team deliberates with senior management on high value fraud events and advises preventive actions.

Technology

Technology is at the forefront of BFL's business transformation journey, and it has continuously leveraged existing and emerging technologies to launch new products, accelerate customer acquisition and improve customer experience along with simplifying the back-office processes.

This year we took a whole of new initiatives in areas of Digital Platforms, GenAI, CDP, Cyber Security, Compliance, EDW, People and more.

Business Applications

As Bajaj Finance continues to expand its product stack, this year we introduced new acquisition platforms for MFI, New Car Finance and Tractor Finance businesses. The initiation of our Tractor Finance marked the beginning of our journey to transition our asset-based portfolio from the existing legacy Core Lending Platform to a new age lending platform. Our goal is to fully transition to this new core lending platform by the end of fiscal year 2025.

We have a suite of applications for our Field Sales, DMS team and Partners, known as SalesOne App, DMS One App and PartnerOne App. We have enabled a few Key capabilities to this application suite.

- The SalesOne App now features a cross-selling interface, allowing our sales and service channels from different businesses to share leads real-time. This frame will now be translated as "Most efficient Sales Engine" in FY'25. Apart from this, EDC and QR soundbox onboarding is also introduced through App for payments business.

- For DMS tele calling team, we have designed DMS CRM platform (DMS One CRM) to enable centralised data and campaign management. This will result into improved process standardisation, consistent dispositions and uniform downstream actions across all DMS call centres.
- We have launched the PartnerOne App for DSAs, IFAs and IBAs of B2C and FD businesses. This application serves as a comprehensive solution for partners with capabilities such as partner onboarding, case sourcing and tracking, trainings, reporting and dashboarding, invoice payments and NOCs, a help centre and Agreement renewal workflow.

Couple of years ago, we introduced PODs (Product on Demand) to manage features used widely by all sourcing and servicing channels. As of now, we have implemented KYC POD, Mandate POD, Document POD and EMI POD. This year, we added a new member to this suite - the Account Aggregator (AA) POD. The AA POD serves as a platform used by many sourcing channels to obtain consent-based financial data of applicants, improving customer underwriting and offerings. It is capable of integrating with multiple transaction service providers and financial information types, enhancing our capacity to gather data on bank financials, fixed deposit details, recurring deposit details, insurance details, mutual fund details and GST.

DevOps, a fusion of culture, practices and tools, enables organisations to deliver applications and services swiftly and with improved quality. It yields better product results compared to traditional software development processes. With insourcing as strategy, we have also enhanced our DevOps process (DevOps2.0) through implementation of CI/CD pipeline and tools for source code quality and security. As a result, we've achieved controlled production access, better code quality, and secure code during the development phase.

Enterprise data platforms

Last year, we made remarkable strides in our data strategy by migrating 80% of Enterprise data warehouse users to the data lake, embracing a "Lake First" approach. This transition set the foundation for our upcoming data lakehouse, combining the flexibility of a data lake with the structure of a data warehouse. By the end of 2024, Company aim to sunset if Enterprise Data Warehouse entirely, consolidating our analytical and reporting needs into a unified data platform. Alongside this transformation, Company is introducing an Anonymised data lake to ensure robust data privacy and the enterprise streaming platform for real-time data processing. These advancements reflect Company's commitment to creating a dynamic and efficient data ecosystem, poised to meet evolving business and analytical demands.

Customer data platform (CDP)

As BFL pursue if strategic objective to create a consistent customer experience across all touchpoints, both online and offline, involves transitioning to new data cloud (CDP) platform. This innovative platform is built on modern cloud and big data infrastructure and facilitates real-time data streams, seamless integration with visualisation tools, and accelerated processing, all within an enhanced user interface tailored for campaign managers. As of March 2024, Company successfully launched key channels including SMS, Email, RCS, and Social and onboarded all our business users. In the next phase, would be implemented Call Centre and notification integration by 2025. This migration aligns with Company's vision of Omni-Channel Orchestration and integrated communication governance, promising to elevate customer experience, foster loyalty, and strengthen trust.

Infrastructure and security layer

BFL is committed to providing stable platforms with fortified infrastructure and user-friendly last-mile connectivity as Company expands both physically and digitally. In order to adhere to the zero trust principles, our infrastructure has been designed with multiple levels of protection. Moreover, to guarantee seamless business operations, Company has established and invested into robust Disaster Recovery (DR) and Business Continuity Plans (BCP) to adeptly manage any unforeseen events.

Cyber Security

At Bajaj Finance Ltd., ensuring the security of our data and systems is our top priority. Over the past year, we have enhanced our cybersecurity posture by reinforcing relevant processes and investing in advanced technologies. The implementation of SOAR (Security Orchestration, Automation, and Response) technology has accelerated the maintenance of system security by automating the resolution of security alerts and significantly reducing response times. Additionally, BFL has adopted a continuous Vulnerability Assessment and Penetration Testing (VAPT) strategy for our digital assets, allowing for the swift detection and rapid remediation of exploitable vulnerabilities. BFL intend to further enhance the security measures initiated on Network Access Control (NAC).

Compliance

BFL emphasise the significance of strong regulatory compliance systems. Company has made considerable progress in this area over the last year by putting important compliance efforts of major regulatory relevance into action. Robust compliance in cloud and data center environments is underscored by integrating Automated Asset Discovery with Software Asset Management (SAM) Tool. To ensure stringent endpoint compliance, BFL's Windows laptops and desktop computers are receiving automated OS updates and patches via automated tool. As part of Personal Data Protection and Privacy initiatives, BFL has implemented calendarised Data Discovery approach to identify and secure PII data. BFL has gone live with Consent Management framework on digital properties to record customer consent. This will continue to remain our focus area over next year too.

Generative AI

Generative AI is influencing the world in various ways. It has the potential to disrupt the existing models across industries and functions. The power of Generative AI capabilities is accessible to all and more so it can be used by anyone with no technical background. The Generative AI technology is constantly evolving at a very fast pace — for example, OpenAI's recent launch of SORA, creates videos from just text inputs. Some of these capabilities of Generative AI will completely change the way business is being done.

Post the launch of ChatGPT, the Company started seeding the technology as part of its Emerging Technology frame to identify potential use case which can be implemented. The Company socialised the technology by training 300+ employees. The Company continuously expanded its knowledge of Generative AI and implemented various use cases throughout the organisation like Sales Chat BOT, SEO content generation, test cases preparation, coding co-pilot for developers etc. These use cases helped us in understanding of the technology from practical standpoint. For FY25, BFL is developing use cases aimed at cost saving, productivity enhancement and business expansion. The Generative AI use cases for FY25 are planned across contact centre, operations processes, service processes, software developer productivity and underwriting productivity. These use cases span across text, voice and image domains.

Technology investments

One of the critical strategies for BFL is to invest in technology companies that work closely with it on building digital assets. In FY2023, BFL invested Rs. 92.74 crore to acquire 41.5% stake in SnapWork Technologies Private Ltd. (STPL) to strengthen its technology roadmap. STPL is engaged in the business of developing, consulting, providing, exporting, importing, marketing, dealing in and implementation of software technology and allied products for its clients and conducting research and development for the same. STPL has significant experience working with banking, financial services and insurance clients in providing development and technical manpower services. Going forward, BFL plans to invest in relevant technology companies and co-create products to further strengthen its technology roadmap.

Technology talent bench

BFL continues to grow its technology resource strength through internal company transfers, employee referrals, campus recruits, lateral hires. We doubled our strength since last year with an increased focus on insourcing (now at 45%) and organisational priority of Technology First. This year we plan to further increase insourcing, which enables faster customisations, improved security and innovation basis business and customer requirements.

Company has customised training for its employees basis their role and experience and BFL has used a mix of traditional and modern approaches to welcome, educate, and integrate new hires into the Company culture and empower efficient and engaging workflow from the start.

Analytics

Data, technology and analytics are core enabling pillars of BFL's transformational journey. The Company has been continuously investing in this space and has reached a stage where business application of data solutions is now a business-as-usual practice across all stages of the customer life cycle.

BFL uses business intelligence and analytics across all spheres of its operations. It builds and deploys analytical models across new customer acquisition, cross-sell, propensity management, risk management, debt management, operations and customer service. All functions and business verticals are equipped with advanced data science technology and highly productive data science teams, enabling faster digital platform adoption as part of the Company's omnipresence strategy.

The Company has been continuously investing and adopting various evolving technologies and analytical tools like Big Data, Cloud Computing and Open-Source software like Python and Graph database technology. This has enabled access to sophisticated statistical techniques to solve complex business and risk problems and, hence, taken analytics and portfolio insights to a level where solutions are much more nuanced and specific.

The Company continues to develop and implement multiple machine learning models. This along with capabilities like OCR, unstructured to structured data etc. are getting integrated with business processes.

These technologies enable decision engines with real time processing capabilities which, in turn, enable unique customer propositions like 'get it now' and 'straight through processing' to constantly push towards a smoother and frictionless customer experience. In doing so, BFL is conscious of the customer's privacy and ensures customer consent is obtained for any cross-sell offerings. These capabilities have given the confidence to commit significant investments to further the use of these new domains. Here are some examples:

- BFL's entire data ecosystem and analytic workloads are now hosted on the Microsoft Azure platform. This allows computational flexibility to develop and deploy Big Data workloads. Over 1,500 users are actively using the infrastructure.
- Extensive usage of Microsoft Power BI across BFL provides high frequency monitoring of KPIs and visual drill downs on thousands of combinations.
- As part of the digital transformation journey of the Company, capabilities have been developed to enable agile development and deployment of credit risk models. This involves developing and testing prototypes of credit risk models and allowing the Company to identify and address any issues early on.
- In addition to traditional credit bureau data, BFL is now deeply integrated with the Account Aggregator (AA) ecosystem for leveraging consent-based information and building real time underwriting capabilities to provide frictionless customer experience.
- BFL has also developed capabilities of multi-bureau framework using multiple bureaus as well as combination of Consumer, Commercial & MFI bureaus for a complete credit view of customers enabling effective credit decisions.
- BFL continues to expand its suite of statistical models for risk management across all stages of the credit lifecycle — acquisition, account management and debt management. Capabilities like OCR enabled structuring of unstructured data, providing new sets of variables for further refining risk models and making these more granular to capture specific nuances to enable going deeper in geographies.
- BFL's capability in risk analytics and scorecards helps adherence to the Expected Credit Loss (ECL) based provisioning requirement. This has also led the Company to re-define and strengthen its governance and processes around model monitoring and build controls around continuous validation of risk scorecards.
- With the help of advanced analytics, BFL is able to offer more personalised loan products and services on its digital platforms. Analytics solutions on product recommendation at point-of-sale, response propensity for targeted cross- sell, call volume forecasting for efficient capacity planning and the like are embedded in the Company's business processes. BFL remains committed to refine these solutions on an on-going basis to garner better efficiencies.
- The developments in data infrastructure have enabled the risk and process units to run real time controls across multiple decisioning and operational processes to further strengthen the credit and operations risk management framework. By democratising analytics, data science and centres of excellence across multiple businesses and functions, BFL is constantly fostering a culture of data orientation and analysis to address everyday issues. This is being done by providing multiple data science training and implementation of practitioner programs. BFL also have an active campus hiring framework with focus on technology and data science through the BFL BYTE program.

Customer Service

BFL strives to deliver exceptional customer experience by proactively addressing and reducing complaints over time. This involves consistent efforts to revamp processes, extend self-service options across multiple channels, and utilise technology-based solutions for a more profound customer engagement experience.

Moreover, BFL evaluates the performance of customer-facing channels based on key service parameters and collects valuable Voice of Customer (VOC) and feedback to enhance customer satisfaction. To keep customers notified and resolve their queries and requests effectively, the organisation is widening and diversifying its communication and service channels continuously.

Monitoring transactional customer satisfaction (CSAT) scores across all channels for multiple service interactions enables the Company to review the effectiveness of its customer engagement initiatives. As of April 2023, BFL has received over 58 lakh responses and achieved a CSAT score of 93%.

Digital self-service

BFL has progressed in its digital transformation initiative, which started in FY2021 with the launch of the new Bajaj Finserv App. Currently, the Company has implemented more than 25 service modules and more than 325 service processes on both the App and Website. These self-service digital platforms enable customers to perform a wide range of tasks in real-time, such as updating demographics, renewing fixed deposits, making payments, downloading statements of accounts (SOA), setting up e-Mandates, and more.

In FY2024, there were more than 24 million successful viewings, shares, or downloads of account statements. Starting from September 2023, over 5.5 lakh customers updated their demographic information through the App and website.

Bajaj Finance Ltd. adheres to FPC guidelines by providing transparent breakdowns of relevant loan information. This information is available on both the app and website. Moreover, starting from July 2023 and December 2023 respectively, welcome letters and key fact statements can be easily accessed on both platforms.

The adoption rates for self-service are at 70%, with contributions of 76% and 57% from the App and web respectively. Additionally, self-service through IVR has reached a rate of 84%.

FY2024 has seen a decline in branch walk-ins owing to the increasing digital presence. There has been a considerable rise in digital payment transactions from 14% in FY2023 to 81% in urban areas and from 10% in FY2023 to 73% in rural areas for FY2024.

Assisted services

The Company has introduced customer-friendly alternatives such as 'Dynamic Missed Call Service' and 'Bi-Directional SMS' for those who desire service assistance. Customers can now use these channels to view details of their most recent relationships with BFL, such as loan and EMI card information. To facilitate seamless customer engagement, BFL engages with its customers through various channels, including branches, social media, Bajaj Finserv App, email, and voice channels for raising queries and grievances.

Fair Practice Code (FPC)

FPC is at the core of dealing with customer; and BFL has established a dedicated FPC unit which works with all the businesses and functions across the organisation to ensure strict compliance with the guidelines. An approved Product Program and Audit Framework, underpinned by baseline FPC metrics, track levied charges and guarantees precision in every loan processed. In FY2024, the Company demonstrated its commitment to fair practice governance by ensuring compliance and transparency in all aspects.

The FPC audit framework has helped reduce error rates significantly. This coupled with establishment of Change Governance Board (CGB) to streamline change management and proactive corrective actions including customer refunds has led to significant enhancement of FPC practices within the Company.

BFL now offers Key Fact Statement (KFS) to all customers, both digital and non-digital, across retail and MSME products at pre-sanction stage. Every customer is required to review the KFS and provide explicit consent to the KFS through an 'I Agree' process for availing sanction from the Company. The Company has also introduced digital signatures on agreement and KFS in line with digital lending guidelines of the RBI. Further, to ensure accessibility and transparency, BFL has made collaterals and KFS available in 20 vernacular languages.

RBI Ombudsman

BFL has a dedicated team which deals with the concerns or complaints raised by the customers as well as escalations received from various offices, including Ombudsman, CEPD, DOS, etc. The team strives to provide timely responses to all customer escalations received from the RBI offices, adhering to prescribed timelines.

The 'Scheme for Internal Ombudsman' requires IO to be at the apex of the NBFC to independently review the resolution provided by the NBFC in the case of wholly or partially rejected complaints. BFL has implemented the grievance redressal mechanism, the RBI Ombudsman scheme, and the Internal Ombudsman (IO) scheme within the organisation to deal with unresolved or partly resolved concerns and complaints of its customers.

BFL has two IOs supported by a four-member team independently responsible for case screening, review, secretarial work and examination of the resolution provided in such cases as well as all escalations received from the regulator. All escalations are vetted and reviewed by the Internal Ombudsman before submitting the response to the RBI Ombudsman offices. The team is also responsible for organising customer awareness and education programs in coordination with and under the guidance of RBI Ombudsman offices. In FY2024, 10 awareness programs were organised, covering students from educational institutions, office help staff, general public, and others. The prime objective of the team is to reduce customer issues through a combination of data analysis, customer interactions and there by identifying root causes. Customer complaints received directly by the Company have reduced to 6,530 in FY2024 versus 7,426 in FY2023 (12% reduction y-o-y). The IO referral process is on our CRM; and in no case has the decision of the IO been over-ruled by the Company. The IOs are permanent invitees to the Customer Service Committee of the Board (CSCB). There is a bi-annual review on the IO process with the Managing Director and monthly meetings and discussions with internal teams.

To ensure quick response and resolution to customer complaints and escalation received from regulators, BFL has established localised presence at Chennai, Kolkata, Chandigarh, and Lucknow. In FY2024, the RBI added three new centers, namely Shimla, Chennai and Kolkata taking the overall centre count to 24. All the 24 RBI ombudsman centres are internally mapped to internal nodal officers, who ensure smooth and timely resolution of escalations with these offices.

In January 2024, BFL's IO was invited to give a session on the 'Effectiveness of the Internal Ombudsman Process' during a conference organised by RBI, chaired by the Deputy Governor. Moreover, BFL's national nodal officer and principal nodal officer have been invited to participate in various zonal and national conferences organised by the RBI Ombudsman offices.

The Reserve Bank of India had organised the Annual Conference of RBI Ombudsmen, on 15 March 2024 in Mumbai with the theme of "Protecting the Consumers – Building Robust Systems and Procedures". Following are some of the BFL's processes that meet the expectations set out by the central bank from the Regulated Entities.

- LHS approach of directives prescribed by RBI and Company's actionable towards customer fairness SBR, PPG committee.
- BFL now offers KFS to all customers, both digital and non-digital, across retail and MSME products at pre-sanction stage in 20 vernacular languages.
- Effective grievance redressal mechanism in place wherein multiple online and offline customer touchpoints are set up for easy and transparent grievance resolution with >98% resolution within 48 hours. Board approved complaint classification document is in place for the same and quarterly updates on the same are sent to the Board.
- Adoption of digitisation and technology for data analysis and improving quality of services.
- Customer awareness programs and campaigns to create customer awareness.

Complaint Root Cause Resolution (CRCR)

BFL has a dedicated team formed with the primary objective of reducing customer queries and complaints through a combination of data analysis, customer interactions and identification of root causes. CRCR team drives necessary changes at the Company level across process, policy, people, and technology to fix the identified root causes.

The CRCR Unit has seen remarkable progress over three years, slashing complaint counts from 21,761 in FY2020 to approximately 6,530 in FY2024 through meticulous complaint analysis. This is achieved through collaborative efforts with business, operations, service and technology units.

This dedicated team at BFL scrutinises complaints diligently and categorises them into areas such as system and process issues or operational errors. Through careful analysis, it recommends necessary process improvements such as building control charts, amending Standard Operating Procedures (SOPs) and providing additional staff training where necessary.

Customer Communication

The Company has a dedicated unit to manage communication content and governance across the customer life cycle with BFL. It operates continuously to review, improve, and drive customers communication through proactive and reactive engagements. Further, BFL has created hundreds of videos to promote self-service to customers who otherwise reach out through various touchpoints for their basic enquiries and servicing needs.

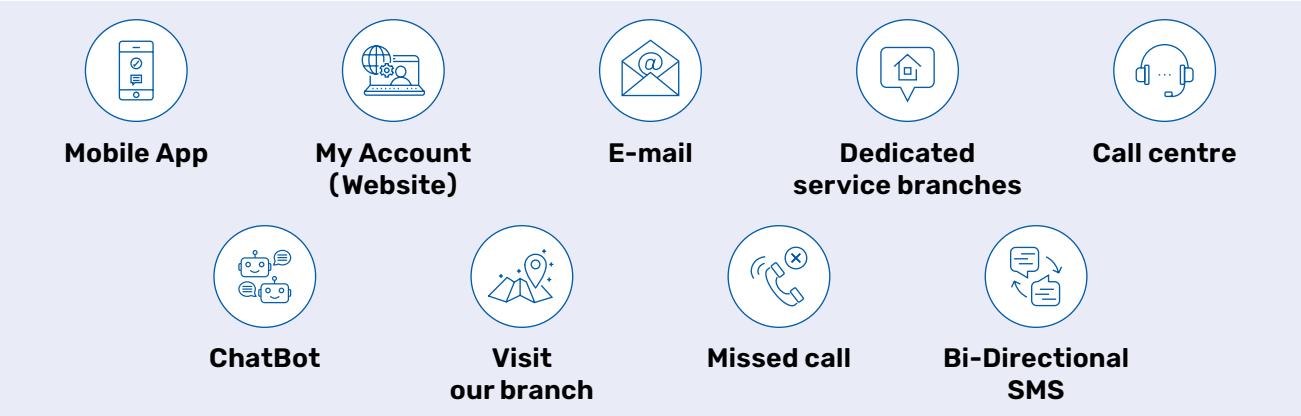
There is a strategic focus on enhancing communication management across the organisation. A dedicated team has been established to standardise communication content for various lifecycle events in alignment with governance standards. This centralised team collaborates with product, business, operations, service and debt management service units to manage communications for pre and post-acquisition lifecycle stages.

Online Educational Campaigns

BFL has conducted extensive awareness campaigns about app adoption, the benefits of paying EMI on time, and the self-service options on social media platforms, including Facebook, Twitter, Instagram, and YouTube. During FY2024, 12 such campaigns went live, with a total of 158 posts, including 92 static posts and 66 videos. These collective efforts generated an overall impression of 18.16 lakh views.

Customer Service Channels

The following are the channels through which customers can connect with BFL to engage in self-service, raise concerns, requests, and complaints related to their loans, products, services, etc.



Credit Rating and Asset Liability Management (ALM)

BFL enjoys the highest credit rating of AAA/stable from CRISIL, ICRA, CARE and India Rating for its long-term debt programme and A1+ from CRISIL, ICRA and India Ratings for its short-term debt programme. The Company's deposits programme is also rated the highest with credit rating of CRISIL AAA/Stable and ICRA AAA/Stable. These ratings reaffirm the high reputation and trust that the Company has earned for its sound financial management and its ability to meet financial obligations.

During FY2024, S&P ratings have upgraded the entity level rating for BFL from BB+/Positive to BBB-/Stable as long term rating and upgraded short term ratings from B to A-3, as a reflection of strong financial metrics.

The Company's consolidated total borrowing was ₹ 293,346 crore as on 31 March 2024. 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. BFL's business model 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.

BFL funds its liquidity requirements through use of appropriate funding avenues involving various market instruments, bank borrowings, external commercial borrowings and deposits. Further, the Company ensures a healthy asset-liability maturity profile and keeps abundant liquidity in addition to meeting various regulatory requirements viz. Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) as prescribed by the RBI. The liquidity management and resource mobilisation strategy achieved significant efficiency in the Company's

sourcing of funds with an optimal mix of deposits and borrowings from banks and markets. It ensured that despite tight and deficit systemic liquidity conditions during FY2024, enough liquidity was available to meet its debt service obligations and business growth requirements.

At a consolidated level, BFL maintained an average liquidity buffer of ₹ 13,760 crore in FY2024, representing 5.4% of its average outstanding borrowings in FY2024. It had a consolidated liquidity buffer of ₹ 15,668 crore as on 31 March 2024, representing 5.34% of outstanding borrowings.

In FY2024, the Company raised US$ 725 million of fully hedged External Commercial Borrowings as term loans from multiple banks under automatic route. This has helped the Company to further diversify its borrowing profile as part of the Asset Liability Management.

BFL exceeds the regulatory requirement of liquidity coverage ratio (LCR) introduced by the RBI in FY2020. This requirement stipulates that all deposit taking NBFCs are required to maintain sufficient liquidity surplus in the form of High-Quality Liquid Assets (HQLAs) on an ongoing basis to withstand any potential liquidity disruption event. Such HQLAs are to be maintained as a percentage of cash outflows in a stressed scenario. BFL maintains HQLAs primarily in the form of treasury bills and government securities.

The Company has received NOC from RBI to operate with Subsidiary General Ledger (SGL) account. The SGL shall help the Company to hold or transact in government securities directly rather than facilitating through Constituents Subsidiary General Ledger (CSGL). Overall, SGL facility is expected to provide operational efficiency in the treasury operations for the Company considering the significant amount of investments maintained in government securities for SLR and liquidity management.

At present, the LCR requirement for BFL is at 85%, which will move up to 100% from 01 December 2024. For BHFL, the current LCR requirement is at 70% and will move to 85% from 01 December 2024 and 100% from 01 December 2025.

As on 31 March 2024, BFL maintained an LCR of 168.91% and BHFL maintained an LCR of 192%. Both are well above the RBI's stipulated norms.

Table 7 gives the behavioural maturity pattern of BFL's asset and liabilities; and depicts its prudent approach towards ALM management. As can be seen, BFL has maintained significant positive ALM position in 1-7 days bucket against RBI permitted negative ALM mismatch of up to 10%. Similarly, in cumulative ALM buckets like 8-14 days and 15-30/31 days buckets, BFL has maintained significant cumulative positive ALM balances against RBI permitted cumulative negative ALM mismatch of up to 10% and up to 20% respectively.

Table 7: Behaviouralised ALM snapshot as on 31 March 2024

(₹ in crore)

Statement of Structural Liquidity as on: - Mar 31 2024	1 to 7 days (one month)	8 to 14 days (one month)	15 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Capital and Reserves and Surplus	-	-	-	-	-	-	-	-	-	72,011	72,011
Deposits	718	765	1,739	3,262	2,565	7,247	13,192	22,822	7,656	-	59,967
Borrowings from Commercial Paper	-	-	4,979	2,859	6,554	1,837	2,192	-	-	-	18,421
Borrowings from Banks/FI	1,300	-	363	371	1,884	2,916	13,156	30,940	11,558	151	62,639
Borrowings from Debentures	1	1,775	386	4,634	446	2,209	5,187	20,195	12,749	26,221	73,803
CBLO	15,759	-	-	-	-	-	-	-	-	-	15,759
Other Outflows	4,600	481	2,042	1,735	224	448	839	1,452	2,073	1,122	15,019
Total Outflows (A)	**22,378**	**3,021**	**9,510**	**12,863**	**11,673**	**14,658**	**34,566**	**75,409**	**34,036**	**99,505**	**317,618**
Cumulative Total Outflows (B)	**22,378**	**25,399**	**34,909**	**47,772**	**59,445**	**74,102**	**108,668**	**184,077**	**218,113**	**317,618**	
Cash, Cash Equivalents & Investments	23,567	3	3,527	558	1,133	571	608	3,344	1,865	11,406	46,583
Advances (Receivables under financing activities)	9,445	3,063	5,900	12,038	12,136	27,653	43,964	93,126	25,803	18,935	252,062
Other inflows	9,580	202	297	745	476	129	324	726	265	6,228	18,973
Total Inflows (C)	**42,592**	**3,269**	**9,724**	**13,340**	**13,745**	**28,353**	**44,897**	**97,196**	**27,934**	**36,570**	**317,618**
Cumulative Total Inflows (D)	**42,592**	**45,860**	**55,584**	**68,924**	**82,669**	**111,022**	**155,919**	**253,115**	**281,048**	**317,618**	
E. Mismatch (C - A)	**20,213**	**247**	**214**	**478**	**2,072**	**13,695**	**10,331**	**21,787**	**(6,103)**	**(62,935)**	
F. Cumulative mismatch (D-B)	**20,213**	**20,461**	**20,675**	**21,153**	**23,225**	**36,920**	**47,251**	**69,038**	**62,935**	**-**	
G. F as percentage Of B	**90%**	**81%**	**59%**	**44%**	**39%**	**50%**	**43%**	**38%**	**29%**	**0%**	

The assigned portfolio outstanding as on 31 March 2024 stood at ₹ 1,492 crore on a standalone basis and of ₹ 4,322 crore on a consolidated basis. BFL's judicious strategy of maintaining a longer duration for liabilities than assets, coupled with an optimal mix of borrowings between banks, money markets, external commercial borrowings and deposits has helped the Company to effectively manage its net interest margin throughout FY2024.

Human Resources

BFL is an equal opportunity employer. People are BFL's key assets and pillars of strength. BFL has adopted people practices that enables it to attract, retain and nurture talent in an increasingly competitive market. BFL's deeply embedded culture fosters an entrepreneurial mindset, humility to continuously learn and a strong performance driven work ethic. BFL's policies and practices are designed to provide its talent with the best opportunities to contribute, learn and grow. We have a robust and long-standing rewards policy that recognises exemplary contributions.

Attract, Retain and Nurture Talent

BFL is a diversified non-bank with presence across 4,145 locations. Risk and technology remain key enablers of its business. To serve the diversified nature of its businesses and function, and need of qualified talent to deliver technological solutions, a distinctive approach to identify, attract, and onboard talent is important and critical. BFL has built strong channels for experienced talent and a robust network of colleges and campuses from which it onboards young and fresh talent. At pre-selection stage, BFL's Human Resource function conducts detailed interviews to ensure that the person would be a good fit for the Company and the candidate is keen to join and build a long-term career with the Company.

Learning and Development

At BFL, the learning is holistic and continuous. The interventions are designed to address and meet specific needs of various employee segments, with targeted programs addressing these requirements effectively. Indicative segments are New Joiners, First Time Managers, Leaders moving to Senior Management Roles, Senior Leaders and Women Leaders.

New Joiners at BFL go through structured onboarding, with an aim to have a seamless integration into the Company's culture. The first 15 days are dedicated to make the new employees ready for their roles through an in-depth Functional Induction conducted by our in-house Certified Trainers. This phase not only helps them understand the Company culture but also provides a thorough overview of the Company's policies, practices, and tech platforms for fulfilling their KRAs, thus empowering them to succeed in their roles. There are programs planned for our existing employees based on their role, re-skilling requirements and new initiatives. To support training of our employees, 9 Regional Training Centres (RTCs) have been set up in different parts of India. In FY2024 over 13,000 employees benefited through training programs conducted at the RTCs.

As a commitment to enhance diversity in the Company, it has taken conscious decision to promote and support hiring and development of women employees. Several development programs have been introduced during the year aimed at elevating women leadership at middle and senior levels.

Leadership workshops focused on building deeper understanding of BFL's culture anchors are conducted every year for all senior management team members. These are led by internal leaders. Specific programs are designed and delivered as part of preparing new leaders stepping into senior management roles.

The Company has an internal framework of creating a pool of certified trainers to deliver training to the employees. In FY2024, there was a pool of over 700 certified trainers who delivered over 2,600 training programs during the year.

BFL's commitment to continuous learning and development is demonstrated through collaborations with prestigious platforms such as Coursera, Go1, Percipio and Harvard, offering a wide range of courses and resources to employees. Additionally, Distance Learning Program is furthering learning opportunities to employees for expanding their knowledge base by enrolling in MBA courses provided by prestigious educational institutions of the country.

With an investment of ₹ 45.18 crore in FY2024, training hours surged to 6.2 lakh from 2.60 lakh, incorporating both virtual and in-person sessions. Enhanced training helped the Company in retaining talent and in improving productivity of employees.

Diversity, Career and Growth

BFL emphasises career growth through initiatives such as Job Rotation, Internal Job Postings, and Auto Promotion. It has launched the 'Spectrum Program' to promote Diversity, Equity and Inclusion at the workplace. This covers multiple policies and initiatives designed to support a diverse workforce with benefits such as 1-to-1 counselling, extended paternity leave, day-care facilities, enhanced safety measures and health check-ups for female employees and extended work-from-home options and travel allowances for expecting females and new mothers. Alongside, as a pilot program, for the first time BFL has onboarded 15 people with special needs. We aim to expand this pool in coming years.

Reward and Recognition

BFL's Recognition and Rewards programs aim to encourage a culture of excellence by celebrating exceptional achievements across the organisation. The Excelsior League highlights the top 1% performers with a special event for them and their families, emphasising appreciation beyond traditional methods. Over 18,000 employees were recognised and rewarded in FY2024 for exemplary performance and for taking initiative.

Employee Benefits and Well-being

Our comprehensive approach to employee welfare extends beyond providing Mediclaim and Group Term Life Insurance. Initiatives like iCare fund and Money-On-Call extend financial support to the employee during medical and other emergencies; 1-to-1 Counselling, PureLife Health & Wellbeing Initiatives support holistic emotional and mental wellbeing. Over 582 employees have taken a positive step towards their well-being by availing themselves of the opportunity for 1-to-1 counselling, with a total of 882 sessions conducted. A total of 238 employees have availed financial help through iCare.

BFL's employees are socially conscious citizens and keen to support the community they live in and have actively participated in a 'Joy of Giving' initiative called 'Daan Utsav' and donated over 40,700 items under four different categories; Nanhe Kadam, Anna Daan, Joy Club and Gifts Unlimited. They also participated in blood donation camps organised by the Company.

Culture Anchors

BFL's culture provides it a distinctive competitive advantage. Over the years BFL has identified 14 Culture Anchors which form 'The BFL Way'. These Culture Anchors cover 'The way we conduct ourselves', 'The way we work with others', 'The way we make decisions' and what provides us enduring value. These Anchors have an action bias and essentially define how employees and leaders conduct themselves on a daily basis.

The policies and practices of the Company helps to attract high quality talent which gets a strong culture and working ethos to perform and excel. It also makes people stay with the Company for long tenures. This comprehensive approach towards people practices has helped BFL achieve best in class attrition in the industry.

Awards and Recognitions

During the year, BFL received the following prestigious awards for its people practices:

- Recognised by Great Place to Work™ as India's Best Workplaces™ Building a Culture of Innovation by All (2023-2024).
- Recognised by Great Place Work™ as India's Best Workplaces™ in BFSI (2023-2024).
- Awarded as "Most Committed to ESG"company under "Bronze category" in India for 2024 by FinanceAsia

BFL remains an equal opportunity employer and follows non-discrimination in all practices.

As on 31 March 2024, BFL, along with its subsidiaries, had 53,782 full-time employees. It added 10,635 employees in FY2024. BFL's employee attrition for FY2024 was among the lowest in the last few years.

To achieve its long-term growth objectives, the Company's Board of Directors, at its meeting held on 29 January 2024, approved elevation of Anup Saha, Executive Director as Deputy Managing Director who apart from overseeing all businesses (except commercial lending and loan against securities) would have expanded functional responsibilities and appointed three Chief Operating Officers.

Internal Control Systems and their Adequacy

BFL has robust internal controls system in place, driven through various procedures and policies which are reviewed and tested periodically, across processes, units and functions. BFL's risk and credit teams have inbuilt processes to identify the existing and probable risks and to mitigate identified risks. Senior management also monitors the mitigating measures. The Company has various committees including Risk Management Committee and the Asset and Liability Committee, with participation from various functions, which are designed to review and oversee critical aspects of BFL's operations.

BFL has instituted the three lines of defence model, viz.

- First Line of defence - Internal Operations Management and Management Controls.
- Second Line of defence - Risk and Compliance function.
- Third Line of defence - Internal Audit function.

BFL has dedicated control functions for testing the design and efficiency of Internal Control Over Financial Reporting (ICOFR) on regular basis and timely remediation of control deficiencies identified, if any. Further, BFL monitors Information and Technology General Controls (ITGC) on a periodic basis. The Company has formed specialised units within IT and operations functions for carrying out regular checks to ensure that the processes set for these functions are complied with and gaps identified, if any, are set right on regular basis. The control functions implement, review and monitor the standards and lay down policies and procedures by which the functions manage risks including compliance with regulatory guidelines and applicable laws, adherence to operational controls and relevant standards of conduct.

Compliance is a fundamental aspect of our business operations. Compliance philosophy at BFL is strict adherence to laws, regulations, and ethical standards to maintain the trust of the stakeholders i.e., regulators, customers, investors and employees.

The Company's compliance philosophy revolves around the following principles:

- **Regulatory Compliance:** BFL is committed to comply with all applicable laws, regulations, and guidelines set by regulatory authorities.
- **Customer Protection:** BFL prioritises the protection of its customers' interests and data. Robust data protection measures are maintained and privacy laws and regulations are strictly adhered to. BFL strives to provide fair and transparent financial products and services, ensuring that its customers make informed decisions.
- **Ethical Conduct:** BFL expects all its employees to uphold the highest ethical standards in their dealings with customers, partners, and colleagues.
- **Risk Management:** BFL has implemented robust risk management frameworks and processes to identify, assess, and mitigate risks associated with Company's operations.
- **Employee Training and Awareness:** Comprehensive training programs have been rolled out to enhance the compliance knowledge and awareness of our employees.

To further strengthen the second line of defence, the Company has appointed a Chief Compliance Officer (CCO). Under CCO's supervision, the compliance function is, among others, responsible for identification and assessment of compliance risks, provide guidance on related matters and monitor and test compliances across the organisation.

The Company has implemented controls through systems and processes ensuring a robust control framework. The scope of risk based internal audit of the Company also includes system and process audits in respect of all critical processes. The Internal Audit department and the compliance function review the business unit's adherence to internal processes and procedures as well as to regulatory and legal requirements providing timely feedback to management for corrective action, including minimising the design risk, if any.

BFL's Risk Management, Operational Risk Management, Information Technology and Cyber Security practices have already been elaborated in earlier sections of this chapter.

Further, in line with the RBI's notification dated 3 February 2021, BFL and BHFL had implemented Risk-Based Internal Audit (RBIA) methodology from 1 April 2021. The RBIA is linked to the Company's overall risk management framework.

The Audit Committee of the Board reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines. In the opinion of Board and the senior management, internal control systems are well placed and work in a satisfactory manner.

Fulfilment of the RBI's Norms and Standards

BFL fulfils and often exceeds the applicable norms and standards laid down by the RBI relating to the recognition and provisioning of Stage III (qualifying non-performing) assets, capital adequacy, statutory liquidity ratio, liquidity coverage ratio etc. Table 8 below demonstrates BFL and BHFL's prudent practices detailing its performance ratios compared to the minimum requirements of the RBI.

In FY2024, the RBI has issued following important circulars: -

- Master Direction on Outsourcing of Information Technology Services: These directions issued by the RBI on 10 April 2023 provide regulatory guidelines on Outsourcing of IT Services. The underlying principle of these Directions is to ensure that outsourcing arrangements neither diminish the Regulated Entities (REs) ability to fulfil its obligations to customers nor impede effective supervision by the RBI. These Directions came into effect from 1 October 2023. BFL has put in place processes and practices to fully comply with the said directions by June 2024.
- Framework for Compromise Settlements and Technical Write-offs: These directions issued by the RBI on 8 June 2023 provide a comprehensive regulatory framework governing compromising settlements and technical write-offs. As per the requirements of the directions, BFL has already put in place a Board approved policy for compromise settlements and technical write-offs.
- Guidelines on Default Loss Guarantee (DLG) in Digital Lending: These directions issued by RBI on 8 June 2023 provide guidelines to be followed for entering into an arrangement involving default loss guarantee in digital lending loans. BFL has already put in place a Board approved policy for the same in line with the requirements of these directions.
- Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans: These Directions issued by RBI on 18 August 2023 require the Regulated Entities (REs) to put in place an appropriate policy framework in line with the directions to govern the EMI based floating rate personal loans. BFL is already in compliance of the same.
- Fair Lending Practice - Penal Charges in Loan Accounts: These directions issued by RBI on 18 August 2023 provide for guidelines to be followed while charging penal charges for non-compliance of material terms and conditions of the loan contract. The Guidelines are effective from 1 April 2024 for loans booked on or after this date and 30 June 2024 for existing loans. BFL is currently working on implementing the same.
- Responsible Lending Conduct–Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans: These directions issued by the RBI on 13 September 2023, state that regulated entities should release all the original documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account. Compensation to the borrower at the rate of ₹ 5,000/- for each day of delay has to be paid where the delay is attributable to the regulated entity.
- Regulatory measures towards consumer credit and bank credit to NBFCs: These directions issued by RBI on 16 November 2023 state that consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125% instead of 100%. BFL has made the necessary changes in calculating its consumer credit exposure in the computation of CRAR.
- Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023: The RBI issued Master Directions for NBFCs in suppression of the Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. These Directions are issued in line with the scale-based framework introduced by RBI. BFL is in compliance of the same.
- Credit/Investment Concentration Norms – Credit Risk Transfer: These directions issued by RBI on 15 January 2024 provide guidelines to ensure uniformity and consistency in computation of concentration norms among NBFCs.

On 15 November 2023, the RBI directed BFL to stop sanction and disbursal of 'eCom' and 'Insta EMI Card' with immediate effect due to non-issuance of Key Fact Statements (KFS) to the borrowers under these two lending products and some deficiencies in the KFS issued in respect of other digital loans sanctioned by the Company.

In continuation of announcement on 8 February 2024 in Statement on Developmental and Regulatory Policies, RBI *vide* it's circular RBI/2024-25/18 DOR.STR.REC.13/13.03.00/2024-25 dated 15 April 2024, issued guidelines to extend requirement of Key Fact Statement (KFS) to all retail and MSME loans sanctioned on or after 1 October 2024, on the ground that it will lead to enhanced transparency in lending and enable customers to make informed decisions. BFL is well prepared to comply with the guidelines once it is released by the RBI.

Table 8: BFL and BHFL's regulatory ratios compared to the minimum requirements of the RBI

	Bajaj Finance Ltd.		Bajaj Housing Finance Ltd.	
Particulars	As of 31 March 2024	RBI stipulation	As of 31 March 2024	RBI stipulation
Capital to Risk-weighted Assets Ratio (CRAR)	22.52%	15.00%	21.28%	15.00%
Of which Tier-I	21.51%	10.00%	20.67%	10.00%
Statutory Liquidity Ratio	19.20%	15%	NA	NA
Liquidity Coverage Ratio	169%	85%	192%	70%
Asset liability mismatch				
1-7 days	90%	(10%)	168%	(10%)
8-14 days	81%	(10%)	83%	(10%)
15-30 days	59%	(20%)	55%	(20%)

Bajaj Housing Finance Ltd. (BHFL)

Bajaj Housing Finance Ltd. ("BHFL", "Bajaj Housing"), a wholly owned subsidiary of BFL, is registered as a non-deposit taking housing finance company with the National Housing Bank (NHB) since September 2015 to carry the business of housing finance. BHFL started its lending operations from July 2017. Under the Scale Based Regulation (SBR) issued by the Reserve Bank of India (RBI) on 22 October 2021, BHFL has been categorised as an upper layer NBFCs (NBFC-UL) since 30 September 2022. Accordingly, pursuant to the applicable regulatory framework, the Company is required to be mandatorily listed on or before 30 September 2025.

BHFL offers a complete product suite of mortgages: (i) home loans; (ii) loans against property; (iii) lease rental discounting and (iv) developer financing.

It has the highest credit rating of AAA/stable from CRISIL and India Ratings for its long-term debt programme and A1+ from CRISIL and India Ratings for its short-term debt programme which reflects its strong financial position and repayment ability of financial obligations.

BHFL is ranked among the largest housing finance companies in India and is focused on expanding its retail as well as commercial businesses within its acceptable portfolio quality guidance. It is focused on building low-risk medium-return portfolio, where home loans contribute 58% of portfolio. Of this, 92% of home loans pertains to lower risk segments of salaried and self-employed professional customers.

BHFL aims to scale its retail home loan portfolio through: (i) leveraging developer ecosystem to acquire higher mix of home loans from developer finance funded projects, (ii) expand distribution reach through structured framework with intermediaries for activation and higher penetration, (iii) deepen relationship in existing developer projects, (iv) leverage data analytics to reach mass affluent customers for refinance proposition and (v) geographical expansion to increase BHFL's footprints from present 174 locations to 250+ locations.

BHFL's developer finance portfolio has held well and delivered superlative portfolio metrics driven by the Company's underwriting practices and monitoring mechanism. It will expand its market share through: (i) deepening relationship with existing customers, (ii) onboarding new customers, (iii) expanding operating locations to build granular portfolio while stabilising existing locations to reduce concentration risk.

Commercial real estate portfolio has demonstrated impeccable portfolio performance since inception amid high growth phase and onboarding marquee customers. This business also offers construction finance for commercial portfolio to expand customer funnel for lease rental discounting product and lease rental discounting for build to suit warehousing properties to leverage growing opportunity in organised warehousing space.

BHFL aims to enhance customer experience at each touchpoint and strives to deliver faster turnaround time with seamless processes, centralised hub-based underwriting and operations and adoption of digital tools and capabilities including AI and ML. In line with the Company's aim of digitising the customer journey, BHFL introduced customer onboarding platform for 'Do it yourself' (DIY) onboarding where customer/partner can login their loan application digitally from anywhere, upload required documents which directly flows to the centralised underwriting team. Our industry first digital initiatives implemented in the last year like Aadhar OTP based e-sanction letter and e-agreement got further traction during the year providing hassle-free experience to customers and reducing manual intervention.

BHFL operates its retail underwriting function under centralised hub structure to enhance controllership and reduce approval time. In order to further streamline this process, Account Aggregator functionality was implemented during the year to pull various data points host to host directly and provide customised reports for data analysis which helps to further reduce the approval time.

BHFL Business Update

FY2024 witnessed nil policy rate action by the RBI unlike six repo rate increments in the previous year. However, this year saw enhanced competitive intensity in home loan space reflecting from finer pricing, thrust of securing higher secured portfolio mix by scheduled commercial banks while the private banks continued to remain aggressive. BHFL continues to expand its market share on disbursal front against previous year despite fierce competition.

FY2023 witnessed policy rate transmission in interest rates on assets side however lagged impact of transmission on liabilities side was visible in current year's financial performance. This impact coupled with intense competitive intensity in acquisition pricing reflected into NIM compression.

Residential real estate sector witnessed upward trajectory in current year as well where both launches as well as absorption grew as compared to the previous year. For BHFL, both retail as well as commercial businesses grew their portfolio during the year which helped BHFL to deliver 32% YoY growth in terms of Assets Under Management (AUM). On retail front, BHFL started pool purchase business in current year to partner with various HFCs, NBFC's and small finance banks thereby supporting the housing finance mix required under Principal Business Criteria (PBC) norms.

BHFL holds its portfolio performance with lower GNPA in the industry — which stood at 0.27% as on 31 March 2024 driven by stringent underwriting standards and portfolio monitoring. To augment digital initiatives in collateral monitoring, BHFL implemented system-based title search initiation functionality during the year with automated updates to strengthen portfolio monitoring. During the year, BHFL got registered as a corporate agency with the Insurance Regulatory and Development Authority of India (IRDAI).

BHFL continues to maintain its diversification strategy in borrowing mix through active management and higher mix of new funding sources like NHB refinance. BHFL's capital position remained comfortable with capital adequacy ratio at 21.28% as on 31 March 2024, which was well above the regulatory requirement of 15%.

Home Loans

BHFL offers home loans for ready to move in and under construction properties to mass affluent salaried, self-employed and professional customers through new purchase, resale and balance transfer propositions across 174 locations. Home loans business AUM grew by 24% and stood at ₹ 52,819 crore as on 31 March 2024.

Loan Against Property (LAP)

BHFL serves loan against property (LAP) product to SMEs, MSMEs, self-employed individuals and professionals and salaried customers against their residential and commercial properties. LAP business operates across 74 locations. The LAP business AUM stood at ₹ 9,568 crore as on 31 March 2024 and grew by 23% against FY23.

Lease Rental Discounting (LRD)

BHFL caters to the lease rental discounting needs of high net-worth individual (HNI), corporates and developers through this business. LRD financing is backed by lease rental cashflows being received from prominent lessees occupying the mortgaged commercial properties. Further, these rentals are backed by escrow mechanisms which are continuously monitored by dedicated risk team. This business is present in 14 locations. It registered 57% Y-o-Y growth and the AUM was ₹ 17,637 crore as on 31 March 2024.

Developer Loans

BHFL offers construction finance facility to developers for their residential constructions who have demonstrated track record of project delivery and timely repayments. Financing is linked with stage of completion of project to minimise execution risk. This business operates in 13 locations. AUM under this business stood at ₹ 9,599 crore as on 31 March 2024, growing by 69%.

Partnerships and Services

In partnership with various financial service providers, BHFL offers life insurance, general insurance, health insurance, online primary healthcare assistance services and other financial services products to its customers. It has received a Corporate Agency licence from the IRDAI during the year thereby enhancing the fee income pool for the Company.

Table 9: BHFL's Assets Under Management

(₹ in crore)

Particulars	FY2024	FY2023	Change
Housing loans (including top ups)	52,819	42,707	24%
Loan against property	9,568	7,817	22%
Lease rental discounting	17,637	11,260	57%
Developer finance	9,599	5,669	69%
Other loans	1,747	1,775	(2%)
Total	**91,370**	**69,228**	**32%**

Table 10: BHFL's Financial Performance

(₹ in crore)

Particulars	FY2024	FY2023	Change
Interest Income	7,202	5,269	37%
Interest and finance charges	4,692	3,211	46%
Net interest income	2,510	2,058	22%
Fees and commission income	138	86	60%
Net gain on fair value changes	133	112	19%
Sale of services and Income on de-recognised loans	106	185	(43%)
Others*	38	13	192%
Net total income	**2,925**	**2,454**	**19%**
Operating expenses	703	630	12%
Pre-provisioning operating profit	2,222	1,824	22%
Loan losses and provisions	61	124	(51%)
Profit before tax (PBT)	**2,161**	**1,700**	**27%**
Profit after tax (PAT)	**1,731**	**1,258**	**38%**
Other comprehensive income/ (expenses)	(1)	4	(125%)
Total comprehensive income	**1,730**	**1,262**	**37%**
Earnings per share (EPS) basic, in ₹	2.58	1.88	37%

* Others include other operating income and other income

Bajaj Financial Securities Ltd.

Bajaj Financial Securities Ltd. ('BFSL', 'BFinsec', 'Bajaj Broking') functions as a wholly-owned subsidiary of Bajaj Finance Ltd.. It is duly registered with the SEBI, both as a stockbroker and a depository participant.

In FY2024, Bajaj Broking significantly broadened its reach to 37 locations and 41 branches, providing a comprehensive suite of services to over 699,000 clients in retail and HNI, encompassing DP services, Broking, Margin Trading Facility, and Financing for Offers For Sale. BFSL strategically aims to enhance its offerings to customers who utilise Loans Against Securities (LAS) from BFL. The objective is to provide a comprehensive range of investment products and services.

HNI Demat and Broking: BFSL offers specialised DP and broking services to High Net Worth Individual (HNI) clients. These affluent individuals benefit from a call-in-trade service managed by dedicated dealers, providing them with flexibility in their trading activities. Additionally, BFSL caters to the unique preferences of HNI clients by providing customised brokerage plans based on their specific trading needs. For clients with significant trading volumes, a trading terminal option is available to enhance their overall trading experience. As of 31 March 2024, Bajaj Broking has served over 43,000 HNI clients, with an AUM of ₹ 3,472 crore with 41 operating branches.

Retail Demat and Broking: Bajaj Broking provides extensive Demat and broking services tailored for retail clients, offering multifaceted range of discount broking plans to suit various trading needs. Clients can select from these customised plans, providing versatility and economic viability. The trading facilities are easily accessible through both a web portal and a mobile app, ensuring convenience for retail clients. Furthermore, retail clients have the option to benefit from value-added services, including call-n-trade functionality. In FY2024, Bajaj Broking successfully added over 113,400 new customers, taking its total clientele to 656,000.

Margin Trading Facility (MTF): Bajaj Broking provides Margin Trading Facility (MTF) to HNIs and retail clients, enabling them to purchase approved securities with the required margin, while Bajaj Broking covers the remaining amount. Margin Trading Facility AUM grew by 259% to ₹ 3,817 crore as of 31 March 2024 versus ₹ 1,064 crore as of 31 March 2023 — highlighting the widespread adoption and popularity of this financing option among clients.

In FY2024, BFSL reported total income of ₹ 486 crore and a profit after tax of ₹ 56 crore, showcasing its strong financial performance.

Bajaj Broking enhanced its online presence by upgrading both its website and mobile trading app, incorporating significant features and capabilities such as:

- **Product Feature Enhancement:**
  - Discovery: Developed www.bajajbroking.in an AEM platform-based website to cater to organic traffic.
  - GTT: Good Till Triggered feature enables orders to remain active until the specified trigger condition is fulfilled, with the trigger validity extending for one year.
  - Basket orders: This feature empowers traders to execute multiple orders for different security in a single action, by specifying parameters like quantity and price for each security within the basket.
  - One click transfer from ICICI bank accounts to Bajaj Broking Demat account.
  - Stock SIP: Investors can now purchase a fixed number of shares per transaction, resulting in varying deductions from their bank account or opt for a fixed investment amount, where the number of shares acquired varies depending on the current market price.
  - Stock pledge/unpledged journey: Clients can pledge/unpledge stocks *via* online journey.
- **Tool Enhancement:**
  - F&O dashboard: Introduced Futures & Options dashboard, providing users with comprehensive insights and tools for managing their investments.
  - Vernacular setting: Introduced this feature which allows users to switch to their preferred language seamlessly within both the app and web interfaces.
  - Shortcut keys: Implemented shortcut keys functionality to streamline buy and sell order placement processes.
  - UI/UX Improvements:
    1. Adaptive dark mode introduced that automatically switches between light and dark colour schemes based on mobile settings.
    2. Fund page revamped to enhance customer engagement.
    3. Modernised order pad component to enhance and streamline its interface for modern usability.
    4. Android widgets are implemented to enable users to conveniently monitor the profit and loss of their Demat account on home screen.
- **Service Enhancement:**
  - A unified platform 'COSMOS' for our partners enabling them to easily access and review their business information in one place.
  - A risk disclosure pop up is implemented to provide users with important information regarding potential risks before trading.
  - Stock surveillance pop up is implemented to alert users to monitor stock activities closely, providing timely updates.
  - Improved account unblock process by OTP authentication.
  - Dormant account re-activation online journey.

Table 11: BFSL's Financial Performance

(₹ in crore)

Particulars	FY2024	FY2023
AUM	3,817	1,064
Total Revenue	486	214
Profit Before Tax	71	11
Profit After Tax	56	8

Concluding Comments

After carefully prevailing over the COVID-19 years (FY2021 and FY2022), Bajaj Finance has come back to its usual status of posting excellent operational and financial results in FY2024. Although there are some storm clouds on the horizon, there are reasons to believe that BFL is well placed to continue posting good results in FY2025, with the Company's Omnichannel strategy becoming even more apparent across all relevant points of customer interface. We, therefore, expect to generate greater customer acquisition, higher customer loyalty, more profitable cross-selling and better margins for each of our businesses. Simply put, FY2025 should be at least as good as FY2024.

Table 12: Key Finance Indicators: Last 17 years

Financials snapshot	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	CAGR (17 yrs.)
AUM	2,478	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	1,47,153	152,947	1,97,452	2,47,379	3,30,615	36%
Total income	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	26,683	31,648	41,418	54983	34%
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	9,414	9,754	12,560	18725	34%
Net total income	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	17,269	21,894	28,858	36258	34%
Operating expenses	193	220	320	460	670	850	1151	1428	1,898	2,564	3,270	4,197	5,662	5,308	7,587	10,142	12325	30%
Loan losses & provision	109	164	261	205	154	182	258	385	543	804	1,030	1,501	3,929	5,969	4,803	3,190	4631	26%
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	5,992	9,504	15,528	19310	50%
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	4,420	7,028	11,508	14451	50%

Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Opex to Net total income	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%	30.7%	34.7%	35.1%	34.0%
Loan loss to avg. AUF	3.6%	4.9%	7.1%	3.6%	1.6%	1.3%	1.3%	1.4%	1.5%	1.6%	1.5%	1.6%	3.1%	4.1%	2.8%	1.5%	1.6%
Return on assets	0.7%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%	3.1%	4.2%	5.3%	5.1%
Return on equity	2.0%	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%	12.8%	17.4%	23.5%	22.1%
Net NPA *	7.00%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%	0.75%	0.68%	0.34%	0.37%
Provision coverage ratio	30%	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%	58%	58%	64%	57%
CRAR (standalone)	40.7%	38.4%	25.9%	20.0%	17.5%	21.9%	19.1%	18.0%	19.5%	20.3%	24.7%	20.7%	25.0%	28.3%	27.2%	25.0%	22.5%
Leverage ratio	2.6	2.5	3.8	5.9	6.4	5.3	6.2	6.8	6.3	6.6	5.4	6.3	5.1	4.7	4.9	5.1	4.9

Note 1: As per the RBI regulations, NNPA percentages upto FY2015 are at 6 months overdue, FY2016 is at 5 months overdue, FY2017 are at 4 months overdue and FY2018 are at 3 months overdue. Hence NPA across periods are not comparable.
Note 2: All figures till FY2017 are as per previous GAAP on standalone basis.
Note 3: All figures from FY2018 onwards are as per Ind AS and on consolidated basis.

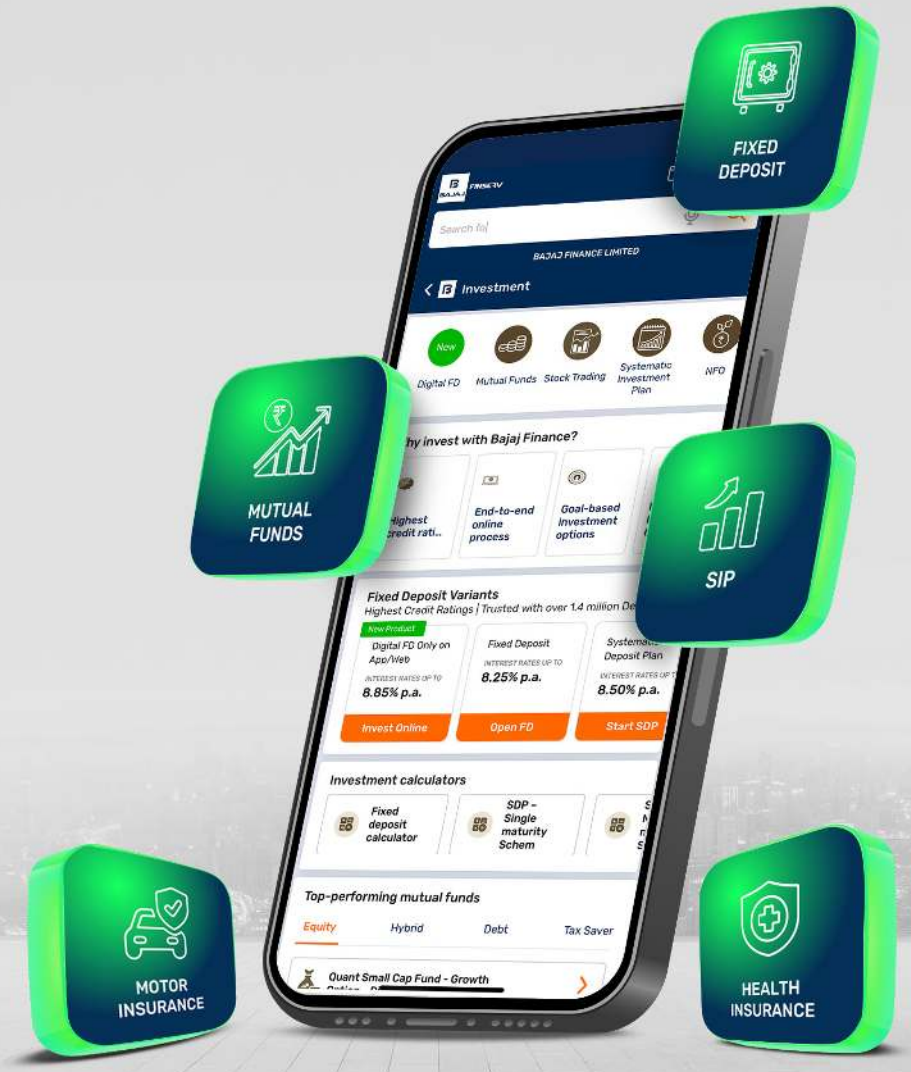
Cautionary Statement

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

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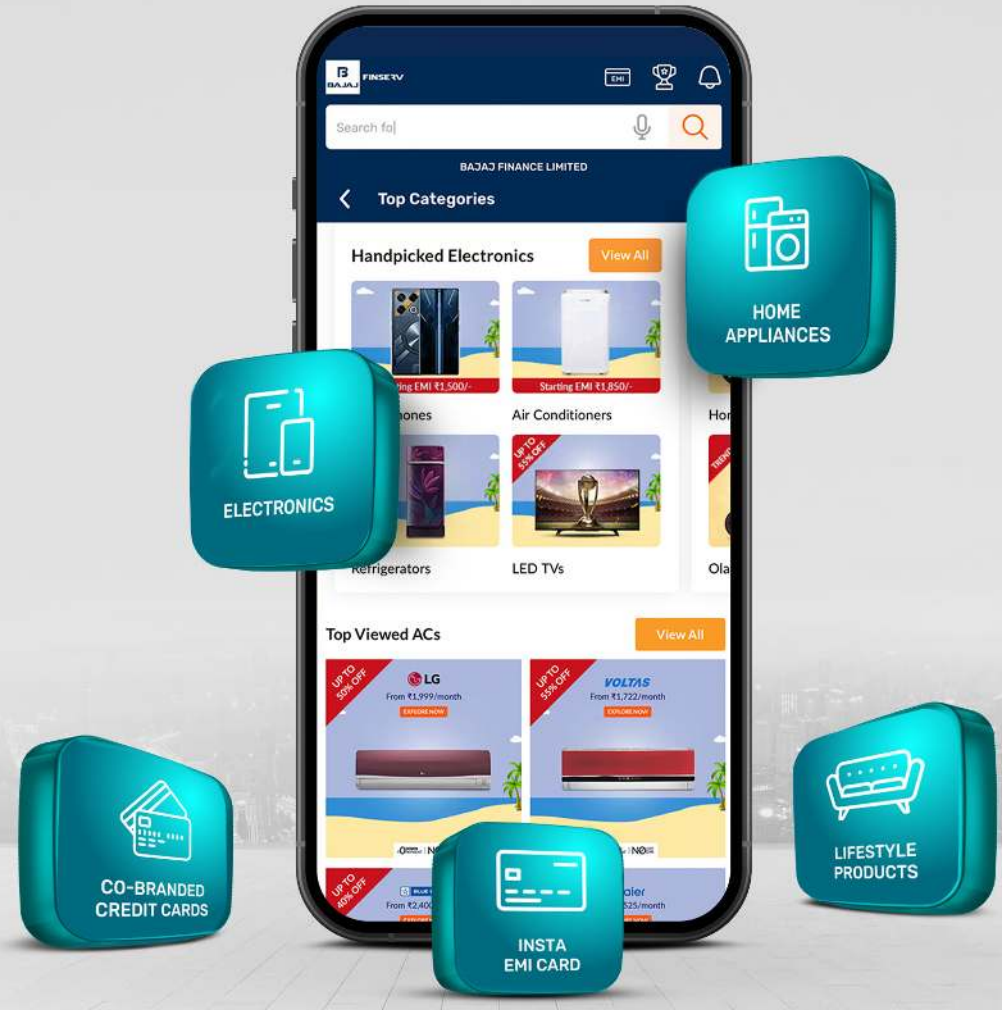
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REPORT ON CORPORATE GOVERNANCE

Corporate governance is about promoting fairness, transparency, accountability, commitment to values, ethical business conduct and 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 Finance Ltd. (the 'Company', 'Bajaj Finance' or 'BFL').

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the SEBI Listing Regulations and the Regulations of the Reserve Bank of India ('RBI') for Non-Banking Financial Companies (the 'RBI Regulations'), as applicable to the Company. As will be seen, the Company's corporate governance practices and disclosures go well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws.

Philosophy

For us, corporate governance is a reflection of principles rooted in our values and policies and also embedded in our day-to-day business practices. The commitment of 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 thrusts of the working of the Bajaj group. The Company maintains the same tradition and commitment.

Key elements of Bajaj Finance's Corporate Governance

- Compliance with applicable law.
- Proactive adherence to the regulations.
- Benchmarking and adopting best practices among banks, peers and other leading organisations.
- Number of Board and Committee meetings are more than the statutory requirements, including meetings dedicated for discussing strategy, operating plans, and risks.
- 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.
- Audit Committee comprising of independent Board members, and with Independent Directors chairing all Committees of the Board.
- Pre-Committee meetings of the Committee's Chair with statutory auditors, internal auditor, chief risk officer, chief human resources officer, and members of executive management who are the process owners.
- Independent discussions by the Committee with chief internal auditor, chief risk officer, and chief compliance officer without presence of Managing Director (including other members of senior management) on a quarterly basis.
- 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.
- 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 subsidiary which ensures an institutionalised structure of control over subsidiary.
- Half-yearly communication from the Chairman to all shareholders/debentures holders of the Company giving an update on the Company's performance.

- Adoption of key governance policies in line with the best practices, which are made available to stakeholders for downloading/viewing from the Company's website. These, *inter alia,* include:
  - Whistle Blower Policy/Vigil Mechanism;
  - Policy on materiality of related party transactions and dealing with related party transactions;
  - Dividend Distribution Policy;
  - Policy on Prevention of Sexual Harassment at Workplace;
  - Fair Practices Code in English and in vernacular languages;
  - Employee Charter on Human rights;
  - Equal Employment Opportunity and Non-Discrimination Policy;
  - Compensation Policy for Directors, Key Managerial Personnel and Senior Management;
  - Data Privacy Policy;
  - Responsible and Sustainable Business Conduct Policy;
  - Code of Ethics and Personal Conduct;
  - Deputation and Advisory Services Policy for Employees within Group;
  - Tax Governance Policy;
  - Employee Health and Safety Manual;
- The weblinks of key policies are given as an annexure to this report.

Board of Directors

The Board of Directors ('Board') and its Committees play significant role in upholding and furthering the principles of good governance which translates into ethical business practices, transparency, and accountability in creating long term stakeholder value.

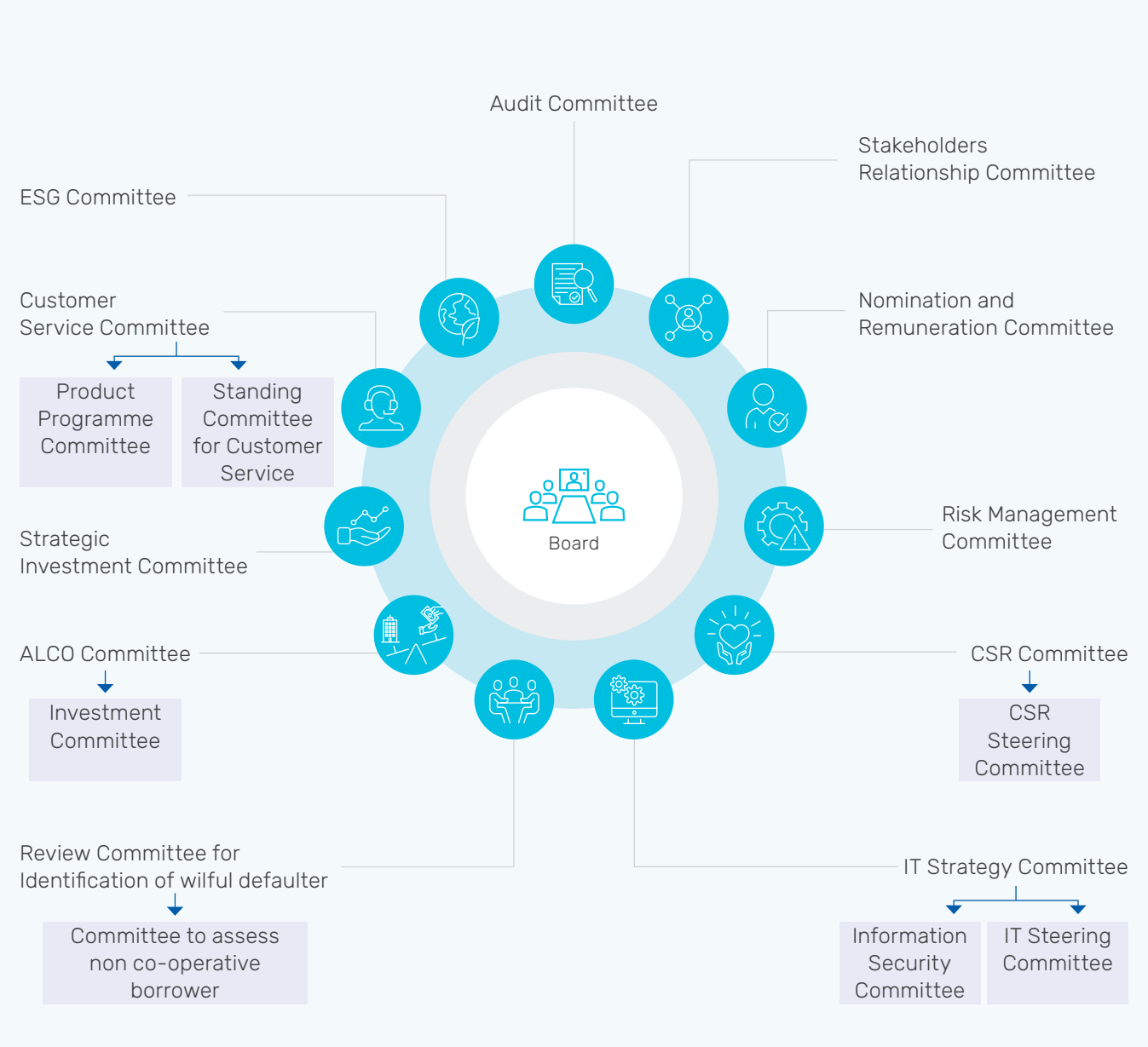
In line with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of independent and non-independent directors to maintain the independence of the Board and to separate the Board functions 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 the Senior Management team, formulating policies, conducting 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.

The Board has constituted several Board sub-Committees. The remit of these Committees are governed by the regulations, business exigencies and such other matters warranting special and expert attention. The Company also has a calendar of review in place delineating the roles and responsibilities, terms of reference and frequency of review by the Committees.

Chart 1 gives depiction of Board and its various Committees.

Chart 1


Audit Committee
Stakeholders Relationship Committee
ESG Committee
Customer Service Committee
Product Programme Committee
Standing Committee for Customer Service
Nomination and Remuneration Committee
Board
Risk Management Committee
Strategic Investment Committee
ALCO Committee
Investment Committee
CSR Committee
CSR Steering Committee
Review Committee for Identification of wilful defaulter
Committee to assess non co-operative borrower
IT Strategy Committee
Information Security Committee
IT Steering Committee

Composition of the Board

In compliance with the SEBI Listing Regulations, the Company has an optimum combination of executive and non-executive directors with a woman independent director. The Company has a non-executive Chairman. According to provisions of the SEBI Listing Regulations, if the non-executive Chairman is related to promoter, at least one half of the Board of the Company should consist of Independent Directors.

As on 31 March 2024, the Board of the Company consisted of nine directors, of whom two were executive, five were non-executive independent (including one-woman independent director) and two were non-executive non-independent. The Board does not have any institutional nominee director.

The Company is in compliance with the SEBI Listing Regulations.

Changes in composition of Board during FY2024 and FY2023

Details of change in composition of the Board during the year under review and previous year i.e., for the period from 1 April 2022 to 31 March 2024 is given below:

Sr. No.	Name of director	Capacity	Nature of change	Effective date
1.	Dr. Gita Piramal	Independent director	Cessation	30 April 2022*
2.	Ranjan Sanghi	Independent director	Cessation	30 April 2022*
3.	Radhika Haribhakti	Independent director	Appointment	1 May 2022
4.	Madhur Bajaj	Non-executive director	Cessation	31 July 2022*
5.	Anup Saha	Executive director	Appointment	1 April 2023
6.	Rakesh Bhatt	Executive director	Appointment	1 April 2023
7.	Dr. Arindam Bhattacharya	Independent director	Appointment	1 April 2023
8.	D J Balaji Rao	Independent director	Cessation	28 November 2023**
9.	Rakesh Bhatt	Executive director	Cessation	31 January 2024*

*Resigned with effect from close of business hours.

**Ceased on account of demise.

The Board, at its meeting held on 29 January 2024, based on the recommendation of Nomination and Remuneration Committee ('NRC'), re-designated Anup Saha as Deputy Managing Director of the Company with effect from 1 April 2024. The re-designation has been approved by the members *vide* resolution passed through postal ballot on 19 March 2024. Subject to approval of the members, the Board at its meeting held on 25 April 2024, recommended the appointment of Tarun Bajaj as an independent director for a period of 5 years effective 1 August 2024.

Number of meetings of the Board

The calendar for the Board and Committee meetings, in which the financial results would be considered in the ensuing year, as well as major items of the agenda are fixed in advance for the entire year. Besides the quarterly Board meetings, meetings are also scheduled in the month of March and September every year to facilitate the Board to devote additional time on long range planning and strategic matters. The Board and Committee meetings are scheduled for one full day to enable adequate time for deliberations.

During FY2024, the Board met eight times, viz., on 26 April 2023, 26 July 2023, 14 September 2023, 5 October 2023, 17 October 2023, 21 November 2023, 29 January 2024, and 20 March 2024. The gap between two consecutive meetings has been less than 120 days.

Attendance record of directors for FY2024:

Name of the directors	No. of Board meetings held during FY2024								Attendance at the last AGM held in July 2023
	26 April 2023	26 July 2023	14 September 2023	5 October 2023	17 October 2023	21 November 2023	29 January 2024	20 March 2024	
CHAIRMAN, NON-EXECUTIVE DIRECTOR									
Sanjiv Bajaj	In person	In person	In person	In person	In person	In person	In person	In person	In person
INDEPENDENT DIRECTORS									
D J Balaji Rao@	VC	In person	In person	VC	In person	VC	N.A.	N.A.	In person
Dr. Naushad Forbes	In person	In person	Absent	VC	VC	VC	VC	In person	In person
Anami N Roy	In person	In person	In person	VC	In person	VC	In person	In person	In person
Pramit Jhaveri	In person	In person	In person	VC	VC	VC	VC	In person	In person
Radhika Haribhakti	In person	In person	In person	VC	In person	VC	In person	In person	In person
Dr. Arindam Bhattacharya	VC	In person	In person	VC	In person	Absent	In person	In person	In person
MANAGING DIRECTOR									
Rajeev Jain	In person	In person	In person	In person	In person	In person	In person	In person	In person
EXECUTIVE DIRECTORS									
Anup Saha*	In person	In person	In person	In person	In person	In person	In person	In person	In person
Rakesh Bhatt^	In person	In person	In person	In person	In person	In person	In person	N.A.	In person
NON- EXECUTIVE DIRECTOR									
Rajiv Bajaj	VC	In person	VC	VC	VC	VC	VC	Absent	In person

In person Attendance in person VC Attendance through VC Absent Absent

Notes:

1. Sanjiv Bajaj and Rajiv Bajaj are related as brothers. None of the other directors are related inter se.
2. @D J Balaji Rao passed away on 28 November 2023 and as a result, he ceased to be an Independent Director.
3. *Anup Saha has been re-designated as Deputy Managing Director with effect from 1 April 2024.
4. ^Rakesh Bhatt was appointed with effect from 1 April 2023 and ceased to be director with effect from close of business hours on 31 January 2024.

The summary of composition of Board, total compensation for the year, and shareholding in the Company is provided below:

Sr. No.	Name of director, DIN, and capacity/category	Director since	% of meetings attended in last 3 years	Remuneration (₹ in crore)			No. of Shares held in the Company as on 31 March 2024
				Salary and other compensation	Sitting Fee	Commission$	
CHAIRMAN, NON-EXECUTIVE DIRECTOR							
1.	Sanjiv Bajaj (DIN:00014615) Promoter Group	18 January 2005	100	-	0.26	4.04	530,792
INDEPENDENT DIRECTORS							
2.	D J Balaji Rao@ (DIN: 00025254)	1 April 2014	100*	-	0.06	0.24	-
3.	Dr. Naushad Forbes (DIN: 00630825)	1 April 2019	95	-	0.17	0.68	-
4.	Anami N Roy (DIN: 01361110)	1 April 2019	100	-	0.24	0.96	-
5.	Pramit Jhaveri (DIN: 00186137)	1 August 2021	100*	-	0.23	0.92	-
6.	Radhika Haribhakti (DIN:02409519)	1 May 2022	100*	-	0.16	0.64	-
7.	Dr. Arindam Bhattacharya (DIN: 01570746)	1 April 2023	87.5*	-	0.12	0.48	724
MANAGING DIRECTOR							
8.	Rajeev Jain (DIN: 01550158)	1 April 2015	100	16.60	-	-	169,950
EXECUTIVE DIRECTORS							
9.	Anup Saha (DIN: 07640220)	1 April 2023	100*	13.10	-	-	-
10.	Rakesh Bhatt (DIN: 02531541)	1 April 2023	100*	9.78	-	-	130,520
NON- EXECUTIVE DIRECTOR							
11.	Rajiv Bajaj (DIN: 00018262) Promoter Group	2 May 1994	90	-	0.07	0.28	1,000

Notes:

- *% of meetings attended is calculated based on the number of Board meetings attended post the appointment or up to date of cessation.
- @D J Balaji Rao passed away on 28 November 2023.
- $The Commission will be paid post adoption of financial statements.

None of the Directors hold any convertible instrument. Rajeev Jain, Managing Director and Anup Saha, Deputy Managing Director are entitled to Employee Stock Options as per Employee Stock Option Scheme, 2009. The above remuneration is exclusive of fair value of options granted as per Black Scholes model in the year of vesting.

Resignation of independent director during FY2024

No resignation was tendered by independent directors during the financial year 2024.

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 adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The directors are persons of eminence in areas of financial services, technology, banking, business transformation and strategy, audit and risk management, finance, law, administration, research, and investment banking, etc. and bring with them experience/skills which add value to the performance of the Board. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality.

Core skills/expertise/competencies

A brief profile of the directors is available on the website of the Company at https://www.aboutbajajfinserv.com/finance-people-and-committees-board-of-directors.

As stipulated under Schedule V of 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 and 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 Resource
9.	Business Transformation and Strategy

	Skills/Expertise/Competencies								
Name of directors	Management and 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 Resource	Business Transformation and Strategy
Sanjiv Bajaj	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Naushad Forbes	✓	-	✓	✓	✓	✓	✓	✓	✓
Anami N Roy	✓	✓	-	-	✓	✓	✓	✓	-
Pramit Jhaveri	✓	✓	✓	✓	✓	✓	✓	✓	✓
Radhika Haribhakti	✓	✓	-	-	✓	✓	-	✓	✓
Dr. Arindam Bhattacharya	✓	-	-	✓	✓	✓	✓	✓	✓
Rajiv Bajaj	✓	-	✓	✓	✓	✓	-	✓	✓
Rajeev Jain	✓	✓	✓	✓	✓	✓	✓	-	✓
Anup Saha	✓	✓	✓	✓	-	✓	✓	✓	✓

Opinion of the Board

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

Non-executive directors' compensation

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

The members of the Company *vide* special resolution passed at the Annual General Meeting ('AGM') of the Company held on 27 July 2022 have, approved the payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of section 198 of the Act, to be paid and distributed among the directors of the Company or some or any of them (other than the Managing Director/Whole-time Directors) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors from time to time during the five years commencing from 1 April 2022.

Based on an independent benchmarking exercise carried out by the Company in relation to compensation payable to NEDs *vis-a-vis* peers and other well governed companies, the commission has been increased from ₹ 250,000 to ₹ 400,000 per meeting of the Board and/or Committee effective 1 April 2023, keeping in view the responsibilities that the NEDs are expected to bear in the interest of higher level of excellence in corporate governance on account of statutory and regulatory changes.

The Nomination and Remuneration Committee and the Board, at its meetings held on 25 April 2024, approved payment of Commission of ₹ 3 crore to Sanjiv Bajaj for FY2024 for the additional time and commitment devoted by him for reviewing businesses, governance framework, internal controls, assurance function, mentoring and supervising the senior leadership team of the Company, including the Deputy Managing Director/Managing Director, at the request of the management. Being a non-executive director, he will also be entitled to sitting fees as payable to other NEDs. The total compensation payable to Sanjiv Bajaj does not exceed 50% of the total remuneration payable to all NEDs. Hence, approval of shareholders is not required under regulation 17(6) of the SEBI Listing Regulations. Further, prior approval of the Audit Committee has also been obtained for the said payment of remuneration in terms of provisions of regulation 23 of the SEBI Listing Regulations.

The total commission payable to all directors, however, will be within the maximum permissible ceiling prescribed under Act.

The commission is paid to the directors after the adoption of audited financial statements by the shareholders at the AGM.

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

The Company does not have a stock option programme for any of its directors other than the Managing Director(s).

Information placed before the Board

The Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by key members of Senior Management on important matters from time to time. Directors have separate and independent access to the officers of the Company. In addition to items required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

In terms of quality and importance, the information supplied by Management to the Board is far ahead of the mandate under the Act and SEBI Listing Regulations. The independent directors of the Company met on 20 March 2024 and assessed especially from the perspective of whether these aided the Board and its Committees to effectively and reasonably perform their duties. The independent directors 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 strategic, business, compliance and regulatory matters. During FY2024 it, *inter alia*, covered the following:

- Business plans, forecast and strategic initiatives;
- Changes in regulatory landscape and Company's preparedness;
- Capital expenditure and updates;
- Internal financial controls;
- Succession planning and organisation structure;
- Details of incidence of frauds and corrective action taken thereon;
- Supervisory concerns raised by regulators;
- Performance of subsidiaries and associate companies;
- Status of compliance with Act, SEBI regulations, RBI Regulations and shareholder related matters;
- Review of investments made by the Company;

- Review of various policies framed by Company from time to time;
- Risk management system;
- Compliance with corporate governance standards;
- Minutes of meetings of various Committees;
- Compliance with fair practices code;
- Functioning of customer grievance redressal mechanism; and
- Awareness on cyber security.

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. It also covers Company's nominee on the Board of investee companies. 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 director/Senior Management is placed before the Board for its review from time to time.

Succession planning is a critical element of the human resources strategy at 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 1: Number of directorship/committee positions of directors as on 31 March 2024 (including the Company)

Sr. No.	Name of director	No. of directorships	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
1.	Sanjiv Bajaj	18	5	5	8	7	-
2.	Dr. Naushad Forbes	13	5	1	7	7	2
3.	Anami N Roy*	11	7	3	1	10	5
4.	Pramit Jhaveri	4	3	-	1	2	-
5.	Radhika Haribhakti	8	7	-	1	8	1
6.	Dr. Arindam Bhattacharya**	6	4	1	1	6	-
7.	Rajeev Jain	2	1	1	-	2	-
8.	Anup Saha	1	1	-	-	-	-
9.	Rajiv Bajaj	11	5	2	4	1	1

Notes:

- *Consequent to the completion of term, he ceased to be an independent director of Bajaj Holdings & Investment Ltd. effective 31 March 2024 (close of business hours).
- **Consequent to the completion of term, he ceased to be an independent director of Lemon Tree Hotels Ltd. effective 10 April 2024 (close of business hours).
- 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, high value debt listed entities and companies under section 8 of the Act have been excluded. Only the Audit Committee and the Stakeholders Relationship Committee are considered for the purpose of reckoning committee positions. Bajaj Housing Finance Ltd., being a public limited company as well as High Value debt listed entity is considered under the category of public limited company.

None of the directors hold office as a director, including as an alternate director, in more than 20 companies at the same time. None of them has directorships in more than 10 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 section 8 of the Act are excluded. For the purpose of reckoning the directorships in listed companies, only equity listed companies have been considered.

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

Pursuant to RBI Scale Based Regulations, Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL except for directorship in a subsidiary. Rajeev Jain, Managing Director, holds office as a Non-Executive Vice Chairman of Bajaj Housing Finance Ltd., the wholly owned subsidiary of the Company. He does not hold office in any other NBFC.

None of the directors was a member in more than 10 committees, nor a chairperson in more than five committees across all public companies in which he/she was a director.

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

Directorship in listed companies (including debt listed companies)

Table 2: Name of listed entities where directors of the Company held directorships as on 31 March 2024 (including the Company)

Sr. No.	Name of director	Name of listed entity	Category
1.	Sanjiv Bajaj	Bajaj Auto Ltd.	Non-Executive, Non-Independent
		Bajaj Finance Ltd.	Chairman, Non-Executive, Non-Independent
		Bajaj Finserv Ltd.	Chairman and Managing Director, Executive
		Bajaj Holdings & Investment Ltd.	Managing Director and CEO, Executive
		Bajaj Housing Finance Ltd.	Chairman, Non-executive, Non-Independent
		Maharashtra Scooters Ltd.	Chairman, Non-Executive, Non-Independent
2.	Dr. Naushad Forbes	Bajaj Auto Ltd.	Non-Executive, Independent
		Bajaj Finance Ltd.	
		Bajaj Finserv Ltd.	
		Bajaj Holdings & Investment Ltd.	
		Zodiac Clothing Company Ltd.	
3.	Anami N Roy	Bajaj Auto Ltd.	Non-Executive, Independent
		Bajaj Finance Ltd.	
		Bajaj Finserv Ltd.	
		Bajaj Holdings & Investment Ltd.	
		Bajaj Housing Finance Ltd.	
		GlaxoSmithKline Pharmaceuticals Ltd.	
		Finolex Industries Ltd.	
		Siemens Ltd.	
4.	Pramit Jhaveri	Bajaj Finance Ltd.	Non-Executive, Independent
		Bajaj Finserv Ltd.	
		Larsen & Toubro Ltd.	

Sr. No.	Name of director	Name of listed entity	Category
5.	Radhika Haribhakti	Bajaj Finance Ltd.	Non-Executive, Independent
		Bajaj Finserv Ltd.	
		EIH Associated Hotels Ltd.	
		ICRA Ltd.	
		Navin Fluorine International Ltd.	
		Torrent Power Ltd.	
		NOCIL Ltd.	
6.	Dr. Arindam Bhattacharya	Bajaj Finance Ltd.	Non-executive, Independent
		Bajaj Holdings & Investment Ltd.	
		Bajaj Housing Finance Ltd.	
		Info Edge (India) Ltd.	
		Lemon Tree Hotels Ltd.	
7.	Rajeev Jain	Bajaj Finance Ltd.	Managing Director, Executive
		Bajaj Housing Finance Ltd.	Vice Chairman, Non-Executive, Non-Independent
8.	Anup Saha	Bajaj Finance Ltd.	Executive (Deputy Managing Director effective 1 April 2024)
9.	Rajiv Bajaj	Bajaj Auto Ltd.	Managing Director and CEO, Executive
		Bajaj Electrical Ltd.	Non-Executive, Non-Independent
		Bajaj Finance Ltd.	Non-Executive, Non-Independent
		Bajaj Finserv Ltd.	Non-Executive, Non-Independent
		Bajaj Holdings & Investment Ltd.	Vice Chairman, Non-Executive, Non-Independent

Certificate on qualification of Directors

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

Review of legal compliance reports

The Board periodically reviews compliance report with respect to the various laws applicable to the Company, as prepared and placed before it by the Management. The Company Secretary, Chief Compliance Officer and other senior management personnel heading functions provides detailed compliance report to the Board on a periodic basis.

Code of Conduct

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

The Company has a Board approved Code of Conduct for Board members and Senior Management of the Company. The Code of Conduct is reviewed periodically. The Code has been placed on the Company's website and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-conduct-for-directors-and-senior-management-v2pdf?scl=1&fmt=pdf.

All the Board members and Senior Management personnel have affirmed compliance with the Code for the year ended 31 March 2024. A declaration to this effect signed by the Managing Director forms a part of this Annual Report.

Maximum tenure of independent directors

In terms of the Act, independent directors shall hold office for a term of up to five consecutive years on the board of a company but shall be eligible for re-appointment upon passing of a special resolution by the company and disclosure of such appointment in the board's report.

Accordingly, the Board and the Nomination and Remuneration Committee, after evaluating the performance of Anami N Roy and Dr. Naushad Forbes during their first tenure as independent directors, recommended their re-appointment as independent directors of the Company for second tenure of five consecutive years commencing from 1 April 2024. The same has been approved by the members *vide* special resolutions passed through postal ballot on 19 March 2024.

The tenure of the independent directors is in accordance with the provisions of the Act.

Formal letter of appointment to independent directors

The Company has issued a formal letter of appointment/re-appointment to independent directors in the manner provided in the Act. As per regulation 46(2) of the SEBI Listing Regulations, the terms and conditions of appointment/re-appointment of independent directors are placed on the Company's website and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/appointment-letter-independent-director-27-nov-2023pdf?scl=1&fmt=pdf.

Familiarisation programme

On an ongoing basis, the Company endeavours to keep the Board including independent directors abreast with matters relating to the industry in which the Company operates, its business model, risk metrics, mitigation and management, changes in regulatory landscape and preparedness of the Company, update on environmental social governance, governing regulations, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company and group, etc.

The Board is also regularly apprised on the major developments in the Company between two meetings.

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

The familiarisation details for FY2024 can be accessed at the link: https://cms-assets.bajajfinserv.in/is/content/bajajfinance/familiarisation-programme-v1pdf-1?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 and meeting the requirements under applicable RBI regulations.

This mechanism enables directors, employees and value chain partners 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/value chain partners who avail of the mechanism. It also allows them to share their inputs or raise their concerns anonymously at the dedicated link provided for it.

The policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website which can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v3pdf-1?scl=1&fmt=pdf.

Employees of the Company are required to undergo mandatory online learning module on Code of Conduct including Whistle Blower Policy and affirm that they have understood and are aware of vital aspects of the policy.

During FY2024, no employee was denied access to the Audit Committee. During FY2024, 445 complaints were received by Company out which 34 are pending for resolution as on 31 March 2024.

Details of material subsidiaries

The Company has one material subsidiary viz., Bajaj Housing Finance Ltd. ('BHFL').

The details of the same are as under:

Sr. No.	Particulars	Information about BHFL
1.	Date of incorporation	13 June 2008
2.	Place of incorporation	Pune
3.	Registered office	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi Pune- 411 035
4.	Name of the Auditor	Khandelwal Jain & Co. and G.D. Apte & Co.
5.	Date of appointment	16 November 2021
6.	Period of appointment	3 years to hold office till the AGM scheduled in 2024 for audit of Financial Statements for FY2022, FY2023 and FY2024 as per RBI Guidelines.
7.	Other details	• BHFL is a wholly owned subsidiary of the Company registered as a Housing Finance Company with National Housing Bank (Registration No. 09.0127.15). • It is also classified in the Upper Layer pursuant to RBI Scale Based Regulations. • It has issued debentures on private placement basis from time to time. These are listed on the Wholesale Debt Market segment of BSE Ltd. It is classified as a high value debt listed entity in terms of SEBI Listing Regulations.

As on 31 March 2024, the Board of BHFL comprised of six directors out of which three are independent directors viz., Anami N Roy, Dr. Arindam Bhattacharya and Jasmine Chaney. It is a professional Board comprising of highly qualified and eminent persons. The profile of the directors can be accessed at https://www.bajajhousingfinance.in/directors-board.

The Policy on 'material subsidiaries', as approved by the Board, is available on the Company's website and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subsidiaries-v3pdf?scl=1&fmt=pdf.

In addition to above, the Company has a wholly owned subsidiary viz., Bajaj Financial Securities Ltd. ('BFinsec') and two associate companies viz., Snapwork Technologies Private Ltd. and Pennant Technologies Private Ltd.

Details of the subsidiaries and associates including their performance, businesses, are given in the Directors' Report.

Loans and advances

The Company, being NBFC in the upper layer is governed by RBI circular dated 19 April 2022 on loans and advances. The said guidelines, *inter alia*, covers grant of loan, advances, guarantee, awarding of contracts, etc. to directors and their relatives, company in which any of the directors or their relatives are major shareholders, firm in which directors or their relatives are partners, senior officers. Accordingly, details of aggregate amount of loans and advances sanctioned by the Company forms part of the Annual Financial Statement.

The Company and its subsidiaries have not provided any loans and advances in the nature of loans to firms/companies in which the directors are interested within the meaning of provisions of section 184 of the Act.

Share Capital

As of 31 March 2024, the paid-up capital of the Company was ₹ 123.8 crore consisting of 618,996,320 equity shares of face value of ₹ 2 fully paid up.

During the year under review, the Company has made preferential allotment of 1,550,000 warrants convertible into equivalent number of equity shares to Bajaj Finserv Ltd., promoter and the holding company, at a conversion price of ₹ 7,670 per share, pursuant to the provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations').

In accordance with the terms of issue and as per the provisions of SEBI ICDR Regulations, 25% of issue price amounting to ₹ 297.21 crore was received by the Company at the time of subscription as initial payment and the balance ₹ 891.64 crore will be received at the time of conversion i.e., within a period of 18 months from the date of allotment of the warrants. As on 31 March 2024, the warrants are yet to be converted.

Further details on change in share capital is given in the Directors' Report.

Utilisation of funds raised through Preferential Allotment and Qualified Institutions Placement

Fund raising through Preferential Allotment ('PI')

On 2 November 2023, the Company allotted 1,550,000 warrants convertible into equivalent number of equity shares at a price of ₹ 7,670 per warrant aggregating to ₹ 1,188.85 crore on receipt of an amount of ₹ 297.21 crore being 25% of the issue price, on a preferential basis, to Bajaj Finserv Ltd., promoter and holding company in accordance with the SEBI ICDR Regulations and the Act.

Fund raising through Qualified Institutions Placement ('QIP')

On 9 November 2023, the Company made a QIP of 12,104,539 equity shares of face value of ₹ 2 at a price of ₹ 7,270 per equity share (inclusive of premium of ₹ 7,268 per equity share), representing a discount of ₹ 263.81 to the floor price of ₹ 7,533.81 per share, to Qualified Institutional Buyers aggregating to approximately ₹ 8,800 crore in accordance with the provisions of SEBI ICDR Regulations and the Act.

Pursuant to the provisions of regulation 32(7A) of the SEBI Listing Regulations, the Company has fully utilised the funds raised through PI and QIP for the objects stated in the offer document and notice seeking members' approval i.e., repaying loans, commercial papers, non-convertible debentures, interest thereon and general corporate purposes.

Reports from Care Ratings Ltd., monitoring agency appointed for both QIP and PI has been filed with the stock exchanges and is also available on the Company's website at https://www.aboutbajajfinserv.com/finance-investor-relations-stock-exchange-filings Statement of fund utilisation pursuant to regulation 32 of the SEBI Listing Regulations has also been filed with the stock exchanges for both QIP and PI.

Related party transactions

All related party transactions entered during FY2024 were in the ordinary course of business, at arm's length and not material under the Act and SEBI Listing Regulations. Prior approval of the Audit Committee was obtained for all related party transactions entered during FY2024. Details of such transactions were placed before the Audit Committee for its review on a quarterly basis.

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

During FY2024, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The policy is given below as required pursuant to RBI Scale Based Regulations. It is also hosted on the Company's website at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions-v1pdf?scl=1&fmt=pdf.

Policy on materiality of related party transactions and dealing with related party transactions

Background

Pursuant to regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board of Directors of Bajaj Finance Ltd. (the Company) at its meeting held on 14 October 2014 had approved a Policy on Materiality of and dealing with related party transactions. Pursuant to SEBI circular dated 9 May 2018, which notified certain amendments effective from 1 April 2019, the Policy was revised by the Board at its meeting held on 12 March 2019.

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

Policy:

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

1. The terms 'Related Party', 'Related Party Transactions', 'Relative', 'Material RPTs', 'Arms' length transaction', 'Omnibus Approval' and such other terms will carry the meaning as stated under the Companies Act, 2013 or SEBI Listing Regulations as amended from time to time.

2. Related Party Transactions (RPTs), including subsequent material modifications thereof of the Company covered under the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations will be approved by the Audit Committee of the Board from time to time, subject to such exceptions as are provided therein.

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

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

   - a related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
   - With effect from 1 April 2023, a related party transaction to which the subsidiary of a listed entity is a party, but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

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

   i) Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder or the SEBI Listing Regulations, as may be applicable;

   ii) Where the transactions are entered into by the Company in its ordinary course of business and are on arms' length basis;

   iii) Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the Company;

   iv) Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed ₹ 1,000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;

   v) Transactions entered into between the Company and any of its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;

   vi) Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4. Notwithstanding the above, approval of the Board and shareholders would be necessary, where the RPTs exceed the following threshold limits:

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

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

Audit Committee

Pursuant to the Act, SEBI Listing Regulations and RBI Regulations, the Company has an Audit Committee. All members are non–executive independent directors. Members of the Committee are considered financially literate and are deemed to have necessary accounting or financial management related expertise in terms of SEBI Listing Regulations.

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

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and RBI 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 of transactions with related parties, review statement of deviations, if any, review Management letters/letters of internal control weaknesses issued by the statutory auditors, 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/audit-terms-of-referencepdf-2?scl=1&fmt=pdf

Meetings and attendance

During FY2024, the Audit Committee met five times viz., on 26 April 2023, 26 July 2023, 17 October 2023, 29 January 2024 and 20 March 2024. The meetings were scheduled well in advance and not more than 120 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, Chief Risk Officer, Chief Compliance Officer, Chief Technology Officer, statutory auditors and other senior executives who were considered necessary for providing inputs to the Committee.

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

Anami N Roy, Chairman of the Committee, was present at the Annual General Meeting ('AGM') of the Company held through Video Conferencing ('VC') on 26 July 2023, to answer shareholders' queries.

Dr. Arindam Bhattacharya was inducted as member of the Committee effective 1 April 2023.

Table 3: Composition of the Audit Committee and attendance record of the members for FY2024

Sr. No.	Name of director	Member of Committee since	Category	No. of Meetings held during FY2024 (5)	
				Entitled to Attend	Attended
1.	Anami N Roy	10 July 2021	Chairman, non-executive, independent	5	5
2.	Dr. Naushad Forbes	19 May 2020	Non-executive, independent	5	5
3.	Pramit Jhaveri	1 August 2021	Non-executive, independent	5	5
4.	Dr. Arindam Bhattacharya	1 April 2023	Non-executive, independent	5	4

During FY2024, the Board had accepted all recommendations of the Committee.

Nomination and Remuneration Committee

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

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and RBI Regulations. These broadly include formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and Senior Management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of Remuneration Policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of independent directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed by the Act, SEBI Listing Regulations and RBI Regulations. Detailed terms of reference of the Committee can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfl-terms-of-reference-nrcpdf?scl=1&fmt=pdf.

The Committee acts as the Compensation Committee for administration of the Company's Employee Stock Option Scheme, 2009.

Meetings and attendance

During FY2024, the Committee met four times viz., on 26 April 2023, 29 January 2024, 12 February 2024 and 20 March 2024.

Radhika Haribhakti, Chairperson of the Committee, was present at the AGM of the Company held through VC on 26 July 2023, to answer shareholders' queries.

Table 4: Composition of the NRC and attendance record of the members for FY2024

Sr. No.	Name of director	Member of Committee since	Category	No. of Meetings held during FY2024 (4)	
				Entitled to Attend	Attended
1.	Radhika Haribhakti	1 May 2022	Chairperson, non-executive, independent	4	4
2.	Sanjiv Bajaj	14 October 2009	Non-executive, non-independent	4	4
3.	Anami N Roy	17 March 2020	Non-executive, independent	4	4

During FY2024, 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 judgment, etc.

These criteria are hosted on the website of the Company and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directors-v1pdf?scl=1&fmt=pdf.

Risk Management Committee

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

The terms of reference of RMC, *inter alia*, includes formulation of a detailed Risk Management Policy, reviewing and guiding the Management on reputational and market (investment) risk, ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, monitoring and overseeing implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems, appointment, removal and terms of remuneration of the Chief Risk Officer. The detailed terms of reference of the Committee can also be accessed at https://www.aboutbajajfinserv.com/content/dam/bajajfinserv/web/in/en/global/document/corporate/bfl-new/bfl-people-and-committee/people-and-committee.-board-of-committee/terms-of-reference-of-rmc.pdf.

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

Fakhari Sarjan is the Chief Risk Officer of the Company.

Meetings and attendance

During FY2024, the Committee met four times viz., on 26 April 2023, 26 July 2023, 17 October 2023 and 29 January 2024.

Table 5: Composition of the RMC and attendance record of the members for FY2024

Sr. No.	Name of director/ member	Member of Committee since	Category	No. of Meetings held during FY2024 (4)		No. of shares held in the Company as on 31 March 2024
				Entitled to Attend	Attended	
1.	Pramit Jhaveri	1 April 2022	Chairman, non-executive, independent	4	4	Nil
2.	Sanjiv Bajaj	20 October 2015	Non-executive, non-independent	4	4	530,792
3.	Anami N Roy	10 July 2021	Non-executive, independent	4	4	Nil
4.	Rajeev Jain	21 May 2008	Managing Director, executive	4	4	169,950
5.	Fakhari Sarjan	12 March 2019	Senior Executive, Chief Risk Officer	4	4	Nil
6.	Sandeep Jain	3 February 2016	Senior Executive, Chief Financial Officer*	4	4	80,275
7.	Deepak Bagati	29 January 2020	Senior Executive, President, Debt Management Services*	4	4	Nil

Note:

» *Elevated as Chief Operating Officer with effect from 1 April 2024.

During FY2024, the Board had accepted all recommendations of the Committee.

Stakeholders Relationship Committee

Pursuant to the Act and SEBI Listing Regulations, the Company has constituted a Stakeholders Relationship Committee ('SRC'). This Committee specifically looks into the grievances of debenture holders and fixed deposit holders, in addition to the equity shareholders of the Company.

The terms of reference of the Committee, *inter alia*, includes to resolve the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, etc., review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards in respect of various services rendered by the Registrar and Share Transfer Agent ('RTA') and review various measures and initiatives taken for reducing the quantum of unclaimed dividends. The detailed 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-4?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.

Meetings and attendance

During FY2024, the Committee met once on 20 March 2024 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. The Committee also reviewed the service standards of the Company's RTA and the measures taken for timely and effective investors grievance redressal that can facilitate better investor services and relations.

Consequent to demise of D J Balaji Rao, he ceased to be a member of SRC on 28 November 2023. Dr. Arindam Bhattacharya was inducted as a member of the Committee with effect from 30 January 2024. Further, Radhika Haribhakti was appointed as Chairperson of the Committee with effect from 30 January 2024.

Table 6: Composition of the SRC and attendance record of the members for FY2024

Sr. No.	Name of director	Member of Committee Since	Category	No. of Meetings held during FY2024 (1)	
				Entitled to Attend	Attended
1.	Radhika Haribhakti	1 May 2022	Chairperson, non-executive, independent	1	1
2.	Sanjiv Bajaj	11 May 2010	Non-executive, non- independent	1	1
3.	Dr. Arindam Bhattacharya	30 January 2024	Non-executive, independent	1	1

R Vijay, Company Secretary, acts as the Compliance Officer.

Late D J Balaji Rao, Chairman of the Committee, was present at the AGM of the Company held through VC on 26 July 2023, to answer shareholders' queries.

During FY2024, the Board had accepted all recommendations of the Committee.

Table 7: Details of the investor complaints received during FY2024

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	38	0	38	0

Duplicate Share Certificate Issuance Committee

To meet the requirement of the Act and SEBI Listing Regulations, the Company has constituted a Duplicate Share Certificate Issuance Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate 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 FY2024, the Committee met once on 20 March 2024.

Table 8: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of the members for FY2024

Sr. No.	Name of director	Category	No. of Meetings held during FY2024 (1)	
			Entitled to Attend	Attended
1.	Sanjiv Bajaj	Chairman, non-executive, non-independent	1	1
2.	Rajeev Jain	Managing Director, executive	1	1
3.	Dr. Naushad Forbes	Non-executive, independent	1	1

Information Technology (IT) Strategy Committee

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

Meeting and attendance

During FY2024, the Committee met three times viz., on 26 April 2023, 14 September 2023 and 29 January 2024 as required under the above Master Direction.

Consequent to resignation of Rakesh Bhatt, he ceased to be a member of IT Strategy Committee with effect from close of business hours on 31 January 2024.

Table 9: Composition of the IT Strategy Committee and attendance record of the members for FY2024

Sr. No.	Name of director/member	Member of Committee since	Category	No. of Meetings held during FY2024 (3)		No. of shares held in the Company as on 31 March 2024
				Entitled to Attend	Attended	
1.	Dr. Naushad Forbes	17 March 2020	Chairman, non-executive, Independent	3	3	Nil
2.	Sanjiv Bajaj	13 September 2017	Non-executive, non-independent	3	3	530,792
3.	Rajeev Jain	13 September 2017	Managing Director, executive	3	3	169,950
4.	Rakesh Bhatt	13 September 2017	Executive Director	3	3	130,520
5.	Anurag Chottani*	13 September 2017	Senior Executive, Chief Technology Officer	3	3	7,700
6.	Rajendra Bisht	12 March 2019	Senior Executive, Vice President – Technology and Digital	3	3	Nil

Note:

» *Elevated as Chief Operating Officer with effect from 1 April 2024.

The Chief Information Security Officer is a permanent invitee of the IT Strategy Committee.

In terms of RBI guidelines, the terms of reference of the Committee were amended during the year under review. The same, *inter alia*, includes evaluation of risks related to cyber security/information security and review of Business Continuity Plan /Disaster Recovery Plan. The updated terms of reference of the Committee can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/it-strategy-committee-1pdf?scl=1&fmt=pdf.

During FY2024, the Committee reviewed IT Infrastructure Projects, Information Security Projects, Governance Framework, Cyber Security, System Audit Reports, etc.

During FY2024, the Board had accepted all recommendations of the Committee.

Customer Service Committee

To strengthen the customer engagement and monitoring process, the Company has suo moto constituted a Customer Service Committee headed by an independent director.

Meeting and attendance

During FY2024, the Committee met three times viz., on 14 September 2023, 25 January 2024 and 18 March 2024.

Table 10: Composition of the Customer Service Committee and attendance record of the members for FY2024

Sr. No.	Name of director	Member of Committee since	Category	No. of Meetings held during FY2024 (3)	
				Entitled to Attend	Attended
1.	Pramit Jhaveri	14 March 2022	Chairman, non-executive, independent	3	3
2.	Sanjiv Bajaj	14 March 2022	Non-executive, non-independent	3	3
3.	Rajeev Jain	14 March 2022	Managing Director, executive	3	3
4.	Dr. Naushad Forbes	14 March 2022	Non-executive, independent	3	2

The terms of reference of the Committee can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/customer-service-committee-v1?scl=1&fmt=pdf.

During FY2024, the Committee reviewed, *inter alia*, customer service and grievance related matters and also had discussions with internal ombudsmen. Details of various initiatives with respect to customer service are provided in the Directors' Report.

During FY2024, the Board had accepted all recommendations of the Committee.

Review Committee for Wilful Defaulter's Identification ('Review Committee')

In line with RBI Guidelines, the Company is required to constitute a Committee for identifying a non-cooperative borrower as specified in the guidelines. To review the decision of this Committee, a Review Committee of the Board has been constituted. The order shall become final only after it is confirmed by the said Review Committee.

Table 11: Composition of the Review Committee

Sr. No.	Name of director	Member of Committee since	Category
1.	Sanjiv Bajaj	15 September 2015	Chairman, non-executive, non-independent
2.	Rajeev Jain	15 September 2015	Managing Director, executive
3.	Radhika Haribhakti	27 July 2022	Non-executive, independent
4.	Anami N Roy	19 May 2020	Non-executive, independent

The terms of reference of the Committee can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-review-committeepdf-2?scl=1&fmt=pdf.

During FY2024, there have been no instances of declaration of any borrower as non-cooperative.

Strategic Investment Committee

To expand the Company's strategic footprint, it explores various investment opportunities in financial services, technology, and related areas. To facilitate the Board with appropriate recommendations on these strategic investments, the Board at its meeting held on 26 July 2023 constituted a Strategic Investment Committee. It comprises majority of independent directors. An Independent director chairs the meetings of the Committee.

The terms of reference of the Committee, *inter alia*, includes to evaluate, scrutinize, consider and recommend to the Board, strategic investment opportunities and business acquisitions in companies, bodies corporate and other entities, recommend and review terms and conditions of investment, to obtain or review outside legal or other professional advice or reports, review and recommend all investments including investments and disinvestments by the Company in its subsidiaries and affiliates, etc. The terms of reference of the Committee can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-strategic-investment-committeepdf?scl=1&fmt=pdf.

Meeting and Attendance

During FY2024, the Committee met three times viz., on 14 September 2023, 5 October 2023 and 20 March 2024.

Table 12: Composition of the Strategic Investment Committee and attendance record of the members for FY2024:

Sr. No.	Name of director	Member of Committee since	Category	No. of meetings held during FY2024 (3)	
				Entitled to Attend	Attended
1.	Pramit Jhaveri	26 July 2023	Chairman, non-executive, independent	3	3
2.	Radhika Haribhakti	26 July 2023	Non-executive, independent	3	3
3.	Anami N Roy	26 July 2023	Non-executive, independent	3	3
4.	Sanjiv Bajaj	26 July 2023	Non-executive, non-independent	3	3

During FY2024, the Board had accepted all recommendations of the Committee.

Asset Liability Management Committee

Pursuant to the RBI Guidelines, the Company has in place an Asset Liability Management Committee. The Committee comprises of Managing Director/Executive Directors and other senior executives of the Company.

The Managing Director chairs the meetings of the Committee.

The role of the Committee is to oversee the implementation of the Asset Liability Management system and review its functionality periodically covering liquidity risk management, management of market risks, funding and capital planning, profit planning etc.

The Committee meets on a monthly basis. The Board is updated on the decisions of the Committee.

Investment Committee

Pursuant to the RBI Guidelines, the Company has in place an Investment Committee. The Committee comprises of senior executives of the Company. The Managing Director chairs the meetings of the Committee.

The role of the Committee is to review the investment strategy, asset allocation, investment decision and other operating guidelines, monitor the changing environment in the money market/capital market and accordingly, recommend changes to the investment strategy for execution and also review the audit reports on Treasury operations and provide directions for corrective actions, if any.

The said Committee meets on a monthly basis. The Board is updated on decisions of the Committee.

Remuneration of Directors

Pecuniary relationship/transaction with non-executive directors

During FY2024, there were no pecuniary relationship/transactions of any non–executive directors with the Company, other than receiving remuneration as directors.

Criteria of making payments to non-executive directors

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

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

Details of Remuneration of directors

Additionally, the details of remuneration payable to all non–executive directors are 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/finance-investor-relation-annual-reports.

Remuneration to Executive Directors

» Rajeev Jain

During FY2024, the details of remuneration paid to Rajeev Jain, Managing Director ('MD') is provided in the annual return and elsewhere in this report. The tenure of the MD is of five years up to 31 March 2025 with a notice period of six months or salary in lieu thereof. The performance pay/bonus of the MD is based on the performance of the Company and his contribution towards the same. During FY2024, 1,37,980 stock options were granted to the MD at a grant price of ₹ 6,075.25, being the closing market price on the NSE on the day preceding the day of grant. These grants will vest over a period of four years (25% every year) after a period of one year from the date of grant. The vested options will be exercisable over a period of five years from the date of vesting. The MD is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company. Further, the compensation payable to him is subject to Policy for Compensation of Key Managerial Personnel and Senior Management as per the RBI Regulations.

He is also on the Board of Bajaj Housing Finance Ltd. ('BHFL') as its Non-Executive Vice Chairman. In his capacity as a non-executive director, he draws sitting fees and profit linked commission from BHFL at par with other non-executive directors in terms of its remuneration policy. The total remuneration (sitting fees and commission) drawn for FY2024 is ₹ 63 lakh. He has also been awarded one time grant of stock options of Bajaj Finserv Ltd. ('BFS'), holding company, during FY2023. All options will vest entirely post completion of 5 years from the grant date.

» Anup Saha

Anup Saha, Executive Director of the Company has been re-designated as Deputy Managing Director with effect from 1 April 2024. The Company paid remuneration to Anup Saha as provided in the annual return and elsewhere in this report. The tenure of the Anup Saha is of five years up to 31 March 2028 with a notice period of six months or salary in lieu thereof. The performance pay/bonus of Anup Saha is based on the performance of the Company and his contribution towards the same. During FY2024, Anup Saha was granted 47,676 stock options at a grant price of ₹ 6,075.25, being the closing market price on the NSE on the day preceding the day of grant. These grants will vest over a period of four years (25% every year) after a period of one year from the date of grant. The vested options will be exercisable over a period of five years from the date of vesting. He is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company.

Further, the compensation payable to him is subject to Policy for Compensation of Key Managerial Personnel and Senior Management as per the RBI Regulations. He has also been awarded one time grant of stock options of BFS during FY2023. All options will vest entirely post completion of 5 years from the grant date.

» **Rakesh Bhatt**

During the year under review, Rakesh Bhatt resigned from the post of Executive Director with effect from close of business hours on 31 January 2024. During his tenure as Executive Director, the Company paid remuneration to Rakesh Bhatt as provided in the annual return and elsewhere in this report. During FY2024, Rakesh Bhatt was also granted 47,620 stock options at a grant price of ₹ 6,075.25, being the closing market price on the NSE on the day preceding the day of grant. He was also awarded one time grant of stock options of BFS during FY2023 and stock option of BFS as per the details given elsewhere in this report during his association with Bajaj Finserv Direct Ltd. Further, the compensation payable to him is subject to Policy for Compensation of Key Managerial Personnel and Senior Management as per the RBI Regulations.

During FY2024, none of the directors, other than Rajeev Jain, Anup Saha and Rakesh Bhatt were paid any performance–linked incentive.

The Company currently has no stock option plans for any of its directors other than Managing Director/ Executive Directors.

Management

Management discussion and analysis

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

Disclosure of material transactions

Pursuant to the SEBI Listing Regulations, senior management is required to make disclosures to the Board relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company at large. As per the disclosures submitted by the Senior Management, there were no such transactions during FY2024.

Compliances regarding Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, ('SEBI PIT Regulations') the Company has a Board approved Code of Conduct to regulate, monitor and report trading by Designated Persons ('Code of Conduct') and a code of practices and procedures for fair disclosure of unpublished price sensitive information ('Code of Fair Disclosure'). Whenever non-compliance by a Designated Person concerned was observed, penalty was levied, and the amount was remitted to the SEBI stipulated fund.

Training sessions are also organised for Designated Persons on a periodic basis for creating awareness of various obligations under SEBI PIT Regulations. The Audit Committee and the Board at its meeting held on 20 March 2024 had reviewed the compliance in terms of regulation 9A(4) of SEBI PIT Regulations and confirmed that the systems for internal control with respect to Insider Trading Regulations are adequate and are operating effectively.

Means of communication

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

The Company's website, viz., https://www.aboutbajajfinserv.com/finance-about-us under the section of 'investor relations', contains all important information including financial results, various policies framed/ approved by the Board, presentations made to the media, analysts and institutional investors, schedule and transcripts of earnings call with investors, matters concerning the shareholders, etc.

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.

Green Initiatives

Sections 20 and 136 of the Act, read with relevant Rules, permit companies to service delivery of documents electronically to the registered email ID 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 shareholders who have registered their email ID with their depository participant's/Company's RTA. The same is available on the website of the Company at https://www.aboutbajajfinserv.com/finance-investor-relations-green-initiative.

During FY2024, the Company sent documents, such as notice convening the annual general meeting, audited financial statements, Directors' Report, Auditors' report, credit of dividend intimation letters, etc. in electronic form to the email addresses provided by the members and made available by them to the Company through the Depositories.

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

A. 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
34th AGM - Through VC Deemed Venue: Registered office	20 July 2021 at 3:30 P.M.	1. Issue of non-convertible debentures through private placement.	**Particulars** / **% favour** / **% Against** All shareholders: 99.99 / 0.01 Non-promoter category: 99.98 / 0.02
35th AGM - Through VC Deemed Venue: Registered office	27 July 2022 at 3:30 P.M.	1. Appointment of Radhika Haribhakti as an independent director for a period of 5 consecutive years effective 1 May 2022.	**Particulars** / **% favour** / **% Against** All shareholders: 94.08 / 5.92 Non-promoter category: 81.54 / 18.46
		2. Issue of non-convertible debentures through private placement.	**Particulars** / **% favour** / **% Against** All shareholders: 99.31 / 0.69 Non-promoter category: 97.90 / 2.10
		3. Payment of commission to non-executive directors for a period of five years commencing from 1 April 2022.	**Particulars** / **% favour** / **% Against** All shareholders: 98.41 / 1.59 Non-promoter category: 95.17 / 4.83
36th AGM - Through VC Deemed Venue: Registered office	26 July 2023 at 3:30 P.M.	1. Issue of non-convertible debentures through private placement.	**Particulars** / **% favour** / **% Against** All shareholders: 99.35 / 0.65 Non-promoter category: 98.10 / 1.90
		2. Alteration of Articles of Association of the Company.	**Particulars** / **% favour** / **% Against** All shareholders: 100.00 / 0.00 Non-promoter category: 100.00 / 0.00

B. Details of Extraordinary General Meeting ('EGM') held during last year:

Details of EGM	Date and time of EGM	Details of special resolution(s) passed at the EGM	Voting percentage of shareholders participated		
EGM - Through VC Deemed Venue: Registered office	31 October 2023 at 12:30 P.M.	1. Issuance of Warrants on a preferential basis to Bajaj Finserv Ltd., Promoter and the holding Company up to ₹ 1,200 crore.	**Particulars**	**% favour**	**% Against**
			All shareholders	97.22	2.78
			Non-promoter category	91.74	8.26
		2. Fund Raising Activities and Issuance of Securities by way of Qualified Institutions Placement up to ₹ 8,800 Core.	**Particulars**	**% favour**	**% Against**
			All shareholders	99.98	0.02
			Non-promoter category	99.94	0.06
		3. Alteration of the Object Clause of the Memorandum of Association of the Company.	**Particulars**	**% favour**	**% Against**
			All shareholders	100.00	0.00
			Non-promoter category	100.00	0.00

C. Details of special business passed through Postal Ballot during last year

During FY2024, the Company had sought approval of the members through postal ballot, the details of the same are given below:

I. Postal Ballot notice dated 26 April 2023:

Sr. No.	Items of special business	Voting percentage of shareholders participated		
1.	Appointment of Dr. Arindam Bhattacharya as an Independent Director for a term of five consecutive years with effect from 1 April 2023.	**Particulars**	**% favour**	**% Against**
		All shareholders	99.30	0.71
		Non-promoter category	97.92	2.08
2.	Appointment of Anup Saha as an executive director of the Company, and fixation of remuneration.	**Particulars**	**% favour**	**% Against**
		All shareholders	90.29	9.71
		Non-promoter category	70.82	29.18
3.	Appointment of Rakesh Bhatt as an executive director of the Company, and fixation of remuneration.	**Particulars**	**% favour**	**% Against**
		All shareholders	90.29	9.71
		Non-promoter category	70.82	29.18

II. Postal Ballot notice dated 12 February 2024:

Sr. No.	Items of special business	Voting percentage of shareholders participated		
1.	Increase in borrowing powers of the Company.	**Particulars**	**% favour**	**% Against**
		All shareholders	99.31	0.69
		Non-promoter category	98.09	1.91

2.	Creation of charge/security on the Company's assets with respect to borrowing.	**Particulars**	**% favour**	**% Against**
		All shareholders	99.31	0.69
		Non-promoter category	98.09	1.91
3.	Re-appointment of Anami N Roy as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2024.	**Particulars**	**% favour**	**% Against**
		All shareholders	89.34	10.66
		Non-promoter category	68.30	31.70
4.	Re-appointment of Dr. Naushad Forbes as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2024.	**Particulars**	**% favour**	**% Against**
		All shareholders	91.54	8.46
		Non-promoter category	74.33	25.67
5.	Re-designation of Anup Saha as the Deputy Managing Director of the Company with effect from 1 April 2024.	**Particulars**	**% favour**	**% Against**
		All shareholders	99.83	0.17
		Non-promoter category	99.53	0.47
6.	Modification to the Employee Stock Option Scheme, 2009.	**Particulars**	**% favour**	**% Against**
		All shareholders	95.46	4.54
		Non-promoter category	87.48	12.52
7.	Approval to extend the benefits and grant of options to the employees of holding and/or subsidiary company(ies) under the Employee Stock Option Scheme, 2009.	**Particulars**	**% favour**	**% Against**
		All shareholders	86.18	13.82
		Non-promoter category	60.22	39.78

The Company had appointed Shyamprasad D Limaye, Practicing Company Secretary (FCS No. 1587, CP No. 572) as Scrutiniser for conducting the postal ballot including remote e-voting process in a fair and transparent manner.

It can be seen from the above, all resolutions proposed by the Board have been passed with overwhelming majority by the shareholders. The recording of last AGM and EGM is hosted on the website of Company at https://www.aboutbajajfinserv.com/finance-investor-relations-annual-general-meeting-recordings and written transcripts of the same can be accessed at https://www.aboutbajajfinserv.com/finance-investor-relations-general-meeting-and-postal-ballots.

There are no special resolutions proposed to be conducted through postal ballot.

D. 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 IDs and through physical copy to the members who have not registered their email IDs.
- 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 and the voting results are announced by the Chairman 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 will be sent only through email, to all those members who had registered their email IDs with the Company/Depositories. Arrangements will also be made for other members to register their email ID to receive the postal ballot notice and cast their vote online.

Details of capital market non-compliance, if any

A fine of ₹ 50,000 was levied by BSE Ltd. for delayed intimation of payment of interest and principal in respect of 4 ISINs of privately placed Non-Convertible Debentures in FY2023. The aforementioned intimations pertain to June 2021, November 2021 and September 2022. The Company has paid the requisite fine. There has been no delay or default in the payment of interest or principal to the debenture holders.

Apart from aforesaid penalty, no other 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 with covenants

During the year under review, the Company has complied with the all covenants relating to loans availed and debt securities issued.

Details of non-compliance with requirements of Companies Act, 2013

During the year under review there has been no instances of default in compliance with the requirements of the Act, including with respect to compliance with accounting and secretarial standards.

Details of penalties imposed by the Reserve Bank of India ('RBI')

During FY2024, following orders were passed by RBI:

- RBI has passed an order against the Company under section 45 (1) (b) of the Reserve Bank of India Act, 1934 on 15 November 2023. *Vide* the said order, the Company has been directed to stop sanction and disbursal of loans under its two lending products namely, 'eCOM' and 'Insta EMI Card', with immediate effect, particularly with respect to non-issuance of Key Fact Statements to the borrowers under these two lending products and the deficiencies in the Key Facts Statement issued in respect of other digital loans sanctioned by the Company. For further details, please refer to the section on Management Discussion and Analysis.
- RBI *vide* its order dated 28 September 2023 has imposed penalty of ₹ 8.5 lakh for delay in reporting of frauds under paragraph 1 (iv) and 1 (v) of Chapter IV of Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 for the Financial Year 2021-22.

Compliance Certificate

The 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 section 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 for FY2024. 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

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

Number of complaints filed during FY2024	9
Number of complaints disposed of during FY2024	6
Number of complaints pending at the end of FY2024	3

Fees paid to statutory auditors

Deloitte Haskins & Sells and G. M. Kapadia & Co. were appointed as joint statutory auditors of the Company effective 17 November 2021. Further, G. M. Kapadia & Co. were appointed as statutory auditor of BFinsec, subsidiary of the Company effective 16 November 2021.

A. Fees paid to G. M. Kapadia & Co., on a consolidated basis, including all entities in their network firm/entity of which they are a part, is given below:

Sr. No.	Particulars	Amount in (₹)
1.	Audit Fees	3,100,000
2.	Fees for other services	5,047,897*

B. Fees paid by the Company to Deloitte Haskins & Sells LLP, 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	5,500,000
2.	Fees for other services	17,494,720*

*Includes services rendered for QIP.

Senior Management

The Board of Directors, based on the recommendation of NRC, has identified group of Senior Management Personnel(s) ('SMTs'), in accordance with regulation 16(1)(d) of the SEBI Listing Regulations.

Details of SMTs as on 31 March 2024 and changes therein during FY2024 pursuant to provisions of Schedule V (C)(5B) of the SEBI Listing Regulations are as follows:

Sr. No.	Name of SMTs	Designation	Changes
1.	Nitish Asthana	President - Payments	
2.	Deepak Reddy	President - Rural Lending, Gold Loans and Insurance	
3.	Harjeet Toor	President - Bharat Lending and Strategic Partnerships	
4.	Deepak Bagati	President - Debt Management Services	Elevated as Chief Operating Officer with effect from 1 April 2024. The updated designation is Chief Operating Officer and President - Debt Management Services.
5.	Sandeep Jain	Chief Financial Officer	Elevated as Chief Operating Officer with effect from 1 April 2024. The updated designation is Chief Operating Officer and Chief Financial Officer.
6.	Amit Raghuvanshi	President - Sales Finance, Urban Two Wheeler and Cars	
7.	Anurag Chottani	Chief Technology Officer	Elevated as Chief Operating Officer with effect from 1 April 2024. The updated designation is Chief Operating Officer and Chief Technology Officer.
8.	Manish Jain	President - Consumer Finance B2B, Credit Cards, Fixed Deposits and Rewards	
9.	Kurush Irani	President - Credit Operations	Up to 30 June 2023. With effect from 1 July 2023, President - Corporate Social Responsibility.
10.	Fakhari Sarjan	Chief Risk Officer	
11.	Sidhaant Dadwal	President - SME and Consumer Finance B2C	
12.	Manav Mianwal	President - Digital Platforms	
13.	Vivek Likhite	President - Corporate Audit Services	
14.	Anupam Sirbhaiya	Chief Human Resources and Administration Officer	

Sr. No.	Name of SMTs	Designation	Changes
15.	Babu Rao	General Counsel	
16.	Nitin Neema	Executive Vice President - Operations and Service	
17.	Anand Bagri	Executive Vice President - Treasury	
18.	Neelesh Sarda	Chief Compliance Officer	
19.	Vijay R	Company Secretary	
20.	Prashant Verma	Chief Information Security Officer	Appointed as Chief Information Security Officer with effect from 1 February 2024.
Additions in SMTs effective 1 April 2024			
21.	Dr. Gauri Chandratreya	Chief - Corporate Audit Services	
22.	Anand Kumar	President - Microfinance	
23.	Mudit Mehrish	Chief Information Officer	
24.	Ajay Sharda	Senior Executive Vice President - Debt Management Services	

Disclosure of certain types of agreements binding listed entities

The Company has not entered into agreements with shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to impact the management or control of the Company or impose any restrictions or create any liability upon the Company.

Auditors' certificate on Corporate Governance

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

This certificate is annexed to the Directors' Report.

Compliance of 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. **The Board**

   A Chairman's office has been made available for the Non-Executive Chairman. He is allowed reimbursement of expenses incurred in performance of his duties.

2. **Shareholder rights**

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

3. **Modified opinion(s) in audit report**

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

4. **Separate posts of Chairperson and the Managing Director**

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

List of key policies of Bajaj Finance Ltd.

Sr. No.	Name of Policy	Website Link
1.	Whistle Blower Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v3pdf-1?scl=1&fmt=pdf
2.	Remuneration Policy(ies)	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-companies-act-2013-v1pdf?scl=1&fmt=pdf https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-rbi-v1pdf?scl=1&fmt=pdf
3.	Policy on materiality and dealing with related party transactions	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions-v1pdf?scl=1&fmt=pdf
4.	Policy on appointment of statutory auditors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-appointment-of-statutory-auditors-v1pdf?scl=1&fmt=pdf
5.	Policy for determining Material Subsidiaries	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subsidiaries-v3pdf?scl=1&fmt=pdf
6.	Policy on determination of materiality for disclosure of events or information	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-determination-of-materiality-for-disclosure-of-events-or-information-v4pdf?scl=1&fmt=pdf
7.	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directors-v1pdf?scl=1&fmt=pdf
8.	Interest Rate Model	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/interest-rate-modelpdf?scl=1&fmt=pdf
9.	Guidelines on Corporate Governance	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-governance-policypdf?scl=1&fmt=pdf
10.	Dividend Distribution Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/dividend-distribution-policy-v1pdf?scl=1&fmt=pdf
11.	Criteria for payment of remuneration to non-executive directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/criteria-for-payments-of-remuneration-to-non-executive-directors-v1pdf?scl=1&fmt=pdf
12.	Corporate Social Responsibility Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf
13.	Fair Disclosure Code	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-practices-and-procedures-for-fair-disclosure-v1pdf?scl=1&fmt=pdf
14.	Code of Conduct for Directors and Members of Senior Management	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-conduct-for-directors-and-senior-management-v2pdf?scl=1&fmt=pdf
15.	Policy for claiming unclaimed amounts with respect to NCDs from Escrow Account	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-unclaimed-amounts-ncds-8-march-2024pdf?scl=1&fmt=pdf
16.	Archival Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/archival-policy-v3pdf?scl=1&fmt=pdf
17.	Disciplinary Action Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/disciplinary-action-policypdf?scl=1&fmt=pdf
18.	Employee Charter – Human Rights	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/employee-charter-human-rightspdf?scl=1&fmt=pdf
19.	Equal employment opportunity and non- discrimination Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/equal-employment-opportunity-and-non-discrimination-policypdf?scl=1&fmt=pdf
20.	Policy for prevention of sexual harassment at workplace	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/prevention-of-sexual-harassment-policy-v1pdf?scl=1&fmt=pdf
21.	Data Privacy Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/final-data-privacy-policypdf?scl=1&fmt=pdf
22.	Environmental Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/environmental-policypdf?scl=1&fmt=pdf
23.	Responsible and Sustainable Business Conduct Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/responsible-and-sustainable-business-conduct-policy-22-11-2023pdf?scl=1&fmt=pdf
24.	Deputation and Advisory Services Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfl-deputation-and-advisory-policy-2022pdf-1?scl=1&fmt=pdf

Declaration by the Chief Executive Officer/Managing Director

[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 Finance Ltd.

I, Rajeev Jain, Managing Director of Bajaj Finance Ltd. 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 2024.

Rajeev Jain
Managing Director

25 April 2024
Pune

GENERAL SHAREHOLDER INFORMATION

37th Annual General Meeting ('AGM')

Day and date	Tuesday, 23 July 2024
Time	3:30 p.m.
Mode of AGM	In-person (Physical AGM)
Venue of the Meeting	Hotel Hyatt Regency, Viman Nagar, Pune – 411 014
Link to join one-way live webcast	https://emeetings.kfintech.com/
Remote e-voting starts	Saturday, 20 July 2024 9:00 a.m.
Remote e-voting ends	Monday, 22 July 2024 5:00 p.m.
Financial Year ('FY')	1 April 2023 to 31 March 2024

Tentative meeting schedule for Financial Reporting for FY2025

Type of Meeting	Particulars	Indicative Month
Audit Committee and Board	To review and approve the unaudited financial results for the quarter ending 30 June 2024, subject to limited review	July 2024
	To review and approve the unaudited financial results for the quarter and half-year ending 30 September 2024, subject to limited review	October 2024
	To review and approve the unaudited financial results for the quarter and nine months ending 31 December 2024, subject to limited review	January 2025
	To review and approve audited annual financial results for the year ending 31 March 2025, subject to audit	April 2025

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')

In terms of regulation 7 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') KFin Technologies Ltd. ('KFin') continues to be the Registrar and Share Transfer Agent to manage all relevant corporate registry services for the equity shares, debentures and commercial papers.

They also acted as Registrar to the Issue for Qualified Institutions Placement of equity shares to Qualified Institutional Buyers and preferential allotment of convertible warrants to Bajaj Finserv Ltd., promoter and the holding company.

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

The Company ('Bajaj Finance', 'Bajaj Finance Ltd.', 'BFL') 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 agreed 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.

Dividend and date of payment

The Board of Directors ('Board') have recommended a dividend of ₹ 36 per equity share (1800%) of the face value of ₹ 2 for FY2024, subject to approval of the members at the ensuing AGM.

Dividend on equity shares, if declared, at the AGM, will be credited/dispatched on or about Friday, 26 July 2024 or Saturday, 27 July 2024 to all eligible shareholders holding shares as of the end of the day on Friday, 21 June 2024 (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.

SEBI, *vide* its circular dated 16 March 2023 read with circular dated 17 November 2023, has mandated that the security holders holding securities in physical form, whose folio(s) do not have PAN (Aadhar seeded) or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from 1 April 2024.

In case any of the aforesaid KYC has not been updated in respect of physical folios, dividend shall be paid only through electronic mode with effect from 1 April 2024, upon furnishing all the aforesaid details in entirety. After successful updation of the details, the security holder would receive all the dividends/interest etc. declared during that period (from 1 April 2024, till date of updation) automatically in respect of the folio/securities.

For enabling payment of dividend through electronic mode, members holding shares in physical mode 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.aboutbajajfinserv.com/finance-investor-relations-investor-request-forms and KFin at https://ris.kfintech.com/clientservices/isc/isrforms.aspx. 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

Pursuant to the changes introduced by the Finance Act, 2020, with effect from 1 April 2020, Dividend Distribution Tax will not be payable by the Company. 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.

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

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

Unclaimed dividend

As per section 124(5) of the Companies Act, 2013 (the 'Act') and section 205A of the erstwhile Companies Act, 1956, 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 Central Government. Accordingly, unpaid/unclaimed dividends for FY1996 to FY2016 have already been transferred by the Company to the said Fund from FY2003 onwards.

The unpaid/unclaimed final dividend for FY2017, is due for transfer to the Fund in August 2024. Members are requested to verify their records and send their claim, if any, for the said year. Communication is being sent to those members, who have not yet claimed dividend 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 coming years including current year.

Year	Dividend Type	Date of declaration	Last date for claiming dividend	Date of transfer to Fund (on or before)
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)	21 February 2020	22 March 2027	21 April 2027
2020-2021	Final	20 July 2021	19 August 2028	18 September 2028
2021-2022	Final	27 July 2022	26 August 2029	25 September 2029
2022-2023	Final	26 July 2023	25 August 2030	24 September 2030

The Company has also hosted the details of unclaimed dividend, unclaimed deposits and unclaimed interest on deposits on its website at https://www.aboutbajajfinserv.com/finance-investor-relations-shareholders-information-listing-on-stock-exchange and also on website specified by the Ministry of Corporate Affairs ('MCA') at https://www.iepf.gov.in/IEPFWebProject/SearchInvestorAction.do?method=gotoSearchInvestor

Initiatives for reduction of unclaimed dividend

The Company with a view to reduce the quantum of unclaimed dividend has undertaken several steps as was done in the last few years. These primarily included proactively reaching out to shareholders, sending periodic communications, advising the shareholders who approach the Company/KFin for any service request to claim their dividend and remitting unpaid dividend, if any for KYC compliant folios. The amount is remitted based on the verification of the documents and bonafides of the claim. The Company will continue to undertake various 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 Demat Account of the Investor Education and Protection Fund ('IEPF') Authority by the Company within a period of thirty days of expiry of said seven years.

The Company has published a notice in newspapers intimating the members about the said transfer. These details will also be made available on the Company's website at https://www.aboutbajajfinserv.com/finance-investor-relations-shareholders-information-listing-on-stock-exchange. In addition, Company has taken various steps on an ongoing basis to reach out to shareholders, through emails, and other means, whose shares are due to be transferred to IEPF on account of not claiming dividend for a consecutive period of seven years.

During FY2024, the Company transferred 11,310 equity shares of face value of ₹ 2 in respect of 17 shareholders to Demat Account of the IEPF Authority held with National Securities Depositories Ltd. ('NSDL').

Shareholder can claim such shares and unclaimed dividends transferred to the Fund by following the procedure prescribed under the IEPF Rules. As advised by MCA through their circular dated 19 July 2018, the Company has provided an access link to the refund webpage of IEPF Authority on its website at https://www.aboutbajajfinserv.com/finance-investor-relations-shareholders-information-listing-on-stock-exchange to facilitate 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 investor.service@bajajfinserv.in

Share transfer system

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 Central Depository Services (India) Ltd. ('CDSL').

SEBI *vide* its circular dated 25 January 2022 has mandated listed entities to issue shares in dematerialised form only while processing any service requests. Therefore, members holding shares in physical form are advised to dematerialise their shareholding.

Dematerialisation/Rematerialisation of shares

During FY2024, 87,315 shares were dematerialised (previous year – 113,250 shares). No shares were rematerialised during last two financial year i.e., FY2023 and FY2024. Shares held in physical and electronic mode as on 31 March 2024 are given in Table 1.

Table 1: Shares held in physical and electronic mode as on 31 March 2024

Particulars	Position as on 31 March 2024		
	No. of holders	No. of shares	% to total shareholding
Demat	840,533	618,527,685	99.92
NSDL	289,544	597,043,861	96.45
CDSL	550,989	21,483,824	3.47
Physical	343	468,635	0.08
Total	**840,876**	**618,996,320**	**100**

Liquidity

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 summary of average daily trading in equity shares of the Company on both the stock exchanges for FY2024 is shown as below:

Particulars	No. of shares traded	Value of shares (₹ in crore)
BSE	42,434	30.24
NSE	1,079,699	765.43
Total	**1,122,133**	**795.67**

The equity shares of the Company were not suspended from trading during the year on account of corporate actions or otherwise.

Listing on stock exchanges and Stock code

Name	Stock code for equity shares	Address
BSE	500034	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
NSE	BAJFINANCE-EQ	Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

The International Securities Identification Number ('ISIN') for Depositories (NSDL and CDSL) in respect of equity shares is INE296A01024.

The NCDs and Commercial Papers are listed on the wholesale debt segment of BSE.

Annual listing fees, as prescribed, have been paid to the said stock exchanges up to 31 March 2025.

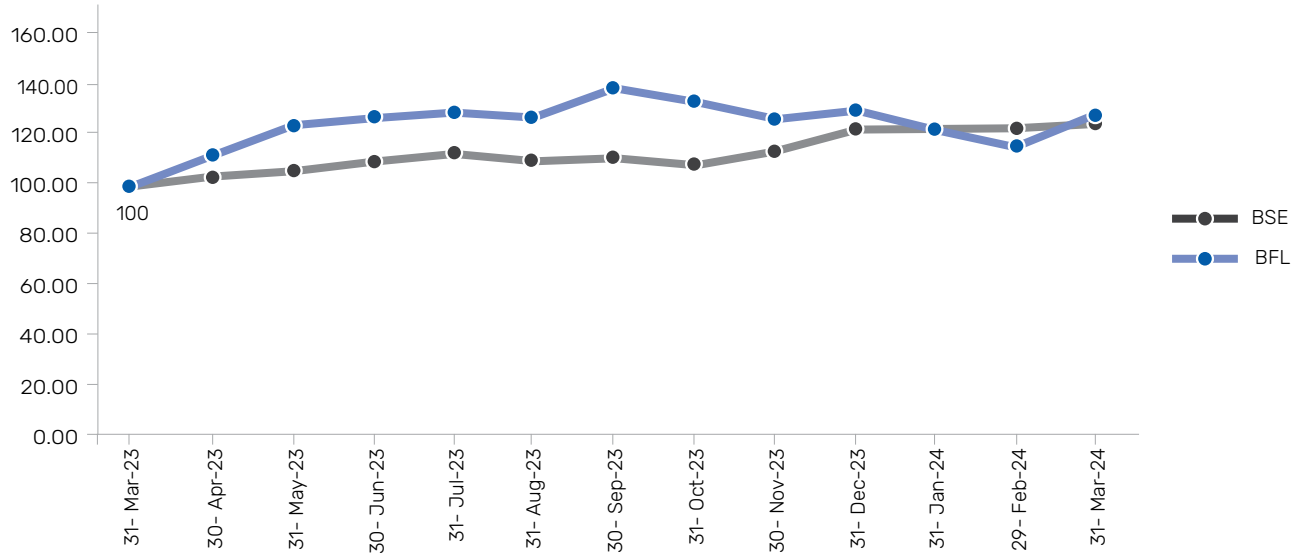
Market price data

Table 2: Monthly highs and lows of equity shares of Bajaj Finance Ltd. during FY2024 (₹ vis-à-vis BSE Sensex and Nifty50)

Month	BSE		NSE		Closing BSE Sensex	Closing Nifty50
	High	Low	High	Low		
April 2023	6,292.00	5,632.75	6,296.00	5,632.20	61,112.44	18,065.00
May 2023	7,024.70	6,156.35	7,026.00	6,155.95	62,622.24	18,534.40
June 2023	7,396.00	6,947.15	7,398.85	6,945.00	64,718.56	19,189.05
July 2023	7,999.90	7,155.45	7,999.90	7,160.00	66,527.67	19,753.80
August 2023	7,331.95	6,805.00	7,330.90	6,801.00	64,831.41	19,253.80
September 2023	7,900.00	7,154.25	7,899.95	7,155.00	65,828.41	19,638.30
October 2023	8,190.00	7,355.00	8,192.00	7,352.50	63,874.93	19,079.60
November 2023	7,635.00	6,937.15	7,640.00	6,931.25	66,988.44	20,133.15
December 2023	7,693.85	7,142.55	7,695.00	7,142.00	72,240.26	21,731.40
January 2024	7,829.95	6,806.00	7,830.00	6,805.00	71,752.11	21,725.70
February 2024	6,909.95	6,368.00	6,910.00	6,366.20	72,500.30	21,982.80
March 2024	7,349.65	6,190.00	7,349.30	6,187.80	73,651.35	22,326.90

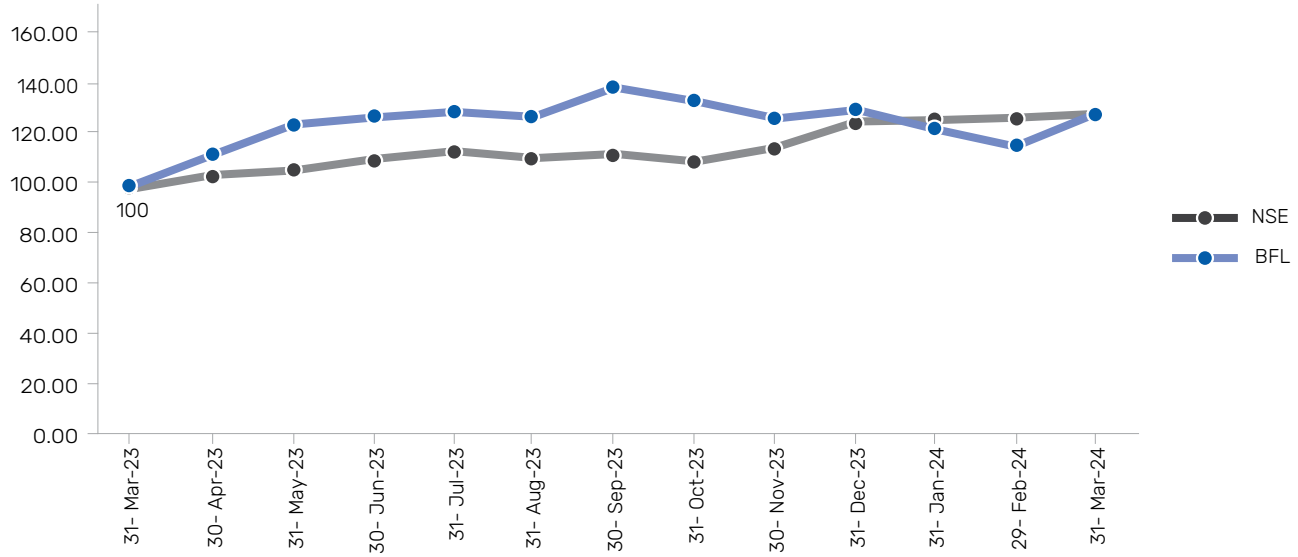
Chart: Performance in comparison to BSE Sensex and Nifty50

Bajaj Finance Ltd. stock performance v. BSE Sensex, indexed to 100 on 31 March 2023



The above graph is based on closing price of equity share on BSE

Bajaj Finance Ltd. stock performance v. Nifty50, indexed to 100 on 31 March 2023

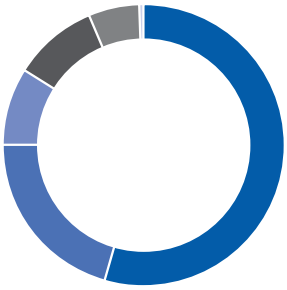


The above graph is based on closing price of equity share on NSE

Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2024, while Table 4 gives the data according to size class.

Table 3: Distribution of shareholding across categories



Category	% to capital
Promoter and Promoter Group	54.69
Foreign Institutional Investor/Foreign Portfolio Investor	20.56
Residents and Non-residents individuals	8.81
Mutual Fund	9.56
Corporates	5.89
Others	0.49
Total	**100**

Table 4: Distribution of shareholding according to size class as on 31 March 2024

Category	No. of members	% to total members	No. of shares held	% to total capital
1 - 1,000	833,599	99.13	25,400,298	4.10
1,001 - 5,000	4,976	0.59	10,237,063	1.65
5,001 - 10,000	744	0.09	5,371,423	0.87
10,001 - 100,000	1,176	0.14	37,679,746	6.09
100,001 - 500,000	292	0.03	64,632,260	10.44
500,001 - 1,000,000	45	0.01	31,119,487	5.03
1,000,001 and above	44	0.01	444,556,043	71.82
Total	**840,876**	**100**	**618,996,320**	**100**

Credit rating

During FY2024, the Company retained its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset liability management. It reaffirms the high reputation and trust the Company has earned for its sound financial management and its ability to meet all its financial obligations. The credit rating as at 31 March 2024 is given below:

Rating Agency	Type of Instrument	Programme Size (₹ in crore)	Credit Rating
Domestic Ratings			
CRISIL Rating Ltd.	Long term borrowing programme	95,122	CRISIL AAA/Stable
	Lower tier II bond/subordinate debt programme	2,486	CRISIL AAA/Stable
	Long term bank loan rating facilities	21,000	CRISIL AAA/Stable
	Short term bank loan rating facilities		CRISIL A1+
	Short term debt programme	25,000	CRISIL A1+
	Fixed deposit programme	-	CRISIL AAA/Stable
ICRA Ltd.	Long term borrowing (NCD) programme	95	ICRA AAA/Stable
	Lower tier II bond/subordinate debt programme	742.5	ICRA AAA/Stable
	Short term debt programme	25,000	ICRA A1+
	Fixed deposit programme	-	ICRA AAA Stable
India Ratings and Research Private Ltd.	Long term borrowing (NCD) programme	46,767	IND AAA/Stable
	Subordinate debt programme	2,000	IND AAA/Stable
	Long term bank loan facilities	55,000	IND AAA/Stable
	Short term Bank loan facilities		IND A1+
CARE Ratings Ltd.	Long term borrowing (NCD) programme	272	CARE AAA/Stable
	Long term facilities	5,000	CARE AAA/Stable
	Subordinate debt programme	3,455	CARE AAA/Stable
International Ratings			
S&P Global Ratings	Long term rating	-	BBB-/Stable
	Short term rating	-	A-3

During FY2024, S&P ratings have upgraded the entity level rating for BFL from BB+/Positive to BBB-/Stable as long term rating and upgraded short term ratings from B to A-3, as a reflection of strong financial metrices.

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, viz., shareholders, debenture holders and deposit holders. The Composition of the Committee and details on investor complaints received during the year are given in the Report on Corporate Governance.

Freezing of folio pursuant to SEBI circular: SEBI *vide* its circular dated 17 November 2023 has done away with the requirements of freezing of folio and referral of the frozen folio to administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.

SEBI has also released FAQs in respect of various service request including the payment of dividend. The copy of said FAQs is hosted on Company's website at https://www.aboutbajajfinserv.com/finance-investor-relations-sebi-circulars.

Framework for dealing with unclaimed amounts in respect of listed non-convertible securities and manner of claiming such amounts by investors: SEBI *vide* its circular SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176 dated 8 November 2023 has prescribed the procedural framework for dealing with unclaimed interest and redemption amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by the investors. The circular requires such companies to formulate a policy specifying the process to be followed by investors for claiming their unclaimed amounts. The said circular is hosted on Company's website at https://www.aboutbajajfinserv.com/finance-investor-relations-sebi-circulars.

In compliance with the above circular, the Company has formulated a policy for claiming unclaimed amounts with respect to non-convertible debentures from escrow account. As on 31 March 2024, there are no unclaimed amounts lying with the Company in respect of its listed non-convertible debentures. The said policy can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-unclaimed-amounts-ncds-8-march-2024pdf?scl=1&fmt=pdf.

Choice of nomination in eligible demat accounts: SEBI has issued various circulars from time to time for investors holding securities in demat mode to update their nomination details i.e., either opt in or opt out of nomination.

Online Dispute Resolution Mechanism: In order to streamline the dispute resolution mechanism in the securities market, SEBI *vide* its circular dated 31 July 2023, as amended from time to time, read with master circular no. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated 28 December 2023, introduced a common Online Dispute Resolution ('ODR') mechanism which harnesses online conciliation and arbitration for resolution of all kinds of disputes relating to securities market.

Under ODR mechanism, an investor shall first take up his/her/their grievance by lodging a complaint directly with the concerned Market Participant viz., Company. If the grievance is not redressed satisfactorily at the first phase, the investor may escalate the same through the SCORES Portal in accordance with the process laid out therein. ODR Mechanism provides a third level of escalation, if the investor is not satisfied with the resolution provided by the Company, the investor may initiate the dispute through the ODR portal within the timeframe prescribed under the circular. The ODR portal can be accessed at https://smartodr.in/login.

Demat Suspense Account for unclaimed shares

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

Status of Unclaimed Suspense Account as on 31 March 2024 is given below:

Sr. No.	Particulars	No. of holders	No. of shares
1.	At the beginning of the year	41	44,180
2.	Transferred to IEPF	-	-
3.	Claims received during the year	3	3,600
4.	Claims approved during the year	3	3,600
5.	At the end of the year (5=1-2-4)	38	40,580

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 members on lodging of the claim and after proper verification. Till such time, the voting rights on these shares will remain frozen.

Certifications obtained from Practicing Company Secretary

The Company has obtained following certifications by the Practicing Company Secretary for share related matters, as per details given below:

Regulation	Frequency	Certification requirement
Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018	Quarterly	Reconciliation of the total issued capital, listed capital and capital held by Depositories in dematerialised form, the details of changes in share capital during the quarter and the in-principle approval obtained by the issuer from all the stock exchanges where it is listed in respect of such further issued capital.
Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Annual	Compliance of lodgement of transmission, sub-division, consolidation, renewal, exchange, or endorsement of calls/allotment monies by the Company.

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 23 July 2024.

Members who are entitled to participate at the AGM can view the proceedings by logging on the website of KFin at https://emeetings.kfintech.com/ using secure login credentials provided for e-voting.

Outstanding convertible instruments/ADRs/GDRs/Warrants

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

During the year under review, the Company has issued and allotted of 1,550,000 warrants aggregating to ₹ 1,200 crore to Bajaj Finserv Ltd., promoter and the holding company, which are convertible into equivalent number of equity shares of face value of ₹ 2. In accordance with the applicable provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations') and terms of issue, 25% of issue price amounting to ₹ 297.21 crore was received on application and the balance of 75% of the consideration shall be payable at the time of conversion of warrants. The last date for conversion of warrants as per SEBI ICDR Regulations is 30 June 2025, failing which the consideration received above will be forfeited.

Upon conversion of warrants, the share capital of the Company would increase by 1,550,000 equity shares of face value of ₹ 2.

Commodity price/foreign exchange risk and hedging activities

The Company borrows in Foreign Currency for its External Commercial Borrowing ('ECB') Programme. These borrowings are governed by RBI guidelines which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of its ECB exposure (principal and coupon).

The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved Interest Rate Risk and Currency Risk Hedging Policy.

For its ECB, the Company evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs; and manages its currency risks by entering into derivatives contracts as hedge positions in line with the Board approved policy.

Being a financial services company, the Company is not directly exposed to commodity price risk.

Plant location

Bajaj Finance Ltd. being a non-banking financial company does not have any manufacturing plant.

Address for correspondence

Sr. No.	Particulars	Address	Purpose	Contact details
1.	Company	Bajaj Finance Ltd., Corporate Office Extn., Secretarial Department 3rd Floor, Panchshil Tech Park, Viman Nagar, Pune – 411 014	General Correspondence	Tel No.: (020) 7157 6072/6403 Fax No. (020) 7157 6364 Email ID: investor.service@bajajfinserv.in Website: https://www.aboutbajajfinserv.com/finance-about-us
2.	Registrar and Share Transfer Agent	KFin Technologies Ltd. Unit: Bajaj Finance Ltd. Selenium Building, Tower-B, Plot No 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana – 500 032	Equity and debt related matters TDS related queries or documents for shareholders	Toll free no.: 1800 309 4001 Email ID: einward.ris@kfintech.com KFin corporate website: https://www.kfintech.com KFin RTA Website: https://ris.kfintech.com
3.	Debenture Trustee	Catalyst Trusteeship Ltd. GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038	Debenture related matters	Tel No.: (022) 4922 0555 Email ID: ComplianceCTL-Mumbai@ctltrustee.com Website: https://catalysttrustee.com/

Investor Support Centre

In view of SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/72 dated 8 June 2023, KFin has launched an online platform for shareholders. The same can be accessed at https://ris.kfintech.com/default.aspx#, select Investor Services then go to Investor Support for raising any service requests with KFin.

Members are requested to register/sign up, using the Name, PAN, Mobile Number and email ID. Post registration, user can login *via* OTP and lodge service request, ask questions/queries, raise complaints, check for the status of the folios, KYC details, dividend, meeting and e-voting details.

Quick link to access the signup page is https://kprism.kfintech.com/signup.

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

Sr. No.	Date of Circular	Particulars
1.	16 March 2023	SEBI | Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination
2.	26 September 2023	SEBI | Extension of timelines (i) for nomination in eligible demat accounts and (ii) for submission of PAN, Nomination and KYC details by physical security holders; and voluntary nomination for trading accounts
3.	8 November 2023	SEBI | Procedural framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors
4.	17 November 2023	SEBI | Simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and nomination
5.	27 December 2023	SEBI | Extension of timelines for providing 'choice of nomination' in eligible demat accounts and mutual fund folios
6.	28 December 2023	SEBI | Master Circular for Online Resolution of Disputes in the Indian Securities Market

DIRECTORS' REPORT

Dear Shareholders,

Your directors present the thirty-seventh Annual Report along with the audited standalone and consolidated financial statements for 2023-24 (or FY2024).

Company overview

Bajaj Finance Ltd., is a public limited company incorporated on 25 March 1987 under the Companies Act, 1956 and has its registered office at Akurdi, Pune 411 035, Maharashtra, India. The Company changed its name from Bajaj Auto Finance Ltd. to Bajaj Finance Ltd. in the year 2010. It is registered as a Deposit taking Non-Banking Finance Company *vide* the Reserve Bank of India ('RBI') registration number A-13.00243 dated 5 March 1998. The Company launched its initial public offering of equity shares and was listed on the BSE Ltd. in the year 1994. Subsequently, listed on National Stock Exchange of India in the year 2003. It is also a registered intermediary within the meaning of Insurance Regulatory and Development Authority of India ('IRDAI') as a corporate agent. The Company stood at 12th rank based on market capitalisation as on 31 March 2024. It has been classified in the Upper Layer pursuant to RBI Scale Based Regulations.

Financial Results

The highlights of the standalone financial results are given below:

(₹ in crore)

Particulars	FY2024	FY2023	% change over FY2023
Interest income	40,783	30,142	35
Interest and finance charge	13,843	9,285	49
Net interest income	**26,940**	**20,857**	**29**
Fees, commission, and other income	6,163	5,548	11
Net Total Income	**33,103**	**26,405**	**25**
Total operating expenses	11,478	9,457	21
Pre-impairment operating profit	**21,625**	**16,948**	**28**
Impairment on financial instruments	4,572	3,066	49
Profit before tax	**17,053**	**13,882**	**23**
Profit after tax	**12,644**	**10,290**	**23**
Retained earnings as at the beginning of the year	**25,060**	**18,038**	**39**
Profit after tax	12,644	10,290	23
Retained earnings before appropriations	**37,704**	**28,328**	**33**
Appropriations			
Transfer to reserve fund u/s 45-IC (1) of the RBI Act, 1934	2,530	2,060	23
Dividend paid	1,815	1,207	50
Retained earnings as at the end of the year	**33,359**	**25,060**	**33**

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

Transfer to Reserve Fund

Under section 45-IC (1) of Reserve Bank of India ('RBI') Act, 1934, non-banking financial companies ('NBFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Accordingly, Bajaj Finance Ltd. (the 'Company', 'Bajaj Finance' or 'BFL') has transferred a sum of ₹ 2,530 crore to its reserve fund.

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

Dividend Distribution Policy

Pursuant to the provisions of regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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 of Directors ('Board') in determining the distribution of dividend to its shareholders and/or retaining profit earned. As a part of the review process, the dividend distribution policy was amended at the meeting of the Board held on 20 March 2024. However, there were no changes to principles, criteria or parameters set out in the dividend distribution policy basis which dividend is recommended or declared. The said policy is annexed to this Report and is also available on the website of the Company at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/dividend-distribution-policy-v1pdf?scl=1&fmt=pdf

Dividend

RBI *vide* its circular dated 24 June 2021 (including any amendment thereof) has laid down a framework for declaration of dividend by NBFCs. Accordingly, the Board after taking into account various aspects and in compliance with the said circular, recommend for consideration of the members at the ensuing Annual General Meeting ('AGM'), payment of final dividend of ₹ 36 per equity shares (1800%) of face value of ₹ 2. The total dividend for FY2024 is ₹ 2,228.39 crore.

The dividend recommended is in accordance with the principles and criteria set out in the Company's dividend distribution policy. Total dividend proposed for the year does not exceed the ceilings specified in said circular/ RBI Master Directions.

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.

Scale Based Regulations

Reserve Bank of India issued a circular on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs" on 22 October 2021 ('SBR Framework'). As per the framework, based on size, activity, and risk perceived, NBFCs are categorised into four layers, NBFC - Base Layer ('NBFC-BL'), NBFC - Middle Layer ('NBFC-ML'), NBFC - Upper Layer ('NBFC-UL') and NBFC - Top Layer ('NBFC-TL'). RBI has categorised Bajaj Finance Ltd. as an NBFC in the Upper Layer for the year 2023-24 *vide* its press release dated 14 September 2023. The Company is in compliance with RBI Scale Based Regulations. With an endeavor to further strengthen the compliance culture across business and functions, an integrated compliance framework has been put in place which would be enhanced from time to time.

Working Results of the Company

On a consolidated basis, BFL recorded AUM growth of 34% and growth in profit after tax of 26% in FY2024 as against AUM and profit after tax growth of 25% and 64%, respectively, in FY2023. With its strong AUM and profit growth in FY2024, BFL has further increased its share in the financial services sector in India. Return on average assets ('ROAA') and return on average equity ('ROAE') for FY2024 was 5.1% and 22.1% respectively on a consolidated basis.

The Company's business model continues to generate healthy pre-impairment operating profits enabling it to withstand higher credit losses in times of stress such as these. It remains well capitalised with a capital-to-risk weighted asset ratio ('CRAR') of 22.52% as on 31 March 2024 — making it among the best capitalised large NBFCs in India.

As a result of its deeply embedded risk culture and robust risk management practices, the Company's portfolio quality as of 31 March 2024 continues to remain strong. BFL's consolidated Gross NPA at 0.85% and Net NPA at 0.37% are among the lowest in the industry.

Using its robust risk management and portfolio monitoring framework, BFL took enhanced credit costs based on emerging trends across its different portfolios. It holds a management overlay provision on account of volatile macroeconomic factors of ₹ 300 crore on consolidated basis as on 31 March 2024.

The consolidated performance highlights for FY2024 are given below:

- Number of new loans booked: 36.2 million
- AUM grew by 34% to ₹ 330,615 crore
- Net interest income ('NII') rose by 29% to ₹ 29,582 crore
- Net total income ('NTI') rose by 26% to ₹ 36,258 crore
- Total operating expenses ('Opex') grew by 22% to ₹ 12,325 crore
- Opex to NTI stood at 34%
- Pre-impairment operating profit rose by 28% to ₹ 23,933 crore
- Impairment on financial instruments was ₹ 4,631 crore
- Profit before tax ('PBT') increased by 24% to ₹ 19,310 crore
- Profit after tax ('PAT') increased by 26% to ₹ 14,451 crore
- Capital adequacy ratio as of 31 March 2024 was 22.52%, which is well above the RBI norms. Tier I adequacy ratio was 21.51%.

With the experience of managing significant financial and operational disruption emanating after the pandemic, the transformational journey that BFL has embarked upon and the exit momentum of FY2024, the Company remains confident of a sound growth trajectory in FY2025 and thereafter and, hence, remain a leading NBFC in India.

Resilience and agility are deeply embedded in BFL's culture. These cultural anchors have enabled BFL to make swift and calibrated changes to its risk and debt management practices to regain its business momentum while maintaining strong vigil on its portfolio quality and adapting to changing customer preferences of post pandemic world.

For more details on the performance of the Company, business segments, risk management framework and initiatives, refer Management Discussion and Analysis.

Operations

BFL is one of the largest and most diversified NBFCs in India. It has worked with approximately 83.64 million customers since it started its transformational journey in FY2008 from a mono-line captive lender to a diversified financial service business.

BFL was among the early movers to transit to digital processes in the financial services industry. It had already moved from 'Physical' to 'Phygital' in a seamless manner and has embarked to move to the last phase, namely 'Digital', in the last five years.

The Company believes that each customer is a critical asset in its growth journey and their satisfaction is BFL's primary responsibility — which it thrives to achieve through an omnichannel strategy. Business transformation requires significant changes in operating processes and core technology stack of the Company. It focuses on building an 'omnichannel' model to deliver significant business velocity, reduction in operating costs and significant improvement in customer experience. This model with an integrated offering of products and services, will enable BFL to become a 'moment of truth' enterprise for its customers.

Further details regarding the operations, state of affairs and initiatives of the Company are given in the Management Discussion and Analysis.

Subsidiaries, Associates and Joint Venture

The Company has the following subsidiaries and associate companies as on 31 March 2024:

Sr. No.	Name of entity	% of equity stake	Relationship	Business activity
1	Bajaj Housing Finance Ltd.	100	Subsidiary	Housing finance
2	Bajaj Financial Securities Ltd.	100	Subsidiary	Stock broking and depository participant
3	Snapwork Technologies Private Ltd.	41.5*	Associate	Software development for financial services
4	Pennant Technologies Private Ltd.	26.53*	Associate	Software development for financial services

*on fully diluted basis.

A. Subsidiaries:

(i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing'), which is registered with National Housing Bank as a Housing Finance Company ('HFC') and a registered intermediary within the meaning of IRDAI as a corporate agent; and

(ii) Bajaj Financial Securities Ltd. ('BFinsec'), which is registered with the Securities and Exchange Board of India ('SEBI') as a stockbroker, depository participant and research analyst.

During FY2024, no new subsidiary was incorporated/acquired. The Company has not entered into a joint venture with any other company.

The financial statements of the subsidiary companies are also available in a downloadable format under the 'Investor Relations' section on the Company's website at https://www.aboutbajajfinserv.com/finance-investor-relations-annual-reports

The Company's policy for determination of material subsidiary, as adopted by the Board of Directors, in conformity with regulation 16 of the SEBI Listing Regulations, can be accessed on the Company's website at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subsidiaries-v3pdf?scl=1&fmt=pdf

In terms of the said policy and provisions of regulation 16 of the SEBI Listing Regulations, BHFL is a material subsidiary of the Company.

Performance highlights of the subsidiaries are given below:

BHFL

- AUM as at 31 March 2024 was ₹ 91,370 crore as compared to ₹ 69,228 crore as at 31 March 2023, representing a growth of 32%
- NII rose by 22% to ₹ 2,510 crore
- NTI rose by 19% to ₹ 2,925 crore
- Total operating expenses ('Opex') grew by 12% to ₹ 703 crore
- Opex NTI stood at 24%
- Pre-impairment operating profit rose by 22% to ₹ 2,222 crore
- Impairment on financial instruments was ₹ 61 crore. BHFL holds a management overlay provision of ₹ 94 crore as of 31 March 2024 on account of volatile macro-economic factors
- Gross NPA and Net NPA were at 0.27% and 0.10%, respectively, amongst the lowest across all HFCs
- PBT increased by 27% to ₹ 2,161 crore
- PAT grew by 38% to ₹ 1,731 crore
- As on 31 March 2024, capital adequacy ratio was 21.28%, which is well above the prescribed norms of 15%

The Company has further invested in BHFL an amount of approximately ₹ 2,000 crore by subscribing to 1,107,419,709 shares of face value of ₹ 10 at a price of ₹ 18.06 per share.

As on date of this report, the total investment in BHFL is approximately ₹ 9,528 crore.

Initial Public Offering

Pursuant to press release dated 30 September 2022 issued by RBI, wherein BHFL was classified by RBI as an NBFC in the Upper Layer. Accordingly, pursuant to the applicable regulatory framework, BHFL is required to be mandatorily listed on or before 30 September 2025. In order for BHFL to comply with the regulatory timelines stipulated under the regulations applicable to companies classified as NBFC - UL, the Board of Directors of BHFL is evaluating various option for the same, subject to prevailing market conditions.

BFinsec

- Customer franchise as of 31 March 2024 was over 698,800
- Margin trade funding book stood at ₹ 3,817 crore as of 31 March 2024
- NII for FY24 was ₹ 112 crore
- NTI for FY24 was ₹ 280 crore
- PAT for FY24 was ₹ 56 crore

In order to support BFinsec to augment its business growth, facilitate working capital requirements, and building proprietary trading book, the Company infused capital to the tune of ₹ 200 crore.

As on date of this report, the total investment in BFinsec is approximately ₹ 870.38 crore.

For more detailed discussion on the performance of the subsidiaries and their various segments, refer Management Discussion and Analysis.

B. Associates

Snapwork Technologies Private Ltd. ('Snapwork')

Snapwork continues to be an associate of the Company. The Company holds 41.5% stake on a fully diluted basis in Snapwork.

Snapwork is engaged in the business of software services primarily focused on development of mobile apps and web portals. It has developed the Bajaj Finserv App. The Company closely works with Snapwork to solve key technical priorities on scalability, experience and performance. Snapwork has some of the leading financial services companies in India as its clients.

Details of investment made in Snapwork also forms part of the financial statements.

During FY2024, Snapwork made a profit of ₹ 15.01 crore, of which Company's share of profit was ₹ 6.23 crore.

Pennant Technologies Private Ltd.('Pennant')

During FY2024, the Company advanced its technology strategy by acquiring 26.53% stake on a fully diluted basis in Pennant for aggregate amount of ₹ 267.47 crore. Accordingly, Pennant has become an associate of the Company effective 19 January 2024 pursuant to provision of section 2(6) of the Companies Act, 2013.

Pennant is engaged in providing end to end lending solutions with products like Loan Origination System, Loan Management System, Collections, CRM, and key digital enablers. Pennant has top tier NBFCs and banks as its clients. Going forward, Pennant will be the key Loan Management System provider for the Company with all the products transitioned in FY2025.

Details of investment made in Pennant also forms part of the financial statements.

Post-acquisition of shares by the Company, Pennant made a profit of ₹ 5.32 crore, of which Company's share of profit was ₹ 1.41 crore.

A separate statement containing the salient features of the subsidiaries and associate in the prescribed form AOC-1 is attached to the consolidated financial statements.

Other strategic investments

Bajaj Finserv Direct Ltd. ('BFSD' or 'BFS-Direct') has 2 synergistic divisions viz., Bajaj Markets, and Bajaj Technology Services. Bajaj Market is a financial services marketplace that offers multiple financial services products across categories including - Loans, Credit Cards, Insurances and Investments. It has over 80 onboarded partners with over 20 crore annual visitors on its digital properties. Bajaj Technology Services works in digital and enterprise space offering niche technologies like Adobe, SalesForce, Multi-cloud, Gen AI and Data analytics to BFSI companies across India and Middle East.

BFS-Direct is registered with IRDAI as a composite Corporate Agent for distribution of insurance (life and general) products in India. The Company is also registered with SEBI through its Investment Advisory Department as an Investment Advisor. It offers various financial products and services to its customers, through its partners listed on its digital platform.

As on 31 March 2024, Bajaj Finserv Ltd. ('Bajaj Finserv' or 'BFS'), holds 80.13% of the share capital of BFSD and the remaining 19.87% is held by the Company.

Customer Engagement

Customer engagement and experience are crucial pillars of our organisation and we are committed to customer fairness, in both form and spirit, in our conduct. Additionally, proactive customer engagement enables institutions to gather valuable insights, manage risks, ensure compliance, and integrate technology seamlessly. Ultimately, prioritizing customer experience is essential for staying competitive, building strong relationships, and thriving in the dynamic landscape.

To strengthen the customer engagement and monitoring process, the Board has constituted a Customer Service Committee ('CSC'), in line with the requirements applicable to Banks. It is headed by an independent director. The Committee consists of following Board members:

Sr No.	Name of director	Category
1.	Pramit Jhaveri	Chairman, non-executive, independent
2.	Dr. Naushad Forbes	Non-executive, independent
3.	Sanjiv Bajaj	Non-executive, non-independent
4.	Rajeev Jain	Managing Director, executive

The Customer Service Committee of the Board plays a pivotal role in enhancing customer experience by overseeing strategies and initiatives aimed at improving overall customer service quality and experience. Comprising members with diverse expertise, the Committee collaborates with Management to identify areas for enhancement, review customer feedback, and implement policies to address concerns promptly. By prioritizing customer-centric practices and fostering a culture of responsiveness and empathy, the Committee ensures the organisation continuously evolves to meet the dynamic business needs and expectations of its customers, ultimately fostering loyalty and trust.

In order to strengthen and streamline the process of product program approvals, during the year under review, the Board enhanced the scope of the Committee to approve and recommend all new product programs and changes/modifications to key parameters of an existing program to the Board.

The CSC would then based on the recommendations of the Product Program Committee, further approve, and recommend to the Board all product programs or any changes thereto.

The updated terms of reference of CSC can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/customer-service-committee-v1?scl=1&fmt=pdf

During FY2024, the Committee met thrice.

In addition, the Company has in place a Standing Committee of Management for Customer Service.

The CSC is updated on the discussions, actions, and other recommendations of this Standing Committee. The suggestion, feedback, and guidance from CSC is taken note of by the Standing Committee for necessary actions.

Various interventions, to uphold BFL's commitment towards the customers, under the guidance of these Committees are undertaken. To list a few:

- Defining and reviewing key baseline metrics which are key to customer service and experience;
- Implementation of FPC across all customers facing documents including vernacular communications;
- Significant investments and progress in enabling digital channels for engaging with customers;
- Branch Customer meeting scope enhanced with inclusion of Fixed Deposits and Gold Loan branches;
- In FY2024, 552 customer meetings were conducted where 1,907 customers participated. These meetings were more inclusive and had 356 women and 109 senior citizen participation; and
- Customer education and awareness programs – 10 offline programs conducted on financial education, fraud awareness covering over 2,100 customers / citizens, 12 digital campaigns with a total of 128 posts (89 static and 39 videos), these collective efforts generated an overall impression of 16.67 lakh.

Initiatives of the Company towards customer engagement are detailed in the Management Discussion and Analysis.

RBI has issued notification on 'Appointment of Internal Ombudsman by Non-Banking Financial Companies' dated 15 November 2021 *vide* which NBFCs are required to appoint an IO. Pursuant to the same, considering the scale of operations and complexity of business, the Company has appointed two IOs. Keeping in view the tenure of current IOs, appointment of an additional IO has also been approved by the Board during the year under review. IOs are invited to the CSC meetings to offer their comments, suggestions and share concerns, if any.

Risk Management

The Board of Directors has adopted a risk management policy for the Company which provides for identification of key events/risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

This framework, *inter alia*, provides the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organisation. It covers principles of risk management, risk governance with roles and responsibilities, business control measures, principle risks and business continuity plan. The Management identifies and controls risks through a defined framework in terms of the aforesaid policy.

The Board is of the opinion that there are no elements of risk that may threaten the existence of the Company. The current composition of Risk Management Committee ('RMC') is as follows:

Sr. No.	Name of director/member	Category
1.	Pramit Jhaveri	Chairman, non-executive, independent
2.	Anami N Roy	Non-executive, independent
3.	Sanjiv Bajaj	Non-executive, non-independent
4.	Rajeev Jain	Managing Director, executive
5.	Deepak Bagati	President - Debt Management Services
6.	Fakhari Sarjan	Chief Risk Officer
7.	Sandeep Jain	Chief Financial Officer

Further details on RMC are furnished in the Report on Corporate Governance.

More detailed discussion on the Company's risk management and portfolio quality is covered in the Management Discussion and Analysis.

Fraud monitoring and reporting

Pursuant to RBI Master Direction on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016, the Company is required to report all frauds to RBI. Further, the Company is required to have a policy/mechanism for dealing with frauds. Pursuant to the Direction and Policy, the Company is required to report all frauds of ₹ 1 lakh and above to Board and ₹ 1 crore and above to the Audit Committee on their detection.

Based on the above, the Company has a process in place for monitoring and reporting the instances of fraud. During the year under review, instances of frauds were detected and reported by the Management to the Audit Committee and the Board as per the RBI Directions. Among other things, details reported included modus operandi, amount involved, identity of the perpetrators of fraud, action taken against them and remedial actions taken to mitigate the risk. Further, the same was also reported to RBI and Statutory Auditors. The Statutory Auditors, in turn, have also brought these cases to the attention of the Audit Committee pursuant to circular issued by National Financial Reporting Authority ('NFRA') dated 26 June 2023.

During the year under review, the amount involved in above said cases were approximately ₹ 27.87 crore in aggregate. The nature of the fraud covered documentation fraud, identity theft and misappropriation of funds. Approximately ₹ 12.42 crore has been recovered till date. The Company confirms that none of the above reported frauds have involvement of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

The Company has a comprehensive Risk Containment Unit ('RCU') infrastructure. The risk containment and fraud control unit, through prevention and deterrence actions, is responsible for preventing frauds perpetrated by customers, sourcing channels and internal employees either alone or in connivance with others. It ensures that most fraud checks are performed well before any disbursal of loan through an inbuilt advanced fraud controls analytics in its loan origination system. The fraud check rules are periodically updated based on emerging learnings.

Internal Capital Adequacy Assessment Policy ('ICAAP')

Pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by RBI on 19 October 2023 ('RBI Scale Based Regulations'), NBFCs are required to have an ICAAP in place. The objective of ICAAP is to ensure availability of adequate capital to support all risks in business and also to encourage NBFCs to develop and use better internal risk management techniques for monitoring and managing their risks. Accordingly, the Company has framed an ICAAP policy. This policy is developed considering the requirements of the SBR and is based on the Pillar-2 requirements under Basel III Framework developed by the Basel Committee on Banking Supervision (BCBS).

The objective of the policy is to provide an ongoing assessment of the Company's entire spectrum of risks and the methodology to assess current and future capital, reckoning other mitigating factors and also to assist and apprise the Board on these aspects and on Company's internal capital adequacy assessment process and Company's approach to capital management.

Information Technology Governance and Cyber Security

RBI *vide* Master Direction dated 8 June 2017 has laid down an Information Technology Framework for the NBFC sector. Accordingly, the Company has constituted an Information Technology Strategy Committee ('IT Strategy Committee') consisting of an Independent Director as Chairman and comprising Chief Technology Officer and other members of the Management.

The RBI has issued Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7 November 2023 effective 1 April 2024. In line with said Directions, the terms of reference of the IT Strategy Committee were revised during the year. The same, *inter alia*, includes the following:

- Review at least on an annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management;
- Review the assessment of IT capacity requirements and measures taken to address the issues;
- Approve documented standards and procedures for access to information assets; and
- Decide constitution of Information Security Committee ('ISC') with Chief Information Security Officer ('CISO') and other representatives from business and IT functions, etc.

Detailed terms of reference can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/it-strategy-committee-1pdf?scl=1&fmt=pdf

The IT Strategy Committee met thrice during the year under review.

In terms of the aforementioned Directions, the Committee would now meet at least on a quarterly basis.

Pursuant to the said Directions, the Company has appointed a CISO who shall be responsible for driving cyber security strategy and ensuring compliance to the extant regulatory/statutory instructions on information/cyber security and other roles and responsibilities as stipulated therein.

In accordance with IT Governance framework, the Company has put in place policies which, *inter alia*, includes Business Continuity Policy, Information Security Policy, Information Technology Policy, Cyber Security Policy, IT Outsourcing Policy, Cyber Crisis Management Plan and Information Security Incident Management Policy.

During the year under review, a cyber security awareness program was conducted for the Board members. It, *inter alia*, covered, industrialisation of cyber-crime operations, new developments and issues relating to cyber and information security, understanding of cyber security trends including recent cyber frauds and attacks, Board's responsibility in the events of change management and cyber security, etc. Further, on an annual basis, the Senior Management and employees of the Company have undergone IT security trainings.

The Company continues to enhance cyber security and information security aspects while transforming to a customer-centric digital enterprise. It has capability to offer remote access for identified IT vendors/partners to enable full resources for user support, data center support, application maintenance and testing. All IT systems are compliant to ISO 27001 Information Security Management System and ISO 22301 Business Continuity Standard. The Company also has a dedicated cyber security and information security team to ensure technical expertise and regulatory as well as internal compliance for Information Technology. In addition, an outsourcing compliance unit and third-party security governance framework is also set up. As part of Omnipresence Strategy, the Bajaj Finserv app is live now with recent version 9.0.5 (954) and the Company will continue its journey towards a digital organisation.

A detailed discussion on information systems, cyber security and information technology is covered under Management Discussion and Analysis.

Directors and Key Managerial Personnel ('KMP')

A. Change in Directors during the financial year

i. Appointments and re-designation

a. Dr. Arindam Bhattacharya (DIN: 01570746)

During the year under review, Dr. Arindam Bhattacharya has been appointed as an independent director of the Company for the first term of five consecutive years commencing from 1 April 2023.

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

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

b. Anup Saha (DIN: 07640220)

Anup Saha, Deputy CEO, was appointed as Executive Director of the Company for a period of five years with effect from 1 April 2023. He was classified as KMP within the meaning of section 2(51) of the Act.

The Board, based on the recommendation of Nomination and Remuneration Committee ('NRC'), re-designated Anup Saha as Deputy Managing Director of the Company effective from 1 April 2024. The re-designation has been approved by the members *vide* resolution passed through postal ballot on 19 March 2024.

The Board is of the opinion that Anup Saha is an outstanding leader, and this advancement reflects his exceptional contributions and confidence in his leadership abilities as the Company embarks on new challenges and opportunities.

c. Tarun Bajaj (DIN: 02026219)

On the recommendation of the NRC, the Board at its meeting held on 25 April 2024 proposed the appointment of Tarun Bajaj as an independent director of the Company for a period of 5 years effective from 1 August 2024.

The Board is of the opinion that Tarun Bajaj is a person of integrity, expertise, and competent experience and proficiency to serve the Company as an independent director strengthening overall composition of the Board.

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

ii. Resignation:

Rakesh Bhatt (DIN: 02531541), Deputy CEO, was appointed as Executive Director of the Company for a period of five years with effect from 1 April 2023 and was classified as KMP within the meaning of section 2(51) of the Act.

However, Rakesh Bhatt resigned as an Executive Director of the Company with effect from close of business hours on 31 January 2024 in order to pursue new career opportunities outside the Company. The Board accepted the resignation and placed on record its sincere appreciation for the valuable contribution made by him during his long association with the Company and the group, including his tenure as director on the Board of the Company.

iii. Sad demise of Independent Director:

Your directors express their profound grief on the sudden demise of D J Balaji Rao.

He was an independent director on the Board of the Company since 22 October 2008. He was Chairman of Stakeholders Relationship Committee. He passed away on 28 November 2023 and consequently

ceased to be a director of the Company. The Board places on record its sincere appreciation for the invaluable guidance, services and mentorship provided by him in his tenure as an independent director of the Company.

iv. Re-appointments:

a. Anami N Roy (DIN: 01361110)

The Board, on recommendation of the NRC and after evaluating performance of Anami N Roy during his first tenure as an independent director, recommended his re-appointment as an independent director of the Company for second term of five consecutive years commencing from 1 April 2024 till 31 March 2029. The Board also recommended continuation of his directorship upon him attaining the age of 75 years on 15 May 2025. The same has been approved by the members *vide* special resolutions passed through postal ballot on 19 March 2024.

The Board is of the opinion that Anami N Roy is a person of integrity, expertise, and competent experience and proficiency to serve the Company as an independent director.

b. Dr. Naushad Forbes (DIN: 00630825)

The Board, on recommendation of the NRC and after evaluating performance of Dr. Naushad Forbes during his first tenure as an independent director, recommended his re-appointment as an independent director of the Company for second term of five consecutive years commencing from 1 April 2024 till 31 March 2029. The same has been approved by the members *vide* special resolution passed through postal ballot on 19 March 2024.

The Board is of the opinion that Dr. Naushad Forbes is a person of integrity, expertise, and competent experience and proficiency to serve the Company as an independent director.

B. Directors liable to retire by rotation

Rajeev Jain (DIN: 01550158) retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment.

Brief details of Rajeev Jain, who is seeking re-appointment, are given in the Notice of 37th AGM.

C. Continuation of non-retiring director

SEBI *vide* its notification dated 14 June 2023, amended SEBI Listing Regulations effective from 15 July 2023. Pursuant to said notification, a new sub -regulation 17(1D) was inserted which provides that with effect from 1 April 2024, the continuation of a director serving on the Board of a listed entity shall be subject to the approval by the shareholders in a general meeting at least once in every five years.

Further, any director serving on the board as on 31 March 2024, without the approval of the shareholders for the last five years or more shall be subject to the approval of shareholders in the first general meeting to be held after 31 March 2024.

The shareholders at their meeting held on 17 July 2012 had appointed Sanjiv Bajaj (DIN: 00014615), non-executive director, as a director not liable to retire by rotation pursuant to provisions of the erstwhile Companies Act, 1956. He continues on the Board as a non-executive director not liable to retire by rotation since then.

Pursuant to regulation 17(1D), the Board at its meeting held on 20 March 2024, on the recommendation of NRC, approved continuation of Sanjiv Bajaj on the Board of the Company. In terms of said SEBI Regulations, approval of the members is being sought at the ensuing AGM.

D. KMPs

Save and except as stated above, there are no other changes in the KMPs during FY2024. For details on changes in senior management, please refer Report on Corporate Governance.

Declaration by independent directors

All 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 read with regulation 16 of the SEBI Listing Regulations, as amended. They 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.

In the opinion of the Board, the independent directors fulfil the conditions specified in the Act read with rules made thereunder and have complied with the code for independent directors prescribed in Schedule IV to the Act.

Remuneration Policies

1. Policy on Directors' Appointment and Remuneration

Pursuant to section 178(3) of the Companies Act, 2013 and regulation 19(4) read with Part D of schedule II of the SEBI Listing Regulations, the Board has framed a Remuneration Policy. This policy, *inter alia*, lays down:

- The criteria for determining qualifications, positive attributes, and independence of directors; and
- Broad guidelines of compensation philosophy and structure for non-executive directors, key managerial personnel and other employees.

In view of detailed RBI Guidelines for NBFCs concerning compensation of KMP and Senior Management ('SMT'), the Company has in place a specific policy to this effect. Accordingly, this remuneration policy has to be read along with the specific policy adopted pursuant to RBI Guidelines as regards compensation of KMP and SMT, which is detailed below.

2. Policy for Compensation of KMP and SMT pursuant to RBI Guidelines

RBI has *vide* its circular dated 29 April 2022 issued Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs pursuant to RBI Scale Based Regulations. Accordingly, the Company has adopted a Board approved policy exclusively governing compensation payable to KMP and SMT. This policy lays down detailed framework, *inter alia*, encompassing the following:

- Principles of compensation;
- Compensation components;
- Principles of variable pay;
- Deferral of variable pay;
- Compensation for control and assurance function personnel; and
- Provisions for malus and clawback and circumstances under which application of malus and clawback is to be considered.

The aforesaid policies can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-companies-act-2013-v1pdf?scl=1&fmt=pdf and https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-rbi-v1pdf?scl=1&fmt=pdf

As per the requirements of the RBI Master Directions and SEBI Listing Regulations, details of all pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company are disclosed in the Report on Corporate Governance.

Compliance with Code of Conduct

All Board members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for FY2024.

A declaration to this effect signed by the Managing Director is included in 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/MCA, is hosted on the Company's website and can be accessed at https://www.aboutbajajfinserv.com/finance-investor-relations-annual-reports

Number of Meetings of the Board

Eight (8) meetings of the Board were held during FY2024. Details of the meetings and attendance thereat forms part of the Report on Corporate Governance.

Directors' Responsibility Statement

The financial statements are prepared in accordance with the Indian Accounting Standards ('Ind AS') under historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value pursuant to the provisions of the Act and guidelines issued by SEBI/RBI. Accounting policies have been consistently applied except where revision to an existing Accounting Standard requires a change in the accounting policy.

In accordance with the provisions of section 134(3)(c) of the Act and based on the information provided by the Management, the Directors state that:

i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for FY2024;

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 comprise of four independent directors viz., Anami N Roy (DIN: 01361110), Chairman, Dr. Naushad Forbes (DIN: 00630825), Pramit Jhaveri (DIN: 00186137) and Dr. Arindam Bhattacharya (DIN: 01570746), members. Dr. Arindam Bhattacharya was inducted as member of the Committee with effect from 1 April 2023.

The composition of Audit Committee is over and above the minimum requirement prescribed under the Act, SEBI Listing Regulations, and the RBI Regulations for NBFCs (the 'NBFC Regulations') of having a minimum of two-thirds of independent directors, including the Chairman. All members of the Committee are considered financially literate and are deemed to have necessary accounting or financial management related expertise in terms of SEBI Listing Regulations.

During FY2024, all recommendations of the Audit Committee were accepted by the Board.

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

Particulars of Loans, Guarantees and Investments

The Company, being an NBFC registered with the RBI and engaged in the business of giving loans in the ordinary course of its business, is exempt from complying with the provisions of section 186 of the Act with respect to loans, guarantees and investments. Accordingly, the Company is exempted from complying with the requirements to disclose in the financial statement the full particulars of the loans given, investment made, guarantee given, or security provided.

In addition to investment in subsidiaries, associates and group companies which is covered above, details of other major strategic investments are as under:

1. One MobiKwik Systems Ltd. ('MobiKwik'):

The Company continues to stay invested in MobiKwik. Total investment in MobiKwik as on 31 March 2024 is approximately ₹ 296.89 crore.

The total equity shares held by the Company in MobiKwik is 7,979,440 equity shares representing 13.07% of its capital on a fully diluted basis.

MobiKwik has filed its draft red herring prospectus ('DRHP') for an IPO with SEBI, aiming to raise approximately ₹ 700 crore. The IPO is an entirely fresh equity share issue without an offer for sale component.

2. RBL Bank Ltd.:

The Company continues to stay invested in RBL Bank Ltd.

3. RMBS Development Company Ltd.:

With the objective of promoting and developing residential mortgage-backed securities in the country, RMBS Development Company Ltd. ('RMBS Ltd.') has been established by National Housing Bank ('NHB'). The entity will act as a market intermediary for residential-mortgage-backed-security ('RMBS') by investing in RMBS, facilitating investment/issuance/trade of RMBS, extend credit enhancement (including second loss credit enhancement) for RMBS transactions, provide liquidity support in the secondary market for RMBS transactions, set-up an information repository of RMBS transactions, develop standards and guidelines to ensure standardisation of RMBS transactions, create securitisation documents for RMBS transactions, leverage a platform to enable price discovery for RMBS transactions, where ecosystem participants come together and finalise securitisation of RMBS transactions, provide warehouse financing, and related advisory and structuring services.

The Board at its meeting held on 26 April 2023 approved an investment up to ₹ 180 crore in RMBS Ltd. Pursuant to the shareholders' agreement with NHB and other investors, the Company has agreed to acquire up to 7% equity stake in RMBS Ltd. The acquisition would enable the Company and its subsidiary, BHFL to penetrate and support in developing the RMBS market.

Further details of investments are provided in the financial statements.

Employee Stock Options ('ESOP')

The Company offers stock options to select employees of the Company and its subsidiaries to foster a spirit of ownership and an entrepreneurial mindset. Because of their nature, stock options help to build a holistic, long-term view of the business and a sustainability focus in the Senior Management team. Stock options are granted to tenured employees in managerial and leadership positions upon achieving defined thresholds of performance and leadership behaviour. This has contributed to the active involvement of the leadership and senior team who are motivated to ensure long-term success of the Company. Grant of stock options also allows the Company to maintain the right balance between fixed pay, short-term incentives, and long-term incentives to effectively align with the risk considerations and build the focus on consistent long-term results.

As per the Employee Stock Option Scheme of the Company, the total options which could be granted is 35,071,160. During the year under review, the scheme has been amended, *inter alia*, to expand the categories and base of employees who could be eligible for grant of options in line with to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, ('ESOP Regulations'). The scheme was also amended to include enabling provisions for treatment of stock options in case of retirement, death, permanent incapacity, transfers, and deputation. The same has been approved by the special resolutions passed by the shareholders through postal ballot on 19 March 2024. The amended scheme is in compliance with the ESOP Regulations.

A statement giving complete details, as at 31 March 2024, under regulation 14 of the ESOP Regulations, is available on the website of the Company and can be accessed at https://www.aboutbajajfinserv.com/finance-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 FY2024.

Share Capital

During FY2024, pursuant to the approval of the Board of Directors and members of the Company, the following changes have taken place in the share capital of the Company:

a) Qualified Institutions Placement of equity shares ('QIP')

Pursuant to provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations') and the Act, the Company made a QIP of 12,104,539 equity shares of face value of ₹ 2 at a price of ₹ 7,270 per equity share (inclusive of premium of ₹ 7,268 per equity share), representing a discount of ₹ 263.81 to the floor price of ₹ 7,533.81 per share, to Qualified Institutional Buyers aggregating to approximately ₹ 8,800 crore.

b) Preferential allotment of Warrants ('PI')

Pursuant to provisions of the SEBI ICDR Regulations and the Act, preferential allotment of 1,550,000 convertible warrants was made to Bajaj Finserv, promoter and the holding company, amounting to approximately ₹ 1,200 crore.

In accordance with the terms of issue, 25% of issue price amounting to ₹ 297.21 crore was received on application.

Pursuant to SEBI ICDR Regulations, the Company appointed CARE Ratings Ltd. as monitoring agency to monitor the utilisation of issue proceeds of both QIP and PI. The net proceeds have been utilised for the purpose stated in the offer document. There has been no deviations in the use of proceeds as stated in the offer document. Details of utilisation of funds raised through QIP and PI as per regulation 32(7A) are given in the Report on Corporate Governance.

c) Allotment to ESOP Trust

The Company has issued and allotted 1,462,548 equity shares of the face value of ₹ 2 each at respective grant prices to the trustees of BFL Employee Welfare Trust under the Employee Stock Options Scheme, 2009.

As on 31 March 2024, the paid-up share capital of the Company stood at ₹ 123.80 crore consisting of 618,996,320 equity shares of face value of ₹ 2 fully paid-up.

Related Party Transactions

All contracts/arrangement/transactions entered by the Company during FY2024 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. Such transactions are reviewed by the Audit Committee on a quarterly basis.

All related party transactions entered during FY2024 were in the ordinary course of business, at arm's length and not material under the Act and 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 FY2024 are provided in the notes to the financial statements. There were no transactions requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC–2 does not form a part of this Report.

The policy on materiality of related party transactions and on dealing with related party transactions is available on the website of the Company at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions-v1pdf?scl=1&fmt=pdf and also forms a part of the Report on Corporate Governance.

Succession Planning

The Company has in place a succession planning framework to address anticipated, as well as unscheduled changes in leadership. The plan is revisited, re-evaluated, and updated every year. The key attribute of the plan involves:

- Organisational level Long Range Strategy wherein talent required to fulfil the Company's strategy and annual operating plan is discussed and planned.
- Performance appraisal system which helps identifying people demonstrating leadership behaviours in line with our cultural anchors.
- Talent Management framework is a bi-annual exercise under which a Talent Card is made for every Senior Management team member.
- Job Rotation Policy with the intent of providing movement and enhancements to senior leaders in the organisation.

Material Changes and Commitments

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

Conservation of Energy

The operations of the Company are not energy intensive. The Company implements various energy conservation measures across all its functions and value chain, which are highlighted in the Business Responsibility and Sustainability Report.

Technology Absorption

The details pertaining to technology absorption have been explained in the Management Discussion and Analysis.

Considering the nature of services and businesses, no specific amount of expenditure is earmarked for Research and Development. However, the Company on an ongoing basis strives for various improvements in the products, platforms, and processes.

Foreign Exchange Earnings and Outgo

During FY2024, the Company did not have any foreign exchange earnings and the foreign exchange outgo in terms of actual outflow amounted to ₹ 1,437 crore.

Corporate Social Responsibility ('CSR')

The CSR Committee comprises of three directors viz., Dr. Naushad Forbes, Chairman, Sanjiv Bajaj and Rajeev Jain, members.

The CSR interventions for the year focused on Child education, Child protection, Child health, Youth skilling and inclusion of People with disability. The salient features of the CSR policy and impact assessment report forms part of the Annual Report on CSR activities. The CSR policy has been hosted on the website of the Company and can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf

'Bajaj Beyond' is the Bajaj Group's new identity for all its corporate social responsibility and charitable programmes with focus on youth skilling. The initiatives will benefit the youth and enable them to take advantage of employment and entrepreneurial opportunities offered by India's growing economy in the years' to come.

The CSR obligation of the Company for FY2024 is ₹ 185.70 crore. As on 31 March 2024, total amount spent on CSR activities by Company is ₹ 179.52 crore.

As per section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the Company is required to transfer any unspent amount, pursuant to any ongoing project undertaken by the Company in pursuance of its CSR policy, within a period of thirty days from the end of the financial year to a special account opened by the Company in that behalf for that financial year in any scheduled bank called Unspent Corporate Social Responsibility Account.

Due to delay in commencement of project, some part of the mandatory spend for few ongoing projects remained unspent as on 31 March 2024, thereby requiring it to be transferred to an Unspent Corporate Social Responsibility Account. Accordingly, the Company has opened prescribed bank account to transfer unspent amount of ₹ 6.19 crore.

Pursuant to Rule 8(1) of Companies (Corporate Social Responsibility Policy) Rules, 2014, Annual Report on CSR activities is annexed to this Report.

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 FY2024.

Formal Annual Evaluation of the performance of the Board, Committees, and directors

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 excluding the directors being evaluated, on the basis of performance and fulfilment of criteria of independence and their independence from Management. On the basis of the report on 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 the year 2023-24 is given below:

- The NRC at its meeting held on 16 March 2023, 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/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directors-v1pdf?scl=1&fmt=pdf
- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking feedback of the directors with regards to the performance of the Board, its Committees, the Chairperson, and individual directors. As advised by the NRC and Board, an option for qualitative feedback was introduced. Further, the Management was advised to benchmark the processes and criteria with best practices.
- 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 2023-24 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 20 March 2024.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 20 March 2024.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 20 March 2024, determined that the appointment of all independent directors may continue.
- Details on the evaluation of the Board, non-independent directors, and Chairperson of the Company as carried out by the independent directors at their separate meeting held on 20 March 2024 have been furnished in a separate paragraph elsewhere in this Report.
- During FY2024, the process followed by the Company was reviewed by the NRC, which opined these to be in compliant with applicable provisions and found it 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 passed by the Regulators or Courts

During FY2024, there were no significant or material orders passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

Though not affecting going concern status, following orders were passed by RBI:

- RBI has passed an order against the Company under section 45 (1) (b) of the Reserve Bank of India Act, 1934 on 15 November 2023. *Vide* the said order, the Company has been directed to stop sanction and disbursal of loans under its two lending products namely, 'eCOM' and 'Insta EMI Card', with immediate effect, particularly with respect to non-issuance of Key Facts Statements to the borrowers under these two lending products and the deficiencies in the Key Facts Statement issued in respect of other digital loans sanctioned by the Company. For further details, refer Management Discussion and Analysis.
- RBI *vide* its order dated 28 September 2023 has imposed a penalty of ₹ 8.5 lakh for delay in reporting of frauds under paragraph 1 (iv) and 1 (v) of Chapter IV of Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 for the Financial Year 2021-22.

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

Internal Control Systems and their adequacy has been discussed in more detail in Management Discussion and Analysis.

Deposits

The Company accepts deposits from retail and corporate clients. As on 31 March 2024, it had a standalone deposit book of ₹ 59,966.66 crore, delivering an annual growth of 35% in FY2024. Deposits contributed to 27% of BFL's standalone borrowings versus 27.52% as at the end of FY2023.

The consolidated deposits book as on 31 March 2024 stood at ₹ 60,150.92 crore, delivering an annual growth of 35% in FY2024. Deposit contributed to 21% of its consolidated borrowings as on FY2024 versus 21% as at the end of FY2023.

Break-up of deposits raised on a consolidated basis:

(₹ in crore)

Sr. No.	Type	Amount raised	Outstanding as on 31 March 2024
1.	Public deposit	18,023.35	38,012.62
2.	Corporate deposit	20,330.31	19,470.04
3.	Other deposit	2,236.48	2,484.01

Pursuant to provisions of the RBI Act, 1934, the Company has created a charge on statutory liquid assets amounting to ₹ 6,738.01 crore in favour of the trustee for Public Fixed Deposit ('FD') holders.

During FY2024, there was no default in repayment of deposits or payment of interest thereon. With a view to reduce unclaimed deposits, the Company adopted the following process:

- Wherever payment of deposit amount and interest thereon is rejected by bank of the deposit holder, Customer Service Team calls the depositor to inform about rejection reason and advise them the process for change of linked bank account;

- In addition, SMS/Email/Physical letter are also sent to depositors to inform them of rejection reason(s) and advise them to initiate appropriate action for change of bank details;
- Account payee cheque along with covering letter in the name of the deposit holder for unclaimed amount is dispatched at depositor's communication address (excluding deceased cases, where settlement is to be done as per nomination/survivorship clause);
- In case deposit holder is not contactable, a field verification is initiated by the employee of local branch to reach out the depositor;
- In case of death of depositors, claim settlement process is advised to joint depositors/nominee/legal heir, as the case may be; and
- Wherever resident status of the depositors has changed from Resident to Non-Resident, they are advised to submit updated FATCA/CRS declaration along with residential status change request.

As on 31 March 2024, there were 29 deposits amounting to ₹ 35.69 lakh which had matured and remained unclaimed and interest on matured deposits amounting to ₹ 4.16 lakh and interest on active deposits amounting to ₹4.38 lakh had also remained unclaimed.

Borrowings

To augment resources for the potential growth, the borrowing limit has been increased from ₹ 225,000 crore to ₹ 375,000 crore during the year under review. The same has been approved by shareholders *vide* special resolution passed on 19 March 2024 through postal ballot.

The total borrowing as on 31 March 2024 is ₹ 220,378.65 crore. The break-up of the same is as under:

(₹ in crore)

Particulars	Deposits	Bank Loans (TL/CC/ OD/WCDL)	Non-Convertible Debentures	Subordinate Liabilities	Short-term Borrowings	External Commercial Borrowing
Amount	59,966.66	47,460.59	69,174.98	3,577.90	34,180.07	6,018.45
% to total borrowing	27.21	21.54	31.39	1.62	15.51	2.73

Credit Rating

The brief details of the ratings received from credit rating agencies by the Company for all its outstanding instruments are given in General Shareholder Information.

Whistle Blower Policy/Vigil Mechanism

The Company has a Whistle Blower Policy encompassing vigil mechanism pursuant to the requirements of 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, directors, and value chain partners with a safe and confidential channel to share their inputs about such aspects which are adversely impacting their work environment. The policy/vigil mechanism enables directors, employees, and value chain partners to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and leak or suspected leak of unpublished price sensitive information.

The concerns may be reported anonymously either through email or through a 'Confidential Feedback Mechanism', which is reviewed by a Committee comprising of Senior Management representatives. Pursuant to the Whistle Blower Policy, the summary of incidents investigated, actioned upon, founded and unfounded are reviewed by the Audit Committee on a quarterly basis. Further, the Committee from time to time reviews the functioning of the whistle blower mechanism and measures taken by the Management to encourage employees to avail of the mechanism to report unethical practices.

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-v3pdf-1?scl=1&fmt=pdf

More details are given in the Report on Corporate Governance.

Investor Education and Protection Fund ('IEPF')

The details pertaining to the transfer of unclaimed dividend amount and shares to IEPF have been provided in General Shareholder Information, which forms part of this Annual Report.

R Vijay, Company Secretary is the Nodal Officer of the Company, appointed pursuant to rule 7(2A) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of which are available on the website of the Company at https://www.aboutbajajfinserv.com/finance-investor-relations-shareholders-information-listing-on-stock-exchange

Independent Directors' Meeting

Pursuant to the Act and SEBI Listing Regulations, the independent directors must hold at least one meeting in a financial year without attendance of non-independent director and members of the Management. Accordingly, independent directors of the Company met on 20 March 2024 and:

- noted the report of performance evaluation from the Chairman of the Board for the year 2023-24;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairman of the Board, taking into account the views of executive and non-executive directors; and
- assessed the quality, quantity, and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition, the independent directors have a separate meeting with the SMT, during which the SMT is encouraged to express their views and concerns pertaining to the business. Suggestions from the directors are noted by the Management.

RBI Guidelines

The Company continues to fulfil all the norms and standards laid down by RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital to risk-weighted assets ratio of the Company was 22.52% as on 31 March 2024. In line with the RBI guidelines for asset liability management ('ALM') system for NBFCs, the Company has an asset liability committee, which meets monthly to review its ALM risks and opportunities. Further, BFL exceeds the regulatory requirement of liquidity coverage ratio ('LCR') introduced by the RBI in FY2020. As against the LCR requirement of 85%, BFL's LCR as on 31 March 2024 was 168.91%.

The Company continues to be in compliance with the RBI Scale Based Regulations.

Corporate Governance

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

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

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

Business Responsibility and Sustainability Report ('BRSR')

Pursuant to the SEBI circular dated 10 May 2021 and amendment in SEBI Listing Regulations, top 1,000 listed entities based on market capitalisation are required to submit BRSR with effect from FY2023.

SEBI, *vide* its circular dated 12 July 2023 introduced BRSR Core. BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators ('KPIs') under nine ESG attributes. Further, top 150 listed entities are required to mandatorily undertake reasonable assurance of the BRSR Core. The Company, from FY2022, has been voluntarily taking limited assurance on BRSR and GHG data. In compliance with the SEBI requirements, the Company has appointed DNV Business Assurance India Pvt. Ltd. ('DNV') as an Assurance provider for carrying out the Reasonable Assurance for BRSR Core (including GHG data) and Limited Assurance on rest of the BRSR, for FY2024.

The Company has adopted a Policy for Responsible and Sustainable Business Conduct. The Board has in place an executive level cross functional ESG Committee headed by the Deputy Managing Director. The Committee chalks out plans and other initiatives keeping in view the leading practices and the requirements. It also monitors the implementation of the ESG related initiatives and reporting thereof.

The BRSR in the updated format (including new KPIs of BRSR Core) prescribed by SEBI is annexed to the Annual Report. A detailed ESG Report describing various initiatives, actions and process of the Company towards the ESG endeavor can be accessed at https://www.aboutbajajfinserv.com/impact-environmental-social-and-governance

Changes to the constitutional documents

a. Memorandum of Association

In order to provide an explicit authorisation for issuance of pre-paid instruments, clause 3B of the Memorandum of Association was amended *vide* special resolution passed by the members at its Extraordinary General Meeting held on 31 October 2023. Details of the same can be accessed on the website of the Company at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/altered-copy-of-memorandum-of-associationpdf-1?scl=1&fmt=pdf

b. Articles of Association

SEBI *vide* its notification dated 2 February 2023 amended SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 by inserting sub-regulation (6) in regulation 23 which mandates an issuer to ensure that its Articles of Association ('AoA') require its Board of Directors to appoint a person nominated by the Debenture Trustee ('DT') upon occurrence of any of the events of default as per regulation 15(1)(e) of the SEBI (Debenture Trustees) Regulations, 1993 ('DT Regulations'). In order to comply with above requirements, the AoA of the Company was amended to enable DT to appoint their Nominee on the Board upon occurrence of any of the event specified in regulation 15(1)(e) of the DT Regulations *vide* special resolution passed by shareholders on 26 July 2023. Details of the same can be accessed on the website of the Company at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/articles-of-associationpdf-1?scl=1&fmt=pdf

Secretarial Standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of Directors and General Meetings read with the MCA circulars.

Internal Audit

The internal audit function provides an assurance to the Audit Committee/Board of Directors and the Senior Management on the quality and effectiveness of BFL's internal controls, risk management and governance related systems and processes. In line with RBI's guidelines on Risk Based Internal Audit, the Company has implemented a Risk Based Internal Audit Policy.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee. The Audit Committee on a quarterly basis reviews the internal audit reports based on the approved plan, which includes audit observations, corrective and preventive actions. The Committee also reviews adequacy and effectiveness of internal controls based on such reports.

The Committee also has independent meetings with the internal auditor without the presence of Management.

As per RBI guidelines, quality assurance and improvement program ('QAIP') is required to be carried out at least once a year covering all aspects of internal audit function. Accordingly, QAIP was carried out by an external agency for FY2023 to assess functioning of the internal audit function, adherence to the internal audit policy, objectives and expected outcomes. Similarly, QAIP for FY2024 will be carried out by an external auditing partner.

Statutory Auditors

In line with the RBI requirements, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on 16 September 2021, appointed Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 302009E) ('Deloitte') and G. M. Kapadia & Co., Chartered Accountants, (Firm Registration No.104767W) ('G. M. Kapadia') as Joint Statutory Auditors for a period of 3 years to conduct audit of the financial statements of the Company for the financial years 2022, 2023 and 2024. The said appointment was also approved by the shareholders.

The Audit Report given by Deloitte and G.M. Kapadia, Joint Statutory Auditors for FY2024 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

In terms of the RBI Master Directions – Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016, the Joint Statutory Auditors have also submitted an additional Report dated 26 July 2023, for FY2023 which has been filed with RBI. There were no comments or adverse remarks in the said Report as well.

Reserve Bank of India, through its circular dated 27 April 2021, issued Guidelines for Appointment of Statutory Auditors (the 'Guidelines'/'circular'), mandating NBFCs (including HFCs) with an asset size of ₹ 15,000 crore and above to appoint minimum two audit firms as joint auditors for a continuous period of three years. Further, the Guidelines also specifies that an auditor who has completed a period of three years (counted as one tenure) as on the date of the circular shall not be eligible for re-appointment in the same entity for six years (two tenures) after completion of one tenure of three years.

Accordingly, Deloitte and G.M. Kapadia, Joint Statutory Auditors, present joint statutory auditors will cease to be the auditors on completion of three-year term.

In line with the RBI requirements, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on 25 April 2024, have proposed the appointment of Price Waterhouse LLP, Chartered Accountants, (Firm Registration No. 301112E/E300264) ('PWC') and Kirtane & Pandit LLP, Chartered Accountants, (Firm Registration No. 105215W/W100057) as Joint Statutory Auditors for a period of 3 years to conduct audit of the financial statements of the Company for the financial years 2025, 2026 and 2027. Profile and other details of the proposed joint statutory auditors forms part of the AGM notice.

Pursuant to the provisions of section 139(1) of the Act, approval of the members of the Company will be sought for their appointment as joint statutory auditors for a period of 3 years at the ensuing annual general meeting scheduled in July 2024. If approved, they will hold office as Joint Statutory Auditor from the conclusion of the 37th AGM till the conclusion of the 40th AGM for the financial years ending 31 March 2025, 31 March 2026 and 31 March 2027 respectively.

The information under section 143(12) read with section 134(3)(ca) of the Act is given in the section 'Fraud monitoring and reporting.'

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, Practicing Company Secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

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

As per regulation 24A(1) of SEBI Listing Regulations, a listed company is required to annex a secretarial audit report of its material unlisted subsidiary to its Annual Report. The secretarial audit report of BHFL, a material subsidiary (a high value debt listed company) for FY2024 is annexed herewith.

In addition, secretarial audit report pursuant to section 204 of the Act for BFinsec, a non-material subsidiary is also annexed herewith.

Pursuant to regulation 24A(2) of the SEBI Listing Regulations, a Report on secretarial compliance for FY2024 has been issued by Shyamprasad D. Limaye and the same will be submitted with the stock exchanges within the given timeframe. The Report will be made available on the website of the Company.

There are no observations, reservations, qualifications or adverse remark or disclaimer made in any of the aforesaid Reports.

The secretarial auditor has not reported any matter under section 143(12) of the Act, and therefore, no details are required to be disclosed under section 134(3)(ca) of the Act.

Other Statutory Disclosures

- In this report, any reference to the statutory or regulatory guidelines, acts, circulars, regulations, notifications and directions, unless the context otherwise requires, be construed to include any amendments, modifications, updations or re-enactment thereof as the case may be.
- The financial statements of the Company and its subsidiaries are placed on the Company's website at https://www.aboutbajajfinserv.com/finance-investor-relations-annual-reports
- Details required under the provisions of section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, *inter alia*, the ratio of remuneration of director 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, as amended, containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.
- The Company being an NBFC, the provisions relating to Chapter V of the Act, i.e., acceptance of deposit, are not applicable. Disclosures as per NBFC regulations have been made in this Annual Report.
- The provision of section 148 of the Act relating to maintenance of cost records and cost audit are not applicable to the Company.
- The Company has a policy on prevention of sexual harassment at the workplace. The policy is gender neutral. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Details of the composition of the Committee is given in the said policy. The number of complaints received, disposed of, and pending during FY2024 is given in the Report on Corporate Governance. The policy can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/prevention-of-sexual-harassment-policy-v1pdf?scl=1&fmt=pdf
- There is no change in the nature of business of the Company during FY2024.
- The Company has completed all corporate actions within the specified time limits. The securities were not suspended from trading during the year due to corporate actions or otherwise.
- The Company has not defaulted in repayment of loans from banks and financial institutions. There were no delays or defaults in payment of interest/principal of any of its debt securities.
- During FY2024, the Company has issued non-convertible debenture to the tune of ₹ 24,972.90 crore and redeemed non-convertible debentures and subordinate liability to the tune of ₹ 11,766 crore and ₹ 50 crore respectively. In addition, the Company also raises funds for business purposes through issuance of Commercial Papers ('CPs'). As on 31 March 2024, the total outstanding amount raised through CPs stands at ₹ 18,421.11 crore.
- SEBI *vide* its circular no. SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176 dated 8 November 2023 ('the Circular'), has prescribed the procedural framework for dealing with unclaimed interest and redemption amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors. The circular requires such companies to formulate a policy specifying the process to be followed by investors for claiming their unclaimed amounts. Accordingly, a policy titled ' Policy for claiming Unclaimed Amounts with respect to Non-Convertible Debentures from Escrow Account' has been framed by the Company. The policy can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-unclaimed-amounts-ncds-8-march-2024pdf?scl=1&fmt=pdf The Company Secretary has been designated as the Nodal Officer for the purposes of this circular. As on 31 March 2024, there is no amount remaining unclaimed in respect of non-convertible debentures.

- Disclosures under section 197(14) of Companies Act, 2013:

  - **Rajeev Jain, Managing Director** (DIN: 01550158)

    Rajeev Jain, Managing Director, is also on the Board of BHFL as its Non-Executive Vice Chairman. In his capacity as a non-executive director, he draws sitting fees and commission from BHFL at par with other non-executive directors in terms of its remuneration policy. The total remuneration (sitting fees and commission) drawn for FY2024 is ₹ 63 lakh. Apart from the above, he does not draw any commission from any other subsidiary company.

    He has been awarded one time grant of ESOPs of BFS, holding company during FY2023. All options will vest entirely post completion of 5 years from the grant date.

  - **Anup Saha, Deputy Managing Director** (DIN: 07640220)

    Anup Saha is not on the Board of any subsidiary or group companies and does not draw any commission or remuneration from any of these companies.

    He has been awarded one time grant of ESOPs of BFS during FY2023. The options will vest entirely post completion of 5 years from grant date.

  - **Rakesh Bhatt, Executive Director** (DIN: 02531541)

    Rakesh Bhatt ceased to be a director of the Company from close of business hours on 31 January 2024. During his tenure as director, he did not draw any commission or remuneration from any of the subsidiary companies.

    He was awarded one time grant of ESOPs of BFS during FY2023. However, since the options would vest entirely post completion of 5 years from grant date. He would not be eligible to exercise the said options on account of cessation.

    He was also granted stock option of BFS as per the details given below during his association with BFS-Direct:

Grant Date	Vesting Schedule	Option Granted	Exercise Price (in ₹)
16 May 2019	25% each year post 1 year from date of grant	156,250	745.47
21 May 2020		257,250	470.21
28 April 2021		131,000	1,009.14

- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016, against the Company.
- During FY2024, there was no instance of one-time settlement with Banks or Financial Institutions. Therefore, as per rule 8(5)(xii) of Companies (Accounts) Rules, 2014, reasons of difference in the valuation at the time of one-time settlement and valuation done while taking loan from the Banks or Financial Institutions are not reported.
- The voting rights are exercised directly by the employees in respect of shares allotted under the Employee Stock Option Scheme of the Company. Thus, the disclosure requirements pursuant to Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.
- Disclosures pursuant to RBI Master Directions, unless provided in the Directors' Report, form part of the notes to the standalone financial statements and Report on Corporate Governance.
- The Company has in place various Board approved policies pursuant to Companies Act, 2013, SEBI Regulations, RBI Directions, and other regulations. These policies are reviewed from time to time keeping in view the operational requirements and the extant regulations. The Report on Corporate governance contains web-link for policies hosted on website.

Acknowledgement

The Board of Directors places its gratitude and appreciation for the support and cooperation from its members, the RBI and other regulators, banks, financial institutions, trustees for debenture holders and fixed deposit holders.

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

On behalf of the Board of Directors,

Sanjiv Bajaj
Chairman
DIN: 0014615

Pune: 25 April 2024

Dividend Distribution Policy

Preamble:

The financial strategy of the company, which encompasses the dividend policy, is primarily aimed at enhancement of long-term shareholder value and sustainable growth, in a way that the shareholders can participate equitably in the Company's growth, while maintaining a strong financial foundation for the company.

Objective:

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of Bajaj Finance Limited ("the Company") before recommending dividend to its shareholders for a financial year. The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time.

Criteria to be considered before recommending dividend:

The Board will consider the following factors before recommending dividend:

Statutory and regulatory compliance:

The Company shall declare dividend only after ensuring compliance with guidelines on dividend declaration issued by the Reserve Bank of India (RBI) from time to time, provisions of the Companies Act, 2013 and rules made thereunder and the SEBI Listing Regulations, as amended from time to time.

Financial parameters:

The Board shall endeavour that the Dividend amount in every financial year will be stable and steady. Subject to profits and other financial parameters as per applicable legal provisions, the Board shall endeavour to maintain a dividend payout (including dividend distribution tax) in the range of 15% to 25% of profits after tax on standalone financials, to the extent possible.

Other internal and external factors:

The dividend distribution will be subject to internal & external factors, such as, general, economic & market conditions, funding requirements for expansion, diversification, growth, new projects, brand / business acquisitions, long-term strategic plans, joint- venture plans, fresh investments in subsidiaries / associates, absorbing unfavourable market conditions, meeting unforeseen contingencies and other circumstances, which in the opinion of the Board, require retention of profits.

Dividend declaration:

Final dividend will be recommended by the Board for approval of the shareholders in a general meeting, while an interim dividend, if any, may be declared by the Board. The company currently has only one class of shares, i.e. equity shares.

Amendments / Modifications:

To the extent any change/amendment is required in terms of any applicable law or change in regulations or any specific instructions from regulator, the regulations or specific instructions would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the Board for noting and necessary ratification.

Review of Policy:

The dividend policy would be reviewed annually.

Disclosure of Policy:

The policy will be available on the Company's website.

Pune: 20 March 2024

Chairman

Remuneration details under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended for the financial year ended 31 March 2024

	Name of director/Key Managerial Personnel	Ratio of remuneration of director to median remuneration of employees	% change in remuneration in FY2024
A.	**Whole-Time Directors**		
	Rajeev Jain	247.60	15.00
	Anup Saha	195.44	Refer Note[$]
	Rakesh Bhatt	145.85	Refer Note[$]
B.	**Non-Executive Directors**		
	Sanjiv Bajaj- Chairman	60.26	602.61
	Rajiv Bajaj	4.18	86.67
	D J Balaji Rao	3.58	Refer Note*
	Dr. Naushad Forbes	10.14	81.33
	Anami N Roy	14.32	113.33
	Pramit Jhaveri	13.72	116.47
	Radhika Haribhakti	9.55	220.00
	Dr. Arindam Bhattacharya	7.16	Refer Note[@]
C.	**Key Managerial Personnel**		
	Sandeep Jain- Chief Financial Officer		18.50
	R Vijay- Company Secretary		19.50
D.	**% Increase in Median Remuneration of employees**		1.31
E.	**Number of permanent employees on the rolls of the Company as on 31 March 2024**		50,653

Notes:

[$] Not comparable since appointment as executive directors is effective 1 April 2023. Further, Rakesh Bhatt resigned as director of the Company w.e.f. close of business hours on 31 January 2024.

*Not comparable since he ceased to be director of the Company w.e.f. 28 November 2023.

[@]Not comparable since he is appointed as an independent director of the Company w.e.f. 1 April 2023.

Notes:

- Remuneration payable to non-executive directors is based on the number of meetings of the Board and/or Committees attended by them during the year. The amount of commission payable to non-executive directors is fixed at ₹ 400,000/- per meeting. As approved by NRC and Board, Sanjiv Bajaj, is being compensated by way of additional commission of ₹ 3 crore, for the time and commitment devoted by him during the year, at the request of the Management. Hence, there is significant variation in percentage change in the compensation.
- Remuneration to directors does not include sitting fees paid to them for attending Board and/or Committee meetings.
- The variation reflected in column '% change in remuneration in FY2024' is on account of number of Board/Committee meetings, attendance of directors thereat and change in Committee positions.

Notes on Disclosures under Rule 5

1. Average percentage increase in salary of employees other than Managing Director is 10.76%.
2. Percentage increase in remuneration of managerial personnel has been determined based on independent benchmarking, performance of the Company and trends of remuneration in the industry.
3. The remuneration paid as stated above was as per the Remuneration Policy of the Company.

Secretarial audit report (Form No. MR-3)

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

For the financial year ended 31 March 2024

To,
The Members of
Bajaj Finance Limited
(CIN: L65910MH1987PLC042961)
Akurdi, Pune-411 035

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

Based on my verification of the Company, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2024, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2024, according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, 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 And Sweat Equity) Regulations, 2021

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 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 Deposit taking Non-Banking Financial Companies with classification as a 'Loan Company' (subsequently reclassification as 'NBFC - Investment and Credit Company (NBFC-ICC)' *vide* RBI circular dated 22nd February 2019); 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 Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Directions, Guidelines, Standards, etc. mentioned above wherever applicable except for delay in reporting fraud under Paragraph 1(iv) and 1(v) of chapter IV of monitoring of frauds in NBFC's (Reserve Bank) Directions, 2016.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including one Woman Independent Director.

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

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

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

i. allotted on 2nd June 2023, 489,305 equity shares of face value of ₹ 2 to the Trustees of BFL Employee Welfare Trust under Employee Stock Option Scheme, 2009

ii. raised funds on 2nd November 2023 through preferential issue of warrants amounting to ₹ 2,97,21,25,000 to Bajaj Finserv Limited, promoter and holding company.

iii. allotted 9th November 2023, 1,21,04,539 equity shares at a price of ₹ 7,270 per Equity Share to the QIBs

iv. allotted on 1st March 2024, 973,243 equity shares of face value of ₹ 2 to the Trustees of BFL Employee Welfare Trust under Employee Stock Option Scheme, 2009

v. allotted 15,67,060 Non-Convertible Debentures amounting to ₹ 24,623 Crore on Private Placement basis from time to time and complied with the rules and regulations under various Acts.

vi. issued Commercial Papers amounting to ₹ 53,565 crore from time to time and complied with the applicable rules and regulations under various Acts

vii. received notice dated 13 October 2023 from RBI imposing fine for delay in reporting fraud under Paragraph 1(iv) and 1(v) of chapter IV of monitoring of frauds in NBFC's (Reserve Bank) directions, 2016. The Company has paid the requisite fine.

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

Shyamprasad D. Limaye
FCS. 1587 C.P.No. 572
UDIN: F001587F000235436

Place: Pune
Date: 25 April 2024

To,
The Members,
Bajaj Finance Limited
Akurdi, Pune-411 035

My Secretarial Audit Report for Financial Year ended on 31 March 2024 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.

Place: Pune
Date: 25 April 2024

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

Secretarial audit report of Subsidiary Company (Form No. MR-3)

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

For the financial year ended 31 March 2024

To,
The Members of,
Bajaj Financial Securities Limited,
U67120PN2010PLC136026
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune-411 035

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

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31 March 2024, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2024, according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) Securities and Exchange Board of India (Stock Brokers) Regulations, 1992;

   (h) Securities and Exchange Board of India (Research Analysts) Regulations, 2014;

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

(k) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is an unlisted public company and wholly-owned subsidiary of a listed company.

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

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Listing Agreement entered into by the Company with BSE Limited (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors including one Woman Independent Director. There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

i. Issued Commercial Papers amounting to ₹ 3,250 crore from time to time and complied with the rules and regulations under various Acts.

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

Shyamprasad D. Limaye
FCS. 1587 C.P.No. 572
UDIN: F001587F000138130

Place: Pune
Date: 16 April 2024

To,
The Members of,
Bajaj Financial Securities Limited,
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune-411 035

My Secretarial Audit Report for Financial Year ended on 31 March 2024, 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.

Place: Pune

Date: 16 April 2024

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

Secretarial audit report of Subsidiary Company (Form No. MR-3)

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

For the financial year ended 31 March 2024

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

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

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31 March 2024, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2024, according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

   (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Listing Agreement entered into by the Company with BSE Ltd. (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

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

i. Allotted 8350 Secured non-convertible debentures amounting to ₹ 8350.00 Crore (Face Value) on private placement basis from time to time and complied with the rules and regulations under various Acts. The Company has raised ₹ 252.00 Crore towards Unsecured non-convertible debentures.

ii. Issued Commercial Papers amounting to ₹ 4600.00 Crore from time to time and complied with the rules and regulations under various Acts.

iii. Deposited a penalty of ₹ 5.00 lakh which was imposed by Reserve Bank of India ('RBI') in exercise of the powers vested with it under the provisions of the National Housing Bank Act, 1987 *vide* its order dated 29th January 2024 received by the Company on 2nd February 2024, on account of contravention of para 45.3 of Non-Banking Financial Company -Housing Finance Company (Reserve Bank) Directions, 2021 which requires prior written permission from RBI for change in management resulting in change in more than 30% of the non- independent directors.

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

Shyamprasad D. Limaye
FCS. 1587 C.P.No. 572
UDIN: F001587F000224403

Place: Pune
Date: 24 April 2024

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

My Secretarial Audit Report for the Financial Year ended on 31 March 2024 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.

Place: Pune

Date: 24 April 2024

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

Independent Auditor's Certificate on Corporate Governance

To
The Members of
Bajaj Finance Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 15 March 2024.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Bajaj Finance Limited (the "Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2024, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

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

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. 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.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March 2024.
9. We 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 24039826BKCOEB5745)

Place: Pune
Date: 25 April 2024

Certificate by practicing company secretary

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

In the matter of **Bajaj Finance Ltd.** (CIN: **L65910MH1987PLC042961**) having its registered Office at Akurdi, Pune - 411035.

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

I certify that the following persons are Directors of the Company (during 01/04/2023 to 31/03/2024) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	DIN	Designation
1	Sanjivnayan Rahulkumar Bajaj	00014615	Chairman
2	Rajeev Jain	01550158	Managing Director
3	Rajivnayan Rahulkumar Bajaj	00018262	Non- Executive Director
4	Balaji Rao Jagannathrao Doveton	00025254	Independent Director
5	Naushad Darius Forbes	00630825	Independent Director
6	Anami Narayan Prema Roy	01361110	Independent Director
7	Pramit Shashikant Jhaveri	00186137	Independent Director
8	Radhika Vijay Haribhakti	02409519	Independent Director
9	Anup Kumar Saha	07640220	Whole Time Director
10	Arindam Bhattacharya	01570746	Independent Director
11	Rakesh Induprasad Bhatt	02531541	Executive Director

1. Balaji Rao Jagannathrao Doveton expired on 28th November, 2023 and ceased to be a director of the Company w.e.f. 28th November, 2023.
2. Rakesh Induprasad Bhatt resigned as Executive Director of the Company w.e.f. 31st January, 2024 and ceased to be a director of the Company w.e.f. 31st January, 2024

Shyamprasad D. Limaye
FCS. 1587 C.P.No. 572
UDIN : F001587F000235546

Place: Pune
Date: 25 April 2024

Annual Report on CSR activities for the financial year ended 31 March 2024

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'.

'Bajaj Beyond' is the Bajaj Group's new identity for all its CSR and charitable programmes with focus on youth skilling. The initiatives will benefit the youth and enable them to take advantage of employment and entrepreneurial opportunities offered by India's growing economy in the years' to come.

Guiding principles:

The Bajaj Group believes that social investments should:

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

Brief contents of CSR Policy:

Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021. Accordingly, the CSR Policy was approved and adopted by the Board of Directors at its meeting held on 26 April 2021. The Policy, *inter alia*, covers the following:

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

2. Composition of CSR Committee:

Sr. No.	Name of director	Category	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Naushad Forbes	Chairman, non-executive, independent	4	4
2.	Sanjiv Bajaj	Non-executive, non-independent	4	4
3.	Rajeev Jain	Managing Director, executive	4	4

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

Composition of CSR Committee	https://www.aboutbajajfinserv.com/finance-people-and-committees-corporate-social-responsibility-committee
CSR Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1ufmt=pdf
CSR projects approved by the Board	https://www.aboutbajajfinserv.com/finance-investor-relations-csr-projects

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Impact assessment has been carried out for 24 projects. The executive summaries are annexed to this report. The full report is hosted on Company's website and can be accessed at https://www.aboutbajajfinserv.com/finance-csr-impact-assessment-reports

5.	(a) Average net profit of the Company as per sub-section (5) of section 135:	₹ 9,285.24 crore
	(b) Two percent of average net profit of the company as per sub-section (5) of section 135:	₹ 185.70 crore
	(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:	Nil
	(d) Amount required to be set-off for the financial year, if any:	Nil
	(e) Total CSR obligation for the financial year [(b)+(c)-(d)]:	₹ 185.70 crore
6.	(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):	₹ 173.71 crore
	(b) Amount spent in Administrative Overheads:	₹ 5.07 crore
	(c) Amount spent on Impact Assessment, if applicable:	₹ 0.74 crore
	(d) Total amount spent for the Financial Year [(a)+(b)+(c)]:	₹ 179.52 crore
	(e) CSR amount spent or unspent for the Financial Year:	

(in ₹)

Total amount spent for the financial year	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 sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,795,178,861	61,868,519	29 April 2024	NA	NA	NA

(f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	1,857,047,380
(ii)	Total amount spent for the Financial Year	1,795,178,861
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

(in ₹)

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135	Balance amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer		
1	FY2020-21	-	-	-	-	-	-	-
2	FY2021-22	608,783,330	-	144,065,145	-	-	-	-
3	FY2022-23	208,664,005	-	208,664,005	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: NA

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: Due to delay in commencement of project as compared to approved timelines, some part of the mandatory spend with respect to ongoing project has remained unspent as on 31 March 2024.

Sd/-
Rajeev Jain
Managing Director
DIN: 01550158

Sd/-
Dr. Naushad Forbes
Chairman of CSR Committee
DIN: 00630825

ANNEXURE TO ANNUAL REPORT ON CSR ACTIVITES

Sr. No.	Implementing Agency ('NGO')	Project Name	Duration of the project	Project Amount (₹ in Lakh)	Impact Assessment Agency	Impact	Weblinks where complete report is available
1.	Tara Mobile Creches	Day care for children of migrant labourers working at construction site	October 2018 -December 2020	110	Soulace	5,516 children of migrant laborers benefitted through this program across 14 construction sites. Through the program comprehensive development encompassing health, education and supportive environment for children was ensured. Some of the outcomes were: • 0-6 years: 93% were school-ready and enrolled in schools. • 10- 18 years: 91% of enrolled children made academic progress and continued their education. 95% cleared higher secondary exams. • 25% of moderately malnourished children transitioned to healthy status.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10278-tara-mobile-creches-1pdf?scl=1&fmt=pdf
2.	Smile Train	Supporting free cleft reconstruction surgeries of underprivileged cleft patients	March 2021-May 2022	312	Think Through Consulting (TTC)	• 3,919 cleft patients benefited through reconstructive surgeries. • Physical health and quality of life improved significantly for the beneficiaries. • 53% of respondents received post-operative care, including speech therapy and orthopedic services. • 94% of respondents reported improvement in nutritional status and 74% reported improvement in the performance at school post-surgery.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10361-smile-train-2pdf?scl=1&fmt=pdf
3	Jankidevi Bajaj Gram Vikas Sanstha	Funding Support for response against COVID -19	March 2021-May 2022	1,128	CSRBOX	The relief support enhanced emergency healthcare services and COVID response capacity in the respective regions. Some of the outcomes achieved were: • 9 oxygen plants set up across Maharashtra, Rajasthan and Uttarakhand. • 1 ambulance provided at Mahalunge. • 1 ECMO machine at Jaipur hospital. • 8,175 vulnerable beneficiaries received vaccines. • 40,000 dry ration kits to auto drivers in Mumbai, Pune, Hyderabad and Kolkata. • 20,000 dry ration kits in Udham Singhnagar.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10338-jankidevi-bajaj-gram-vikas-sanstha-jbgvs-3pdf?scl=1&fmt=pdf

Sr. No.	Implementing Agency ('NGO')	Project Name	Duration of the project	Project Amount (₹ in Lakh)	Impact Assessment Agency	Impact	Weblinks where complete report is available
4	CPBFI	Certificate Program for Finance, Banking, and Insurance (CPBFI)	September 2018 -March 2021	525	Think Through Consulting (TTC)	• 4,500 students and 152 partnered colleges were impacted through the program. • 62% of respondents reported CPBFI course added to their employability in BFSI industry. • 56% of respondents found the training sessions aligned with industry needs.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10194-and-10203-cpbfi-4pdf?scl=1&fmt=pdf
5	Indian Software Product Industry Roundtable Foundation (iSPIRT)	Enabling financial inclusion through development of software product ecosystem	April 2020-March 2021	150	CSRBOX	Three seminal projects – India Stack, Sahamati, and Credall were supported through the program. It has helped enhance digital infrastructure, fortify data empowerment and promotion of inclusive financial paradigms.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10305-ispirt-5pdf?scl=1&fmt=pdf
6.	Jankidevi Bajaj Gram Vikas Sanstha	Tele ICU and CT Upgradation	July 2021 - June 2022	775.3	CSRBOX	• 5,309 patients from local communities underwent city scans and 766 patients were treated in Tele ICU. • Enhanced diagnostic capacity improved patient monitoring and management remotely, substantially reducing the burden on intensivists. • On average per day, 15 HRCT scans were conducted during the peak of the second wave of COVID-19, and length of stay of patients reduced significantly by 15%.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10419-jbgvs-teleicu-6pdf?scl=1&fmt=pdf
7	The Akanksha Foundation	The school project	June 2020 - August 2021	115	CSRBOX	• 700 students benefitted from the school project. • The project presented an increased opportunity for students to develop skills such as digital literacy, time management etc. • 88% willingness amongst students to continue their education in same school was observed. The average percentage of marks obtained in Math and languages from standard 6-8 is above 60%, indicating a successful academic outcome.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10299-the-akanksha-foundation-7pdf?scl=1&fmt=pdf
8	Ummeed Child Development Center	Capacity building of organisations on addressing developmental disabilities in children	April 2021 – June 2022	100	CSRBOX	• 22,000 Beneficiaries with developmental disabilities reached through 193 capacity building workshops. • Based on the beneficiary profile, trainings were organised to equip them with the necessary skills and knowledge and make them change makers in their community across 3 regions of Hyderabad, Jalgaon and North east. • 8 NGOs and Tie-ups with 2 governmental organisations were fostered.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10434-ummeed-child-development-center-8pdf?scl=1&fmt=pdf

Sr. No.	Implementing Agency ('NGO')	Project Name	Duration of the project	Project Amount (₹ in Lakh)	Impact Assessment Agency	Impact	Weblinks where complete report is available
9	i-Teach Movement	To and through college	April 2020 – September 2022	174	CSRBOX	• 561 students enrolled in the two supported schools benefitted from the program. • As a result of the intervention, 78% of beneficiaries aspire to pursue higher education, highlighting a reduced likelihood of dropping out, 84% beneficiaries indicated improved mental health with advisory support and 71% reported enhanced skills with hobby clubs, leading to a widened	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10427-i-teach-movementpdf?scl=1&fmt=pdf
10	i-Teach Movement	To and Through College- I Teach	April 2020 – June 2021	115	CSRBOX	• 218 students benefitted through the program. Through the intervention, there has been an improvement in learning outcomes in English, with more students achieving First class. Beneficiaries expressed satisfaction with infrastructure upgrade leading to improved learning environment. • Majority students expressed satisfaction with teaching quality and 91% beneficiaries reported increased health awareness with socio emotional learning.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10303-iteach-bflpdf?scl=1&fmt=pdf
11	Light of Life Trust	Anando plus	April 2019 – July 2022	135	CSRBOX	• 917 students across 17 centers benefitted from the program. • The comprehensive program guided and supported students beyond academic milestones and as a result 92% of the students have enrolled to higher education after Anando Plus. As part of the program, 89 % of the respondents received a career guidance session after their SSC exams. Further, the students benefitted through exposure visits, empowerment workshops, library, etc.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10267-light-of-life-trust-11pdf?scl=1&fmt=pdf
12	Cuddles Foundation	Holistic nutrition support to underprivileged children afflicted with cancer	September 2018 - November 2021	170	CSRBOX	• The intervention supported cancer afflicted children with in-meal supplements, personalised diet plans, ration, and counseling support for children, parents and caregivers. • Parents and caregivers were educated through 62,185 counselling sessions and personalised diet plans, 9,526 supplements were offered to children, and 4,467 ration bundles were offered to families through the intervention.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10206-cuddles-foundation-12pdf?scl=1&fmt=pdf

Sr. No.	Implementing Agency ('NGO')	Project Name	Duration of the project	Project Amount (₹ in Lakh)	Impact Assessment Agency	Impact	Weblinks where complete report is available
13	Bandhan Konnagar	To provide funding support to school for the children for their holistic and optimistic learning	December 2017-March 2021	1,200	CSRBOX	• The school was equipped with digital classrooms, sports equipment, sanitation and drinking water facilities. • The project improved access to education, with 66% from OBC category, and 84% children shifting from government schools. • 100% of students wanted to complete education in same school. 53% of students participated in cricket, while 47% engaged in badminton and football respectively.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10157-bandhan-konnagar-13pdf?scl=1&fmt=pdf
14	Jankidevi Bajaj Gram Vikas Sanstha	Integrated rural and urban development program	March 2021 – June 2022	666.4	CSRBOX	• The program promoted integrated rural and urban development focusing on sustaining the developmental outcomes in aftermath of COVID-19 across various villages in the 3 states. • Few of the interventions were- 500+ Community meetings organised to spread awareness on COVID-19, Infrastructure upgraded for 119 schools, 168 SMCs meetings organised, 5,000 crore liters of water harvesting capacity created in 110 villages, increase in agricultural productivity and 25,000 acre increase in land under irrigation.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10358-jbgvs-development-program-1-14pdf?scl=1&fmt=pdf
15	Jankidevi Bajaj Gram Vikas Sanstha	Integrated rural and urban development program	April 2020-March 2021	1,585	CSRBOX	• The program promoted integrated rural and urban development focusing on sustaining the developmental outcomes in aftermath of COVID-19 across various villages in the 3 states. • Few of the interventions were over 500 Community meetings organised to spread awareness on COVID-19, Infrastructure upgraded for 119 schools, 168 SMCs meetings organised, 5,000 crore liters of water harvesting capacity created in 110 villages, increase in agricultural productivity and 25,000 acre increase in land under irrigation.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10339-jbgvs-development-program-2-15pdf?scl=1&fmt=pdf

Sr. No.	Implementing Agency ('NGO')	Project Name	Duration of the project	Project Amount (₹ in Lakh)	Impact Assessment Agency	Impact	Weblinks where complete report is available
16	Hutatma Smarak Samiti	Construction of school Building	January 2021 – May 2022	108	CSRBOX	• 500 students benefited through the school upgradation program. Stakeholders showed a high level of satisfaction and positive experience with the new infrastructure. • 11 new classrooms, 8 toilet blocks, a science lab, 1 library, 1 recreational hall, 1 kitchen and a few other facilities were constructed as part of the program.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10343-hutatma-smarak-samiti-16pdf?scl=1&fmt=pdf
17	Masoom	Night school transformation Program	April 2019-September 2022	200	impactDash	• The program had a positive impact on the students, parents, and other stakeholders across 120 night schools. • Students were satisfied as they received a second chance to finish their education. • There was a dramatic increase in academic performance reflected in SSC pass percentage.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10307-masoom-17pdf?scl=1&fmt=pdf
18	Mumbai Mobile Creche	Comprehensive daycare program for children living on construction Sites	April 2020-June 2022	145	impactDash	• Over 1,500 children benefitted from the program. • After enrolling in the daycare centers children demonstrated increased curiosity and enthusiasm to learn, as established by their engagement in educational activities. Children exhibited greater independence and self-reliance. The staff also established a comprehensive support system for construction workers' families by addressing their diverse needs.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10309-mumbai-mobile-creches-18pdf?scl=1&fmt=pdf
19	KEM Hospital	Comprehensive tribal model village development program	February 2019-April 2022	275	CSRBOX	• The program targeted beneficiaries from all age groups in 12 villages of Khed district to address their health and nutrition needs. • 87% of the beneficiaries attended the Mobile Medical camps due to availability of good doctors and 89% of beneficiaries expressed the satisfaction with effectiveness of the awareness sessions and 95% finding services at Arogya Centres better than PHCs.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10208-kem-hospital-19pdf?scl=1&fmt=pdf

Sr. No.	Implementing Agency ('NGO')	Project Name	Duration of the project	Project Amount (₹ in Lakh)	Impact Assessment Agency	Impact	Weblinks where complete report is available
20	SOS Children's Village of India	Equipping vulnerable families with adequate means to continue investing in their children	December 2019-February 2021	105	impactDash	• The program supported 1,500 children across 680 families. • As a result of the interventions, there was significant improvement in the health status of children, better academic performance and improved hygiene. • Children were supported with tuitions, 95% were provided with English, 55% with science and 95% with Math. • 80% of vulnerable families are earning more than ₹ 8,000 reducing the risk for children.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10277-sos-children%E2%80%99s-village-of-india-20pdf?scl=1&fmt=pdf
21	IIT Bombay	Rahul Bajaj Technology Innovation Center	March 2020-May 2021	1,250	Opash Socio-Commercials Pvt. Ltd.	• The construction of 7 floored Rahul Bajaj Innovation Centre brought together three creative entities SINE (Society for Innovation & Entrepreneurship), IDC (Industrial Design Centre) and IRCC (Industrial Research and Consultancy Center) for collective work towards innovation. • Construction of high-quality exhibition halls, classrooms, offices, libraries and other amenities will enable development of innovative technologies, shared utilisation of resources such as technology, collaborative research work and production.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10304-iit-bombay-21pdf?scl=1&fmt=pdf
22	Kailash Satyarthi Children's Foundation	Campaign against Child Rights and Child Abuse	March 2021-June 2022	200	Opash Socio-Commercials Pvt. Ltd.	• The program significantly addressed different forms of exploitation, violence and abuse of children. • One of the major outcomes as a result of the interventions was increase in the confidence in families to register offence of child abuse. In Jharkhand as a result of reporting, the total number of POCSO cases increased by 23% in the project period. Similarly, media publicity through the program resulted in wider reach and awareness about child issues on national and international platforms.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10359-kailash-satyarthi-childrens-foundation-22pdf?scl=1&fmt=pdf

Sr. No.	Implementing Agency ('NGO')	Project Name	Duration of the project	Project Amount (₹ in Lakh)	Impact Assessment Agency	Impact	Weblinks where complete report is available
23	Jankidevi Bajaj Gram Vikas Sanstha Partnership collaboration	Mission Vayu	May 2021-March 2022	100	Opash Socio-Commercials Pvt. Ltd.	• 50 Oxygen concentrators and 5 BiPAP ventilators were distributed via the program across different locations of Maharashtra, Rajasthan, and Uttarakhand. • The provision of oxygen concentrators and ventilators significantly bolstered medical response capabilities of hospitals.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10428-jbgvs-mission-vayu-23pdf?scl=1&fmt=pdf
24	Jankidevi Bajaj Gram Vikas Sanstha Partnership collaboration	Covid immunization for bottom-of -the pyramid in Pune and Aurangabad	August 2021-March 2022	2,000	Opash Socio-Commercials Pvt. Ltd.	• 6,90,000 doses of COVID vaccines were distributed in Pune and Aurangabad. • The initiative supported the local administration in procurement of vaccines. The model was applauded for its efficient planning and execution in timely delivery of vaccines to the needy.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/10429-jbgvs-covid-immunization-24pdf?scl=1&fmt=pdf

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	**Corporate Identity Number (CIN) of the Listed Entity**	L65910MH1987PLC042961	
2.	**Name of the Listed Entity**	Bajaj Finance Limited (Referred to as 'the Company' / 'BFL')	
3.	**Year of incorporation**	1987	
4.	**Registered office address**	Akurdi, Pune-411035	
5.	**Corporate address**	4th Floor, Bajaj Finserv Corporate office, off Pune-Ahmednagar Road, Viman Nagar, Pune- 411014	
6.	**E-mail**	investor.service@bajajfinserv.in	
7.	**Telephone**	020-71576403	
8.	**Website**	https://www.aboutbajajfinserv.com/finance-about-us	
9.	**Financial year for which reporting is being done**	2023 – 2024	
10.	**Name of the Stock Exchange(s) where shares are listed**	BSE Ltd. and National Stock Exchange Limited (NSE Ltd.)	
11.	**Paid-up Capital**	₹ 123.60 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 and designation of the person	R Vijay, Company Secretary
		Contact details	020-71576403
		Email ID	vijay.r@bajajfinserv.in
13.	**Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).**	Consolidated basis - Collectively referred to as 'BFL Group' which includes Bajaj Finance Limited and its two wholly owned subsidiaries i.e., Bajaj Housing Finance Limited, and Bajaj Financial Securities Limited.	
14.	**Name of assurance provider**	DNV Business Assurance India Private Limited	
15.	**Type of assurance obtained**	Reasonable Level of assurance for the 9 core attributes of BRSR as per SEBI (Securities and Exchange Board of India) Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023. Limited level of assurance for BRSR reporting guidelines (Annexure II) as per SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, and incorporated Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023.	

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial and Insurance Services	Other Financial activities	99.12

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover Contributed
1.	Non-Banking Finance Company engaged in lending and allied activities	65923	85.34
2.	Housing Finance (other credit granting)– Home loan, loan against property and construction funding	64920	13.78

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	NA	4,145#	4,145
International		Nil	Nil

*BFL group is not engaged in manufacturing activities and accordingly it does not have any plants.

#Includes all the BFL branches and corporate offices as on 31 March 2024.

19. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of States)	28 States and 6 Union Territories (UTs)
International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil. BFL group doesn't have export business operations.

c. A brief on types of customers:

BFL Group has established a diversified business model with a strong focus on customer acquisition and multiple loans and services offerings, including payments solutions, to meet various financial services needs of our customers. Our customers are spread across Consumer Lending, Personal Loans, SME Lending, Commercial Lending, Loan against Securities, Rural Lending, Mortgages, Broking, Deposits, Payments and Partnerships & Services and are located in rural and urban locations enabling us to have a well-diversified asset mix across customer classes and geographies through a combination of secured and unsecured products. BFL Group's customer franchise as on 31 March 2024 stood at 83.64 million. It has acquired 14.5 million new customers in FY2024.

BFL has a strong geographic presence spread across 4,145 locations across the country, including 2,576 in rural/smaller towns and villages and over 198,250 active distribution points.

The customers are bifurcated under below given categories:

Borrowers: BFL Group focuses primarily on acquiring mass affluent customers. BFL offers secured and unsecured loans to salaried, self-employed, professionals, MSME and corporate clients. BFL, through its 100% subsidiary i.e., Bajaj Housing Finance Limited (BHFL) - a non-deposit taking housing finance company registered with National Housing Bank (NHB), focuses on mortgage loans to customers.

Depositors: BFL accepts deposits from retail and corporate clients. The major contribution of deposits is sourced from retail customers.

Broking customers: BFL through its 100% subsidiary i.e., Bajaj Financial Securities Ltd. ('BFinsec'), registered with the SEBI as a stockbroker and depository participant, offers broking, margin trade financing and financing for offer for sale to retail and HNI clients.

Merchants: Bajaj Pay QR enables merchants to accept payments by way of UPI, Bajaj Pay wallet and Bajaj EMI. We also offer a dedicated "Bajaj Finserv for Business App" to our merchants. This application provides features like onboarding, transactions and settlement tracking, service, and a host of other value-added features.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		EMPLOYEES				
1.	Permanent (D)	53,782	50,547	94%	3,235	6%
2.	Other than Permanent (E)*	30	17	57%	13	43%
3.	Total employees (D + E)	53,812	50,564	94%	3,248	6%

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		WORKERS				
1.	Permanent (F)	NA				
2.	Other than Permanent (G)					
3.	Total employees (F + G)					

*Other than Permanent employees include employees hired under 'Spouse Working as Consultant' policy and retired employees hired as consultants.

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		DIFFERENTLY ABLED EMPLOYEES				
1.	Permanent (D)	24	17	71%	7	29%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	24	17	71%	7	29%

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		DIFFERENTLY ABLED WORKERS				
1.	Permanent (F)	NA				
2.	Other than Permanent (G)					
3.	Total differently abled employees (F + G)					

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	1	11%
Key Management Personnel*	4	0	0%

Note: This above information pertains to BFL as on 31 March 2024.

* Key Managerial Personnel are as defined under section 203(1) of the Companies Act, 2013.

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY2024			FY2023			FY2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	18%	17%	18%	19%	21%	19%	27%	30%	28%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

Note 1: The turnover rate has been calculated as per the guidance note provided by SEBI.

Note 2: The turnover of employees in FY2024 would have been at 14.9% excluding group transfer.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (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 listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Bajaj Finserv Limited	Holding Company	51.34%	Keeping in mind that the nature and conduct of the businesses across BFL Group companies are distinct, to the extent relevant, BFL Group through its Responsible and Sustainable Business Conduct Policy (bajajfinserv.in) (i) engages with and enjoins upon its subsidiary companies to participate in the responsible and sustainable business conduct and (ii) requires its material subsidiaries to embody a similar policy. Accordingly, the business responsibility initiatives of the subsidiaries and associates could be distinct than that of BFL's basis their nature of business.
2.	Bajaj Housing Finance Limited	Subsidiary	100%	
3.	Bajaj Financial Securities Limited	Subsidiary	100%	
4.	SnapWork Technologies Private Limited	Associate	41.5%*	
5	Pennant Technologies Private Limited	Associate	26.53%*	

* On a fully diluted basis.

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes.

(ii) Consolidated Turnover for FY2024 (₹ in crore) – 54,982.51

(iii) Consolidated Net worth for FY2024 (₹ in crore) – 76,695.35

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes / No) (If Yes, then provide web-link for grievance redress policy)	FY2024			FY2023		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes	38	0	-	24	0	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Employees and workers	Yes	Please refer Q.6 under "Essential Indicators of "P5-Business should respect and promote human rights" for the complaints related to employees.					
Customers	Yes	Please refer Q.3 under "Essential Indicators" of "P9 – Businesses should engage with and provide value to their consumers in a responsible manner" for the complaints related to customers.					
Value Chain Partners	Yes	-	-	-	-	-	-
Government and Regulators	Yes	-	-	-	-	-	-
Communities	Yes	-	-	-	-	-	-

BFL Group, in line with its policies, practices and processes, engages with its stakeholders, and strives to resolve differences raised by them in a just, fair, equitable and consistent manner and if warranted takes corrective measures.

26. 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 Issue Identified	Indicate Whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In Case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
1	Enhancing Customer Relationship Management	Opportunity	Enhancing customer experience and satisfaction helps BFL Group expand its customer base, improve customer retention, build a strong brand image, customer loyalty and satisfy customers' financial goals.	NA	Positive
2	Robust Corporate Governance	Opportunity	Adhering to proper governance practices carries substantial benefits, including strong reputation and building stakeholder trust.	NA	Positive

S.No	Material Issue Identified	Indicate Whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In Case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
3	Upholding Business Ethics and Transparency	Opportunity	Exercising ethical business behaviour in business presents opportunities for the following reasons: a. Helps build trust and credibility with stakeholders b. Promotes long-term sustainability and profitability c. Prevents reputational damage, legal problems and loss of business	NA	Positive
4	Sustainable Economic Performance	Opportunity	BFL strives to provide sustainable economic performance that builds confidence among stakeholders, enhance company's competitive edge, and create a favourable environment for exploring new markets and business ventures, enhance company's reputation, attracts investments, fosters innovation, and promotes long-term growth.	NA	Positive
5	Data Privacy and Security	Risk	Information is a valuable asset regardless of its source and nature. The importance of information security, cyber security and fraud controls cannot be over-emphasized in this technological age. Security threats endanger customer data and disrupt in business operations coupled with legal liabilities, regulatory investigations, financial penalties and damage to brand and reputation.	Led by a strong commitment to protecting the privacy of personal data, we have formulated a well-structured Data Privacy Policy framework and controls. The BFL Group has institutionalised a cyber-security policy to protect its information infrastructure on the internet, prevent and respond to cyber threats; reduce vulnerabilities; and minimise damage from cyber incidents. Strong governance process with executive and Board oversight. Preparedness for response to incidents. Awareness programs and training.	Negative
6	Strong Brand and Reputation Management	Opportunity	Brand and reputation are crucial assets for any company, serving as pillars of trust and credibility in the industry. A strong brand and highly regarded reputation can differentiate a company from competitors, attracting customers and investors alike.	NA	Positive

S.No	Material Issue Identified	Indicate Whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In Case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
7	Embracing Diversity and Inclusion	Opportunity	At Bajaj Finance Limited, we seek to create an inclusive, equitable, culturally competent, supportive and safe environment where our employees model behaviour that enriches our workplace. We are committed to embedding equity and inclusion in all our people & business practices. Our practices aim to establish an inclusive culture, that celebrates diversity, is free from discrimination and is based on our Cultural Anchor framework. We have adopted an Equal Employment Opportunity and Non-discrimination Policy. We are committed to meritocracy-based recruitment and career advancement.	NA	Positive
8	Fostering Human Capital Development	Opportunity	We strongly believe that "happy customers start with happy employees". We value our people as they power our success. In line with this philosophy, at the BFL Group, we are committed to attracting, engaging, and retaining the right talent, as it contributes to delivering a superior business performance. We are focused on creating a thriving, safe and inclusive workplace for employees, while keeping them engaged and providing opportunities for professional and personal development and growth.	NA	Positive
9	Regulatory Compliance	Opportunity	BFL works in highly regulated environment. Failure to comply with regulation can lead to stoppage of business, litigations, penalties, sanctions and reputation loss.	NA	Positive
10	Prudent Risk Management	Opportunity	As an NBFC, BFL is exposed to credit, liquidity, operational, market and interest-rate risk and various other types of risk. The ability to manage various types of risks is critical to our sustainable growth.	NA	Positive

S.No	Material Issue Identified	Indicate Whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In Case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
11	Enhancing Innovation and Digitisation	Opportunity	Technology-enabled seamless customer experience has been the hallmark of our businesses. Each business is unique; so is its approach toward enhancing customer experience. But the core objectives that tie them together and stay the same are simplification of processes, ease of use and quick and appropriate responses. In the technology age now, information security, cyber security and fraud controls have become extremely critical. This challenges us to continue innovating to address evolving customer requirements, drive efficiency and adapt our products to attract and retain customers. New technologies offer business opportunities.	NA	Positive
12	Marketing & Selling Practices	Risk	Product governance refers to companies' management of the quality of financial products and services offered, as well as the way they are marketed. Retail finance companies are highly exposed to product governance issues, given their business model of lending. Types of misconduct include discriminatory lending practices, false marketing, predatory lending, misleading investors through poor disclosure and illegal foreclosure practices.	The company has a strong marketing and product offering programme that assesses responsible marketing aspects. The company has preparedness measures to address Product Governance issues. BFL Group follows a strict Code of Conduct (CoC) for its outsourced agents. The CoC prescribes stringent guidelines, such as maintaining privacy of prospective and existing customers, providing accurate product information, telemarketing etiquette, etc. The CoC for our outsourced agents is available on our website.	Negative
13	Promoting Sustainable Finance	Opportunity	Sustainable financing is not only important to address pressing environmental and social challenges but also for creating a more resilient, inclusive and prosperous future for all.	NA	Positive
14	Promoting Employee Health, Safety, and Well-being	Opportunity	Beyond legal and financial considerations, promoting health, safety, and well-being is simply the right thing to do. It shows that the organisation values its employees as individuals. When employees feel safe and healthy at work, they are more likely to be engaged, motivated, and productive. This can lead to higher job satisfaction and lower turnover rates.	NA	Positive

S.No	Material Issue Identified	Indicate Whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/ Opportunity	In Case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
15	Encouraging Financial Inclusion	Opportunity	All individuals and businesses across the country should have easy and seamless access to relevant and affordable financial products and services in a sustainable way. This is essential for them to meet their transactional, payment, saving, credit and insurance needs in a hassle-free manner.	NA	Positive
16	Community Relations and Well-Being	Opportunity	To build a sustainable ecosystem for the underserved. To help them realise and grow their potential, ensuring social, and economic inclusion for every individual.	NA	Positive
17	Upholding Human Rights	Opportunity	Human Rights risks: The risks that a company's operations/ activities/products pose to people's fundamental human rights. Businesses that properly address human rights issues are likely to have a more productive and more sustainable workforce and avoid legal, operational and financial risks.	NA	Positive
18	Climate Strategy and Emissions Management	Risk	Climate strategy and emissions management are crucial for businesses to manage operational and environmental risks, and contribute to a sustainable economy.	The company, as a responsible corporate citizen, is conscious of direct and indirect impact of its operations on the environment. BFL is committed to reduce any negative impact on the natural environment and climate change. The Company endeavours to integrate sound environmental practices and governance systems in its day-to-day operations to minimise environmental impact.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions			P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes											
1.	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes (Please refer note below)								
	b.	Has the policy been approved by the Board? (Yes/No)	Yes, BFL Group has a policy covering all the principles named Responsible and Sustainable Business Conduct Policy. The said Policy is approved by the Board. Further, the Policy is reviewed by the management periodically and the changes are put to the Board for their approval as applicable.								
	c.	Web Link of the Policies, if available	https://www.aboutbajajfinserv.com/finance-investor-relations-policies-and-codes								
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 in the activities of the Company, as applicable.								
3.		Do the enlisted policies extend to your value chain partners? (Yes/No)	The Company strives to influence its value chain partners to participate in responsible and sustainable business conduct depending upon their means and resources. For this purpose, the Board of BFL has approved various policies such as Code of Conduct for Direct Selling Agents (DSA)/Debt Recovery Agents (DRA), Fair Practice Code, Whistle Blower Policy, etc. These policies enable participation of value chain partners in fair and ethical conduct of their business.								
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 taking into consideration the industry practices & various regulatory requirements and through appropriate consultation with relevant stakeholders. Moreover, BFL is compliant with the ISO 27001:2013 Information security management system and ISO 22301:2012 Business Continuity Management system. BHFL is compliant with ISO 27001:2022 Information security management system.								
5.		Specific commitments, goals and targets set by the entity with defined timelines, if any.	• Opening 100 MFI branches • Tree plantation • Implementation of Group Environment, Health, and Safety (EHS) policy • Implementation of climate risk policy • Implementation of Supplier's code of conduct								
6.		Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	The Company continuously tracks the performance of various ESG initiatives undertaken. These initiatives are also monitored and reviewed at least twice a year by the ESG Committee for the status and progress. Further, as committed in FY2023: 1. Included key ESG metrics in the outsourcing compliance assessment of high-risk category vendors for BFL. 2. BFL planted around 75,000 saplings during FY2024. 3. Implemented EHS manual across BFL group. 4. Developed dedicated ESG training module and cascaded it across BFL group. 5. Opened 100 Microfinance branches in FY2024.								

Note: Detailed list of policies is provided in annexure.

Governance, leadership, and oversight

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure) - Please refer to "Message from the Chairman and the Managing Director" of the ESG report at https://www.aboutbajajfinserv.com/impact-environmental-social-and-governance	
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	**Name:** Rajeev Jain **Designation:** Managing Director **DIN:** 01550158
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. The Company has a Board approved ESG Committee consisting of senior management personnel of the Company to monitor various aspects of social, environmental, governance and economic responsibilities of the Company. The said Committee is chaired by an Executive Director of the Company. The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis. During the year, the Board of Directors were updated on the sustainable and responsive business conduct initiatives across the BFL Group. In addition, the board level Risk Management Committee also assesses internal/ external risks pertaining to sustainability as identified.

10. Details of Review of National Guidelines on Responsible Business Conduct (NGRBCs) by the Company:

	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee	Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)
Subject for Review	**P1 P2 P3 P4 P5 P6 P7 P8 P9**	**P1 P2 P3 P4 P5 P6 P7 P8 P9**
Performance against above policies and follow up action	As a practice, all the Board approved policies of the Company are reviewed annually and placed before the Board of Directors. Further, all the policies (excluding board approved policies) are reviewed periodically or on a need basis by department heads, business heads, senior management personnel/ respective committees and placed before the Board of Directors as and when required. During this assessment, the efficacy of these 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.**	**P1 P2 P3 P4 P5 P6 P7 P8 P9** The Company ensures that all the policies are reviewed internally either by the department heads/ domain experts/relevant committee members, as applicable.

Note: Policies other than those placed on the Company's website (https://www.aboutbajajfinserv.com/investor-relations-policies-and-codes) are internal documents and are not accessible to public.

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	As the answer to question (1) above is 'Yes', this question is not applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

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 Indicator

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	% of persons in respective category covered by awareness programmes
Board of Directors*	2	On an ongoing basis, the Company carries out familiarisation programs for its directors, as required under the SEBI Listing Regulations and keeps the Directors and KMPs abreast on matters relating to the industry, business models, risk metrices, 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. All the Board members and Senior Management personnel have affirmed compliance with the Code for the year ended 31 March 2024. A declaration to this effect signed by the Managing Director forms a part of this Annual Report. In addition to the above, the Board of Director's at its meeting held on 20 March 2024 were updated with BFL group's ESG initiatives encompassing the following: 1. Focus areas of ESG. 2. ESG assurance and reporting. 3. ESG ratings. 4. ESG initiatives undertaken by the group. 5. Various policies aligned with NGRBC principles and BRSR implemented at BFL Group.	100%
Key Managerial Personnel*			
Employees other than BoD and KMPs	1	BFL Group invests significant time and resources in the training and development of its employees, to help them stay ahead on the latest trends and technology. Further, for certain relevant topics periodical awareness programs are carried out through emails, posters / banners (physical and digital) and other modes of internal communication. We have implemented a mandatory compliance training module across BFL group which consists of the below listed topics, such as ESG, Whistle Blower Policy, Health & Safety, Information Security, Business Continuity and Data Privacy, Handling Differently Abled Customers, Prevention of Sexual Harassment (POSH), Code of Conduct, Know Your Customer (KYC), Anti-Money Laundering (AML), Human Rights – Employee Charter, Mind Your Behaviour (MYB), Dealing in Bajaj Finserv (BFS) Securities, etc.	100%
Workers	NA		NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

* This data pertains to BFL.

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

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal preferred? (Yes/No)
Penalty/ Fine	1	Reserve Bank of India (RBI)	8.50 Lakh	Reserve Bank of India (RBI) *vide* order dated September 28, 2023, had imposed a monetary penalty on the Company for non-compliance with the 'Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016' issued by RBI. The Company has taken necessary corrective actions in this respect.	No
Settlement			Nil		
Compounding fee			Nil		

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment		Nil		
Punishment		Nil		

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.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	

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. BFL Group has zero tolerance towards unethical business practices and prohibits bribery and corruption in any form in all its business dealings through necessary policies, codes, and charters. The Code of Ethics and Personal Conduct (CoEPC) consistently adopted across BFL Group reiterates our commitment on anti-bribery and covers all full-time or part-time employees of BFL group, subject to applicable laws / regulations. All employees of BFL Group companies must adhere to the commitment of integrity and other responsible business conduct principles laid down in CoEPC. The anti-bribery guidelines cover aspects related to bribes, acceptance of favours, and gifts from Vendors/business partners, interacting with government and regulators, amongst others.

Further, Employee Charter - Human Rights Statement adopted by BFL Group also lays down the principle and commitment on anti-corruption and bribery.

The principles of anti-corruption and bribery are also captured in the Code of Conduct for Directors and Senior Management.

Some of these policies, codes and charters are available on Company's website: Policies and Codes| Bajaj Finance Ltd. (https://www.aboutbajajfinserv.com/investor-relations-policies-and-codes)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2024	FY2023
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

Note: Based on the information available with the Company.

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

6. Details of complaints with regard to conflict of interest:

	FY2024		FY2023	
	Number	Remarks	Number	Remarks
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.

BFL Group was not subjected to any corruption and conflicts of interest related charge or action by regulators, law enforcement agencies or judicial institutions.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY2024	FY2023
Number of days of accounts payables	21.78	31.23

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY2024	FY2023
Concentration of Purchases	Purchases from trading houses as % of total purchases	Nil	Nil
	Number of trading houses where purchases are made from	Nil	Nil
	Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of sales	Sales to dealers / distributors as % of total sales	Nil	Nil
	Number of dealers / distributors to whom sales are made	Nil	Nil
	Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	Nil	Nil
Share of RPTs in*	Purchases (Purchases with related parties / Total Purchases)	4.96%	5.51%
	Sales (Sales to related parties / Total Sales)	0.69%	0.47%
	Loans & advances (Loans & advances given to related parties / Total loans & advances)#	0.06%	0.00%
	Investments (Investments in related parties / Total Investments made)	24.45%	29.87%

*This data pertains to BFL.

#We have considered loans given to related parties.

Note:

1. During the year, Bajaj Financial Securities Ltd. (Bfinsec) has charged brokerage and other transaction charges amounting to ₹ 6.11 crore (Previous year ₹ 3.51 crore) related to sale of securities on behalf of the Company's loan against securities customers. The Company receives net sale value i.e. after deduction of these charges which are ultimately borne by its customers. The Company does not recognise these customer related charges in its Statement of Profit and Loss. Amount receivable from BFinsec as on 31 March 2024 is ₹ 38.12 crore (Previous year ₹ 53.01 crore) towards such sale transaction on behalf of loan against shares customers has been shown as payable to customers.
2. Bajaj Finance Ltd. approved ₹ 2,500 crore Flexi term loan facility to Bajaj Housing Finance Ltd., having a tenor of up to 84 months from the date of each drawl, and interest rate at SBI 1 month MCLR.
3. Bajaj Finance Ltd. approved ₹ 1,000 crore flexi term loan facility to Bajaj Financial Securities Ltd. Tenor of the facility is 24 months from the date of disbursement, and interest at the rate arm's length pricing. Out of this ₹ 155 crore has been availed as of 31 March 2024.
4. During the year, the Company's Board of Directors has approved to invest up to ₹ 2,000 crore of additional equity in Bajaj Housing Finance Limited, a wholly owned subsidiary of the Company.
5. As on 31 March 2024, the Company has issued purchase order amounting to ₹ 0.06 crore to Bajaj Finserv Direct Ltd. towards purchase of assets on transfer of employees.
6. During the year, Bajaj Finance Ltd. has allotted 1,550,000 warrants to its parent, Bajaj Finserv Ltd. convertible into equivalent number of equity shares of face value of ₹ 2 each, allotted at issue price of ₹ 7,670 per warrant. An amount equivalent to 25% of the consideration has been received for subscription and allotment of warrants aggregating to ₹ 297.21 crore. The remaining 75% of the consideration shall be receivable on the exercise of options against each such warrant within a period of eighteen months from the date of allotment.
7. Bajaj Finance Ltd. has entered into a Default Loss Guarantee arrangement with Bajaj Finserv Direct Ltd. for a portfolio comprising of Personal Loans, Salaried Loans, Business Loans and Professional Loans. As of 31 March 2024, total guarantee received is ₹ 34.70 crore, against which ₹ 22.66 crore is received in the form of cash deposit.
8. During the year, Bajaj Finance Ltd. had given ₹ 10.50 crore to Bajaj Financial Securities Ltd. for margin requirements out of which ₹ 5.50 crores was invested in exchange traded fund by Bajaj Financial Securities Ltd. in the name of Bajaj Finance Ltd and redeemed by Bajaj Finance Ltd during the period.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics/Principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Please refer the note below		

Note:

- BFL Group strives to influence its value chain partners to participate in the responsible and sustainable business conduct depending upon their means and resources. BFL Group carries out awareness and 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.
- BFL Group has a Board approved Code of Conduct policy for its value-chain partners. Acceptance of Code of Conduct and acknowledgement of the same is mandatory for all the vendors, agents, and agencies.
- In November 2022, the Company got its DRA training accreditation from Indian Institute of Banking and Finance (IIBF). BFL has invested in online DRA training infrastructure for agents. After completion of online training, agents appear for a DRA certification test conducted by IIBF. The success rate of agents to clear the exam is around 80%. During FY 2024 more than 16,000 participants were certified with the help of 79 certified facilitators as per IIBF norms. The Company has planned to cover all its DMS agents with DRA certification in coming two years.
- BFL Group has incorporated ESG linked commitments into vendor contracts.
- BFL conducted an awareness series for the stakeholders through social media channel to create awareness on ESG matters and encouraged them to uphold the same, as applicable.

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, BFL Group has zero tolerance towards unethical business practices and ensures adherence to relevant principles including in relation to conflict of interest. BFL Group has put in place adequate measures and procedures to ensure that no conflict of interest arises involving members of the Board.

- Every Director on the Board is required to make disclosure of his / her interest or concern in other entities (under Section 184 of the Companies Act, 2013) and the parties to which such Director is related to (under Section 2(76) of the Companies Act, 2013 and other laws applicable). Such disclosure is required to be made as and when a Director attends the first Board Meeting after his/her appointment on the Board and thereafter at every first Board Meeting held in a financial year as well as within 30 days from any change in the disclosure previously given by such Director.
- Director, if interested or concerned in any transaction(s) or arrangement(s) to be entered into by the Company, does not participate in the discussion and approval of the transaction.
- BFL and BHFL has a separate Code of Conduct ('CoC') for Directors and Senior Management 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 requires them to not to engage in any business relationship or activity, which conflicts with their duties towards the Company. All the Board members and Senior Management personnel have affirmed compliance with the Code for the year ended 31 March 2024. A declaration to this effect signed by the Managing Director forms a part of this Annual Report.
- The Company has also put in place necessary mechanism and has formulated a Policy on Dealing with Related Party Transactions, keeping in view the requirements under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. This Policy provides a framework to ensure proper identification, approval, and subsequent modification of Related Party Transactions.
- In addition to the above, BFL Group's 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.

Link: Bajaj Finance Investor Relations – Policies and Codes (https://www.aboutbajajfinserv.com/finance-investor-relations-policies-and-codes)

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.

	FY2024	FY2023	Details of improvements in environmental and social impacts
R&D	-	-	Please refer the below note
Capex	40%	46%	

Note: BFL Group is engaged in financial services businesses. The portion of its revenue and capital expenditure that directly contributes to improve the environment and make a social impact largely revolves around its expenses on information technology whereby the entire business cycle and customer interaction is facilitated technologically resulting in reducing paperwork and costs that otherwise would have been incurred in physical interactions. Moreover, during the year, BFL has invested in EVs for inter office employee commute to reduce its environmental footprint.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

b. If yes, what percentage of inputs were sourced sustainably?

BFL Group companies provide financial products and services, and thus neither has a sizeable consumption of any raw material nor produces any tangible goods.

BFL Group's activities are limited to providing financial solutions to serve the needs of the people. BFL Group nurtures a culture of conservation of resources and encourages innovations that aid in reducing the dependence on natural resources.

BFL Group ensures that energy efficiency standards are considered during the purchase of electronic equipment such as lighting devices, AC's etc. The major suppliers of hardware are green standard compliant and data centres are certified under Environmental Management System.

Recycled paper turns yesterday's waste into today's resource and offers a greener alternative to traditional paper production. Supporting a sustainable future and healthier planet, BFL Group has procured 80% of recycled paper.

Additionally, BFL Group has incorporated ESG related clauses in the vendor contracts as applicable.

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 BFL operations, E-waste and battery waste are considered to be the material type of waste.

Accordingly, the Company disposes e-waste and battery waste through registered vendor and receives the certificate of disposal or recycling from them. During the year, e-waste of 22.51 Metric Tonnes and 19.35 Metric Tonnes of battery waste has been disposed of or recycled in a scientific and eco-friendly manner.

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 to us.

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)? If yes, provide details in the following format:

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Given the business operations of BFL group, there are no products or services offered by the entity that qualify for Life Cycle Perspective / Assessments (LCA).					

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.

Name of Product / Service	Description of the risk / concern	Action Taken
None other than those identified in Q.26 of "Section A – General Disclosures" 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).

	Recycled or re-used input material to total material	
Indicate input material	FY2024	FY2023
Given the business operations of BFL group, the same is not applicable.		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY2024			FY2023		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
E-waste	-	22.51	-	-	-	6.2
Plastics (including packaging)	Given the business operations of BFL group, the same is not significant and hence is not tracked.					
Hazardous Waste						
Other waste (battery waste)	-	19.35	-	-	-	-

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Given the business operations of BFL group, the same 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:

		% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits*		Paternity Benefits*		Day Care facilities #	
Category	Total (A)	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	50,547	50,547	100%	50,547	100%	NA	NA	50,547	100%	50,547	100%
Female	3,235	3,235	100%	3,235	100%	3,235	100%	NA	NA	3,235	100%
Total	**53,782**	**53,782**	**100%**	**53,782**	**100%**	**3,235**	**100%**	**50,547**	**100%**	**53,782**	**100%**
Other than Permanent employees											
Male	17	0	0%	0	0%	0	0%	0	0%	0	0%
Female	13	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**30**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**

#Wherever applicable under regulations, Day care facilities are provided.

* The percentage disclosed is calculated basis total female employees headcount covered for maternity benefits and total male employees headcount covered for paternity benefits respectively.

b. Details of measures for the well-being of workers:

		% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
Category	Total (A)	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	NA
Other than Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY2024	FY2023
Cost incurred on well-being measures as a % of total revenue of the company	0.13%	0.14%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

	FY2024			FY2023		
Benefits	**No. of employees covered as a % of total employees**	**No. of workers covered as a % of total employees**	**Deducted and deposited with the authority (Y/N/ N.A.)**	**No. of employees covered as a % of total employees**	**No. of workers covered as a % of total employees**	**Deducted and deposited with the authority (Y/N/ N.A.)**
PF	100	NA	Yes	100	NA	Yes
Gratuity*	100	NA	Yes	100	NA	Yes
ESI	100	NA	Yes	100	NA	Yes
Others (NPS)	100	NA	Yes	100	NA	Yes
Others (Superannuation)	100	NA	Yes	100	NA	Yes

Note: The above represents benefits provided to all the employees who are eligible/have opted for the said retirement benefits.

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

*The amount is not deducted from salary.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, 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.

BFL group has adopted Code of Ethics and Personal Conduct (CoEPC) which promotes equal employment opportunity and non-discrimination along with mutual respect. Additionally, BFL through its Equal Employment Opportunity and Non-discrimination policy and Employee Charter - Human Rights Statement prohibits any kind of discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act. Some of our corporate and branch offices of BFL, have ramps for easy movement of differently 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.

Yes, BFL group has adopted Code of Ethics and Personal Conduct (CoEPC) which promotes equal employment opportunity and non-discrimination along with mutual respect.

Additionally, BFL has adopted Equal employment opportunity and non-discrimination policy in accordance with the provisions of the Rights of Persons with Disabilities Act, 2016 and provides a framework and commitment towards the empowerment of persons with disabilities.

BFL through its Employee Charter - Human Rights Statement prohibits discrimination against any person with disability in any matter related to employment.

As enshrined in the 'Responsible and Sustainable Business Conduct Policy', BFL Group provides fair 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. These policies promote an environment where everyone in the Company gets an equal opportunity to excel and grow in accordance with the individual's ability and suitability to perform in his/her area of work.

The above policies are available on our website https://www.aboutbajajfinserv.com/finance-investor-relations-policies-and-codes

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

	Permanent employees		Permanent workers	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	99.85%	81.47%	NA	NA
Female	100.00%	73.33%	NA	NA
Total	**99.86%**	**81.25%**	**NA**	**NA**

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes. BFL Group strives to create a culture which is fair, open, and transparent and where employees can openly present their views. BFL Group transparently communicates its policies and practices such as plans, compensation, performance metrics, performance pay grids and calculation, career enhancements, compliance, and other processes with all employees in a non-discriminating manner. BFL Group has a Board approved Disciplinary Action Policy (DAP) and Board delegated Disciplinary Action Committee (DAC) to address the grievances of its employees. It enables employees to work without fear of prejudice, gender discrimination and harassment. BFL Group has zero tolerance towards any non-compliance of these principles. BFL Group has 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Blower', 'Prevention of Sexual Harassment' and 'Mind Your Behaviour' framework serving as grievance mechanisms for its employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation. Further, BFL has a dedicated helpline number for employees to report their concerns.
Other than Permanent Employees	CoEPC and Whistle Blower policy is extended to the other than permanent employees, BFL continuously endeavours to address the grievances and concerns raised by them.
Permanent workers and other than permanent Workers	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

	FY2024			FY2023		
Category	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association (s) or Union (D)	% (D/C)
Total Permanent Employees	BFL Group does not have any employee trade union and not engaged or involved in any collective bargaining agreement, although it allows all employees to exercise the lawful right to 'freedom of association'.					
Male						
Female						
Total Permanent Workers	NA					
Male						
Female						

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

8. Details of training given to employees and workers:

	FY2024					FY2023			
		On Skill Upgradation		On Health and Safety			On Skill Upgradation		On Health and Safety	
Category	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)*	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	50,564	45,713	90.41%	46,318	91.60%	37,515	29,694	79%	33,157	88%
Female	3,248	2,705	83.28%	2,984	91.87%	1,771	1,462	83%	1,581	89%
Total	**53,812**	**48,418**	**89.98%**	**49,302**	**91.62%**	**39,286**	**31,156**	**79%**	**34,738**	**88%**

*Average employees during the year.

Note: This dataset includes training provided to employees who left the firm during FY2024 and FY2023.

Workers		
	FY2024	FY2023
Male	NA	
Female		
Total		

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

9. Details of performance and career development reviews of employees and worker:

	FY2024			FY2023		
Category	**Total (A)***	**No.(B)**	**% (B/A)**	**Total (C)***	**No.(D)**	**% (D/C)**
Employees						
Male	45,413	45,413	100%	35,418	35,418	100%
Female	2,902	2,902	100%	1,648	1,648	100%
Total	**48,315**	**48,315**	**100%**	**37,066**	**37,066**	**100%**
Workers						
Male	NA					
Female						
Total						

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

* The percentage has been computed on the eligible employees due for annual performance review.

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?

Through its Employee Health and Safety Manual, BFL group is committed to provide a safe and healthy workplace to its employees by minimising the risk of accidents, injury and exposure to health risks and it complies with applicable laws and regulations with respect to safety at workplace.

BFL Group trains its employees on safety protocols by conducting periodic trainings on fire safety and evacuation drills for employees. Corporate offices and most of our branch offices are assessed in regards with the electrical systems safety, fire safety, building stability and working conditions.

BFL Group ensures that all corporate and branch premises are audited on safety aspects and have proper ventilation, hygiene and sanitation, emergency exits, first aid box, etc.

Physical and mental wellbeing of the employees is at the core of BFL Group's human resource practices. BFL Group sends periodic internal communication and alerts to employees and conducts various awareness sessions on health and safety related aspects.

For more information, please refer to Human Capital Management section of ESG Report: link https://www.aboutbajajfinserv.com/impact-environmental-social-and-governance

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

BFL conducts safety audits on a periodic or on a need basis wherein parameters related to fire safety, housekeeping, electrical safety, and emergency preparedness are assessed.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. While BFL Group does not employ workers for its business operations. BFL has a dedicated Central Emergency Service Desk (CESD) helpline portal for its employees which is available 24x7. They can use this portal to register any work-related incidents or hazard and risks.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. BFL Group has insured its employees under group term insurance, health insurance and accidental insurance policies. For more information, please refer to Human Capital Management section of ESG Report: https://www.aboutbajajfinserv.com/impact-environmental-social-and-governance

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2024	FY2023
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	NA	NA
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	NA	NA
No. of fatalities	Employees	Nil	Nil
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

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 and workers:

	FY2024			FY2023		
	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	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Please refer note below
Working Conditions	

Note: BFL 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 internal assessments for various aspects of health and safety measures and related working conditions.

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 & safety practices and working conditions.

No significant corrective actions pertaining to above mentioned parameters was necessitated by BFL 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 (A) Employees (Y/N) (B) Workers (Y/N)?

A. Employees - Yes, BFL group extends various financial support and compensatory package in the event of death of an employee regardless of whether death occurred during work or otherwise. Some of these include one-time lumpsum payment from iCare fund, full month's pay with recovery waivers, Group Term Life insurance assured amounts, employment opportunity to immediate family member of the deceased employee (if required), etc.

Additional details with respect to the same are provided in 'Human Capital Management' section of ESG report.

B. Workers – NA

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

BFL Group is committed to foster responsible and sustainable business practices across its value chain partners, tailored to their capacities and resources. To uphold this commitment, BFL Group employs various measures to ensure that its high-risk value chain partners fulfil their statutory obligations by deducting and remitting dues. These measures encompass contractual agreements, rigorous reviews, audits of value chain partners, and seeking confirmations of compliance, all adapted to the specific nature of the products or services provided.

3. Provide the number of employees / workers 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:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2024	FY2023	FY2024	FY2023
Employees	Nil	Nil	Nil	Nil
Workers	NA	NA	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, the Company has retirement policy which aims to define terms of retirement for employees and the subsequent engagement opportunities with the Company. BFL 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:

	% of value chain partners (by value of business done with such partners) that were assessed*
Health and safety practices	100%
Working Conditions	100%

*BFL Group expects and influences all its value chain partners to follow extant regulations, including health and safety practices and working conditions. Further, BFL has an outsourcing compliance framework that is used for the evaluation and assessment of vendors basis the scoring model. Accordingly, during the year, 100% of the high-risk category vendors were assessed as per the outsourcing compliance framework.

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.

BFL has a detailed vendor audit check list as part of its outsourcing compliance framework that is designed to undertake risk assessment of the vendors. Basis the assessment vendors are classified as satisfactory, improvement opportunity and needs improvement.

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.

Individuals or group of individuals, agencies, institutions who are interested or impacted by the activities of the company's business and vice-versa now or in the future are identified as a key stakeholder by the Company. The key stakeholders thus identified are customers, investors, lenders, depositors, government, shareholders, regulators, value chain partners, employees, and the society.

BFL 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, BFL Group engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and where warranted takes corrective measures.

BFL 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 & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholder and Investor	No	Multiple channels including - • quarterly investors' presentations and calls • press releases • disclosures on stock exchanges • participation in investor conferences • Investors' grievance cell • Social Media • Website • Emails/letters, etc.	• Annual and Quarterly • Need-based	To inform about the performance, major developments, ESG initiatives and other relevant updates regarding BFL Group.
Customer	No	Multiple channels including: • Customer satisfaction surveys • Customer feedback • Regular interaction with customers • Customer helpline • Customer grievance cell • Social Media channels • Email /SMS • Website/App	• Periodic • On-going • Need -based	Servicing across the lifecycle of the customer, redressal to queries / grievances that the customer may have, VOCs and surveys, product/ service offerings, ESG initiative and periodic communication to provide update on various lifecycle events over digital channel.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government and Regulators	No	Multiple channels including: • Regulatory filings • Compliance Statements • Meetings, audits • Letters • E-mails	• Periodic • Need based	To provide recommendations or feedback on draft policies and make representations on various subjects before regulators and associations for advancement and improvement of financial services industry in India.
Employees	No	Multiple channels including: • ESAT survey • Human Resources Contact Centre (HRCC) • HR pulse assessments • Townhall – "Confluence" • Performance appraisals, Rewards and recognition • Trainings, Awareness, Emails • OMB • Employee engagement initiatives	• On-going • Need based	To create a thriving, safe and inclusive workplace for its employees and provide merit-based opportunities for professional development and growth. Additionally, periodic communication to employees on ESG initiatives and awareness.
Value chain Partner	No	Multiple channels including: • In-person meetings • Emails • Performance discussions • Trainings/awareness programmes • Policies and processes • Audits • Periodical meets/ conferences – "Samvaad"	• On-going • Need based	To enhance the access and understanding of relevant financial products and services of the Company. Updates on ESG initiatives and disclosures.
Society	Yes	Multiple channels including: • Media & Press Releases • Annual Reports • CSR initiatives • Financial Inclusion	• Frequent • 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.**

   BFL Group to the extent considered necessary and permitted by regulations, ensures 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 BFL 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 Board of Directors are updated on various developments arising out of such engagement and they provide their guidance / inputs on such matters. Through various committees, the Board is provided regular updates on feedback received from stakeholders, these include, but are not limited to:

   - The Company's Board-level Customer Service Committee
   - The Corporate Social Responsibility Committee of the Board
   - The Risk Management Committee of the Board
   - The Board approved ESG Committee

   As a matter of full transparency, BFL communicates key strategies of its Long-Range Strategy which is a 5-year rolling plan with various stakeholders through investor presentations, Annual Report, townhalls with dealers, distributors and employees, and Annual General Meeting presentation.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social 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.**

   Yes. The Company personnel interact with various stakeholders to understand the evolvement and relevance of ESG topics, their impact, and expectations from the Company. Based on such interactions, BFL has, over last few years, enhanced it's reporting on business responsibility and also started certain new initiatives. BFL Group believes that it is still learning the evolving aspects of ESG and lays significant importance to such interactions.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized 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 marginalized, poor, needy, deprived, under-privileged and differently abled persons. With the guidance of our Board-governed Corporate Social Responsibility (CSR) policy, the BFS Group remains committed to creating value for marginalized communities, through its well-structured programs, contributing to their well-being and sustainable development.

PRINCIPLE 5 Businesses should respect and promote human rights.

Essential Indicator

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY2024 Total (A)	FY2024 No. of employees / workers covered (B)	FY2024 % (B / A)	FY2023 Total (C)	FY2023 No. of employees / workers covered (D)	FY2023 % (D/C)
Permanent and other than permanent employees	53,812	51,737	96.14%	Please refer the note below		
Permanent and other than permanent workers	NA	NA	NA	NA	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

Note: Any employee who works in any BFL Group must adhere to the commitment of BFL Group to integrity and ensure following 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, prevention of sexual harassment.

Our commitment to employees' rights is enshrined in the Employee Charter - Human Rights Statement of BFL Group– which sets out what 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.

BFL Group runs ESG awareness programs for its employees to create awareness on ESG initiatives (including human rights) for its employees through use of social media as well as internal communication channels-Intranets, HR bulletins, Video Snippets, etc.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY2024 Total (A)	FY2024 Equal to Minimum Wage No. (B)	FY2024 Equal to Minimum Wage % (B / A)	FY2024 More than Minimum Wage No. (C)	FY2024 More than Minimum Wage % (C / A)	FY2023 Total (D)	FY2023 Equal to Minimum Wage No. (E)	FY2023 Equal to Minimum Wage % (E / D)	FY2023 More than Minimum Wage No. (F)	FY2023 More than Minimum Wage % (F / D)
Employees										
Permanent										
Male	50,547	125	0.25%	50,422	99.75%	41,048	22	0.05%	41,026	99.95%
Female	3,235	3	0.09%	3,232	99.91%	2,099	2	0.10%	2,097	99.90%
Other than Permanent										
Male	17	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	13	NA	NA	NA	NA	NA	NA	NA	NA	NA
Workers										
Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ in crore)	Number	Median remuneration/ salary/ wages of respective category (₹ in crore)
BoD – Whole - time Director/ Executive Director*^$	3	14.36	-	-
BoD - non-executive Directors*^	7	0.85	1	0.8
Key Managerial Personnel*^	2	5.17	-	-
Employees other than BoD and KMP^#	57,992	0.07	3,700	0.08
Workers	NA	NA	NA	NA

* Data pertains to BFL only.

^The above remuneration is exclusive of fair value of options granted as per black Scholes model in the year of vesting.

$ Includes data for one Executive Director of the Company who resigned w.e.f. 31st January 2024 and ceased to be a director of the Company w.e.f. 31st January, 2024.

Data pertains to BFL Group.

NA: BFL Group is engaged in financial services businesses which does not require services of workers.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY2024	FY2023
Gross wages paid to females as % of total wages	5.90%	5.05%

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 BFL Group aims to not have a situation that leads to any grievance; should such a situation arise, BFL Group has a well-defined Grievance redressal mechanism for its employees which are governed through CoEPC, employee charter, disciplinary action, whistle blower and vigil mechanism policies. A formal grievance mechanism is available to all employees, to report or raise their concerns confidentially and anonymously, without fear of any retaliation. Additionally, we have dedicated channels such as Human Resource Contact Centre (HRCC), HR Pulse connects and Central Emergency Service Desk (CESD) wherein all the grievances, emergencies and incidents can be reported.

BFL 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.

BFL Group has a Board approved Disciplinary Action Policy (DAP) and Board delegated Disciplinary Action Committee (DAC) to address the grievances of its employees. It enables employees to work without fear of prejudice, gender discrimination and harassment. BFL Group has zero tolerance towards any non-compliance of these principles.

BFL 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, BFL Group has aimed to provide reasonable safeguards for the benefit of employees at the workplace, while having due regard for their privacy and dignity. BFL 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, BFL Group does not hire any employee or engage with any agent or vendor against their free will.

Across the BFL Group, Designated Ethics Officer at each of the companies deals with the issues of the respective Company. BFL 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 and workers:

	FY2024			FY2023		
	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	9	3	Pending complaints have been resolved by 24 April 2024	3	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY2024	FY2023
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	9	3
Complaints on POSH as a % of female employees / workers	0.34%	0.17%
Complaints on POSH upheld	6	1

8. 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, Disciplinary Action, Whistle Blower, and Vigil mechanism policies. BFL Group prohibits retaliation against any employee who reports in good faith any suspected or potential violation of the Code of Ethics and Personal Conduct 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 BFL 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.

BFL Group also prohibits retaliation for using any of BFL'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.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. The Company appreciates the inherent, universal, indivisible, inalienable and interdependent nature of human rights. Accordingly, the company has included ESG specific clauses which covers the general human rights parameters in the vendor contracts.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	BFL Group expects and strives to influence its employees to adhere and respect human rights values and principles. BFL through its Own My Branch (OMB) program interacts with employees at branches to assesses any work and human rights related issues.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Based on its ongoing reviews of human resource practices BFL Group did not find any significant risk/ concerns in the above areas during the year under review and accordingly no corrective actions were warranted.

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.

BFL Group has a robust mechanism to track human rights related queries and grievances raised by the employees. All complaints raised are tracked and considered for timely resolution. In addition, BFL Group expects and strives to influence its stakeholders to adhere to the same values, principles and business ethics upheld by BFL Group in all their dealings.

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?

BFL group has over the years made a conscious effort to digitize its customer service framework. The group has made a considerable headway in minimising in-person customer interactions. It has mapped the entire lifecycle of the customer interactions and made available all possible customer requests, such as, soft copy of agreements, repayment schedules, yearly interest certificates, statements of accounts, loan closure and no dues certificates, release of hypothecation and mortgages, Deposit receipts, etc., in a digital mode. These service requests being fulfilled digitally obviate the need for customer visits to BFL offices. Some of our offices are accessible to differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	100%*
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

*As per our outsourcing policy, the company has set metrics and processes for assessing high and medium risk category on these parameters. BFL Group expects and strives to influence its value chain partners to adhere to the same values, principles and business ethics upheld by BFL 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 the Company.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

BFL has a detailed vendor audit check list as part of its outsourcing compliance framework that is designed to undertake risk assessment of the vendor. Basis the assessment vendors are classified as satisfactory, Improvement opportunity and needs improvement.

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	FY2024	FY2023
From renewable sources			
Total electricity consumption (A)	Gigajoules	2,155.51	1,017.16
Total fuel consumption (B)	Gigajoules	-	-
Energy consumption through other sources (C)	Gigajoules	-	-
Total energy consumed from renewable sources (A+B+C)	Gigajoules	**2,155.51**	**1,017.16**
From non-renewable sources			
Total electricity consumption (D)	Gigajoules	145,867.16	112,232.47
Total fuel consumption (E)	Gigajoules	47,834.12	28,347.00
Energy consumption through other sources (F)	Gigajoules	-	-
Total energy consumed from non-renewable sources (D+E+F)	Gigajoules	**193,701.28**	**140,579.47**
Total energy consumed (A+B+C+D+E+F)	Gigajoules	**195,856.78**	**141,569.63**
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	Per crore of Consolidated Total Revenue from Operations	3.56	3.42
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	Per crore of Consolidated Total Revenue from Operations adjusted for PPP	79.79	75.82
Energy intensity in terms of physical output			
Energy intensity (optional) –(Total energy consumption/consolidated total loan portfolio)	Per crore of Consolidated Total Loan Portfolio	0.60	0.58

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, an independent reasonable assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2024.

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.

This is not applicable to BFL group given the nature of its business.

3. Provide details of the following disclosures related to water, in the following format:

Parameter		FY2024	FY2023
Water withdrawal by source (in kiloliters)			
(i)	Surface water	-	-
(ii)	Groundwater	-	-
(iii)	Third party water	-	-
(iv)	Seawater/desalinated Water	-	-
(v)	Others	-	-
Total volume of water withdrawal (in kiloliters) (i+ii+iii+iv+v)		**-**	-
Total volume of water consumption (in kiloliters)		**573,814.06**	-
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)		10.44	-
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)		233.77	-
Water intensity in terms of physical output			-
Water intensity (optional) – (Total water consumption/consolidated total loan portfolio)		1.76	-

Note:

a. Water tracking system is available at our head corporate office, and we have calculated water consumption (in litre) per employee basis the data available for the said location along with reasonable assumptions, wherever required.

b. The quantity of water (in litres) per employee derived from the available data is in line with "National Building Code (NBC) – Bureau of Indian Standards (BIS), 2016 - Estimation of Water Requirement for Drinking and Domestic Use" which provides for "45 litres per person per working day".

c. Total water consumption is derived considering total average head count, total working days and water requirement per person per working day as specified in point b.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes. During the year, an independent reasonable assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2024.

4. Provide the following details related to water discharged:

Parameter		FY2024	FY2023
Water discharge by destination and level of treatment (in kiloliters)			
(i)	To Surface water	-	-
	No treatment -	-	-
	With treatment – please specify level of treatment	-	-
(ii)	To Groundwater	-	-
	No treatment -	-	-
	With treatment – please specify level of treatment	-	-
(iii)	To Seawater	-	-
	No treatment -	-	-
	With treatment – please specify level of treatment	-	-
(iv)	Sent to third parties	-	-
	No treatment -	-	-
	With treatment – please specify level of treatment	-	-
(v)	Others	-	-
	No treatment -	-	-
	With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)		-	-

Note: Currently we do not monitor water discharge.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

No.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Zero liquid discharge is not applicable to BFL group given the nature of its business.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY2024	FY2023
NOx	Please refer to the note below		
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others-Please specify			

Note: As a financial services company, air emissions from our operations are not significant. However, we do monitor our GHG emissions which have been appropriately disclosed in this Report.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY2024	FY2023
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	4,784.59	11,648.51
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	28,908.06	24,629.48
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Per crore of Consolidated Total Revenue from Operations	0.61	0.88
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Per crore of Consolidated Total Revenue from Operations adjusted for PPP	13.73	19.42
Total Scope 1 and Scope 2 emission intensity in terms of physical output			
Total Scope 1 and Scope 2 emission intensity (Total energy consumption/consolidated total loan portfolio)	Per Crore of Consolidated Total consolidated total loan portfolio	0.10	0.15

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, an independent reasonable assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2024.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes. BFL remains committed to implement meaningful and system-driven changes to reduce the greenhouse gas (GHG) intensity of its operations. BFL has undertaken various projects on environmental sustainability such as:

- Reducing paper consumption: It has been an endeavour of BFL over last many years to keep reducing paper consumption across all its business operations.
- Rooftop Solar Power Generation: BFL is endeavouring to reduce its GHG emissions pertaining to its office activities through installation of rooftop solar power generation capacity. Till date Rooftop solar power plants with an installed capacity of 626.80 KW has been commissioned.
- BFL has replaced the employee inter office travel shuttles with 20 Electric vehicles (EV).
- BFL is making a significant transformation in its business operations through its 'Omnichannel Strategy' which enables customer with various Do-it-anywhere and Do-it-yourself options for servicing and buying needs thereby reducing the need for travel – resulting in saving in GHG emissions. In FY2024, BFL has seen a decline in branch walk-ins owing to the increasing digital presence.
- Planted around 340,000 saplings till date.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY2024 (in metric tonnes)	FY2023 (in metric tonnes)
Total waste generated (in metric tonnes)		
Plastic waste **(A)**	-	-
E-waste **(B)**	22.51	6.2
Bio-medical waste **(C)**	-	-
Construction and demolition waste **(D)**	-	-
Battery waste **(E)**	19.35	-
Radioactive waste **(F)**	-	-
Other Hazardous waste. Please specify, if any **(G)**	-	-
Other Non-hazardous waste generated **(H).** Please specify if any (Break-up by composition i.e by materials relevant to the sector)	-	-
Total (A+B+C+D+E+F+G+H)	**41.86**	**6.2**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.0008	0.0001
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.017	0.003
Waste intensity in terms of physical output		
Waste intensity (optional) – (Total energy consumption/consolidated total loan portfolio)	0.0001	0.00003
For each category of waste generated, total waste recovered through recycling-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	41.86	-
(ii) Re-used	-	
(iii) other recovery operations	-	-
Total	**41.86**	**-**

Parameter		FY2024 (in metric tonnes)	FY2023 (in metric tonnes)
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Category of waste			
(i)	Incineration	-	-
(ii)	Landfilling	-	-
(iii)	Other disposal operations (Safe disposal)	-	6.2
Total		**-**	**6.2**

Note: Given the nature of business, the information with respect to the relevant category of waste has been provided above.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, an independent reasonable assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2024.

10. 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 BFL Group companies. BFL has systems in place to manage e-waste and engages with certified e-waste handlers for disposal of e-waste.

22.51 Metric Tonne of e-waste and 19.35 Metric Tonne of battery waste generated has been disposed through authorised recyclers in FY2024. BFL has received green, re-cycling certificates from the respective e-waste and battery waste handlers.

11. 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 in the following format:

S. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
			Nil

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
			NA		

13. 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 (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
BFL Group is in compliance with all applicable environmental norms applicable to the nature of its business.				

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY2024	FY2023
Water withdrawal by source (in kilolitres)	Given the nature of business, the same is not relevant	
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater/desalinated Water		
(v) Others		
Total volume of water withdrawal (in kiloliters) (i+ii+iii+iv+v)		
Total volume of water consumption (in kiloliters)		
Water intensity per rupee of turnover (Water consumed/turnover)		
Water intensity (optional)-the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water		
No treatment -		
With treatment – please specify level of treatment		
(ii) Into Groundwater		
No treatment -		
With treatment – please specify level of treatment		
(iii) Into Seawater		
No treatment -		
With treatment – please specify level of treatment		
(iv) Sent to third parties		
No treatment -		
With treatment – please specify level of treatment		
(v) Others		
No treatment -		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY2024	FY2023
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	15,292.23	13,140.86
Total Scope 3 emissions per crore of consolidated total revenue from operations	Per crore of Consolidated Total Revenue from Operations	0.28	0.32
Total Scope 3 emission intensity (optional) (Total energy consumption/consolidated total loan portfolio)	Per Crore of Consolidated Total Loan Portfolio	0.05	0.05

For details, please refer to GHG Assurance report.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. During the year, independent limited assurance has been carried out by DNV Business Assurance India Pvt. Ltd. for FY2024.

3. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

NA

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, as per the following format:**

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
Please refer the note below			

Note: BFL Group constantly strives for environment protection and welfare. Accordingly, in FY2024, we had implemented certain environmentally responsible practices and initiatives that contribute to achieve a positive impact on the environment, for more details please refer to response provided at Q.3, Q.7 and Q.8 of the "Essential Indicators" as above. We also have a robust Environmental Policy that endeavours to integrate sound environmental practices and governance systems in its day-to-day operations to minimise environmental impact.

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Yes. The Company has business continuity strategy and framework (BCP) which is also compliant with applicable regulatory requirements and includes disaster management protocols. BCP envisages likely disruptive events, their probability and their impact on business operations which is assessed through business impact analysis. It aims to eliminate or minimise any potential disruption to critical business operations. It also includes Disaster Recovery (DR) procedures to quickly recover from an emergency. Annual BCP and DR drills are conducted to ensure that they are effective under the present business processes, infrastructure, personnel, etc. For further details please refer to "Information Security, Cyber Security and Fraud Controls" section of our ESG Report.

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?**

BFL Group expects and influences all its value chain partners to follow extant environment regulations as may be applicable to them. Further, BFL periodically creates awareness amongst value chain partners about importance of environment.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Currently, we do not assess environmental impacts of our value-chain partners. However, we encourage our value-chain partners to proactively align their business operations to environmental best-practices.

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.

BFL through its parent company i.e BFS is member of 2 trade and industry chambers/ associations, additionally BFSL, a wholly owned subsidiary of BFL is a member of Association of National Exchanges Members of India (ANMI). It proactively contributes to the discussions and resolutions within the scope of these forums.

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.

Sr. No	Name of the trade and industry chambers/ associations	Company Name	Reach of trade and industry chambers/ associations (State/National)
1	Confederations of Indian Industry	BFS	National
2	World Economic Forum	BFS	International
3	Association of National Exchanges Members of India (ANMI)	BFSL	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.

Name of Authority	Brief of case	Corrective action taken
Please refer note below		

Note: BFL group had no adverse orders from any regulatory authorities relating to anticompetitive activities. Hence, 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:

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
Please refer the note below					

Note: BFL proactively shares its views on formulating new industry standards or regulatory developments pertaining to the NBFC sector. In doing so, the company strives to balance the interest of various stakeholders. BFL engages regularly with Government agencies and regulators and remain steadfastly committed to providing timely and accurate information, suggestions and recommendations, feedback on draft policies, etc. as and when required. During such interactions, the company also discusses areas of focus and concerns.

BFL's participation in the public and regulatory policy development process encompasses providing suggestions on draft notifications, and interactions with various bodies / regulators on matters significant to the industry and the society at large. BFL also gives recommendations, from time to time, to various regulators in the larger interest of the industry.

Additionally, BFS Group is a member of various trade and industry chambers, associations, councils, and such other collective platforms ('forums'). It proactively contributes to various discussions and resolutions within the scope of these forums. BFS is a member of the World Economic Forum and CII, through which it actively engages in policy advocacy.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicator

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
			NA		

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sr. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
				NA		

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:

	FY2024	FY2023
Directly sourced from MSMEs/ small producers	7.01%	10.36%
Directly from within India	99.65%	99.98%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.

Location	FY2024	FY2023
Rural	1.50%	1.56%
Semi-urban	9.37%	10.04%
Urban	25.10%	26.25%
Metropolitan	64.03%	62.15%

(Places have been categorised as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
	NA

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No	State	Aspirational district	Amount in INR spent*
1	Rajasthan	Sirohi	9,238,520
2	Maharashtra	Gadchiroli	750,000
3	Odisha	Dhenkanal	3,491,280
4	Odisha	Rayagada	4,104,360
5	Jharkhand	Ranchi	9,876,000

*The amount mentioned is for the project which runs for a span of period as per the agreed terms.

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?

NA

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:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
		NA		

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

Name of authority	Brief of the Case	Corrective action taken
No corrective actions pertaining to above mentioned parameters was necessitated by BFL Group during the year under review.		

6. Details of beneficiaries of CSR Projects:

Sr. No.	CSR Project	No. of persons benefitted from CSR project	% of beneficiaries from vulnerable and marginalized groups
1.	Child Education	450,003	Please refer note below
2.	Child Health	148,084	
3.	Child Physical and Intellectual Disabilities	99,853	
4.	Child - Prevention of mortality	434,250	
5.	Child Protection	21,397	
6.	Youth Livelihood initiatives	92,895	
7.	Youth PWD skilling	14,757	
8.	Youth Skilling for employment	90,928	
9.	Youth Skilling for enterprise/ self employment	1,320	
10.	Health and Sanitation	124,255	
11.	Mental Health	3,985	

Note: The number of beneficiaries is represented for the entire project life cycle and not for the financial year. Additionally, all the CSR projects are undertaken for vulnerable and marginalised groups.

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. BFL Group's dealings with its customers are professional, fair, and transparent. BFL Group has a robust customer services governance framework and same are enumerated under "Customer Obsession" section of ESG report.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about.

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Transparency and fairness in dealings with customers is followed across BFL Group. None of the products withhold any relevant information needed by the customers to make informed decisions.
Safe and responsible usage	
Recycling and/or safe disposals	

3. Number of consumer complaints in respect of the following:

	FY2024			FY2023		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy	0	0	-	0	0	-
Advertising-	0	0	-	0	0	-
Cyber- security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade practices	0	0	-	0	0	-
Unfair Trade practices	0	0	-	0	0	-
Others	6,876	15	Pending complaints have been resolved by 24 April 2024	7,872	7	Pending complaints have been resolved by 7 April 2023

Some of the initiatives in this regard are:

- BFL Group, through its charters and policies etc, communicate customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable. These policies and communications 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 Board of respective material subsidiaries.
- Customer grievances are also reviewed with focus on identification of root cause, corrective action plans and customer service initiatives.

4. Details of instances of product recalls on account of safety issues.

	Number	Reasons for recall
Voluntary recalls		NA
Forced recalls		

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.

Yes. BFL 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 Company has 'Data Privacy Policy' in place and same is available on the website of the Company. BFL is compliant with ISO 27001:2013 Information security management system. BFL Group is compliant with the applicable regulatory framework and guidelines. For more details, please refer to section on "Information security, cyber security and fraud controls" section of the ESG report.

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 or regulatory action has been levied or taken on the above-mentioned parameters.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches - 0

b. Percentage of data breaches involving personally identifiable information of customers - 0

c. Impact, if any, of the data breaches - NA

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

BFL Group envisages to be an omnipresent financial company which will enable 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 BFL Group is available on the website https://www.bajajfinserv.in/.

Further, please refer to "Customer Obsession" section of ESG report.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.

As a responsible corporate, 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.

BFL Group has mechanisms to inform customers on usage of products and services 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, feature based audio-visual content for ease of understanding, etc. have helped us educate and create awareness amongst our customers and society at large.

Further, please refer to 'Customer Obsession" section of ESG report.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Technology enabled seamless customer experience has been the hallmark of our businesses. Each business is unique and so is its approach towards enhancing customer experience. But the core objectives that tie them together and stay the same are simplification of processes, ease of use and quick and appropriate response. In the current technology age, information security, cyber security, and fraud controls have become extremely critical. 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.

In line with the RBI regulation, the Company shall give ninety days advance notice in newspaper before reallocation or closure of branch office.

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. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Transparency and fairness in dealings with customers is followed across BFL Group. None of the products withhold any relevant information needed by the customers to make informed decisions. The BFL Group through its charters, policies, etc. communicate the customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable which emphasise our commitment to fair practices by maintaining transparency in products and services offered.

The company undertakes a CSAT (customer satisfaction) survey at various touchpoints to gauge the customer experience. Monitoring transactional customer satisfaction (CSAT) scores across all channels for multiple service interactions enables the Company to review the effectiveness of its customer engagement initiatives.

Annexure 1: List of Policies

Sr. No	Principle wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Responsible and Sustainable Business Conduct Policy#	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Environmental Policy#	✓	✓		✓		✓		✓	✓
3	Code of Conduct to regulate, monitor and report trading by designated persons*	✓								
4	Fair practices code#	✓			✓					✓
5	Prevention of Sexual harassment at workplace (Prevention, Prohibition & Redressal)#	✓		✓		✓				
6	Disciplinary action and grievance redressal#	✓		✓		✓				
7	Code of Conduct for DSAs/DMA/ Recovery Agents*	✓				✓				✓
8	Code for independent directors*	✓								
9	Policy for dealing with Frauds*	✓								✓
10	Information Security Management policy*	✓								✓
11	Information Security Management policy – Payments Systems*	✓								✓
12	Cyber security policy*	✓								✓
13	Data Privacy Policy#	✓								✓
14	Outsourcing policy*	✓								✓
15	Vigil mechanism / whistle blower policy#	✓		✓		✓				
16	Know Your Customer Policy*	✓								✓
17	Corporate Social Responsibility (CSR) Policy#	✓			✓				✓	
18	Policy for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information*	✓								
19	Code of practices and procedures for fair disclosure and unpublished price sensitive information (UPSI)#	✓								
20	Policy on Materiality of and dealing with Related Party Transactions#	✓								
21	Policy for determination of materiality for disclosure of events or information#	✓								
22	Interest Rate Policy#	✓			✓					✓
23	Policy on Fit and proper criteria for directors*	✓								
24	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors#	✓								
25	Code of Ethics and Personal Conduct#	✓		✓		✓				
26	Mind Your Behavior*	✓		✓		✓				
27	Equal Employment opportunity and Non-Discrimination#	✓		✓		✓				
28	Corporate Communication Policy*	✓			✓					✓
29	Employee Charter – Human Rights#	✓		✓	✓					✓
30	IJP policy*			✓						
31	Auto Promotion Policy*			✓						
32	Recognition Policy*			✓						
33	iCare Policy*			✓						
34	Employee and parental insurance policy*			✓						
35	Creche policy*			✓						
36	Staff welfare & team engagement Policy*			✓						

Sr. No	Principle wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
37	Fortnightly salary advance*			✓						
38	Money on call*			✓						
38	Dividend Distribution Policy#	✓			✓					
39	Board Diversity Policy*	✓								
40	Fraud Detection Policy*	✓			✓					✓
41	Corporate Audit Services (CAS) Risk Based Internal Audit (RBIA) Policy Document*	✓								
42	Grievance Redressal Mechanism*	✓			✓	✓				✓
43	Internal Ombudsman SOP*	✓								✓
44	Internal Ombudsman Scheme for Pre-paid Payment Instruments (PPIs)*	✓								✓
45	Customer Protection & Grievance Redressal Policy for Prepaid Payment Instruments*	✓			✓					✓
46	Sustainable Business Strategy Framework*	✓			✓					✓
47	Policy for Monitoring End-Use of Funds*	✓								✓
48	Record maintenance and retention policy*	✓								✓
49	Risk Management Policy*	✓								
50	Investment & Market Risk Policy*	✓								
51	Asset Liability Management Policy*	✓								
52	Business Continuity Management Policy*	✓								✓
53	Policy on dealing in securities of group companies*	✓		✓						
54	Remuneration policy*	✓		✓		✓				
55	Password procedure policy*	✓		✓						
56	Online Security*	✓		✓	✓					✓
57	Business Continuity Policy - Operations	✓								
58	Compliance Policy	✓								
59	Corporate Governance Policy#	✓								
60	Framework for Corporate Governance in Subsidiary companies*	✓								
61	Information Security Management System – Information Security Management Policy*	✓								
62	Institutional mechanism for prevention of insider trading*	✓								
63	Internal Capital Adequacy Assessment Process Policy (ICAAP)*	✓								
64	Policy for compensation of Key Managerial Personnel and SMT*	✓								
65	Retirement Policy*			✓						
66	Code of conduct for directors and senior management#	✓								
67	Information Security policy*	✓								✓
68	Information technology policy*	✓								✓
69	IT outsourcing policy*	✓								✓
70	Information and cyber security policy for insurance platform*	✓								✓
71	Cyber Crisis Management Policy*	✓								✓
72	Incident Management Plan*	✓								✓
73	IS Audit Policy*	✓								✓

Sr. No	Principle wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
74	Information Security Management Systems Change Management*	✓								✓
75	Liquidity Risk Management Framework*	✓								
76	Policy for Appointment of Statutory Auditors*	✓								
77	Policy on Preservation of Documents*	✓								✓
78	Succession Management Framework*	✓								
79	IT Asset Disposal Policy*						✓			✓
80	Policy on levy of Fees & Charges to customers*	✓								✓
81	Distance Learning Program Policy*	✓		✓		✓				
82	Employee cares fund*	✓		✓		✓				
83	Group Digital Media Governance Policy for Employees*	✓		✓						
84	Performance Management Policy*	✓		✓		✓				
85	Social Media Governance Policy*	✓								
86	Spectrum Policy*	✓		✓		✓				
87	Spouse Working as Consultant Policy*	✓		✓		✓				
88	Environment, Health and Safety (EHS) Manual#	✓		✓		✓	✓			

* internal document

accessible to public

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV Business Assurance India Private Limited ('DNV'), has been commissioned by Bajaj Finance Limited (Corporate Identity Number L65910MH1987PLC042961, hereafter referred to as 'BFL' or 'the Company') to undertake an independent assurance of the Company's disclosures in Business Responsibility and Sustainability Report (hereafter referred as 'BRSR'). The disclosures include the 9 core attributes of BRSR as per Annex I of SEBI circular dated 12 July 2023 and rest non-financial quantitative disclosures in BRSR (Annexure II of SEBI circular dated 12 July 2023).

Reporting standard/framework

The disclosures have been prepared by BFL in reference to:

- BRSR Core – Framework for assurance and ESG disclosures for value chain as per SEBI (Securities and Exchange Board of India) Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July12, 2023.
- BRSR reporting guidelines (Annexure II) as per SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, and incorporated Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023.
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

Assurance Methodology/Standard

This assurance engagement has been carried out in accordance with DNV's VeriSustainTM protocol (v6.0), which is based on our professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information. DNV's VerisustainTM Protocol has been developed in accordance with the most widely accepted reporting and assurance standards.

Apart from DNV's VerisustainTM protocol (v6.0), DNV team has also followed ISO 14064-3 - Specification with guidance for the verification and validation of greenhouse gas statements to evaluate indicators wrt. Greenhouse gases disclosures.

Intended User

The intended user of this assurance statement is the Management of Bajaj Finance Limited ('the Management').

Level of Assurance

- Reasonable Level of assurance for the 9 core attributes of BRSR (Ref: Annexure I of SEBI circular)
- Limited Level of assurance for the rest non-financial quantitative disclosures of BRSR report (Ref: Annexure II of SEBI circular).

Responsibilities of the Management of BFL and of the Assurance Provider

The Management of BFL has the sole responsibility for the preparation of the BRSR and is responsible for all information disclosed in the BRSR Core and BRSR Report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and also, ensuring the quality and consistency of the information presented in the Report. BFL is also responsible for ensuring the maintenance and integrity of its website and any referenced BRSR disclosures on their website.

In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

Scope, Boundary and Limitations

Scope

The scope of our engagement includes independent

a) Reasonable level of assurance of 'BRSR 9 Core Attributes' (Ref: Annexure I of SEBI Circular) and

b) Limited level of assurance for the rest non-financial quantitative disclosures in BRSR (Ref: Annexure II of SEBI circular) for Financial Year (FY) 2023-24 as listed below-

- Section A: General Disclosures- 20-a, b, 21, 22, 25
- Section C: Principle Wise Performance Disclosure-
  - » Principle 3: Essential Indicator 1-a, 2, 5, 8, 9, 13
  - » Principle 5: Essential Indicator 1, 2, 6
  - » Principle 6: Leadership Indicator 2*
  - » Principle 8: Leadership Indicator 6
  - » Principle 9: Essential Indicator 3

* Scope 3 GHG emissions are reported for Categories 1, 6 and 9 as per GHG Protocol.

Boundary of our assurance work:

Boundary covers the performance of BFL and its 2 subsidiaries viz., Bajaj Housing Finance Limited (BHFL) (Corporate Identity Number U65910PN2008PLC132228) and Bajaj Financial Securities Limited (BFSL) (Corporate Identity Number U67120PN2010PLC136026) operations in India that fall under the direct operational control of the Company's Legal structure. Based on the agreed scope with the Company, the boundary of verification covers the operations of BFL and its subsidiaries across all locations in India.

Limitation(s):

We performed a reasonable level of assurance for the BRSR Core indicator and limited level of assurance for the rest non-financial quantitative BRSR indicators based on our assurance methodology DNV's VeriSustainTM protocol (v6.0).

The assurance scope has the following limitations:

- The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions.
- DNV has not been involved in evaluation or assessment of any financial data/performance of the company. DNV opinion on specific BRSR Core indicators (ref- for total revenue from operations; Principle 3, Question 1(c) of Essential Indicators for Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company; Principle 8, Question 4 of Essential Indicators, Principle 1, Question 8 of Essential Indicators and Principle 1, Question 9 of Essential Indicators) relies on the third party audited data. DNV does not take any responsibility of the financial data reported in the audited financial reports of the Company.
- The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of assurance.
- Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.
- The assurance does not cover the Company's statements that express opinions, claims, beliefs, aspirations, expectations, aims, or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.
- The assessment does not include a review of the Company's strategy or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.
- The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.

- Aspects of the Report that fall outside the mentioned scope and boundary are not subject to assurance. The assessment is limited to the defined parameters.
- The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Company is responsible for ensuring adherence to relevant laws.
- The assurance engagement is based on the assumption that the data and information provided by the Company are complete, sufficient and authentic.

Assurance process

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of BFL and its subsidiaries. For limited level of verification, we adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. We carried out the following activities:

BRSR Core Indicators – Reasonable level of Assurance	Rest non-financial quantitative disclosures in BRSR Report – Limited Level of Assurance
Reviewed the disclosures under BRSR Core, encompassing the framework for assurance consisting of a set of Key Performance Indicators (KPIs) under 9 ESG attributes. The format of BRSR Core is used as a basis of reasonable level of assurance	Reviewed the disclosures under BRSR reporting guidelines. Our focus included general disclosures, management processes, principle wise performance (essential indicators, and leadership indicators) and any other key metrics specified under the reporting framework. The BRSR reporting format used a basis of limited level of assurance.
Evaluation of the design and implementation of key systems, processes and controls for collecting, managing and reporting the BRSR Core indicators	Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial quantitative disclosures in BRSR report.
Assessment of operational control and reporting boundaries	Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting principles.
Seek extensive evidence across all relevant areas, ensuring a detailed examination of BRSR Core indicators. Engaged directly with internal stakeholders to gather insights and corroborative evidence for each disclosed indicator.	Collect and evaluate documentary evidence and management representations supporting adherence to the reporting principles.
Interviews with selected senior managers responsible for management of disclosures and review of selected evidence to support environmental KPIs and metrics disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected indicators.	Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected indicators.
DNV audit team conducted on-site audits for data testing and also, to assess the uniformity in reporting processes and also, quality checks at different locations of the Company. Sites for data testing and reporting system checks were selected based on the %age contribution each site makes to the reported indicator, complexity of operations at each location (high/low/medium) and reporting system within the organization. Sites selected for audits are listed in Annexure-II.	DNV audit team conducted on-site audits for corporate offices and sites. Sample based assessment of site-specific data disclosures was carried out. We were free to choose sites for conducting our assessment.
Conduct a comprehensive examination of key material aspects within the BRSR Core framework supporting adherence to the assurance based on applicable principles plus specified data and information.	Reviewed the process of reporting as defined in the assessment criteria.

In both the cases, DNV teams conducted the:

- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness.
- Verification of the consolidated reported performance disclosures in context to the Principle of Completeness as per DNV's VeriSustainTM protocol (v6.0) for reasonable level verification for the disclosures.

Conclusion

Reasonable level of Assurance- BRSR 9 Core Attributes

Based on our review and procedures followed for reasonable level of assurance, DNV is of the opinion that, in all material aspects, the BRSR 9 Core Attributes (as listed in Annexure I of this statement) for FY 2023-24 are reported in accordance with reporting requirements outlined in BRSR Core (Annexure I of SEBI Circular dated 12 July 2023).

Limited Level of Assurance- BRSR Reporting Format

On the basis of the assessment undertaken, nothing has come to our attention to suggest that the BRSR disclosures of Bajaj Finance Limited as mentioned under section 'Scope' do not properly adhere to the reporting requirements as per BRSR reporting guidelines (Annexure II of SEBI Circular) for FY 2023-24.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 – Conformity assessment – General principles are requirements for validation and verification bodies, 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[1] during the assurance engagement and maintain independence wherever required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. During the reporting period i.e. FY 2023-24, DNV, to the best of its knowledge, was not involved in any non-audit/non-assurance work with the Company and its Group entities which could lead to any Conflict of Interest. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement for internal use of Bajaj Finance Limited. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. To the best of our knowledge, we did not provide any services to Bajaj Finance Limited in the scope of assurance for the reporting period that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the exclusive use and benefit of management of the Company and solely for the purpose for which it is provided. To the fullest extent permitted by law, DNV does not assume responsibility to anyone other than the Company for DNV's work or this assurance statement. The usage of this assurance statement shall be governed by the terms and conditions of the contract between DNV and BFL and DNV does not accept any liability if this assurance statement is used for an alternative purpose from which it is intended, nor to any third party in respect of this assurance statement. No part of this assurance statement shall be reproduced, distributed or communicated to a third party without prior written consent.

[1] DNV Corporate Governance & Code of Conduct - https://www.dnv.com/about/in-brief/corporate-governance.html

For DNV Business Assurance India Private Limited

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Sustainability Services,
DNV Business Assurance India Private Limited, India.

Assurance Reviewer,
Sustainability Services,
DNV Business Assurance India Private Limited, India.

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Himanshu Babbar (Verifier)
11/06/2024, 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

Annex I

Verified Data

Sr. No.	Attribute	Parameter	Unit of Measures	Assured Values
1	Green-house gas (GHG) footprint Greenhouse gas emissions may be measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*	Total Scope 1 emissions	MT of CO2e	4,784.59
		Total Scope 2 emissions	MT of CO2e	28,908.06
		Total Scope 1 and Scope 2 emission intensity per rupee of turnover	MT CO2e/ Revenue from operations in ₹ Cr	0.61
		Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	MT CO2e/ Revenue from operations in ₹ Cr adjusted to PPP	13.73
		Total Scope 1 and Scope 2 emission intensity in terms of physical output	MT CO2e/ Consolidated Total Loan Portfolio in ₹ Cr	0.10
2	Water footprint	Total water consumption**	KL	573,814.06
		Water consumption intensity	KL/ Revenue from operations in ₹ Cr	10.44
			KL / Revenue from operations in ₹ Cr adjusted for PPP	233.77
		Water intensity in terms of physical output	KL/ Consolidated Total Loan Portfolio in ₹ Cr	1.76
		Water Discharge by destination and levels of Treatment	KL	Not reported
3	Energy footprint	Total energy consumed	Giga Joules (GJ)	195,856.78
		% of energy consumed from renewable sources	In % terms	1.1
		Energy intensity	GJ/ Revenue from operations in ₹ Cr	3.56
			GJ/ Revenue from operations in ₹ Cr adjusted for PPP	79.79
			GJ/ Consolidated Total Loan Portfolio in ₹ Cr	0.6
4	Embracing circularity - details related to waste management by the entity	Battery waste	MT	19.35
		E-waste	MT	22.51
		Total	MT	41.86
		Waste intensity per rupee of turnover from operations	MT/ Revenue from operations in ₹ Cr	0.0008
		Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	MT / Revenue from operations in ₹ Cr adjusted for PPP	0.017
		Waste intensity	MT/ Consolidated Total Loan Portfolio in ₹ Cr	0.0001
		Total waste recovered through recycling, re-using or other recovery operations		
		(i) Recycled	MT	41.86
		(ii) Re-used	MT	-
		Total	MT	41.86
		Total waste disposed by nature of disposal method		
		(i) Incineration	MT	-
		(ii) Landfilling	MT	-
		Total	MT	-
5	Enhancing Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company	In % terms	0.13%
		Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites)	Number of Permanent Disabilities	Nil
			Total recordable work-related injuries	Nil
			Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Nil
			No. of fatalities	Nil

Sr. No.	Attribute	Parameter	Unit of Measures	Assured Values
6	Enabling Gender Diversity in Business	Gross wages paid to females as % of wages paid	In % terms	5.9%
		Complaints on POSH	Total Complaints on Sexual Harassment (POSH) reported	9
			Complaints on POSH as a % of female employees / workers	0.34%
			Complaints on POSH upheld	6
7	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases –and from within India	Directly sourced from MSMEs/ small producers (In % terms – As % of total purchases by value)	7.01%
			Directly sourced from within India	99.65%
		Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost	Location	
			Rural	1.50%
			Semi-urban	9.37%
			Urban	25.10%
			Metropolitan	64.03%
8	Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events	In % terms	Nil
		Number of days of accounts payable	(Accounts payable *365) / Cost of goods/services procured	21.78
9	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	Purchases from trading houses as % of total purchases	NA
			Number of trading houses where purchases are made from	NA
			Purchases from top 10 trading houses as % of total purchases from trading houses	NA
			Sales to dealers / distributors as % of total sales	NA
			Number of dealers / distributors to whom sales are made	NA
			Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	NA
			Share of RPTs (as respective %age) in	
			Purchases	4.96%
			Sales	0.69%
			Loans & advances	0.06%
			Investments	24.45%

Note:

*Emission factors used and their references, assumptions considered are mentioned in the 'GHG Inventory Report', 2024 prepared by Bajaj Finserv Group, which is applicable to BFL. Calculation of Scope 1 GHG emissions are based on conversion factors, emission factors considered in 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC sixth assessment report. Scope 2 GHG emissions for Indian operations are calculated based on the Grid Electricity EF - Central Electricity Authority, Govt. of India, CO2 baseline database for Indian Power Sector, version 19, December 2023 EF considered (including RES & Captive power injection into grid) is 0.716 kgCO2 per kWh. For purchased electricity non grid with HSD as source of energy generation emission factor 0.70 tCO2/MWh is considered. https://cea.nic.in/wp-content/uploads/baseline/2024/04/User_Guide_-_Version_19.0.pdf

For fuel rate average consideration, https://ppac.gov.in/uploads/page-images/1711513222_b64a426eaac364980b78.pdf accessed on date 27th March 2024, is referred.

**Total water consumption is derived from "National Building Code (NBC) – Bureau of Indian Standards (BIS), 2016 - Estimation of Water Requirement for Drinking and Domestic Use"- "45 litres per person per working day".

Annex II

Sr. no.	Site	Location
1.	Corporate offices of BFL	Pune
2.	Offices/Branches- on-site visits	**BFL offices-** Finserv House, Pune Goregaon, Mumbai Thane, Mumbai Salt Lake, Kolkata Somajigunda, Hyderabad Residency road, Bangalore Brookfield, Bangalore **BHFL offices-** Goregaon, Mumbai HO, Pune
3.	Offices/Branches- (with in-person meeting with data owners during on-site visits to the offices mentioned in Sr. No. 2)	**BFL offices-** Mumbai- 50000472, Chembur- FD, Andheri- 50000468, Dadar, Thane- Thane FD, Thane off roll, New Bhiwandi Pune- PTP, Mantri, Weikfield A & B, Wakdewadi additional- Pune Nashik Bangalore- 50000085, Whitefield, NR trident, KR Puram, New Sahakarnagar, Rajajinagar, Prestige Building Hyderabad- Somajiguda, Banjarahills, Begumpet, Kothapet Kolkata- Rash Behari, Habra, Dankuni **BHFL offices-** Mumbai -Andheri, Thane, Mira road, Andheri 3rd **BFSL-** Pune, HO
4.	Remote Audits	**BFL offices-** Chennai- Raheja Towers, Spencer Plaza, Egmore Delhi-East office, South office, Janakpuri (5B/3), New Delhi office **BHFL offices-** Thane- Thane Additional, Kalyan, Virar, Virar additional Nagpur Nashik Aurangabad Pune- Baner, Chinchwad, NIBM, NIBM additional, Sinhgad road, Wagholi, Wakdewadi, Wakdewadi additional

INDEPENDENT VERIFICATION STATEMENT

Introduction

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finance Limited (Corporate Identity Number L65910MH1987PLC042961) to carry out a verification of its Scope 1, Scope 2 and Scope 3 Greenhouse Gas ('GHG') data of Bajaj Finance Limited (hereafter mentioned as 'BFL' and 'the Company') and its 2 subsidiaries (collectively mentioned as 'BFL Group') for the period 1st April 2023 to 31st March 2024 (FY 2023-24). BFL has prepared its GHG data in bespoke spreadsheets based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard with the emission factors sourced from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report, The UK Department for Environment, Food and Rural Affairs (Defra) Central Electricity Authority, Govt. of India and India GHG Program, 2014

DNV has carried out this customized verification engagement in accordance with DNV's VerisustainTM protocol (v6.0). Apart from DNV's VerisustainTM protocol (v6.0), DNV team has also followed ISO 14064-3 - Specification with guidance for the verification of GHG emissions. The verification was carried out during the period February 2024 - June 2024 by a team of qualified sustainability and GHG assessors.

Intended User

The intended user of this verification statement is the Management of Bajaj Finance Limited ('the Management').

Level of Verification

- Reasonable Level of verification for Scope 1 & 2 GHG emissions and
- Limited Level of verification for the Scope 3 GHG emissions (Categories 1, 6 and 9)

Responsibilities of the Company and DNV

The Management of the Company is responsible for the collection, analysis, aggregation, calculations and presentation of data and information related to its GHG assertions and also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on their website.

In performing this verification assessment, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion. We disclaim any liability or co-responsibility for any decision a person or entity would make based on this verification statement.

Scope, Boundary and Limitations of Verification

Scope

The scope of work agreed includes the following:

- Verification of GHG Scope 1 and Scope 2 emissions data from various activities for FY 2023-24 for reasonable level of verification
  - Scope 1 emissions due to combustion of fossil fuels and other emissions, such as
    - Combustion of high-speed diesel (HSD) for diesel generators
    - Fuel consumed by company-owned vehicles.
    - HFC releases from air conditioners
    - CO2 released due to use of CO2-based fire extinguishers
  - Scope 2 emissions due to purchased electricity from national grids in India and purchase of electricity from other sources

- Verification of GHG Scope 3 emissions data from various activities for FY 2023-24 for limited level of verification
  - Other Indirect GHG emissions (Scope 3 emissions) arising from value chain covering three categories as per the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting. Categories reported are-
    - C1: Purchased Goods and Services- procurement of office supplies
    - C6: Business Travel- air, road & train travel, hotel stay and guest house stay
    - C9: Downstream transportation and distribution- relocation, freighting courier

Boundary

Boundary covers the performance of BFL and its 2 subsidiaries viz., Bajaj Housing Finance Limited (BHFL) (Corporate Identity Number U65910PN2008PLC132228) and Bajaj Financial Securities Limited (BFSL) (Corporate Identity Number U67120PN2010PLC136026) operations in India that fall under the direct operational control of the Company's Legal structure. Based on the agreed scope with the Company, the boundary of verification covers the operations of BFL Group across all locations in India.

Review of emission sources under BFL Group's operational control including review of the Company's internal GHG inventory and processes related to the collection and collation of its GHG emissions sources.

Limitation(s):

- The verification engagement considers an uncertainty of ±5% based on materiality threshold for estimation/ measurement errors and omissions.
- DNV has not been involved in evaluation or assessment of any financial data/performance of the company and its subsidiaries.
- The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of verification.
- Data outside the operations specified in the verification boundary is excluded from the verification, unless explicitly mentioned otherwise in this statement.
- The verification engagement is based on the assumption that the data and information provided by the Company are complete, sufficient and authentic.
- No external stakeholders were interviewed as part of this verification engagement.

Verification Methodology:

We planned and performed our verification work to obtain the evidence we considered necessary to provide reasonable & limited level of verification. In case of limited level of verification, we adopted a risk-based approach towards selection of samples for assessing the robustness of the underlying data management system, information flow and controls.

We carried out the following activities:

- Desk review of the Scope 1, Scope 2 and Scope 3 emissions activity and associated data for the period - 1st April 2023 – 31st March 2024 captured in bespoke spreadsheets.
- Review of the standard operating procedures ('SOPs') for GHG Management System as well as the Company's GHG data management processes used to generate, aggregate, and report the GHG data, as well as assessment of the completeness, accuracy and reliability of the data.
- Reviews of GHG data aggregation system in place including formats, assumptions, as well as associated emission factors and calculation methodologies.
- Sampling of activity data for verification in line with the requirements for verification.
- Onsite visits to corporate office and selected branches/sites in India as listed out in Annexure II for verifying the identified activities and emission sources and related evidence at the site level on a sample basis.
- Interaction with key managers and data owners to review data systems related to the GHG inventory including reviews of emission factors and assumptions used in calculation methodology.

Conclusion

Reasonable level of verification- Scope 1 & 2 GHG emissions

On the basis of our verification methodology and scope of work agreed upon, DNV is of the opinion that, in all material aspects, the reported Scope 1 & 2 GHG emissions as brought out below and in Annexure I are materially correct and fair representation of Scope 1 & 2 GHG emissions of BFL Group for the reporting period.

Limited Level of verification- Scope 3 GHG emissions

On the basis of our verification methodology and scope of work agreed upon, nothing has come to our attention to suggest that the GHG emissions as brought out below and in Annexure I are not materially correct and is not a fair representation of the Scope 3 GHG emissions of BFL Group for the reporting period.

In both cases, some data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected.

GHG Emissions for BFL Group

Scope details	Total GHG Emissions (tCO2e) for FY 2023-24
Scope 1 Direct GHG emissions (Scope 1 emissions) covering combustion of high-speed diesel (HSD) for diesel generators, fuel consumed by company-owned vehicles, HFC releases from air conditioner, CO2 released due to use of CO2-based fire extinguishers	4,784.59
Scope 2 Indirect GHG emissions (Scope 2 emissions) covering consumption of purchased electricity for its facilities and units (from national grid in India and other sources)	28,908.06
Scope 3 other Indirect GHG emissions (Scope 3 emissions) covering • C1: Purchased Goods and Services- procurement of office supplies • C6: Business Travel- air, road & train travel, hotel stay and guest house stay • C9: Downstream transportation and distribution- relocation, freighting courier	15,292.23
Total Scope 1, Scope 2 & Scope 3 Emissions	**48,984.88**

Note:

1. Emission factors used and their references, assumptions considered are mentioned in the 'GHG Inventory Report', 2024 prepared by Bajaj Finserv Group, which is applicable to BFL Group.
2. Calculation of Scope 1 GHG emissions are based on conversion factors, emission factors considered in 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC sixth assessment report and GHG protocol cross sector emission factors.
3. Scope 2 GHG emissions for Indian operations are calculated based on the Grid Electricity EF - Central Electricity Authority, Govt. of India, CO2 baseline database for Indian Power Sector, version 19, December 2023 EF considered (including RES & Captive power injection into grid) is 0.716 kgCO2 per kWh. For purchased electricity non grid with HSD as source of electricity generation, emission factor 0.70 tCO2/MWh is considered.

   https://cea.nic.in/wp-content/uploads/baseline/2024/04/User_Guide__Version_19.0.pdf
4. For fuel rate average consideration, https://ppac.gov.in/uploads/page-images/1711513222_b64a426eaac364980b78.pdf accessed on date 27th March 2024, is referred.
5. Calculation of Scope 3 GHG emissions are based on emission factors considered in India GHG Program https://indiaghgp.org/transport-emission-factors - for train and road transport, for hotel stay & guest houses-

   https://ecommons.cornell.edu/server/api/core/bitstreams/220e2386-fac7-4985-8825-a901176b161f/content\

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IE₹ 17029:2019 – Conformity assessment – General principles are requirements for validation and verification bodies, 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 during the verification engagement and maintain independence wherever required by relevant ethical requirements. During the reporting period i.e. FY 2023-24, DNV, to the best of its knowledge, was not involved in any non-audit/non-assurance work with the Company and its Group entities which could lead to any Conflict of Interest. DNV was not involved in the preparation of any statements or data except for this Verification Statement for internal use of Bajaj Finance Limited. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. To the best of our knowledge, we did not provide any services to Bajaj Finance Limited in the scope of verification for the reporting period that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This verification statement, including our conclusion has been prepared solely for the exclusive use and benefit of the management of the Company and solely for the purpose for which it is provided. To the fullest extent permitted by law, DNV does not assume responsibility to anyone other than the Company for DNV's work or this verification statement. The usage of this verification statement shall be governed by the terms and conditions of the contract between DNV and BFL and DNV does not accept any liability if this statement is used for an alternative purpose from which it is intended, nor to any third party in respect of this verification statement. No part of this verification statement shall be reproduced, distributed or communicated to a third party without prior written consent.

[1]DNV Corporate Governance & Code of Conduct - https://www.dnv.com/about/in-brief/corporate-governance.html

For DNV Business Assurance India Private Limited

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Lead Verifier,
Sustainability Services,
DNV Business Assurance India Private Limited, India.

Assurance Reviewer,
Sustainability Services,
DNV Business Assurance India Private Limited, India.

Chandan Sarkar (Verifier)
Anamika Kumari (Verifier)
Himanshu Babbar (Verifier)
11/06/2024, 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

Annexure I

GHG Emissions for BFL Group

Scope details	Total GHG Emissions (tCO2e) for FY 2023-24		
	BFL	BHFL	BFSL
Scope 1 Direct GHG emissions (Scope 1 emissions) covering combustion of high-speed diesel (HSD) for diesel generators, fuel consumed by company-owned vehicles, HFC releases from air conditioner, CO2 released due to use of CO2-based fire extinguishers	4,387.48	377.31	19.80
Scope 2 Indirect GHG emissions (Scope 2 emissions) covering consumption of purchased electricity for its facilities and units (from national grid in India and other sources)	25,999.43	2,128.20	780.42
Scope 3 other Indirect GHG emissions (Scope 3 emissions) covering • C1: Purchased Goods and Services- procurement of office supplies • C6: Business Travel- air, road & train travel, hotel stay and guest house stay • C9: Downstream transportation and distribution- relocation, freighting courier	14,238.08	949.89	104.26
Total Scope 1, Scope 2 & Scope 3 Emissions	**44,624.99**	**3,455.40**	**904.48**

Annexure II

Sites selected for audits

Sr. no.	Site	Location
1.	Corporate offices of BFL	Pune
2.	Offices/Branches- on-site visits	**BFL offices-** Finserv House, Pune Goregaon, Mumbai Thane, Mumbai Salt Lake, Kolkata Somajigunda, Hyderabad Residency road, Bangalore Brookfield, Bangalore **BHFL offices-** Goregaon, Mumbai HO, Pune
3.	Offices/Branches- (with in-person meeting with data owners during on-site visits to the offices mentioned in Sr. No. 2)	**BFL offices-** Mumbai- 50000472, Chembur- FD, Andheri- 50000468, Dadar, Thane- Thane FD, Thane off roll, New Bhiwandi Pune- PTP, Mantri, Weikfield A & B, Wakdewadi additional- Pune Nashik Bangalore- 50000085, Whitefield, NR trident, KR Puram, New Sahakarnagar, Rajajinagar, Prestige Building Hyderabad- Somajiguda, Banjarahills, Begumpet, Kothapet Kolkata- Rash Behari, Habra, Dankuni **BHFL offices-** Mumbai -Andheri, Andheri 3rd, Belapur **BFSL-** Pune, HO
4.	Remote Audits	**BFL offices-** Chennai- Raheja Towers, Spencer Plaza, Egmore Delhi-East office, South office, Janakpuri (5B/3), New Delhi office **BHFL offices-** Thane- Thane, Thane Additional, Kalyan, Virar, Virar additional, Mira road Nagpur Nashik Aurangabad Pune- Baner, Chinchwad, NIBM, NIBM additional, Sinhgad road, Wagholi, Wakdewadi, Wakdewadi additional

Annexure 2: Mapping United Nations Sustainable Development Goals (UNSDG)

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.



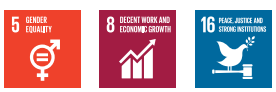
Principle 4 :

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 :

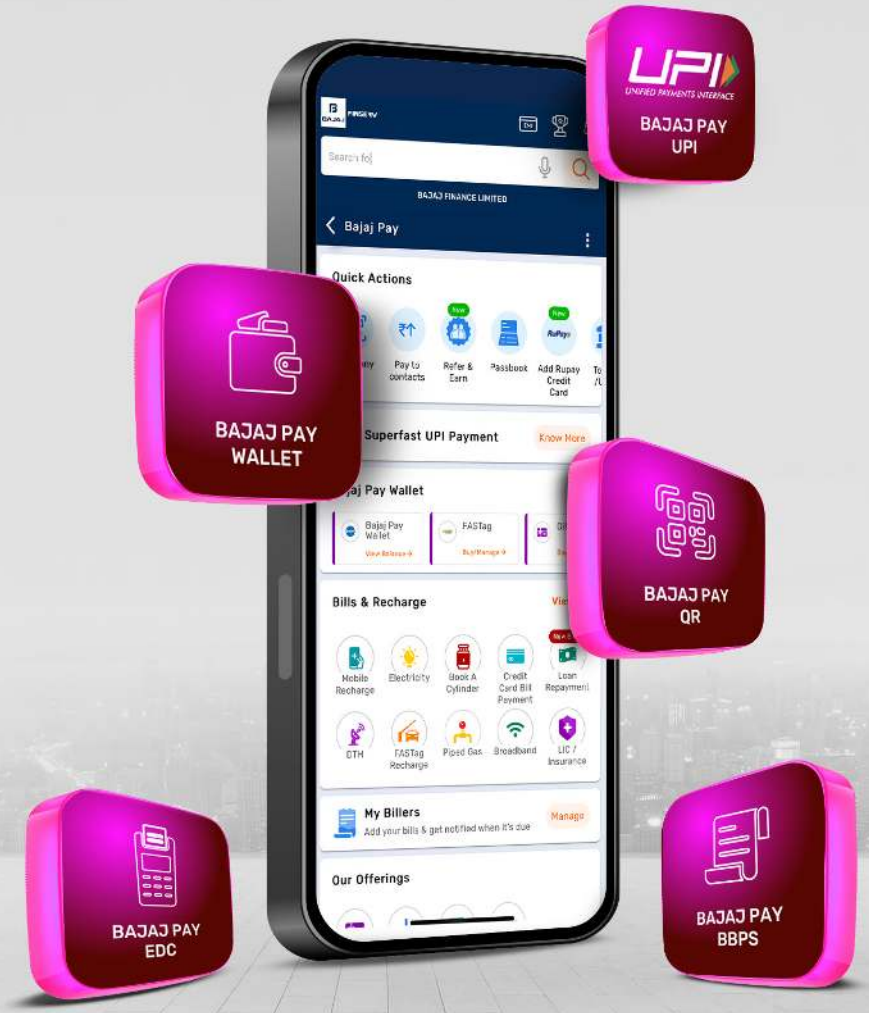
Businesses should engage with and provide value to their consumers in a responsible manner.



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BAJAJ FINANCE LIMITED

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report on the Standalone Financial Statements

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

Opinion

We have audited the accompanying standalone financial statements of Bajaj Finance Ltd. (the 'Company'), which comprise the Balance Sheet as at 31 March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statement, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the 'standalone financial statements').

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 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ('SA's). Our responsibilities under those standards are further described in the Auditors' responsibility 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. N.	Key audit matter	Auditors' response
1.	Allowances for expected credit losses ('ECL'): As at 31 March 2024, the carrying value of loan assets carried at amortised cost, aggregated ₹ 243,334.43 crore (net of allowance for expected credit loss ₹ 4,518.10 crore) constituting approximately 82% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets carried at amortised cost is a critical estimate involving greater level of Management judgement. As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the standalone financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:	We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL ('ECL Model') that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures carried at amortised cost. Additionally, we have confirmed that adjustments to the output of the ECL Model are consistent with the documented rationale and basis for such adjustments and that the amount of adjustments have been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others:

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

S. N.	Key audit matter	Auditors' response
	• Qualitative and quantitative factors used in staging the loan assets carried at amortised cost; • Basis used for estimating probabilities of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') at product level with past trends; • Judgements 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. (Refer note no. 3.3, 9 and 47(c) to the standalone financial statements).	Testing the design and operating effectiveness of the following: • Completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied; • Completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; • Accuracy of the computation of the ECL estimate including reasonableness of the methodology used to determine macro-economic overlays and adjustments to the output of the ECL model; and • Validity of the changes made to the structured query language ('SQL') queries used for the ECL calculations to ensure that the changes made to them are reviewed, documented and duly approved by the designated officials. Test of 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 Company. • Use of the appropriate SQL queries for calibration of ECL rates and its application to the corresponding loan asset portfolio of the Company 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 Company.
2.	Information technology and general controls: The Company 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 environment. 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 was considered to be a key audit matter.	With the assistance of our IT specialists, we obtained an understanding of the Company'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: • We tested the design, implementation, and operating effectiveness of the Company's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Company'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. • We also tested key automated 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 standalone financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the standalone financial statements.

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

Information other than the financial statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report (including annexures thereto), Business Responsibility and Sustainability Report ('BRSR') and Management Discussion and Analysis ('MD&A') (collectively referred to as 'other information') but does not include the consolidated financial statements, standalone financial statements, and our Auditors' Report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.

In preparing the standalone financial statements, Management and Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' responsibility for the audit of the standalone financial statements

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.

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

- Identify and assess the risks of material misstatement of the 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.

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. 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 standalone financial statements.

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 financial control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period 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.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit on the separate financial statements, we report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

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

e) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer note no. 41(a) to the standalone financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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. Refer note no. 49 to the standalone financial statements;

(b) The Management has represented, that, to the best of its 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, 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. Refer note no. 49 to the standalone financial statements; and

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

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

v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note no. 44(iii) to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the year ended 31 March 2024 which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended 31 March 2024.

2. As required by the Companies (Auditors' Report) Order, 2020 (the 'Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 24039826BKCODZ1069)

Date: 25 April 2024
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 24048243BKFFSI8927)

Date: 25 April 2024
Place: Pune

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' section of our report of even date)

Report on the internal financial controls with reference to standalone financial statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls with reference to standalone financial statements of Bajaj Finance Ltd. (the 'Company') as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements 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'). 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 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 Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of internal financial controls with reference to standalone financial statements

A Company's internal financial controls with reference to standalone 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 standalone financial statements includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and

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

Annexure 'A' to the Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2024, based on the criteria for internal financial controls with reference to standalone financial statements established by the respective 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.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 24039826BKCODZ1069)

Date: 25 April 2024
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 24048243BKFFSI8927)

Date: 25 April 2024
Place: Pune

Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on other legal and regulatory requirements' section of our report of even date to the members of Bajaj Finance Ltd. on the standalone financial statements as at and for the year ended 31 March 2024)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment, were physically verified during the year by the Management, in accordance with a regular programme of verification which in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on our examination of the documents provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the standalone financial statements included in property, plant and equipment are held in the name of the Company as at the Balance Sheet date.

(d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is engaged primarily in lending activities and consequently does not hold any physical inventories. Accordingly, paragraph 3(ii)(a) of the Order is not applicable.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate from banks on the basis of security of loans (assets) during the year. In our opinion, the quarterly statements filed with banks are in agreement with the books of account.

(iii) As explained in note no. 1 to the standalone financial statements, the Company is a Deposit-Taking Non-Banking Financial Company ('NBFC') registered with the Reserve Bank of India ('RBI') and as a part of its business activities is engaged in the business of lending across various types of loans.

During the year, in the ordinary course of its business, the Company has made investments in, provided guarantee/security to and granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees/security and loans and advances:

(a) The provisions of paragraph 3(iii)(a) of the Order are not applicable to the Company as its principal business is to give loans;

(b) In our opinion, having regard to the nature of the Company's business, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest;

Annexure 'B' to the Independent Auditors' Report (Contd.)

(c) In respect of loans and advances in the nature of loans (together referred to as 'loan assets'), the schedule of repayment of principal and payment of interest has been stipulated. Note no. 3.3 to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets with balance as at 31 March 2024, aggregating ₹ 2,600.38 crore were categorised as credit impaired ('Stage 3') and ₹ 3,720.93 crore were categorised as those where the credit risk has increased significantly since initial recognition ('Stage 2'). Disclosures in respect of such loans have been provided in note no. 9 to the standalone financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year end aggregating ₹ 241,531.22 crore, where credit risk has not significantly increased since initial recognition (categorised as 'Stage 1'), delinquencies in the repayment of principal and payment of interest aggregating ₹ 19.41 crore were also identified, albeit of less than 2 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year end is ₹ 657.06 crore. Reasonable steps are being taken by the Company for recovery of the principal and interest.

(e) The provisions of paragraph 3(iii)(e) of the Order are not applicable to the Company as its principal business is to give loans.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not advanced loans or made investments in or provided guaranty or security to parties covered by section 185 of the Act and the provisions of section 186 of the Act is not applicable to the Company. Hence reporting under paragraph 3(iv) of the Order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company being Non-Banking Finance Company registered with RBI, provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, for the business activities carried out by the Company. Hence reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, cess and other material statutory dues applicable to it, to the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax.

There were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues in arrears as of 31 March 2024, for a period of more than six months from the date they became payable.

Annexure 'B' to the Independent Auditors' Report (Contd.)

(b) The details of statutory dues referred to in sub- paragraph (a) above which have not been deposited with the concerned authorities as on 31 March 2024, on account of dispute are given below:

(₹ in crore)

Name of the statute	Nature of dues	Amount involved	Amount unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15.49	15.49	FY 1995-96 to FY 2002-03 & FY 2006-07 to FY 2008-09	Mumbai High Court
Income Tax Act, 1961	Income Tax	0.04	0.04	FY 1995-96, FY 1996-97, FY 1998-99	Income Tax Appellate Tribunal (Pune)
Income Tax Act, 1961	Income Tax	46.87	46.87	FY 2013-14, FY 2015-16, FY 2016-17 and FY 2018-19	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	2,293.64*	2,273.64	FY 2010-11 to June 2017	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	88.10*	85.08	April 2016 to June 2017	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	602.06*	592.06	October 2014 to June 2017	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	10.53*	10.35	FY 2007-08 to September 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	4.06*	3.96	July 2012 to June 2016	Customs, Excise and Service Tax Appellate Tribunal
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.86	0.86	FY 2005-06 to FY 2008-09	Additional Commissioner, Sales Tax
Rajasthan Value Added Tax Act, 2003	Value Added Tax	3.30*	2.00	FY 2008-09 to July 2014	Supreme Court of India
Rajasthan Value Added Tax Act, 2003	Value Added Tax	0.15	0.09	July 2014 to March 2017	VAT Appellate Tribunal
Employees State Insurance Act, 1948	ESIC contribution	4.46	4.46	FY 1999-2000 to FY 2006-07	Employees State Insurance Court
Employees State Insurance Act, 1948	ESIC contribution	0.68	0.68	FY 1991-92 to FY 2002-03	Deputy Director Employee State Insurance Corporation
Goods and Services Tax Act 2017	Goods and Service Tax	0.30*	0.30	July 2017	Goods and Services Tax Appellate Tribunal Maharashtra
Goods and Services Tax Act 2017	Goods and Service Tax	12.90*	11.76	July 2017 to March 2020	Goods and Service Tax Appellate Tribunal, West Bengal
Goods and Services Tax Act 2017	Goods and Service Tax	6.57*	6.11	May 2022 and June 2022	Office of Joint Commissioner, GST, Tamil Nadu
Goods and Services Tax Act 2017	Goods and Service Tax	19.45*	18.29	April 2020 to March 2021	Office of Joint Commissioner, GST, Tamil Nadu
Goods and Services Tax Act 2017	Goods and Service Tax	1.67*	1.59	April 2018 to March 2019	Office of Joint Commissioner, GST, Bihar
Goods and Services Tax Act 2017	Goods and Service Tax	0.33*	0.32	July 2017 to March 2018	Office of Joint Commissioner, GST, Delhi
Goods and Services Tax Act 2017	Goods and Service Tax	0.53*	0.53	April 2018 to March 2021	Office of Joint Commissioner, GST, Rajasthan

*includes interest and penalty

Annexure 'B' to the Independent Auditors' Report (Contd.)

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained.

(d) On the basis of the maturity profile of financial assets and financial liabilities provided in note no. 47(a) to the standalone financial statements, financial liabilities maturing within the 12 months following the reporting date (i.e. 31 March 2024) are less than expected recoveries from financial assets during that period. Further, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3(x)(a) of the Order is not applicable.

(b) The Company has made preferential allotment or private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of section 42 and section 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.

(xii) The Company is not a nidhi company and hence reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements, etc., as required by the applicable accounting standards.

Annexure 'B' to the Independent Auditors' Report (Contd.)

(xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ('RBI Act') and it has obtained the registration.

(b) During the year, the Company has not conducted any non-banking financial activities or housing financial activities without a valid Certificate of Registration ('CoR') from the RBI as per the RBI Act, 1934.

(c) The Company is not a Core Investment Company ('CIC') and hence reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group (as defined under Master Direction DNBR.PD.008/03.10.119/2016-17 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) has more than one CIC as part of the group. There are 17 CICs forming part of the group.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) 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 standalone 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 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) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer 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. Accordingly, reporting under paragraph 3(xx)(a) of the Order is not applicable for the year.

(xx) (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

In respect of ongoing projects, the Company has not transferred the unspent Corporate Social Responsibility (CSR) amount as at the Balance Sheet date out of the amounts that was required to be spent during the year, to a special account till the date of our report. However, the time period for such transfer i.e. 30 days from the end of the financial year as permitted under section 135(6) of the Act, has not elapsed till the date of our report.

Annexure 'B' to the Independent Auditors' Report (Contd.)

(xxi) Based on the review of the audit reports issued by the respective statutory auditors of the subsidiaries and associate, which are companies incorporated in India and to which CARO is applicable, included in the consolidated financial statements, we report that none of these auditors have reported any qualifications or adverse remarks in their CARO report of the respective companies.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 24039826BKC0DZ1069)

Date: 25 April 2024
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 24048243BKFFSI8927)

Date: 25 April 2024
Place: Pune

Standalone Balance Sheet

(₹ in crore)

Particulars	Note No.	As at 31 March 2024	2023
ASSETS			
Financial assets			
Cash and cash equivalents	5	3,865.15	1,191.35
Bank balances other than cash and cash equivalents	6	5,567.11	2,128.11
Derivative financial instruments	7	15.69	146.98
Trade receivables	8	1,244.89	1,070.21
Loans	9	243,334.43	179,097.12
Investments	10	37,153.36	28,737.85
Other financial assets	11	1,012.08	715.21
		292,192.71	**213,086.83**
Non-financial assets			
Current tax assets (net)		254.68	175.85
Deferred tax assets (net)	12	926.71	919.00
Property, plant and equipment	13	2,212.46	1,551.96
Capital work-in-progress	13	25.35	14.60
Intangible assets under development	13	17.24	64.93
Intangible assets	13	847.47	594.95
Other non-financial assets	14	137.83	116.63
		4,421.74	**3,437.92**
Total assets		**296,614.45**	**216,524.75**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	7	0.85	-
Payables	15		
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		0.42	1.77
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,000.97	951.41
Other payables			
Total outstanding dues of micro enterprises and small enterprises		-	0.65
Total outstanding dues of creditors other than micro enterprises and small enterprises		670.56	558.45
Debt securities	16	87,596.09	65,669.85
Borrowings (other than debt securities)	17	69,238.00	47,894.70
Deposits	18	59,966.66	44,489.79
Subordinated liabilities	19	3,577.90	3,630.29
Other financial liabilities	20	1,621.61	1,121.52
		223,673.06	**164,318.43**

Standalone Balance Sheet (Contd.)

(₹ in crore)

Particulars	Note No.	As at 31 March 2024	2023
Non-financial liabilities			
Current tax liabilities (net)		82.71	122.76
Provisions	21	385.23	254.46
Other non-financial liabilities	22	462.92	335.97
		930.86	**713.19**
Equity			
Equity share capital	23	123.60	120.89
Other equity	24	71,886.93	51,372.24
		72,010.53	**51,493.13**
Total liabilities and equity		**296,614.45**	**216,524.75**
Summary of material accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

On behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 25 April 2024

Standalone Statement of Profit and Loss

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2024	2023
Revenue from operations			
Interest income	25	40,782.76	30,141.84
Fees and commission income	26	5,007.41	4,207.20
Net gain on fair value changes	27	138.85	207.85
Sale of services	28	24.05	29.17
Other operating income	29	985.73	1,098.38
Total revenue from operations		**46,938.80**	**35,684.44**
Other income	30	7.18	5.37
Total income		**46,945.98**	**35,689.81**
Expenses			
Finance costs	31	13,843.44	9,285.23
Fees and commission expense	32	1,959.08	1,934.38
Impairment on financial instruments	33	4,572.19	3,066.46
Employee benefits expense	34	5,849.47	4,614.35
Depreciation and amortisation expenses	13	629.13	443.77
Other expenses	35	3,039.59	2,464.11
Total expenses		**29,892.90**	**21,808.30**
Profit before tax		**17,053.08**	**13,881.51**
Tax expense			
Current tax		4,436.00	3,593.00
Deferred tax (credit)/charge		(27.03)	(1.23)
Total tax expense	12	**4,408.97**	**3,591.77**
Profit after tax		**12,644.11**	**10,289.74**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(59.64)	(33.32)
Tax impact on above		15.01	8.38
Changes in fair value of fair value through OCI (FVOCI) equity instruments		151.62	(13.99)
Tax impact on above		(29.82)	3.73
Items that will be reclassified to profit or loss:			
Changes in fair value of FVOCI debt securities		38.74	(11.27)
Tax impact on above		(9.75)	2.84
Cash flow hedge reserve		(20.79)	22.16
Tax impact on above		5.24	(5.58)
Total other comprehensive income for the year (net of tax)		**90.61**	**(27.05)**
Total comprehensive income for the year		**12,734.72**	**10,262.69**

Standalone Statement of Profit and Loss (Contd.)

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2024	2023
Earnings per equity share:	36		
(Nominal value per share ₹ 2)			
Basic (₹)		207.27	170.37
Diluted (₹)		206.47	169.51
Summary of material accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

On behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

Rajen Ashar
Partner
Membership number: 048243

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 25 April 2024

Standalone Statement of Changes in Equity

Equity share capital

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Balance at the beginning of the year	120.89	120.66
Changes in equity share capital during the year	2.71	0.23
Balance at the end of the year	**123.60**	**120.89**

Other equity

For the year ended 31 March 2024

(₹ in crore)

Particulars	Note No.	Reserves and surplus							Other comprehensive income on			Money received against share warrants	Total other equity
		Securities premium	Retained earnings	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Remeasurement of defined benefit plans	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve		
Balance as at 31 March 2023	24	17,441.11	25,060.48	7,702.75	788.93	9.25	555.46	(101.88)	(18.92)	(71.62)	6.68	-	51,372.24
Profit after tax		-	12,644.11	-	-	-	-	-	-	-	-	-	12,644.11
Other comprehensive income for the year (net of tax)		-	-	-	-	-	-	(44.63)	28.99	121.80	(15.55)	-	90.61
		17,441.11	**37,704.59**	**7,702.75**	**788.93**	**9.25**	**555.46**	**(146.51)**	**10.07**	**50.18**	**(8.87)**	**-**	**64,106.96**
Issue of equity share capital		8,797.58	-	-	-	-	-	-	-	-	-	-	8,797.58
Share issue expenses		(34.54)	-	-	-	-	-	-	-	-	-	-	(34.54)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(2,530.00)	2,530.00	-	-	-	-	-	-	-	-	-
Money received against share warrants		-	-	-	-	-	-	-	-	-	-	297.21	297.21
Dividend paid		-	(1,815.40)	-	-	-	-	-	-	-	-	-	(1,815.40)
Share based payment to employees		-	-	-	-	-	268.24	-	-	-	-	-	268.24
Allotment of shares to ESOP Trust		448.00	-	-	-	-	-	-	-	-	-	-	448.00
Transfer on exercise of stock options by employees		111.11	-	-	-	-	(111.11)	-	-	-	-	-	-
Transfer on cancellation/ expiry of stock options		-	-	-	1.09	-	(1.09)	-	-	-	-	-	-
		26,763.26	**33,359.19**	**10,232.75**	**790.02**	**9.25**	**711.50**	**(146.51)**	**10.07**	**50.18**	**(8.87)**	**297.21**	**72,068.05**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		125.94	-	-	-	-	-	-	-	-	-	-	125.94
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2024		307.06	-	-	-	-	-	-	-	-	-	-	307.06
Balance as at 31 March 2024	24	**26,582.14**	**33,359.19**	**10,232.75**	**790.02**	**9.25**	**711.50**	**(146.51)**	**10.07**	**50.18**	**(8.87)**	**297.21**	**71,886.93**

Standalone Statement of Changes in Equity (Contd.)

For the year ended 31 March 2023

(₹ in crore)

Particulars	Note No.	Reserves and surplus						Other comprehensive income on			Money received against share warrants	Total other equity
		Securities premium	Retained earnings	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Remeasurement of defined benefit plans	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve	
Balance as at 31 March 2022	24	17,217.78	18,038.06	5,642.75	788.51	9.25	397.56	(76.94)	(10.49)	(61.36)	(9.90)	-	41,935.22
Profit after tax		-	10,289.74	-	-	-	-	-	-	-	-	-	10,289.74
Other comprehensive income for the year (net of tax)		-	-	-	-	-	-	(24.94)	(8.43)	(10.26)	16.58	-	(27.05)
		17,217.78	**28,327.80**	**5,642.75**	**788.51**	**9.25**	**397.56**	**(101.88)**	**(18.92)**	**(71.62)**	**6.68**	**-**	**52,197.91**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(2,060.00)	2,060.00	-	-	-	-	-	-	-	-	-
Dividends paid		-	(1,207.32)	-	-	-	-	-	-	-	-	-	(1,207.32)
Share based payment to employees		-	-	-	-	-	223.76	-	-	-	-	-	223.76
Transfer on exercise of stock options by employees		65.44	-	-	-	-	(65.44)	-	-	-	-	-	-
Transfer on cancellation/expiry of stock options		-	-	-	0.42	-	(0.42)	-	-	-	-	-	-
		17,283.22	**25,060.48**	**7,702.75**	**788.93**	**9.25**	**555.46**	**(101.88)**	**(18.92)**	**(71.62)**	**6.68**	**-**	**51,214.35**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2022		283.83	-	-	-	-	-	-	-	-	-	-	283.83
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		125.94	-	-	-	-	-	-	-	-	-	-	125.94
Balance as at 31 March 2023	24	**17,441.11**	**25,060.48**	**7,702.75**	**788.93**	**9.25**	**555.46**	**(101.88)**	**(18.92)**	**(71.62)**	**6.68**	**-**	**51,372.24**

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Pune: 25 April 2024

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Standalone Statement of Cash Flows

(₹ in crore)

Particulars		For the year ended 31 March 2024	2023
(I)	**Operating activities**		
	Profit before tax	17,053.08	13,881.51
	Adjustments for:		
	Interest income	(40,782.76)	(30,141.84)
	Depreciation and amortisation expenses	629.13	443.77
	Impairment on financial instruments	4,572.19	3,066.46
	Net loss on disposal of property, plant and equipment and intangible assets	11.76	12.65
	Finance costs	13,843.44	9,285.23
	Share based payment expenses	237.66	197.08
	Net gain on fair value changes	(138.85)	(207.85)
	Service fees for management of assigned portfolio of loans	(24.05)	(29.17)
	Dividend income (₹ 30,225, Previous year ₹ 31,125)		
		(4,598.40)	(3,492.16)
	Cash inflow from interest on loans	38,732.89	29,884.69
	Cash inflow from service asset	49.58	61.28
	Cash outflow towards finance cost	(12,424.79)	(9,948.25)
	Cash generated from operation before working capital changes	**21,759.28**	**16,505.56**
	Working capital changes		
	(Increase)/decrease in bank balances other than cash and cash equivalents	(3,210.56)	(2,071.67)
	(Increase)/decrease in trade receivables	(193.89)	(80.41)
	(Increase)/decrease in loans	(68,567.63)	(38,436.92)
	(Increase)/decrease in other financial assets	6.08	(69.54)
	(Increase)/decrease in other non-financial assets	(33.39)	45.18
	Increase/(decrease) in trade payables	48.21	202.46
	Increase/(decrease) in other payables	111.46	245.90
	Increase/(decrease) in other financial liabilities	99.55	40.35
	Increase/(decrease) in provisions	71.13	58.90
	Increase/(decrease) in other non-financial liabilities	126.95	(175.76)
		(71,542.09)	(40,241.51)
	Income tax paid (net of refunds)	(4,554.88)	(3,566.46)
	Net cash used in operating activities (I)	**(54,337.69)**	**(27,302.41)**
(II)	**Investing activities**		
	Purchase of property, plant and equipment and capital work-in-progress	(568.25)	(449.23)
	Purchase of intangible assets and intangible assets under development	(414.13)	(375.97)
	Sale of property, plant and equipment and intangible assets	35.51	15.63
	Purchase of investments measured at amortised cost	(289.76)	(148.72)
	Proceeds from liquidation of investments measured at amortised cost	61.95	5,107.14
	Purchase of investments classified as FVOCI	(23,310.68)	(21,272.49)
	Proceeds from liquidation of investments classified as FVOCI	15,231.80	10,900.36
	Purchase of investments classified as FVTPL	(72,737.52)	(252,102.38)
	Proceeds from liquidation of investments classified as FVTPL	73,887.55	247,971.31
	Dividend received (₹ 30,225, Previous year ₹ 31,125)		
	Interest received on investments	808.13	546.88
	Investment in associates	(267.47)	(92.74)
	Investment in subsidiaries	(200.00)	(2,500.00)
	Net cash used in investing activities (II)	**(7,762.87)**	**(12,400.21)**

Standalone Statement of Cash Flows (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
(III) Financing activities		
Issue of equity share capital (including securities premium)	9,067.17	158.12
Issue of share warrants	297.21	-
Share based payment recovered from subsidiaries	30.57	26.67
Share issue expenses	(34.54)	-
Dividends paid	(1,814.58)	(1,206.86)
Payment of lease liability	(155.44)	(126.91)
Deposits received (net)	14,751.88	13,897.60
Short term borrowing availed (net)	16,355.94	10,855.49
Long term borrowing availed	48,834.19	40,153.15
Long term borrowing repaid	(22,558.04)	(25,736.22)
Net cash generated from financing activities (III)	**64,774.36**	**38,021.04**
Net increase/(decrease) in cash and cash equivalents (I+II+III)	**2,673.80**	**(1,681.58)**
Cash and cash equivalents at the beginning of the year	**1,191.35**	**2,872.93**
Cash and cash equivalents at the end of the year	**3,865.15**	**1,191.35**

- The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.
- Cash receipt and payment for borrowings in which the turnover is quick, the amounts are large, and the maturities are short are defined as short term borrowings and shown on net basis. Such items include commercial papers, cash credit, overdraft facility, working capital demand loan and triparty repo dealing and settlement. All other borrowings are considered as long term borrowings.

Components of cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2024	2023
Cash and cash equivalents comprises of		
Cash on hand	58.84	59.07
Balance with banks in current accounts	3,806.31	1,132.28
	3,865.15	**1,191.35**

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Pune: 25 April 2024

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

1 Corporate information

Bajaj Finance Ltd. ('the Company', 'BFL') (Corporate ID No.: L65910MH1987PLC042961), a subsidiary of Bajaj Finserv Ltd., is a company limited by shares, incorporated on 25 March 1987 and domiciled in India. The shares of the Company are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), India. The Company is mainly engaged in the business of lending. BFL has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India. It also accepts public and corporate deposits and offers a variety of financial services products to its customers. The Company has its registered office at Akurdi, Pune, Maharashtra, India and its principal place of business at 4th floor, Bajaj Finserv Corporate Office, Pune, Maharashtra (India).

The Company is a Deposit taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) since 5 March 1998, with Registration No. A-13.00243 and classified as NBFC-Investment and Credit Company (NBFC-ICC) pursuant to circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22 February 2019. Since 30 September 2022, the Company has been classified as NBFC-UL (upper layer) by the RBI as part of its 'Scale Based Regulation'.

Financial statements were subject to review and recommendation of the Audit Committee and approval of the Board of Directors. On 25 April 2024, the Board of Directors of the Company approved and recommended the financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the updated Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time and other applicable RBI circulars/notifications. The Company uses accrual basis of accounting in preparation of financial statements (other than Statement of Cash Flows) except in case of significant uncertainties [Refer note no. 3.1(i) and 3.1(iii)].

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

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

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupee (INR), which is also the functional currency of the Company, in denomination of crore with rounding off to two decimals as permitted by Schedule III to the Act except where otherwise indicated.

2.3 Presentation of financial statements

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

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

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

2 Basis of preparation (Contd.)

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

2.4 Material accounting estimates, judgements and assumptions

The preparation of the Company's financial statements requires Management to make use of estimates, judgements and assumptions. These estimates, judgments and assumptions affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the reporting date and the reported amount of revenues and expenses during the year. Accounting estimates could change from period to period. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from the Management's estimates and judgements. Revision to accounting estimates are recognised prospectively.

Material accounting estimates and judgements are used in various line items in the financial statements are as below:

- Business model assessment [Refer note no. 3.3(i) and 9]
- Impairment of financial assets [Refer note no. 3.3(i), 9 and 47]
- Provisions and contingent liabilities [Refer note no. 3.8 and 41]
- Fair value of financial instruments [Refer note no. 3.10 and 46]

3 Summary of material accounting policies

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

3.1 Income

(i) Interest income

The Company recognises interest income using effective interest rate (EIR) method as per Ind AS 109 'Financial Instruments' on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

The Company recognises delayed payment interest (penal interest and the like) for delay in repayments or non-payment of contractual cashflows on realisation.

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

(ii) Revenue from operations other than interest income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'.

(a) Fees and commission income

The Company recognises:

- Service and administration charges on completion of contracted service;
- Bounce charges on realisation;
- Fees on value added services and products on delivery of services and products to the customer;
- Distribution income on completion of distribution of third-party products and services; and
- Income on loan foreclosure and prepayment on realisation.

3 Summary of material accounting policies (Contd.)

(b) Other operating income

The Company recognises recoveries against written off financial assets on realisation.

Any other operating income is recognised on completion of service.

3.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR method as per Ind AS 109 'Financial Instruments'.

(ii) Fees and commission expense

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

(iii) Employee benefit expenses- Share based payments

The Company operates an equity settled share-based payment arrangement for its own employees as well as employees of its subsidiaries. The Company determines the fair value of the employee stock options on the grant date using the Black Scholes model. The total cost of the share option is accounted for on a straight-line basis over the vesting period of the grant. The cost attributable to the services rendered by the employees of the Company is recognised as employee benefits expenses in the Statement of Profit and Loss and that pertaining to employees of subsidiaries is recovered from subsidiaries.

(iv) Other expenses

Expenses are recognised on accrual basis inclusive of goods and services tax for which input credit is not statutorily permitted.

3.3 Financial instruments

Recognition of Financial Instruments

All financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradeable securities, the Company recognises the financial instruments on settlement date.

(i) Financial assets

Initial measurement

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

- Investment in subsidiaries and associates which are recorded at cost as permissible under Ind AS 27 'Separate Financial Statements';
- Financial assets measured at FVTPL wherein transaction cost is charged to Statement of Profit and Loss; and
- Trade receivables that do not contain a significant financing component (as defined in Ind AS 115) which are recorded at transaction price.

Subsequent measurement

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

(a) Debt instruments at amortised cost

(b) Debt instruments at FVOCI

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

(c) Debt instruments at FVTPL

(d) Equity instruments designated under FVOCI

The classification depends on the contractual terms of the cash flows of the financial assets, the Company's business model for managing financial assets and, in case of equity instruments and the intention of the Company whether strategic or non-strategic. The said classification methodology is detailed below-

Business Model assessment

The Company has put in place its Board approved policies for determination of the business model. These policies consider whether the objective of the business model, at initial recognition, is to hold the financial asset to collect its contractual cash flows or, dually, to sell the financial asset and collect the contractual cash flows. The Company determines its business model that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Solely payments of principal and interest (SPPI) Assessment

The Company assesses the contractual terms of the financial assets to identify whether they meet the SPPI test.

In making this assessment, the Company considers whether the contractual cash flows represent sole payments of principal and interest which means that whether the cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Principal for the purpose of this test refers to the fair value of the financial asset at initial recognition.

(a) Debt instruments at amortised cost

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

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

The Company may enter into following transactions without affecting the business model of the Company:

- Considering the economic viability of carrying the delinquent portfolios on the books of the Company, it may enter into immaterial/infrequent transactions to sell these portfolios to third parties.
- Assignment and sale of non-NPA financial assets which are infrequent and below the threshold provided by Management.

(b) Debt instruments at FVOCI

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

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

The Company measures debt instruments included within the FVOCI category at each reporting date at fair value with such changes being recognised in Other Comprehensive Income (OCI).

3 Summary of material accounting policies (Contd.)

The Company recognises interest income on these assets in Statement of Profit and Loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

On derecognition of the asset, the Company reclassifies cumulative gain or loss previously recognised in OCI to the Statement of Profit and Loss.

(c) Debt instruments at FVTPL

The Company operates a trading portfolio as a part of its treasury strategy and classifies its debt instruments which are held for trading under FVTPL category. As a part of its hedging strategy, the Company enters into derivative contracts and classifies such contracts under FVTPL.

Interest and dividend incomes are recorded in Statement of Profit and Loss. Gains and losses on changes in fair value of debt instruments are recognised on net basis through the Statement of Profit and Loss.

(d) Equity instruments designated under FVOCI

Investments in equity instruments other than in subsidiaries and associates are measured at fair value.

The Company has strategic investments in equity for which it has elected to present subsequent changes in fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the aforesaid equity instruments are recognised in OCI and are not reclassified to the Statement of Profit and Loss subsequently, even on sale of those investments.

Derecognition of financial assets

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

- The right to receive cash flows from the asset has expired such as repayments in the financial asset, sale of the financial asset etc.; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same. A write-off of a financial asset constitutes a derecognition event.

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Profit and Loss.

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

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

Write-off

Financial assets are written off when the Company has no reasonable expectation of recovery or expected recovery is not significant basis experience. Where the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write-off.

Impairment of financial assets - General approach

Expected credit losses ('ECL') are recognised for all financial assets except those classified as FVTPL and equity instruments as per the Board approved policy.

The Company follows a staging methodology for ECL computation. Financial assets where no significant increase in credit risk has been observed since inception are classified in 'stage 1' for which a 12 month ECL is recognised. Financial assets which have significant increase in credit risk since inception 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.

Stage 1 (12-month ECL) is provided basis the default events that are likely to occur in the next 12 months from the reporting date. Stage 2 and stage 3 (lifetime ECL) is provided for basis all possible default events likely to occur during the life of the financial instrument.

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

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (stage 3)

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

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

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

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

- The loan which was restructured is not in default for a period till repayment of 10% of principal outstanding or 12 months, whichever is later; and
- Other loans of such customer are not in default during this period.

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

The Company considers loan accounts which are overdue for more than 1 day but up to 90 days as on the reporting date as an indication of significant increase in credit risk. Additionally, for mortgage loans, the Company recognises stage 2 based on other indicators such as frequent delays in payments beyond due dates.

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

3 Summary of material accounting policies (Contd.)

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

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

(d) Measurement of ECL

The Company calculates ECL based on discounted present value of probability weighted scenarios to measure the expected cash shortfall. Cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

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

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

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

The Company recalibrates above components of its ECL model on a periodical basis by using the available incremental and recent information, except where this information does not represent the future outcome. Further, the Company assesses changes to its statistical techniques for a granular estimation of ECL.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 47.

(ii) Financial liabilities

Initial measurement

The Company recognises all financial liabilities initially at fair value adjusted for transaction costs that are directly attributable to the issue of financial liabilities except in the case of financial liabilities recorded at FVTPL where the transaction costs are charged to Statement of Profit and Loss. Generally, the transaction price is treated as fair value unless there are circumstances which prove to the contrary in which case, the difference, if material, is charged to Statement of Profit and Loss.

Subsequent measurement

The Company subsequently measures all financial liabilities at amortised cost using the EIR method, except for derivative contracts which are measured at FVTPL and accounted for by applying the hedge accounting requirements under Ind AS 109.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

Derecognition

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

3.4 Investment in subsidiaries and associates

The Company recognises investments in subsidiaries and associates at cost and are not adjusted to fair value at the end of each reporting period as allowed by Ind AS 27 'Separate Financial Statement'.

3.5 Taxes

Income tax comprises of current tax and deferred tax.

Income tax is recognised based on tax rates and tax laws enacted, or substantively enacted, at the reporting date and on any adjustment to tax payable in respect of previous years. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement as the related item appears.

Deferred tax is recognised for temporary differences between the accounting base of assets and liabilities in the Balance Sheet, and their tax bases. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled.

The carrying amount of deferred tax assets is reviewed at each reporting date by the Company 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.

Deferred tax assets and deferred tax liabilities are offset basis the criteria given under Ind AS 12 'Income Taxes'.

3.6 Property, plant and equipment and depreciation thereof

The Company measures property, plant and equipment initially at cost and subsequently at cost less accumulated depreciation and impairment losses, if any.

The Company provides for depreciation on a pro-rata basis, with reference to the month in which such asset is added or sold, for all tangible assets on straight-line method over the useful life of assets assuming no residual value at the end of useful life of the asset. Details of useful life is given in note no. 13.

3.7 Intangible assets and amortisation thereof

The Company measures intangible assets, representing softwares, licenses etc. initially at cost and subsequently at cost less accumulated amortisation and accumulated impairment, if any.

The Company recognises internally generated intangible assets when the Company is certain that intangible asset would support/result in furtherance of Company's existing and/or new business and cost of such intangible asset identifiable and reliably measurable. The cost of an internally generated intangible asset comprises of all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company.

All the intangible assets including those internally generated are amortised using the straight-line method over a period of five years, which is the Management's estimate of its useful life.

3.8 Provisions and contingent liabilities

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made as a contingent liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3 Summary of material accounting policies (Contd.)

3.9 Leases

The Company as a lessee follows Ind AS 116 'Leases' for accounting of various office premises and servers taken on lease.

Measurement of lease liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payments over primary period of lease discounted using the Company's incremental cost of borrowing of similar tenure and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Measurement of Right-of-use assets

At the time of initial recognition, the Company measures right-of-use assets as present value of all lease payments over primary period of lease discounted using the Company's incremental cost of borrowing of similar tenure. 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 Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense over the lease term.

3.10 Fair value measurement

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 46.

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.

3.11 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Company are Cross Currency Interest Rate Swaps (CCIRS). Derivative contracts are initially recognised at fair value on the date of entering into contract and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gains/losses are recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument. For hedging instrument, the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship.

The Company designates its CCIRS derivatives as cash flow hedges of a recognised liability. The Company recognises derivatives with a positive fair value as a financial asset and derivatives with a negative fair value as a financial liability.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

Hedge accounting

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedge

Hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows :

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.

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 recognised in OCI is subsequently transferred to the Statement of Profit and Loss on ultimate recognition of the underlying hedged forecast transaction. 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.

4 Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

5 Cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2024	2023
Cash on hand	58.84	59.07
Balance with banks in current accounts	3,806.31	1,132.28
	3,865.15	1,191.35

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

6 Bank balances other than cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2024	2023
Fixed deposits (with original maturity more than 3 months)		
Encumbered*	2,319.19	1,003.58
Unencumbered	3,165.51	1,030.20
Earmarked balance with banks		
Against unclaimed dividend	3.07	2.25
Against unspent CSR	-	14.46
Escrow account balance	79.34	77.62
	5,567.11	2,128.11

*Include ₹ 2,200 crore (Previous year ₹ 1,000 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Company towards maintenance of liquid assets as prescribed by RBI Act, 1934.

7 Derivative financial instruments (at FVTPL)

(₹ in crore)

Particulars	As at 31 March 2024		
	Notional amounts	Fair value asset	Fair value liability
Cash flow hedge			
Cross currency interest rate swaps	6,015.79	15.69	0.85
	6,015.79	15.69	0.85

(₹ in crore)

Particulars	As at 31 March 2023		
	Notional Amounts	Fair Value asset	Fair Value liability
Cash flow hedge			
Cross currency interest rate swaps	1,299.50	146.98	-
	1,299.50	146.98	-

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging of foreign currency borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved. Refer note no. 47(b)(iii) for foreign currency risk.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

8 Trade receivables

(₹ in crore)

Particulars	As at 31 March 2024	2023
Considered good - unsecured		
Interest subsidy	750.01	671.45
Fees, commission and others	439.37	324.04
Service asset	60.51	79.03
	1,249.89	1,074.52
Less : Impairment loss allowance	5.00	4.31
	1,244.89	1,070.21

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

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

-The Company follows simplified approach under Ind AS 109 'Financial Instruments' for measurement of impairment loss allowance on trade receivables that do not contain significant financing component.

Trade receivables (Gross) aging

(₹ in crore)

			Outstanding from due date of payment					
Particulars	Not due	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024								
(i) Undisputed Trade receivables – considered good	661.93	111.55	476.41	-	-	-	-	1,249.89
As at 31 March 2023								
(i) Undisputed Trade receivables – considered good	714.40	44.85	315.27	-	-	-	-	1,074.52

Reconciliation of impairment loss allowance on trade receivables

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Impairment loss allowance as at beginning of the year	4.31	-
Net increase/(decrease) during the year	0.69	4.31
Impairment loss allowance as at the end of the year	5.00	4.31

9 Loans

(₹ in crore)

Particulars		At amortised Cost	
		As at 31 March 2024	As at 31 March 2023
(A)	**Loans**		
	Term loans*	247,376.20	182,684.66
	Credit substitutes#	476.33	253.30
		247,852.53	182,937.96
	Less: Impairment loss allowance	4,518.10	3,840.84
Total - Net (A)		243,334.43	179,097.12
(B)	**Out of above**		
(I)	**Secured by tangible assets**		
	Against hypothecation of automobiles, equipments, durables, plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	120,111.11	81,237.65
	Less: Impairment loss allowance	1,247.83	1,217.82
	Total (I)	118,863.28	80,019.83
(II)	**Unsecured**	127,741.42	101,700.31
	Less: Impairment loss allowance	3,270.27	2,623.02
	Total (II)	124,471.15	99,077.29
Total (B) = (I+II)		243,334.43	179,097.12
(C)	**Out of above**		
(I)	**Loans in India**		
(i)	Public sector	-	-
	Less: Impairment loss allowance	-	-
	Sub-total (i)	-	-
(ii)	Others	247,852.53	182,937.96
	Less: Impairment loss allowance	4,518.10	3,840.84
	Sub-total (ii)	243,334.43	179,097.12
Total (I) = (i+ii)		243,334.43	179,097.12
(II)	**Loans outside India**	-	-
Total (C) = (I+II)		243,334.43	179,097.12

*Includes receivables from related parties ₹ 155 crore (Previous year ₹ Nil)

#Subscription to debentures which, in substance, are made with the intent of giving loan have been classified as credit substitutes. This classification results in a better presentation of the substance of such transactions.

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

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

9 Loans (Contd.)

Summary of EIR impact on loans

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total gross loan	250,161.73	185,020.39
Less: EIR impact	2,309.20	2,082.43
Total for gross term loan net of EIR impact	247,852.53	182,937.96

Summary of loans by stage distribution

Term loans

(₹ in crore)

Particulars	As at 31 March 2024				As at 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	241,531.22	3,720.93	2,600.38	247,852.53	178,089.48	2,672.99	2,175.49	182,937.96
Less: Impairment loss allowance	1,927.56	1,122.25	1,468.29	4,518.10	1,597.05	854.92	1,388.87	3,840.84
Net carrying amount	239,603.66	2,598.68	1,132.09	243,334.43	176,492.43	1,818.07	786.62	179,097.12

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

(₹ in crore)

Particulars	For the year ended 31 March 2024							
	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 2023	178,089.48	1,597.05	2,672.99	854.92	2,175.49	1,388.87	182,937.96	3,840.84
Transfers during the year								
transfers to stage 1	344.56	107.19	(211.50)	(37.19)	(133.06)	(70.00)	-	-
transfers to stage 2	(2,887.76)	(47.66)	2,911.46	58.91	(23.70)	(11.25)	-	-
transfers to stage 3	(4,371.91)	(81.08)	(1,489.11)	(554.23)	5,861.02	635.31	-	-
	(6,915.11)	(21.55)	1,210.85	(532.51)	5,704.26	554.06	-	-
Impact of changes in credit risk on account of stage movements	-	(101.83)	-	847.60	-	4,924.42	-	5,670.19
Changes in opening credit exposures (repayments net of additional disbursements)	(79,779.88)	(434.97)	(1,247.60)	(386.75)	(2,185.81)	(1,979.38)	(83,213.29)	(2,801.10)
New credit exposures during the year, net of repayments	150,136.73	888.86	1,084.69	338.99	1,042.19	716.07	152,263.61	1,943.92
Amounts written off during the year	-	-	-	-	(4,135.75)	(4,135.75)	(4,135.75)	(4,135.75)
As at 31 March 2024	241,531.22	1,927.56	3,720.93	1,122.25	2,600.38	1,468.29	247,852.53	4,518.10

9 Loans (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2023							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2022	141,969.01	1,246.44	3,256.94	951.24	2,987.14	1,739.16	148,213.09	3,936.84
Transfers during the year								
transfers to stage 1	544.38	109.38	(409.93)	(59.97)	(134.45)	(49.41)	-	-
transfers to stage 2	(1,772.24)	(31.12)	1,821.53	50.35	(49.29)	(19.23)	-	-
transfers to stage 3	(2,706.55)	(43.82)	(1,401.97)	(401.09)	4,108.52	444.91	-	-
	(3,934.41)	34.44	9.63	(410.71)	3,924.78	376.27	-	-
Impact of changes in credit risk on account of stage movements	-	(99.27)	-	518.48	-	3,736.11	-	4,155.32
Changes in opening credit exposures (repayments net of additional disbursements)	(69,036.62)	(129.54)	(1,173.38)	(408.15)	(2,044.01)	(1,600.83)	(72,254.01)	(2,138.52)
New credit exposures during the year, net of repayments	109,091.50	544.98	579.80	204.06	634.17	464.75	110,305.47	1,213.79
Amounts written off during the year	-	-	-	-	(3,326.59)	(3,326.59)	(3,326.59)	(3,326.59)
As at 31 March 2023	178,089.48	1,597.05	2,672.99	854.92	2,175.49	1,388.87	182,937.96	3,840.84

Details of impairment of financial instruments disclosed in the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March	
	2024	2023
(i) Net impairment loss allowance charge/(release) for the year	677.26	(96.00)
(ii) Amounts written off during the year	4,135.75	3,326.59
Impairment on loans	4,813.01	3,230.59
Less : Claimable/credit cover amount under Government guarantee schemes and other arrangements	307.15	200.74
Add: Impairment on other assets	66.33	36.61
Impairment on financial instruments	4,572.19	3,066.46

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

10 Investments

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
(A) At amortised cost		
In pass through certificates (PTC) representing securitisation of loan receivables	356.89	129.11
	356.89	129.11
Less: Impairment loss allowance	1.43	0.52
Total (A)	355.46	128.59
(B) At fair value through other comprehensive income		
(i) In Government securities	21,939.26	14,166.57
Add: Fair value gain/(losses)	11.28	(27.49)
Sub-total (i)	21,950.54	14,139.08
Includes ₹ 4,554.99 crore (Previous year ₹ 4,201.15 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Company towards maintenance of liquid assets as prescribed by RBI Act, 1934 and ₹ 16,786.58 crore (Previous year ₹ 9,348.47 crore) pledged in favour of Credit Corporation of India Ltd. for triparty repo dealing and settlement (TREPs).		
(ii) In equity instruments		
Equity shares (Quoted)	150.00	150.00
Add: Fair value gain/(losses)	(47.11)	(89.60)
	102.89	60.40
Equity shares (Unquoted)	299.58	299.58
Add: Fair value gain/(losses)	76.96	0.10
	376.54	299.68
Compulsorily convertible term loan	280.47	280.47
Add: Fair value gain/(losses)	42.21	9.94
	322.68	290.41
Sub-total (ii)	802.11	650.49
(iii) In certificate of deposits	1,450.71	565.10
Add: Fair value gain/(losses)	2.53	1.16
Sub-total (iii)	1,453.24	566.26
(iv) In commercial papers	247.13	596.19
Add: Fair value gain/(losses)	0.13	1.04
Sub-total (iv)	247.26	597.23
(v) In non-convertible debentures	212.88	-
Add: Fair value gain/(losses)	(0.49)	-
Sub-total (v)	212.39	-
Total (B) = (i+ii+iii+iv+v)	24,665.54	15,953.06
(C) At fair value through profit or loss		
(i) In mutual funds**	2,514.31	4,356.00
Add: Fair value gains/(losses)	6.38	9.08
Sub-total (i)	2,520.69	4,365.08
**Mutual funds Include ₹ 5.19 crore (Previous year ₹ Nil) pledged in favour of National Securities Depository Limited (NDSL) as money margin.		
(ii) In Government securities	851.82	-
Add: Fair value gains/(losses)	1.26	-
Sub-total (ii)	853.08	-
Total (C) = (i+ii)	3,373.77	4,365.08
(D) At cost		
Investment in subsidiaries*		
Bajaj Housing Finance Ltd.	7,528.00	7,528.00
Bajaj Financial Securities Ltd.	870.38	670.38
Investment in associate*		
Snapwork Technologies Pvt. Ltd.	92.74	92.74
Pennant Technologies Pvt. Ltd.	267.47	-
Total (D)	8,758.59	8,291.12
Total (A+B+C+D)	37,153.36	28,737.85

10 Investments (Contd.)

(₹ in crore)

Particulars	As at 31 March 2024	2023
Out of above		
In India	37,153.36	28,737.85
Outside India	-	-
	37,153.36	28,737.85

- Impairment loss allowance recognised on investments is ₹ Nil (previous year ₹ Nil) except where specified.

*Details of Investment in subsidiaries and associates is as below:

Name of the entity	Relationship	Principal place of business	Principal activities	Proportion of the ownership interest As at 31 March 2024	2023
Bajaj Housing Finance Ltd.	Subsidiary	Pune	Mortgage lending	100.00%	100.00%
Bajaj Financial Securities Ltd.	Subsidiary	Pune	Broking and depository	100.00%	100.00%
Snapwork Technologies Pvt. Ltd.	Associate	Mumbai	Software development and allied products	41.50%	41.50%
Pennant Technologies Pvt. Ltd.	Associate	Hyderabad	Software development and allied products	26.53%	-

Reconciliation of impairment loss allowance on investments

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Impairment loss allowance as at beginning of the year	0.52	-
Net increase/(decrease) during the year	0.91	0.52
Impairment loss allowance as at the end of the year	1.43	0.52

11 Other financial assets

(₹ in crore)

Particulars	As at 31 March 2024	2023
Security deposits	115.34	84.97
Advances to dealers	275.43	252.42
Credit cover under Government guarantee schemes	321.93	190.69
Receivable from debt management agencies	160.32	94.77
Receivable from online payment aggregators and gateways	43.39	6.67
Receivable from assignment servicing partners	51.19	48.22
Others	47.25	39.58
	1,014.85	717.32
Less : Impairment loss allowance	2.77	2.11
	1,012.08	715.21

Reconciliation of impairment loss allowance on other financial assets

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Impairment loss allowance as at beginning of the year	2.11	-
Net increase/(decrease) during the year	0.66	2.11
Impairment loss allowance as at the end of the year	2.77	2.11

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

12 Income taxes

(A) Current tax

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

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Profit before tax	17,053.08	13,881.51
At corporate tax rate of 25.17% (Previous year 25.17%)	4,292.26	3,493.98
Tax on expenditure not considered for tax provision (net of allowance)	121.80	102.61
Reversal of deferred tax on opening special reserve u/s 36(1)(viii)	(2.33)	-
Tax benefit on additional deductions	(2.76)	(4.82)
Tax expense (effective tax rate of 25.854%, Previous year 25.874%)	4,408.97	3,591.77

(B) Deferred tax assets (net)

Movement in Deferred tax asset/(liability)

For the financial year 2023-24

(₹ in crore)

Particulars	Balance as at 31 March 2023	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2024
(a) Deferred tax asset				
Remeasurements of employee benefits	65.04	20.05	15.01	100.10
Expected credit loss	869.86	-	-	869.86
EIR impact on financial instruments measured at amortised cost	1.45	(0.74)	-	0.71
Cash flow hedge reserve	-	-	3.00	3.00
Fair value on equity instruments designated under FVOCI	7.96	-	(7.96)	-
Right of use assets and lease liability (net)	12.56	5.62	-	18.18
Fair value on debt instruments designated under FVOCI	6.37	-	(6.37)	-
Other temporary differences	1.74	5.24	-	6.98
Gross deferred tax assets (a)	964.98	30.17	3.68	998.83
(b) Deferred tax liabilities				
Property, plant and equipment and intangible assets	(12.81)	(17.00)	-	(29.81)
Service asset	(19.89)	4.66	-	(15.23)
Fair value on debt instruments at FVTPL	(2.21)	0.37	-	(1.84)
Fair value on equity instruments designated under FVOCI	-	-	(21.86)	(21.86)
Fair value on debt instruments designated under FVOCI	-	-	(3.38)	(3.38)
Cash flow hedge reserve	(2.24)	-	2.24	-
Other temporary differences	(8.83)	8.83	-	-
Gross deferred tax liabilities (b)	(45.98)	(3.14)	(23.00)	(72.12)
Deferred tax assets/(liabilities), net (a+b)	919.00	27.03	(19.32)	926.71

12 Income taxes (Contd.)

Movement in Deferred tax asset/(liability)

For the financial year 2022-23

(₹ in crore)

Particulars		Balance as at 31 March 2022	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2023
(a)	Deferred tax asset				
	Property, plant and equipment and intangible assets	3.29	(3.29)	-	-
	Remeasurements of employee benefits	41.83	14.83	8.38	65.04
	Expected credit loss	869.21	0.65	-	869.86
	EIR impact on financial instruments measured at amortised cost	2.45	(1.00)	-	1.45
	Cash flow hedge reserve	3.34	-	(3.34)	-
	Fair value on equity instruments designated under FVOCI	4.23	-	3.73	7.96
	Right of use assets and lease liability (net)	9.44	3.12	-	12.56
	Fair value on debt instruments designated under FVOCI	3.53	-	2.84	6.37
	Other temporary differences	1.74	-	-	1.74
Gross deferred tax assets (a)		939.06	14.31	11.61	964.98
(b)	Deferred tax liabilities				
	Property, plant and equipment and intangible assets	-	(12.81)	-	(12.81)
	Service asset	(25.68)	5.79	-	(19.89)
	Fair value on debt instruments at FVTPL	-	(2.21)	-	(2.21)
	Cash flow hedge reserve	-	-	(2.24)	(2.24)
	Other temporary differences	(4.98)	(3.85)	-	(8.83)
Gross deferred tax liabilities (b)		(30.66)	(13.08)	(2.24)	(45.98)
Deferred tax assets/(liabilities), net (a+b)		908.40	1.23	9.37	919.00

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

13 (A) Property, plant and equipment and intangible assets

For the financial year 2023-24

(₹ in crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2023	Additions	Deductions/ Adjustments	As at 31 March 2024	As at 1 April 2023	Deductions/ Adjustments	For the year	As at 31 March 2024	As at 31 March 2024
Property, plant and equipment (a)									
Freehold land (b) (e)	271.91	5.42	4.02	273.31	-	-	-	-	273.31
Buildings (c) (e)	259.22	2.16	-	261.38	69.09	-	3.67	72.76	188.62
Computers and data processing units	394.14	184.11	60.51	517.74	179.66	43.77	91.53	227.42	290.32
Office equipment	248.44	83.58	11.59	320.43	166.06	11.36	43.15	197.85	122.58
Furniture and fixtures	215.02	79.69	9.71	285.00	93.60	8.08	37.72	123.24	161.76
Vehicles	218.11	150.76	29.91	338.96	49.51	13.92	52.89	88.48	250.48
Leasehold improvements	230.76	63.97	3.00	291.73	196.30	2.99	21.73	215.04	76.69
Sub-total (i)	1,837.60	569.69	118.74	2,288.55	754.22	80.12	250.69	924.79	1,363.76
Right-of-use (f)									
Right-of-use - Premises (e)	711.30	568.95	82.81	1,197.44	263.89	72.12	174.98	366.75	830.69
Right-of-use - Server	35.51	1.97	-	37.48	14.34	-	5.13	19.47	18.01
Sub-total (ii)	746.81	570.92	82.81	1,234.92	278.23	72.12	180.11	386.22	848.70
Sub-total (iii=i+ii)	**2,584.41**	**1,140.61**	**201.55**	**3,523.47**	**1,032.45**	**152.24**	**430.80**	**1,311.01**	**2,212.46**
Intangible assets (d)									
Computer softwares	649.16	230.28	38.32	841.12	298.97	28.99	125.77	395.75	445.37
Internally generated software	288.41	231.54	2.06	517.89	43.65	0.42	72.56	115.79	402.10
Sub-total (iv)	**937.57**	**461.82**	**40.38**	**1,359.01**	**342.62**	**29.41**	**198.33**	**511.54**	**847.47**
Total (v=iii+iv)	**3,521.98**	**1,602.43**	**241.93**	**4,882.48**	**1,375.07**	**181.65**	**629.13**	**1,822.55**	**3,059.93**

For the financial year 2022-23

(₹ in crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2022	Additions	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	Deductions/ Adjustments	For the year	As at 31 March 2023	As at 31 March 2023
Property, plant and equipment (a)									
Freehold land (b) (e)	196.59	75.32	-	271.91	-	-	-	-	271.91
Buildings (c) (e)	245.81	13.41	-	259.22	65.54	-	3.55	69.09	190.13
Computers and data processing units	290.59	151.81	48.26	394.14	153.40	37.43	63.69	179.66	214.48
Office equipment	206.00	47.03	4.59	248.44	136.56	4.52	34.02	166.06	82.38
Furniture and fixtures	187.29	36.27	8.54	215.02	81.31	6.11	18.40	93.60	121.42
Vehicles	126.96	105.16	14.01	218.11	35.41	7.62	21.72	49.51	168.60
Leasehold improvements	212.75	22.44	4.43	230.76	173.25	4.37	27.42	196.30	34.46
Sub-total (i)	1,465.99	451.44	79.83	1,837.60	645.47	60.05	168.80	754.22	1,083.38
Right-of-use (f)									
Right-of-use - Premises (e)	530.24	240.76	59.70	711.30	181.53	53.22	135.58	263.89	447.41
Right-of-use - Server	30.15	5.54	0.18	35.51	9.61	0.18	4.91	14.34	21.17
Sub-total (ii)	560.39	246.30	59.88	746.81	191.14	53.40	140.49	278.23	468.58
Sub-total (iii=i+ii)	**2,026.38**	**697.74**	**139.71**	**2,584.41**	**836.61**	**113.45**	**309.29**	**1,032.45**	**1,551.96**
Intangible assets (d)									
Computer softwares	498.22	186.25	35.31	649.16	225.00	25.62	99.59	298.97	350.19
Internally generated software	144.21	144.20	-	288.41	8.76	-	34.89	43.65	244.76
Sub-total (iv)	**642.43**	**330.45**	**35.31**	**937.57**	**233.76**	**25.62**	**134.48**	**342.62**	**594.95**
Total (v=iii+iv)	**2,668.81**	**1,028.19**	**175.02**	**3,521.98**	**1,070.37**	**139.07**	**443.77**	**1,375.07**	**2,146.91**

(a) See note no. 3.6
(b) Represents share in undivided portion of land on purchase/construction of office premises.
(c) Includes cost of shares in co-operative society of ₹ 500 (Previous year ₹ 500).
(d) See note no. 3.7
(e) Title deeds of all immovable properties and lease agreements for all the leased premises are held in the name of the Company.
(f) See note no. 3.9

13 (A) Property, plant and equipment and intangible assets (Contd.)

Depreciation and amortisation

Depreciation and amortisation is provided using straight-line method over the useful life of assets assuming no residual value at the end of useful life of the asset. Depreciation and amortisation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

Nature of assets	Useful life adopted by the Company
Building	60 years
Computers and data processing units	
End user machines	4 years*
Servers and networks	6 years
Office equipment	
Soundbox device	2 years*
Point of sale machine	4 years*
Other office equipment's	5 years
Furniture and fixtures	
Chairs and glow sign board	4 years*
All other furniture and fixtures	10 years
Vehicles	6 years*
Leasehold improvements	Lease tenure or 5 years, whichever is less
Intangible assets including those internally generated	5 years

* Evaluated useful lives is different from Schedule II of Companies Act, 2013.

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

13 (B) Capital work-in-progress and intangible assets under development

The Company discloses property, plant and equipment that are not ready for use as Capital work-in-progress. These are carried at cost, comprising direct cost and related incidental expenses. Intangible assets not ready for their intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

Capital work-in-progress

(₹ in crore)

	For the year ended 31 March	
Particulars	2024	2023
Opening balance	14.60	13.27
Additions	22.35	1.33
Deductions/Adjustments	11.60	-
Closing balance	25.35	14.60

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

13 (B) Capital work-in-progress and intangible assets under development (Contd.)

Aging for capital work-in-progress

(₹ in crore)

		Amount for a period of				
Particulars	As at	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 March 2024	10.75	1.33	6.20	7.07	25.35
Projects in progress	31 March 2023	1.33	6.20	7.07	-	14.60

Intangible assets under development

(₹ in crore)

	For the year ended 31 March	
Particulars	2024	2023
Opening balance	64.93	19.41
Additions	414.13	395.39
Deductions/Adjustments	461.82	349.87
Closing balance	17.24	64.93

Aging for Intangible assets under development

(₹ in crore)

		Amount for a period of				
Particulars	As at	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 March 2024	17.24	-	-	-	17.24
Projects in progress	31 March 2023	64.93	-	-	-	64.93

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

14 Other non-financial assets

(₹ in crore)

	As at 31 March	
Particulars	2024	2023
Capital advances	23.82	36.01
Deposits against appeals	38.95	40.11
Advances to suppliers and others	75.06	40.51
	137.83	116.63

-Impairment loss allowance recognised on other non-financial assets is ₹ Nil (Previous year ₹ Nil).

15 Payables

(₹ in crore)

Particulars		As at 31 March 2024	2023
(I)	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises (MSME)#	0.42	1.77
	Total outstanding dues of creditors other than micro enterprises and small enterprises	1,000.97	951.41
		1,001.39	953.18
(II)	**Other payables**		
	Total outstanding dues of micro enterprises and small enterprises#	-	0.65
	Total outstanding dues of creditors other than micro enterprises and small enterprises	670.56	558.45
		670.56	559.10

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

(₹ in crore)

Particulars	As at 31 March 2024	2023
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.42	2.42
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	46.01	43.90
Interest paid to suppliers under MSMED Act (Section 16)	0.57	0.75
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (since paid)	-	-

Trade payables aging

(₹ in crore)

Particulars	Not due	Unbilled	Outstanding from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024							
(i) MSME	0.42	-	-	-	-	-	0.42
(ii) Others	97.24	722.99	180.73	0.01	-	-	1,000.97
	97.66	722.99	180.73	0.01	-	-	1,001.39
As at 31 March 2023							
(i) MSME	1.17	-	0.60	-	-	-	1.77
(ii) Others	38.03	853.85	59.02	0.39	0.12	-	951.41
	39.20	853.85	59.62	0.39	0.12	-	953.18

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

16 Debt securities

(₹ in crore)

Particulars	As at 31 March 2024	2023
(A) At amortised cost		
Redeemable non-convertible debenture		
Secured and fully paid*	62,170.34	48,811.87
Unsecured and fully paid	6,258.92	6,262.16
Unsecured and partly paid	745.72	372.79
	69,174.98	55,446.82
Commercial papers - unsecured	18,421.11	10,223.03
	87,596.09	65,669.85
(B) Out of above		
In India	87,596.09	65,669.85
Outside India	-	-
	87,596.09	65,669.85

*All the secured non-convertible debentures (NCD) of the Company including those issued during the year ended 31 March 2024 are fully secured by hypothecation of book debts/loan receivables to the extent as stated in the respective information memorandum. Additionally, the Company had mortgaged one of its offices in Chennai on pari passu charge against specific secured NCDs issued till November 2020. The Company has, at all times, for the secured NCDs, maintained sufficient asset cover as stated in the respective information memorandum towards the principal amount, interest accrued thereon, and such other sums as mentioned therein.

(C) Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2024

(₹ in crore)

	Residual maturity of loan				
Original maturity of loan	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Up to 2 years	750.00	300.00	-	-	1,050.00
Over 2 to 3 years	4,350.00	4,997.00	1,200.00	-	10,547.00
Over 3 to 4 years	2,350.00	5,100.00	425.00	395.00	8,270.00
Over 4 years	4,225.00	2,302.00	57.50	39,370.90	45,955.40
Redeemable at premium					
Over 3 to 4 years	-	906.00	-	-	906.00
Interest accrued	2,338.19	134.59	-	-	2,472.78
Impact of EIR (including premium and discount on NCD)					(26.20)
					69,174.98

-Interest rate ranges from 5.49% to 9.36% p.a as at 31 March 2024

-Amount to be called and paid is ₹ 350 crore each in May 2024, May 2025 and June 2026

16 Debt securities (Contd.)

Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2023

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Up to 2 years	6,165.00	750.00	-	-	6,915.00
Over 2 to 3 years	2,325.00	4,350.00	1,510.00	-	8,185.00
Over 3 to 4 years	270.00	2,350.00	5,100.00	-	7,720.00
Over 4 years	1,981.00	4,225.00	2,302.00	20,262.50	28,770.50
Redeemable at premium					
Over 2 to 3 years	950.00	-	-	-	950.00
Over 3 to 4 years	75.00	-	906.00	-	981.00
Interest accrued	1799.02	-	65.02	-	1,864.04
Impact of EIR (including premium and discount on NCD)					61.28
					55,446.82

-Interest rate ranges from 4.90% to 9.36% p.a as at 31 March 2023

-Amount to be called and paid is ₹ 350 crore each in June 2023, May 2024, May 2025 and June 2026

(D) Terms of repayment of commercial papers

(₹ in crore)

Particulars	As at 31 March 2024	2023
Redeemable at par with original maturity up to 1 year		
- Due within 1 year	18,425.24	10,225.22
Impact of EIR	(4.13)	(2.19)
	18,421.11	10,223.03

-Interest rate ranges from 7.58% to 8.40% p.a as at 31 March 2024 (Previous year 5.30% to 8.00% p.a)

-As at 31 March 2024, face value of commercial paper is ₹ 18,790 crore (Previous year ₹ 10,445 crore)

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

17 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at 31 March 2024	2023
(A) In India		
At amortised cost:		
Term loans from banks	44,715.52	36,230.84
Cash credit/Overdraft facility	544.62	304.57
Working capital demand loans	2,200.45	1,752.48
Triparty repo dealing and settlement (TREPs) against Government securities	15,758.96	8,145.36
	63,219.55	46,433.25
Outside India		
External commercial borrowing*	6,018.45	1,461.45
	6,018.45	1,461.45
(B) Out of above		
Secured (Against hypothecation of loans, book debts and other receivables)	68,737.89	47,394.65
Unsecured	500.11	500.05
	69,238.00	47,894.70

*External commercial borrowing is denominated in foreign currency and secured against book debts.

- The Company has not been declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

(C) Terms of repayment of term loans from bank as at 31 March 2024

	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years			
Original maturity of loan	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore
Quarterly										
Up to 3 years	-	-	2	225.00	2	225.00	-	-	4	450.00
Over 3 to 4 years	40	1,815.00	28	1,125.00	20	846.88	6	281.25	94	4,068.13
Over 4 years	16	470.00	9	185.00	7	109.38	-	-	32	764.38
Half yearly										
Up to 3 years	2	200.00	1	100.00	4	500.00	-	-	7	800.00
Over 3 to 4 years	13	1,008.32	14	1,133.32	14	1,133.36	3	212.50	44	3,487.50
Over 4 years	53	3,800.32	66	5,655.67	71	7,163.97	69	8,402.57	259	25,022.53
Yearly										
Over 3 to 4 years	3	425.00	-	-	-	-	-	-	3	425.00
Over 4 years	8	829.58	6	808.33	6	808.33	7	1,124.90	27	3,571.14
On maturity (Bullet)										
Up to 3 years	4	870.00	4	2,300.00	2	550.00	-	-	10	3,720.00
Over 3 to 4 years	2	1,900.00	1	499.74	-	-	-	-	3	2,399.74
Interest accrued	-	7.96	-	-	-	-	-	-		7.96
Impact of EIR										(0.86)
										44,715.52

-Interest rate ranges from 6.00% to 9.20% p.a as at 31 March 2024.

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

Terms of repayment of term loans from bank as at 31 March 2023

	Residual maturity of loan									
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due in more than 3 years		Total	
Original maturity of loan	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore
Quarterly										
Up to 3 years	10	1,090.91	-	-	-	-	-	-	10	1,090.91
Over 3 to 4 years	25	940.00	28	1,240.00	16	550.00	8	271.88	77	3,001.88
Over 4 years	29	1,640.17	16	470.00	9	185.00	7	109.38	61	2,404.55
Half yearly										
Up to 3 years	2	200.00	2	200.00	1	100.00	-	-	5	500.00
Over 3 to 4 years	6	375.00	8	708.32	8	708.32	8	708.36	30	2,500.00
Over 4 years	31	2,088.56	37	2,730.10	42	3,855.10	63	7,137.33	173	15,811.09
Yearly										
Over 3 to 4 years	4	486.25	3	425.00	-	-	-	-	7	911.25
Over 4 years	9	921.25	7	704.58	5	683.33	11	1,683.34	32	3,992.50
On maturity (Bullet)										
Up to 3 years	3	1,250.00	4	870.00	2	1,500.00	-	-	9	3,620.00
Over 3 to 4 years	-	-	2	1,900.00	1	499.74	-	-	3	2,399.74
Interest accrued	-	2.97	-	-	-	-	-	-		2.97
Impact of EIR										(4.05)
										36,230.84

-Interest rate ranges from 5.65% to 8.96% p.a as at 31 March 2023.

(D) Terms of repayment of working capital demand loans from bank

	As at 31 March 2024		As at 31 March 2023	
Particulars	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
On maturity (Bullet)				
Up to 1 year	6	2,200.00	6	1,752.34
Interest accrued		0.45		0.14
	6	2,200.45	6	1,752.48

-Interest rate ranges from 7.10% to 8.75% p.a as at 31 March 2024 (Previous year 7.00% to 8.35% p.a).

(E) Terms of repayment of TREPs

	As at 31 March 2024		As at 31 March 2023	
Particulars	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
On maturity (Bullet)				
Up to 1 year	35	15,758.96	20	8,145.36
	35	15,758.96	20	8,145.36

-Interest rate ranges from 6.26% to 7.25% p.a as at 31 March 2024 (Previous year 6.76% to 6.99% p.a).

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

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

(F) Terms of repayment of external commercial borrowing

	As at 31 March 2024		As at 31 March 2023	
Original maturity of loan	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
Due within 1 year				
Original maturity over 2 to 3 years	-	-	1	822.17
Original maturity over 3 years	-	-	1	616.63
Due in 2 to 3 year				
Original maturity over 2 to 3 years	5	3,543.39	-	-
Original maturity over 3 years	4	2,501.22	-	-
Interest accrued		10.01		24.14
Impact of EIR		(36.17)		(1.49)
	9	6,018.45	2	1,461.45

-Contracted interest rate ranges from 5.96% to 6.61% p.a as at 31 March 2024 (Previous year 5.33% to 5.76% p.a).

-Interest rate ranges from 7.40% to 8.11% p.a under Cross currency interest rate swap (CCIRS) as at 31 March 2024 (Previous year 5.85% to 6.70% p.a).

18 Deposits (Unsecured)

(A) At amortised cost

(₹ in crore)

	As at 31 March	
Particulars	**2024**	**2023**
Public deposits*	38,012.62	28,303.10
From others	21,954.04	16,186.69
	59,966.66	44,489.79

*As defined in chapter II, para 3 (xiii) of Master directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 as issued by RBI.

(B) Terms of repayment of deposits as at 31 March 2024

(₹ in crore)

	Residual maturity of deposits				
Original maturity of deposits	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	11,634.35	-	-	-	11,634.35
Over 1 to 2 years	8,847.05	3,409.77	-	-	12,256.82
Over 2 to 3 years	4,578.31	4,635.63	2,548.35	-	11,762.29
Over 3 years	1,350.99	2,781.44	9,265.73	8,865.68	22,263.84
Interest accrued	1,262.24	451.67	378.50	141.75	2,234.16
Impact of EIR					(184.80)
					59,966.66

18 Deposits (Unsecured) (Contd.)

Terms of repayment of deposits as at 31 March 2023

(₹ in crore)

Original maturity of deposits	Residual maturity of deposits: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	11,137.16	-	-	-	11,137.16
Over 1 to 2 years	5,453.75	3,237.35	-	-	8,691.10
Over 2 to 3 years	2,886.33	4,872.30	4,513.03	-	12,271.66
Over 3 years	846.82	1,381.17	2,982.35	5,855.16	11,065.50
Interest accrued	833.50	382.66	171.95	82.59	1,470.70
Impact of EIR					(146.33)
					44,489.79

19 Subordinated liabilities (Unsecured)

(₹ in crore)

Particulars	As at 31 March 2024	2023
(A) In India		
At amortised cost		
Privately placed subordinated (Tier II) redeemable non-convertible debentures	3,577.90	3,630.29
	3,577.90	3,630.29
(B) Outside India	-	-

(C) Terms of repayment of subordinated liabilities as at 31 March 2024

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	452.50	290.00	2,060.00	600.00	3,402.50
Interest accrued	183.48	-	-	-	183.48
Impact of EIR					(8.08)
					3,577.90

-Interest rate ranges from 8.05% to 10.15% p.a as at 31 March 2024.

Terms of repayment of subordinated liabilities as at 31 March 2023

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	50.00	452.50	290.00	2,660.00	3,452.50
Interest accrued	188.08	-	-	-	188.08
Impact of EIR					(10.29)
					3,630.29

-Interest rate ranges from 8.05% to 10.15% p.a as at 31 March 2023.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

20 Other financial liabilities

(₹ in crore)

Particulars	As at 31 March 2024	2023
Unclaimed dividends*	3.07	2.25
Book overdraft	98.00	-
Security deposits	175.13	168.07
Unclaimed matured deposits*	0.44	0.84
Lease liability+	920.93	518.48
Payable to assignment partners	15.46	11.54
Outstanding liability for prepaid instrument	59.38	49.43
Unspent CSR liability	6.19	35.27
Others	343.01	335.64
	1,621.61	1,121.52

*There are no undisputed amounts which were due and unpaid to Investor Education and Protection Fund as at the close of the year.

+Disclosures as required by Ind AS 116 - 'Leases' are stated below

The Company as a lessee follows Ind AS 116 'Leases' for accounting of various office premises and servers taken on lease. The leases considered for application of Ind AS 116 have lease period ranging from 24 to 180 months. The discount rate ranges from 5.5% to 9.15% p.a.

(A) Lease liability movement

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Opening balance	518.48	406.76
Add : Addition during the year	570.91	246.30
Interest on lease liability	59.00	38.53
Less : Deletion during the year	13.01	7.67
Lease rental payments	214.45	165.44
Balance at the end of the year	920.93	518.48

(B) Future lease cash outflow for all leased assets

(₹ in crore)

Particulars	As at 31 March 2024	2023
Not later than one year	239.42	159.58
Later than one year but not later than five years	685.52	395.21
Later than five years	224.91	62.09
	1,149.85	616.88

20 Other financial liabilities (Contd.)

(C) Maturity analysis of carrying value of lease liability

(₹ in crore)

Particulars	As at 31 March 2024	2023
Within 12 months	175.30	125.78
After 12 months	745.63	392.70

(D) Amount recognised in Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Interest on lease liabilities	59.00	38.53
Depreciation charge for the year	180.11	140.49
Expense related to short term leases	5.82	2.26
(Gain)/loss on pre-mature lease closure	(2.32)	(1.19)
	242.61	180.09

21 Provisions

(₹ in crore)

Particulars	As at 31 March 2024	2023
Provision for employee benefits		
Gratuity	284.06	183.14
Compensated absences*	29.34	27.24
Other long term service benefits	71.83	44.08
	385.23	254.46

*Includes amount payable for encashable leaves not permitted to be carried forward of ₹ 17.94 crore (Previous year ₹ 13.52 crore).

22 Other non-financial liabilities

(₹ in crore)

Particulars	As at 31 March 2024	2023
Statutory dues	439.23	299.40
Others	23.69	36.57
	462.92	335.97

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

23 Equity share capital

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Authorised		
750,000,000 (750,000,000) equity shares of ₹ 2 each	150.00	150.00
Issued		
618,996,320 (605,429,233) equity shares of ₹ 2 each	123.80	121.09
Subscribed and paid up		
618,996,320 (605,429,233) equity shares of ₹ 2 each fully called up and paid up	123.80	121.09
Less: 988,329 (1,008,401) equity shares of ₹ 2 each held in a Trust for employees under ESOP Scheme [See footnote (f) below]	0.20	0.20
	123.60	120.89

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	Nos.	₹ in crore
As at 1 April 2022	605,429,233	121.09
Add: Issued during the year to Trust for employees pursuant to ESOP scheme	-	-
	605,429,233	121.09
Less: Equity shares held in Trust for employees under ESOP scheme	1,008,401	0.20
As at 31 March 2023	604,420,832	120.89
As at 1 April 2023	605,429,233	121.09
Add: Issued during the year to Trust for employees pursuant to ESOP scheme*	1,462,548	0.29
Add: Issued during the year to eligible Qualified Institutional Buyers#	12,104,539	2.42
	618,996,320	123.80
Less: Equity shares held in Trust for employees under ESOP scheme	988,329	0.20
As at 31 March 2024	618,007,991	123.60

*The Allotment Committee alloted 489,305 equity shares and 973,243 equity shares on 2 June 2023 and 1 March 2024, respectively, having face value of ₹ 2 each at applicable grant price to the BFL Employee Welfare Trust under Employee Stock Option Scheme, 2009.

#On 9 November 2023, the Company through Qualified Institutions Placement (QIP) allotted 12,104,539 equity shares to eligible Qualified Institutional Buyers (QIBs) at a price of ₹ 7,270 per equity share of ₹ 2 face value (inclusive of premium of ₹ 7,268 per share) aggregating to approximately ₹ 8,800 crore. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Funds raised by way of QIP have been utilised for the purpose mentioned in the objects of the issue in the offer document.

(b) Terms/rights/restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended 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) Shares held by Holding Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Nos.	₹ in crore	Nos.	₹ in crore
Bajaj Finserv Ltd.*	317,816,130	63.56	317,816,130	63.56

* An associate of Bajaj Holdings and Investments Ltd.

23 Equity share capital Contd.)

(d) Details of shareholders holding more than 5% shares in the Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Nos.	% Holding	Nos.	% Holding
Bajaj Finserv Ltd. *	317,816,130	51.34%	317,816,130	52.49%

* An associate of Bajaj Holdings and Investments Ltd.

(e) Shareholding pattern of Promoters (Face value ₹ 2 per share)

Particulars	As at 31 March 2024		As at 31 March 2023		% Changes during the year	% Changes during the previous year
	Nos.	% Holding	Nos.	% Holding		
Names of Promoter and Promoter group						
Promoter:						
Bajaj Finserv Ltd.	317,816,130	51.34%	317,816,130	52.49%	0.00%	0.00%
Promoter Group :						
Aryaman Kejriwal*	2,000	0.00%	-	0.00%	Nil	Nil
Bachhraj Factories Private Limited	72,000	0.01%	72,000	0.01%	0.00%	0.00%
Bajaj Allianz Life Insurance Company Ltd.	247,000	0.04%	247,000	0.04%	0.00%	0.00%
Bajaj Sevashram Private Ltd.	308,500	0.05%	308,500	0.05%	0.00%	8.25%
Baroda Industries Private Ltd.	117,600	0.02%	117,600	0.02%	0.00%	0.00%
Estate of Rahulkumar Bajaj	-	0.00%	10,000	0.00%	(100.00%)	0.00%
Jamnalal Sons Private Ltd.	127,640	0.02%	127,640	0.02%	0.00%	0.00%
Kumud Bajaj	2,000	0.00%	2,000	0.00%	0.00%	0.00%
Kumud Bajaj (A/c Madhur Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Kumud Bajaj (A/c Madhur Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Madhur Bajaj	2,000	0.00%	2,000	0.00%	0.00%	0.00%
Madhur Bajaj (A/c Kumud Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Madhur Bajaj (A/c Kumud Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Maharashtra Scooters Ltd.	18,974,660	3.07%	18,974,660	3.13%	0.00%	0.00%
Neelima Bajaj Family Trust (Kumud Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Nimisha Bajaj Family Trust (Madhur Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Nirvaan Kejriwal*	2,000	0.00%	-	0.00%	Nil	Nil
Rajivnayan Bajaj	1,000	0.00%	1,000	0.00%	0.00%	0.00%
Rishabnayan Bajaj*	2,000	0.00%	-	0.00%	Nil	Nil
Sanjali Bajaj	65,104	0.01%	63,104	0.01%	3.17%	0.00%
Sanjivnayan Bajaj	467,688	0.08%	467,688	0.08%	0.00%	0.00%
Shefali Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Siddhantnayan Bajaj	65,104	0.01%	63,104	0.01%	3.17%	0.00%
Suman Jain	7,015	0.00%	7,093	0.00%	(1.10%)	(0.37%)

*Where shares have been issued for the first time during the reporting period, such percentage change have been computed from date of such issuance

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

23 Equity share capital Contd.)

(f) Shares reserved for issue under employee stock option plan

Particulars		No. of Stock options/Equity shares as at 31 March 2024	31 March 2023
a.	Number of equity shares approved/reserved for issue under Employee Stock Option Plan, 2009 to employees of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital)	35,071,160	35,071,160
b.	Options granted under the scheme	31,503,611	29,940,214
c.	Options cancelled and added back to pool for future grants	4,083,318	4,012,171
d.	Options granted net of cancellation under the scheme (d = b-c)	27,420,293	25,928,043
e.	Balance available under the scheme for future grants (e=a-d)	7,650,867	9,143,117
f.	Equity shares allotted to BFL Employee Welfare Trust	22,917,522	21,454,974
g.	Stock options exercised	21,929,193	20,446,573
h.	Balance stock options available with BFL Employee Welfare Trust (h = f-g)	988,329	1,008,401

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the Trust at the close of the year have been reduced against the share capital as if the Trust is administered by the Company itself. The securities premium related to the unexercised equity shares held by the Trust at the close of the year aggregating to ₹ 307.06 crore (As at 31 March 2023 ₹ 125.94 crore) has also been reduced from securities premium account and adjusted against the loan outstanding from the Trust.

Dividends declared by the Company do not accrete to the shares held by the ESOP Trust towards unexercised options. Accordingly, any dividend received by the ESOP Trust is remitted back to the Company and adjusted against the source from which dividend has been paid.

24 Other equity

(₹ in crore)

Particulars		Nature and purpose	As at 31 March 2024	2023
(i)	Securities premium	Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.	26,582.14	17,441.11
(ii)	Retained earnings	Retained earnings represents the surplus in Profit and Loss Account after appropriations made to/from retained earnings.	33,359.19	25,060.48
(iii)	Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	Every year the Company transfers sum of not less than twenty percent of net profit of that year to this statutory reserve fund created pursuant to Section 45 IC(1) of the Reserve Bank of India Act, 1934. No appropriation of any sum from the reserve fund is permitted except for the purpose as may be specified by the Reserve Bank of India from time to time.	10,232.75	7,702.75
(iv)	General reserve	Amount set aside from retained profits as a reserve to be utilised for premissible general purpose as per Law.	790.02	788.93
(v)	Infrastructure reserve in terms of 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) the Income Tax Act 1961 on profits derived from the business of providing long term finance for development of infrastructure facility in India.	9.25	9.25

24 Other equity (Contd.)

(₹ in crore)

Particulars		Nature and purpose	As at 31 March 2024	As at 31 March 2023
(vi)	Share options outstanding account	Share options outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Company for employees of the Group.	711.50	555.46
(vii)	Remeasurement of defined benefit plans	The Company recognises change on account of remeasurement of the net defined benefit liability (asset), which comprises of (a) actuarial gains and losses; (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).	(146.51)	(101.88)
(viii)	Other comprehensive income			
	(a) On equity investments	The Company has opted to recognise changes in the fair value of certain investments in equity in other comprehensive income. These changes are accumulated in the FVOCI equity investments reserve. The Company transfers amounts from this reserve to retained earnings when the relevant equity investments are derecognised.	50.18	(71.62)
	(b) On debt investments	The Company 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 FVOCI debt investments reserve. The Company transfers amounts from this reserve to profit or loss when the debt instruments are derecognised. Any impairment loss on such instruments is reclassified immediately to the Statement of Profit and Loss.	10.07	(18.92)
	(c) On cash flow hedge reserve	It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.	(8.87)	6.68
(ix)	Money received against share warrants*	It represents application money received from subscriber of warrants, against which shares are yet to be alloted.	297.21	-
			71,886.93	51,372.24

*On 2 November 2023, Preferential Issue Allotment Committee duly constituted by the Board of Directors of the Company has approved the allotment of 1,550,000 warrants to the Bajaj Finserv Ltd., the promoter and holding company, at the issue price of ₹ 7,670 per warrant, of which an amount equivalent to 25% of the consideration was received at the time of subscription and allotment of warrants aggregating to ₹ 297.21 crore pursuant to the issue, in accordance with the relevant provisions of the SEBI ICDR Regulations. The remaining 75% of the consideration will be received at the time of conversion of warrants into equity shares, anytime within eighteen months from the date of allotment.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

25 Interest income

(₹ in crore)

Particulars	For the year ended 31 March 2024				For the year ended 31 March 2023			
	On financial assets measured at				On financial assets measured at			
	FVOCI	Amortised cost	FVTPL	Total	FVOCI	Amortised cost	FVTPL	Total
On loans	-	39,280.04	-	39,280.04	-	29,471.18	-	29,471.18
On investments	1,202.97	14.78	22.24	1,239.99	512.07	70.15	39.51	621.73
On deposits with bank	-	259.65	-	259.65	-	46.17	-	46.17
On others	-	3.08	-	3.08	-	2.76	-	2.76
	1,202.97	39,557.55	22.24	40,782.76	512.07	29,590.26	39.51	30,141.84

26 Fees and commission income

(₹ in crore)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Service and administration charges	1,735.18	1,449.90
Fees on value added services and products	632.62	595.84
Foreclosure income	417.42	307.59
Distribution income	2,222.19	1,853.87
	5,007.41	4,207.20

27 Net gain on fair value changes

(₹ in crore)

Particulars		For the year ended 31 March 2024	For the year ended 31 March 2023
(A)	**Net gain/(loss) on financial instruments at fair value through profit or loss**		
	On trading portfolio		
	Realised gain/(loss) on investments at FVTPL	140.95	221.92
	Unrealised gain/(loss) on investments at FVTPL	(1.48)	8.78
(B)	**Others**		
	Realised gain/(loss) on sale of FVOCI debt instruments	(0.62)	(22.85)
		138.85	207.85

28 Sale of services

(₹ in crore)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Service fees for management of assigned portfolio of loans	24.05	29.17
	24.05	29.17

29 Other operating income

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Recoveries against written off financial assets	838.32	1,094.58
Net realisation on sale of written off loans	0.59	-
Marketing, branding and allied services	100.30	-
Grant towards QR deployment operating expenditure*	7.14	-
Others	39.38	3.80
	985.73	1,098.38

*The Company has received Government grant relating to Payment Infrastructure Development Fund (PIDF) scheme of ₹ 7.14 crore in current year (Previous year ₹ Nil). The same is an income grant and is presented on a gross basis (i.e. without netting it from the related expenses) as permitted under Ind AS 20 'Accounting for Government grants and disclosure of Government assistance'. The Company does not have any unfulfilled conditions relating to the grant recognised.

30 Other income

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Dividend income (₹ 30,225, Previous year ₹ 31,125)		
Miscellaneous income	7.18	5.37
	7.18	5.37

31 Finance costs

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
On financial liabilities measured at amortised cost:		
On debt securities	5,722.74	4,002.15
On borrowings other than debt securities	3,707.36	2,284.47
On subordinated liabilities	302.60	316.83
On deposits	4,027.88	2,625.81
On lease liability	59.00	38.53
On others	8.90	10.01
Other interest expenses*	14.96	7.43
	13,843.44	9,285.23

*Includes net interest on net defined benefit liability of gratuity of ₹ 12.46 crore (Previous year ₹ 7.43 crore)

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

32 Fees and commission expense

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Commission and incentives	91.39	72.50
Recovery costs	1,624.54	1,686.82
Credit guarantee fees	189.06	104.72
Loan portfolio management service charges	54.09	70.34
	1,959.08	1,934.38

33 Impairment on financial instruments

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
On loans	4,505.86	3,029.85
On others	66.33	36.61
	4,572.19	3,066.46

34 Employee benefits expenses

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Employees emoluments	5,213.66	4,103.10
Contribution to provident fund and other funds	179.83	137.55
Gratuity expense	60.33	56.79
Share based payment to employees	240.94	199.42
Staff welfare expenses	154.71	117.49
	5,849.47	4,614.35

35 Other expenses

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Communication expenses	152.66	151.51
Outsourcing/back office expenses	515.18	327.60
Travelling expenses	417.87	344.38
Information technology expenses	660.30	527.02
Bank charges	159.23	138.63
Net loss on disposal of property, plant and equipment and intangible assets	11.76	12.65
Auditor's fees and expenses*	1.54	1.59
Insurance charges	7.89	5.96
Rent, taxes and energy cost	66.56	50.08
Director's fees, commission and expenses	10.14	3.74
Advertisement, branding and promotion expenses	336.34	345.97
Expenditure towards Corporate Social Responsibility activities**	185.70	138.33
Repairs, maintenance and office expenses	143.82	132.11
Employee training, recruitment and management expenses	81.36	58.74
Printing and stationery expenses	9.06	12.29
Legal and professional charges	45.45	22.39
Customer experience cost	142.30	124.30
Miscellaneous expenses	92.43	66.82
	3,039.59	2,464.11

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

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Audit fee	0.92	0.93
Tax audit fee	0.16	0.16
Limited review fees	0.30	0.31
In other capacity:		
Other services	0.09	0.14
Reimbursement of expenses	0.07	0.05
	1.54	1.59

Excludes fees of ₹ 1.65 crore (Previous year ₹ Nil) incurred during the year in respect of fund raised through qualified institutional placement, adjusted against securities premium.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

35 Other expenses (Contd.)

**** Corporate Social Responsibility expenditure**

(₹ in crore)

Particulars		For the year ended 31 March 2024	2023
(a)	Gross amount required to be spent by the Company during the year	185.70	138.33
(b)	Excess amount spent in previous financial year carried forward	-	-
(c)	Net amount required to be spent by the Company during the year (a-b)	185.70	138.33
(d)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purpose other than (i) above	179.52	117.46
(e)	Excess/(Shortfall) at the end of the year (d-c)	(6.18)	(20.87)
(f)	Total of previous years excess/(shortfall)	-	(14.41)
(g)	Reason for shortfall	Refer Note (i) below	Refer Note (i) below
(h)	Nature of CSR activities (activities as per Schedule VII)	Activities mentioned in i, ii, iii, iv, vi, xii	Activities mentioned in i, ii, iii, iv, vi
(i)	Details of related party transactions (Refer Note (ii) below)	1.36	0.30
(j)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation		
	Opening provision balance	35.28	60.88
	Provision created during the year	6.18	20.87
	Amount spent during the year	(35.28)	(46.47)
	Closing provision balance	6.18	35.28

(k) In case of section 135(6) details of ongoing projects

For the year ended 31 March 2024

(₹ in crore)

Particulars	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
	With Company	In separate CSR unspent a/c		From Company's bank a/c	From separate CSR unspent a/c	With Company	In separate CSR unspent a/c
For the year 2022	-	14.41	-	-	14.41	-	-
For the year 2023	-	20.87	-	-	20.87	-	-
For the year 2024	-	-	185.70	179.52	-	-	6.18

35 Other expenses (Contd.)

For the year ended 31 March 2023

(₹ in crore)

Particulars	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
	With Company	In separate CSR unspent a/c		From Company's bank a/c	From separate CSR unspent a/c	With Company	In separate CSR unspent a/c
For the year 2022	-	60.88	-	-	46.47	-	14.41
For the year 2023	-	-	138.33	117.46	-	-	20.87

Note:

(i) Current year:

Due to delay in commencement of projects as compared to approved timelines, some part of the mandatory obligations for few ongoing projects remained unspent as on 31 March 2024. The unspent amount of ₹ 6.18 crore would be transferred to a designated Unspent Corporate Social Responsibility Account with scheduled commercial bank in line with the requirement prescribed in the Act.

Previous year:

Due to delay in commencement of projects as compared to approved timelines, some part of the mandatory obligations for few ongoing projects remained unspent as on 31 March 2023. The unspent amount of ₹ 20.87 crore would be transferred to a designated Unspent Corporate Social Responsibility Account with scheduled commercial bank in line with the requirement prescribed in the Act.

(ii) For the year ended 31 March 2024, the Company has entered into a transaction with Pratham Education Foundation for ₹ 1.36 crore (previous year ₹ 0.30 crore) for implementation of its Corporate Social Responsibility activities.

36 Earnings per equity share (EPS)

Basic EPS is calculated in accordance with Ind AS 33 'Earnings Per Share' by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

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

Particulars		For the year ended 31 March 2024	2023
(A)	Net profit attributable to equity shareholders (₹ in crore)	12,644.11	10,289.74
(B)	Weighted average number of equity shares for basic earnings per share	610,032,743	603,976,750
	Effect of dilution:		
	Employee stock options	2,350,306	3,067,977
(C)	Weighted average number of equity shares for diluted earnings per share	612,383,049	607,044,727
	Earning per share (basic) (₹) (A/B)	207.27	170.37
	Earning per share (diluted) (₹) (A/C)	206.47	169.51

37 Segment information

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 'Operating Segment'.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

38 Transfer of financial assets that are derecognised in their entirety where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

39 (A) Revenue from contracts with customers

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Type of services		
Service and administration charges	1,735.18	1,449.90
Fees on value added services and products	632.62	595.84
Foreclosure charges	417.42	307.59
Distribution income	2,222.19	1,853.87
Marketing, branding and allied services	100.30	-
	5,107.71	4,207.20
Geographical markets		
India	5,107.71	4,207.20
Outside India	-	-
	5,107.71	4,207.20
Timing of revenue recognition		
Services transferred at a point in time	5,107.71	4,207.20
Services transferred over time	-	-
	5,107.71	4,207.20

Contract balances

(₹ in crore)

Particulars	As at 31 March 2024	2023
Fees, commission and other receivables	439.37	324.04
	439.37	324.04

-Impairment loss allowance recognised on contract balances is ₹ 1.76 crore (Previous year ₹ 1.30 crore).

-Contract asset as on 31 March 2024 is ₹ Nil (Previous year ₹ Nil).

39 (B) Details of segment wise income from insurance partners as required by Insurance Regulatory and Development Authority of India (IRDAI) are as below:

(₹ in crore)

Particulars		For the year ended 31 March 2024	2023
(i)	Income from insurance intermediation		
	Commission income - Life insurance	355.45	35.47
	Commission income - General insurance	349.75	104.18
		705.2	139.65
(ii)	Other income/reimbursement of cost		
	Marketing, branding and allied services	100.30	-
	Reimbursement of outsourced manpower cost*	77.46	-
		177.76	-
		882.96	139.65

* Accounted under interest income being part of EIR.

40 Employee benefit plans

(I) Defined benefit plans

(A) Gratuity

The Company has a gratuity plan for its employees which is governed by the Payment of Gratuity Act, 1972. 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 level of benefits provided depends on the employee's length of service, managerial grade and salary at retirement age.

Gratuity plan is funded by the Company. Payment for present liability of future payment of gratuity is made to the approved gratuity fund under cash accumulation policy and debt fund. Any deficits in plan assets as compared to actuarial liability determined by an actuary are recognised as a liability.

Actuarial liability is computed using the projected unit credit method. The calculation includes assumptions with regard to discount rate, salary escalation rate, attrition rate and mortality rate. Management determines these assumptions in consultation with an actuary and past trend. Gains and losses through remeasurements of the net defined benefit liability/assets are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments is recognised in Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

Risk associated with defined benefit plan

S. No	Type of Risk	Description of risk
(i)	Changes in discount rate	The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to Government bonds' yields at the end of the reporting period. A decrease/(increase) in discount rate will increase/(decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plan asset.
(ii)	Salary escalation risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants calculated by applying estimated salary escalation rate. Any deviation in actual salary escalation can have impact on plan liability.
(iii)	Attrition rate risk	If the actual employee withdrawal rate in the future turns out to be more or less than expected then it may result in increase/decrease in the liability.
(iv)	Mortality rate risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase/decrease in the life expectancy of the plan participants can have impact on plan liability.

Movement in defined benefit obligations

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Defined benefit obligation as at the beginning of the year	342.88	257.92
Current service cost	60.33	46.50
Past service cost	-	9.00
Interest on defined benefit obligation	24.59	18.10
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	12.47	(6.97)
Actuarial loss/(gain) arising from change in demographic assumptions	13.08	4.66
Actuarial loss/(gain) arising on account of experience changes	33.57	30.89
Benefits paid	(12.46)	(9.44)
Liabilities assumed/(settled)*	(6.20)	(7.78)
Defined benefit obligation as at the end of the year	468.26	342.88

* Towards continuity of service offered to employees on movement

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

40 Employee benefit plans (Contd.)

Movement in plan assets

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Fair value of plan asset as at the beginning of the year	159.74	140.63
Employer contributions	31.50	30.41
Interest on plan assets	12.13	10.66
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.51)	(4.74)
Benefits paid	(12.46)	(9.44)
Assets acquired/(settled)*	(6.20)	(7.78)
Fair value of plan asset as at the end of the year	184.20	159.74

* Towards continuity of service offered to employees on movement

Reconciliation of net liability/asset

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Net defined benefit liability/(asset) as at the beginning of the year	183.14	117.29
Expense charged to Statement of Profit and Loss	72.79	62.94
Amount recognised in other comprehensive income	59.63	33.32
Employers contribution	(31.50)	(30.41)
Net defined benefit liability/(asset) as at the end of the year	284.06	183.14

Expenses charged to the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Current service cost	60.33	46.51
Past service cost	-	9.00
Interest cost	12.46	7.43
	72.79	62.94

Remeasurement gains/(losses) in other comprehensive income

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Opening amount recognised in other comprehensive income	134.69	101.37
Changes in financial assumptions	12.47	(6.97)
Changes in demographic assumptions	13.08	4.66
Experience adjustments	33.57	30.89
Actual return on plan assets less interest on plan assets	0.51	4.74
Closing amount recognised outside profit or loss in other comprehensive income	194.32	134.69

40 Employee benefit plans (Contd.)

Amount recognised in Balance Sheet

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Present value of funded defined benefit obligation	468.26	342.88
Fair value of plan assets	184.20	159.74
Net funded defined benefit obligation	284.06	183.14
Net defined benefit liability recognised in Balance Sheet	284.06	183.14

Key actuarial assumptions

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Discount rate (p.a.)	7.20%	7.45%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100%	100%

Sensitivity analysis for significant assumptions

Particulars	As at 31 March 2024		As at 31 March 2023	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	(5.22%)	5.44%	(4.82%)	5.01%
Impact of decrease in 50 bps on defined benefit obligation	5.67%	(5.07%)	5.20%	(4.69%)

Projected plan cash flow

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Maturity profile		
Expected benefits for year 1	26.75	23.06
Expected benefits for year 2	26.71	24.61
Expected benefits for year 3	28.92	24.49
Expected benefits for year 4	30.47	26.82
Expected benefits for year 5	33.51	26.30
Expected benefits for year 6	40.41	27.44
Expected benefits for year 7	34.83	34.00
Expected benefits for year 8	32.90	28.08
Expected benefits for year 9	37.85	26.56
Expected benefits for year 10 and above	924.21	621.88

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

40 Employee benefit plans (Contd.)

Expected contribution to fund in the next year

(₹ in crore)

Particulars	As at 31 March 2024	2023
Expected contribution to fund in the next year	27.50	30.50

(B) Compensated absences

(₹ in crore)

Particulars	As at 31 March 2024	2023
Maturity profile		
Present value of unfunded obligations	11.40	13.72
Expense recognised in the Statement of Profit and Loss	4.02	4.94
Discount rate (p.a.)	7.20%	7.45%
Salary escalation rate (p.a.)	11.00%	11.00%

(C) Long term service benefit liability

(₹ in crore)

Particulars	As at 31 March 2024	2023
Present value of unfunded obligations	71.83	44.08
Expense recognised in the Statement of Profit and Loss	32.99	25.19
Discount rate (p.a.)	7.20%	7.45%

(II) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions and where there is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient asset to pay all employee benefits relating to employee services in current and prior period. Amount recognised during the year in the Statement of Profit and Loss account is as below:

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Provident fund and pension scheme of Employees' Provident Fund Orgnisation	153.13	115.73
National pension scheme	7.90	5.28
Superannuation fund	0.39	0.59

41 Contingent liabilities and commitments

(A) Contingent liabilities not provided for in respect of

(₹ in crore)

Particulars	As at 31 March 2024	2023
Disputed claims against the Company not acknowledged as debts	122.16	63.45
VAT matters under appeal	4.31	4.31
ESI matters under appeal	5.14	5.14
Gurantees provided	2.50	2.50
Service tax/Goods and Service Tax matters under appeal		
On interest subsidy [Refer footnote (ii) below]	2,293.64	2,164.00
On additional reversal of credit on investment activity [Refer footnote (iii) below]	602.06	573.73
On penal interest/charges [Refer footnote (iv) below]	-	265.49
On reversal of input tax credit on credit note by the customer [Refer footnote (v) below]	12.90	30.41
On difference in ITC claimed in GSTR 3B Vs 2B & difference in GSTR-1 Vs GSTR 3B	26.02	-
On others	17.44	14.30
Income tax matters:		
Appeals by the Company	1.61	16.09
Appeals by the Income tax department	0.28	0.28

(i) The Company 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 the Company in relation to the interest subsidy the Company 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 the Company pays the service tax demanded, which as at 31 March 2024 amounted to ₹ 980.92 crore. In accordance with legal advice, the Company filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. The Company, 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 the Company 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 the Company pays the service tax demanded, which as at 31 March 2024 amounted to ₹ 230.18 crore. In accordance with legal advice, the Company filed an appeal on 14 June 2021 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai against the said demand. The Company, 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 15 November 2021, has confirmed the demand of service tax of ₹ 188.37 crore and penalty of ₹ 188.37 crore from the Company 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.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

41 Contingent liabilities and commitments (Contd.)

In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2024 amounted to ₹ 225.32 crore. In accordance with legal advice, the Company filed an appeal on 17 February 2022 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) Mumbai disputing the demands. The Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

(iv) Vide order dated 7 August 2023, the Customs, Excise and Service Tax Appellant Tribunal, Mumbai set aside an order issued by the Commissioner, Central Excise and CGST, Pune -I, Commissionerate dated 7 September 2018 demanding service tax of ₹ 53.87 crore and penalties of ₹ 53.87 crore in relation to the penal interest/charges received by the Company from its customers during the period 1 July 2012 to 31 March 2016. Accordingly, the Company has not considered demand of service tax on penal interest/ charges as a part of contingent liability for period from 1 July 2012 to June 2017.

(v) The Assistant Commissioner, West Bengal, through an order dated 06 February 2023, has confirmed the demand of GST of ₹ 11.46 crore and penalty of ₹ 11.46 crore from the Company alleging that input tax credit to the extent of credit notes issued by Company was not reversed by customers for the period 1 July 2017 to 31 March 2020. In accordance with legal advice, the Company has filed an appeal on 4 May 2023 before the Additional Commissioner, West Bengal disputing the demands. The Additional Commissioner, West Bengal vide orders dated 27 March 2024 and 28 March 2024, has reduced the demand under appeal to ₹ 6.82 crore and imposed penalty of ₹ 0.68 crore from the Company basis the verification of reversal of credit by the customers. The Additional Commissioner has also demanded payment of interest on the GST liability confirmed until the date the Company pays the GST demanded, which as at 31 March 2024 amounted to ₹ 5.40 crore. In accordance with legal advice, the Company is in the process of filing an appeal before GST Appellate Tribunal against the demand order.

(vi) 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.

(B) Capital and other commitments

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))		
Tangible	61.74	48.03
Intangible	3.78	5.93
(ii) Other commitments		
Towards partially disbursed/un-encashed loans	3,416.36	3,280.44
Towards investment	2,035.00	-
Towards future corporate social responsibility spend	218.85	165.83
	5,735.73	3,500.23

42 Changes in liability arising from financing activities

(A) Changes in capital and asset structure arising from financing activities and investing activities (Ind AS 7 'Statement of Cash Flows')

The Company does not have any financing activities and investing activities which affect the capital and asset structure of the Company without the use of cash and cash equivalents.

(B) Changes in liability arising from financing activities (Ind AS 7 'Statement of Cash Flows')

(₹ in crore)

Particulars	As at 1 April 2023	Cash flows	Change in fair value	Other	As at 31 March 2024
Debt securities	65,669.85	21,162.97	-	763.27	87,596.09
Borrowings (other than debt securities)	47,894.70	21,485.93	(110.49)	(32.14)	69,238.00
Deposits	44,489.79	14,751.88	-	724.99	59,966.66
Subordinated liabilities	3,630.29	(49.99)	-	(2.40)	3,577.90
	161,684.63	57,350.79	(110.49)	1,453.72	220,378.65

(₹ in crore)

Particulars	As at 1 April 2022	Cash flows	Change in fair value	Other	As at 31 March 2023
Debt securities	59,034.58	7,484.60	-	(849.33)	65,669.85
Borrowings (other than debt securities)	29,870.38	17,994.90	9.59	19.83	47,894.70
Deposits	30,289.13	13,897.60	-	303.06	44,489.79
Subordinated liabilities	3,845.77	(207.12)	-	(8.36)	3,630.29
	123,039.86	39,169.98	9.59	(534.80)	161,684.63

43 (A) Disclosure of transactions with related parties as required by Ind AS 24

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
(A) Parent					
1. Bajaj Finserv Ltd.	Contribution to equity (317,816,130 shares of ₹ 2 each)	-	(63.56)	-	(63.56)
	Preferential warrants application money received	297.21	(297.21)	-	-
	Secured non-convertible debentures issued	-	(695.00)	-	(770.00)
	Secured non-convertible debentures redemption	75.00	-	415.00	-
	Interest paid on non-convertible debentures	52.10	-	50.50	-
	Inter-corporate deposits accepted	550.00	(550.00)	-	-
	Interest accrued on inter-corporate deposits	31.72	(28.54)	-	-
	Dividend paid	953.45	-	635.63	-
	Asset purchases	-	-	0.08	(0.09)
	Asset sales	0.07	-	0.15	-
	Business support charges received	1.42	-	1.55	-
	Business support charges paid	17.23	-	41.45	-
	Fair value of ESOP charged	2.89	-	2.34	(2.52)

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship		Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
(B)	**Subsidiaries**					
1.	Bajaj Housing Finance Ltd.	Investment in equity shares	-	7,528.00	2,500.00	7,528.00
		Fair value of ESOP received	29.93	-	26.17	-
		Loan portfolio - Assigned in	6,758.15	-	1,789.90	-
		Asset purchases	0.53	-	0.48	(0.35)
		Asset sales	0.55	-	0.79	0.10
		Security deposit for leased premises	-	0.08	-	0.08
		Business support charges received	5.15	-	4.21	2.61
		Servicing fee received	9.70	-	12.62	-
		Business support charges paid	1.01	-	0.81	-
		Rent and maintenance expenses	0.22	-	0.20	-
		Servicing fee paid	49.62	-	64.53	-
		Sourcing commission paid	1.15	-	1.76	(0.02)
2.	Bajaj Financial Securities Ltd.	Investment in equity shares	200.00	870.38	-	670.38
		Fair value of ESOP received	0.64	-	0.50	-
		Short term loan given	14,310.00	155.00	7,478.00	-
		Short term loan repayment received	14,155.00	-	7,528.00	-
		Margin money given	10.50	-	10.00	-
		Margin money repayment received	5.00	-	10.00	-
		Interest received on short term loan given	17.33	-	5.23	-
		Asset sales	0.36	-	0.01	-
		Sourcing commission received	0.39	0.26	-	-
		Business support charges received	0.12	-	0.12	-
		Business support charges paid	1.15	-	0.87	-
		Sourcing commission paid	0.02	-	0.22	-
		Depository service charges paid	1.21	(0.18)	0.72	(0.09)
(C)	**Fellow subsidiaries**					
1.	Bajaj Allianz Life Insurance Company Ltd.	Contribution to equity (247,000 shares of ₹ 2 each)	-	(0.05)	-	(0.05)
		Secured non-convertible debentures issued	-	(50.00)	-	(200.00)
		Unsecured non-convertible debentures issued	70.00	(2,335.00)	425.00	(2,265.00)
		Secured non-convertible debentures redemption	200.00	-	-	-
		Unsecured non-convertible debentures redemption	-	-	0.70	-
		Interest paid on non-convertible debentures	223.65	-	179.07	-
		Dividend paid	0.74	-	0.49	-
		Security deposit for leased premises	-	1.82	0.29	1.82
		Advance towards insurance	-	4.32	-	1.99
		Commission income	99.82	23.66	25.81	0.47
		Marketing, branding and allied services	8.50	3.00	-	-
		Insurance expenses	99.43	-	76.18	-
		Rent and maintenance expenses	2.55	-	2.70	-

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

(₹ in crore)

Name of the related party and nature of relationship		Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
2.	Bajaj Allianz General Insurance Company Ltd.	Secured non-convertible debentures issued	-	(143.50)	-	(243.50)
		Unsecured non-convertible debentures issued	-	(40.00)	-	(40.00)
		Secured non-convertible debentures redemption	100.00	-	660.00	-
		Interest paid on non-convertible debentures	20.29	-	67.19	-
		Asset purchases	0.06	-	-	-
		Asset sales	0.13	0.13	0.07	-
		Advance towards insurance	-	0.32	-	0.74
		Commission income	61.48	11.05	19.08	2.02
		Interest subsidy received (transaction value ₹ 35,162 reversal)		-	3.08	-
		Insurance expenses	65.80	-	49.90	-
3.	Bajaj Finserv Direct Ltd.	Investment in equity shares	-	2.69	-	2.69
		Compulsorily convertible term loan (Deemed equity) at cost	-	280.47	-	280.47
		Platform development and customisation charges	69.94	-	67.22	(8.17)
		Asset purchases	0.82	(0.29)	1.20	-
		Asset sales	0.22	0.06	0.18	-
		Business support charges received	10.17	-	6.94	-
		Business support charges paid	62.82	(4.96)	49.35	(0.43)
		Sourcing commission paid	133.02	(16.60)	122.32	(14.07)
		Platform usage charges	41.85	(5.35)	37.47	(4.42)
		Annual maintenance charges on loan	6.74	-	7.44	(0.79)
		Guarantee/service fees paid for FLDG	2.28	-	-	-
		Deposit received towards First Loss Default Guarantee (FLDG) arrangement	22.66	(22.40)	-	-
		Invocation of deposit towards FLDG	0.26	-	-	-
		Interest accrued on deposit received towards FLDG	0.25	(0.21)	-	-
4.	Bajaj Finserv Health Ltd.	Asset purchases	-	-	3.18	-
		Asset sales	0.25	-	0.02	-
		Commission income	83.92	13.10	79.35	10.11
		Interest subsidy received	0.13	-	0.83	-
		Business support charges received	0.06	0.07	-	-
		Product distribution fee	0.58	-	2.36	(0.39)
		Business support charges paid	0.50	-	-	-
5.	Bajaj Finserv Asset Management Ltd.	Business support charges received	0.02	-	0.01	-
		Asset sales	0.04	-	-	-

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
6. Bajaj Finserv Ventures Ltd.	Asset sales (outstanding ₹ 263)	5.62		-	-
	Business support charges received	18.46	21.78	-	-
	Manpower support service charges	59.81	-	-	-
	Reimbursements of employee cost	1.41	-	-	-
(D) Associates					
1. Snapwork Technologies Pvt. Ltd. (Associate w.e.f. 25 Nov 2022)	Investment in equity shares	-	28.49	28.49	28.49
	Investment in compulsorily convertible preference shares (Deemed equity)	-	64.25	64.25	64.25
	Information technology design and development charges	19.27	(0.83)	4.98	-
2. Pennant Technologies Pvt. Ltd. (Associate w.e.f. 19 Jan 2024)	Investment in equity shares	-	113.75	-	-
	Investment in compulsorily convertible preference shares (Deemed equity)	153.72	153.72	-	-
	Information technology design and development charges	5.56	(12.33)	-	-
	Annual maintenance charges paid	0.40	(0.43)	-	-
(E) Key management personnel (KMP) of the entity or its parent					
1. Sanjiv Bajaj (Chairman and Promoter group)	Short-term employee benefits:				
	Sitting fees	0.26	-	0.23	-
	Commission	4.04	(3.94)	0.58	(0.52)
2. Rajeev Jain (Managing Director)	Short-term employee benefits:				
	Remuneration	20.02	(2.87)	17.91	-
	Share-based payment	29.18	-	26.25	-
	Equity shares issued pursuant to stock option scheme	52.22	-	5.09	-
3. Rakesh Bhatt (Executive Director from 1 Apr 2023 to 31 Jan 2024)	Short-term employee benefits:				
	Remuneration	9.20	(0.19)	-	-
	Share-based payment	6.92	-	-	-
	Equity shares issued pursuant to stock option scheme	25.27	-	-	-
4. Anup Saha (Executive Director w.e.f. 1 Apr 2023)	Short-term employee benefits:				
	Remuneration	14.36	(7.38)	-	-
	Share-based payment	9.40	-	-	-
	Loan repayment received (transaction value ₹ 14,468)		-	-	-
	Fixed deposit accepted (transaction value ₹ 25,000)		(0.01)	-	-
	Interest accrued on fixed deposit (transaction value ₹ 5,966, outstanding ₹ 6,499)			-	-

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
5. Madhur Bajaj (Promoter group) (Director till 31 Jul 2022)	Short-term employee benefits:				
	Sitting fees	-	-	0.02	-
	Commission	-	-	0.05	(0.05)
6. Rajiv Bajaj (Director and Promoter group)	Short-term employee benefits:				
	Sitting fees	0.07	-	0.06	-
	Commission	0.28	(0.25)	0.15	(0.14)
7. Ranjan Sanghi (Director till 30 Apr 2022)	Short-term employee benefits:				
	Sitting fees	-	-	0.02	-
	Commission	-	-	0.05	(0.05)
8. D J Balaji Rao (Director till 28 Nov 2023)	Short-term employee benefits:				
	Sitting fees	0.06	-	0.07	-
	Commission	0.28	(0.25)	0.18	(0.16)
9. Anami N Roy (Director)	Short-term employee benefits:				
	Sitting fees	0.24	-	0.18	-
	Commission	0.96	(0.86)	0.45	(0.41)
10. Dr. Naushad Forbes (Director)	Short-term employee benefits:				
	Sitting fees	0.17	-	0.15	-
	Commission	0.68	(0.61)	0.38	(0.34)
11. Pramit Jhaveri (Director)	Short-term employee benefits:				
	Sitting fees	0.23	-	0.17	-
	Commission	0.92	(0.83)	0.43	(0.38)
12. Radhika Haribhakti (Director)	Short-term employee benefits:				
	Sitting fees	0.16	-	0.08	-
	Commission	0.64	(0.58)	0.20	(0.18)
	Fixed deposit repaid	-	-	0.30	-
	Interest accrued on fixed deposit	-	-	0.01	-
13. Dr. Arindam Bhattacharya (Director w.e.f. 1 Apr 2023)	Short-term employee benefits:				
	Sitting fees	0.12	-	-	-
	Commission	0.44	(0.40)	-	-
14. Manish Kejriwal (Director of Parent Company)	Secured non-convertible debentures issued	-	-	15.00	-
	Interest paid on non-convertible debentures	-	-	1.07	-
(F) Close members of the families of key management personnel of the entity or its parent					
1. Sanjali Bajaj (Daughter of Sanjiv Bajaj, Chairman of the Company)	Short-term employee benefits:				
	Remuneration	0.13	-	0.13	-
2. Bharti Bhatt (Mother of Rakesh Bhatt, Executive Director of the Company w.e.f. 1 Apr 2023 to 31 Jan 2024)	Fixed deposit accepted	0.24	(1.59)	-	-
	Fixed deposit repaid	0.04	-	-	-
	Interest accrued on fixed deposit	0.10	-	-	-

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship		Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
3.	Hina Bhatt (Spouse of Rakesh Bhatt, Executive Director of the Company w.e.f. 1 Apr 2023 to 31 Jan 2024)	Fixed deposit accepted	0.60	(3.80)	-	-
		Interest accrued on fixed deposit	0.23	(0.19)	-	-
4.	Tapati Saha (Spouse of Anup Saha, Executive Director of the Company w.e.f. 1 Apr 2023)	Fixed deposit accepted	0.45	(1.66)	-	-
		Interest accrued on fixed deposit	0.11	(0.19)	-	-
(G)	**Other entities/persons**					
1.	Bajaj Auto Ltd.	Investment in equity shares (outstanding ₹ 7,685, previous year ₹ 7,685)	-		-	
		Secured non-convertible debentures issued	-	-	-	(500.00)
		Secured non-convertible debentures redemption	500.00	-	-	-
		Interest paid on non-convertible debentures	25.25	-	25.25	-
		Inter-corporate deposits accepted	500.00	(500.00)	500.00	(500.00)
		Inter-corporate deposits repaid	500.00	-	-	-
		Interest accrued on inter-corporate deposits	37.82	(17.91)	9.52	(8.57)
		Security deposit for leased premises	-	0.21	-	0.21
		Dividend received (transaction value ₹ 21,000, previous year ₹ 21,000)		-		-
		Business support charges received	3.07	-	0.18	-
		Interest subsidy received	1.35	-	8.05	8.94
		Business support charges paid	36.83	-	30.22	(1.39)
		Rent and maintenance expenses	1.59	-	1.49	-
		Advance given (outstanding ₹ 7,615)	-		-	-
2.	Bajaj Auto Credit Ltd.	Asset sales (outstanding ₹ 6,059)	0.94		-	-
3.	Bajaj Holdings & Investments Ltd.	Investment in equity shares (outstanding ₹ 19,646, previous year ₹ 19,646)	-		-	
		Secured non-convertible debentures redemption	-	-	150.00	-
		Interest paid on non-convertible debentures	-	-	12.98	-
		Security deposit for leased premises	0.70	0.70	-	-
		Dividend received (transaction value ₹ 9,225, previous year ₹ 10,125)		-		-
		Business support charges received	0.58	-	0.97	-
		Business support charges paid	21.55	-	16.71	-
		Rent and maintenance expenses	1.17	-	-	-

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
4. Hind Musafir Agency Ltd.	Services received	42.50	(0.98)	27.62	-
	Advance given	-	-	-	0.01
5. Bajaj Electricals Ltd.	Inter-corporate deposits accepted	95.00	(60.00)	70.00	(70.00)
	Inter-corporate deposits repaid	105.00	-	-	-
	Interest accrued on inter-corporate deposits	4.19	(1.46)	0.54	(0.48)
	Interest subsidy received	0.54	0.06	0.15	0.07
	Asset purchases (previous year outstanding ₹ 17,400)	0.23	(0.19)	0.16	
6. Jamnalal Sons Pvt. Ltd.	Contribution to equity (127,640 shares of ₹ 2 each)	-	(0.03)	-	(0.03)
	Dividend paid	0.38	-	0.26	-
	Security deposit for leased premises	-	-	0.03	0.13
	Security deposit repayment received	0.13	-	0.12	-
	Rent and maintenance expenses	0.10	-	0.35	-
7. Maharashtra Scooters Ltd.	Contribution to equity (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
	Secured non-convertible debentures issued	-	(200.00)	-	(125.00)
	Secured non-convertible debentures redemption	75.00	-	85.00	-
	Interest paid on non-convertible debentures	7.06	-	14.22	-
	Dividend paid	56.92	-	37.95	-
	Business support charges received	0.18	-	0.15	-
8. Hercules Hoists Ltd.	Fixed deposit repaid	-	-	6.50	-
	Interest accrued on fixed deposit	-	-	0.51	-
9. Bachhraj Factories Pvt. Ltd.	Contribution to equity (72,000 shares of ₹ 2 each)	-	(0.01)	-	(0.01)
	Dividend paid	0.22	-	0.14	-
10. Baroda Industries Pvt. Ltd.	Contribution to equity (117,600 shares of ₹ 2 each)	-	(0.02)	-	(0.02)
	Dividend paid	0.35	-	0.24	-
11. Bajaj Sevashram Pvt. Ltd.	Contribution to equity (308,500 shares of ₹ 2 each)	-	(0.06)	-	(0.06)
	Dividend paid	0.93	-	-	-
12. Shekhar Bajaj (Promoter group)	Nil	-	-	-	-
13. Niraj Bajaj (Promoter group)	Nil	-	-	-	-
(H) Post employment benefit plans					
1. Bajaj Auto Ltd. Provident Fund	Unsecured non-convertible debentures issued	-	(36.00)	-	(36.00)
	Unsecured non-convertible debentures redemption	-	-	10.00	-
	Interest paid on non-convertible debentures	3.35	-	4.34	-
2. Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.27	-	0.40	-

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24		FY2022-23	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
3. Bajaj Auto Employees Group Gratuity Fund	Premium paid for life cover of employees	1.69	-	-	-
	Gratuity contribution	11.50	-	11.19	-
4. Bajaj Auto Senior Staff Group Gratuity Fund	Premium paid for life cover of employees	0.02	-	-	-
	Gratuity contribution	20.00	-	20.50	-

Notes :

- Transaction values are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Transactions where the Company act as an intermediary and passed through Company's books of accounts are not in nature of related party transaction and hence are not disclosed.
- Insurance claims received by the Company on insurance cover taken by it on its assets are not in nature of related party transaction, hence not disclosed.
- 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 clause 9 of the Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key management personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash (except deemed equity and preferential warrants) and are unsecured (except secured non-convertible debentures issued to related parties which are disclosed appropriately).
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.
- During the year, Bajaj Financial Securities Ltd. (Bfinsec) has charged brokerage and other transaction charges amounting to ₹ 6.11 crore (Previous year ₹ 3.51 crore) related to sale of securities on behalf of the Company's loan against securities customers. The Company receives net sale value i.e. after deduction of these charges which are ultimately borne by its customers. The Company does not recognise these customer related charges in its Statement of Profit and Loss. Amount receivable from BFinsec as on 31 March 2024 is ₹ 38.12 crore (Previous year ₹ 53.01 crore) towards such sale transaction on behalf of loan against shares customers has been shown as payable to customers.
- Bajaj Finance Ltd. approved ₹ 2,500 crore Flexi term loan facility to Bajaj Housing Finance Ltd., having a tenor of upto 84 months from the date of each drawal, and interest rate at SBI 1 month MCLR.
- Bajaj Finance Ltd. approved ₹ 1,000 crore flexi term loan facility to Bajaj Financial Securities Ltd. Tenor of the facility is 24 months from the date of disbursement, and interest at the rate arm's length pricing. Out of this ₹ 155 crore has been availed as of 31 March 2024.
- During the year, the Company's Board of Directors has approved to invest upto ₹ 2,000 crore of additional equity in Bajaj Housing Finance Ltd., a wholly owned subsidiary of the Company.
- As on 31 March 2024, the Company has issued purchase order amounting to ₹ 0.06 crore to Bajaj Finserv Direct Ltd. towards purchase of assets on transfer of employees.
- During the year, Bajaj Finance Ltd. has allotted 1,550,000 warrants to its parent, Bajaj Finserv Ltd. convertible into equivalent number of equity shares of face value of ₹ 2 each, allotted at issue price of ₹ 7,670 per warrant. An amount equivalent to 25% of the consideration has been received for subscription and allotment of warrants aggregating to ₹ 297.21 crore. The remaining 75% of the consideration shall be receivable on the exercise of options against each such warrant within a period of eighteen months from the date of allotment.
- Bajaj Finance Ltd. has entered into a default loss guarantee arrangement with Bajaj Finserv Direct Ltd. for a portfolio comprising of personal loans, salaried loans, business loans and professional loans. As of 31 March 2024, total guarantee received is ₹ 34.70 crore, against which ₹ 22.66 crore is received in the form of cash deposit.
- During the year, Bajaj Finance Ltd. had given ₹ 10.50 crore to Bajaj Financial Securities Ltd. for margin requirements out of which ₹ 5.50 crore was invested in exchange traded fund by Bajaj Financial Securities Ltd. in the name of Bajaj Finance Ltd and redeemed by Bajaj Finance Ltd during the period.
- As on 31 March 2024, 25 non-corporate related parties held Company's equity shares amounting to ₹ 0.23 crore (1,159,182 shares of ₹ 2 each) (Previous year 20 parties amounting to ₹ 0.20 crore, 1,017,905 shares of ₹ 2 each). During the year, dividend paid to such related parties amounts to ₹ 3.35 crore (Previous year ₹ 2.04 crore).
- During the year, Bajaj Finance Ltd. has given cashback to two related party amounting to ₹ 841 (Previous year ₹ Nil)
- Non-convertible debentures (NCDs) transactions include only issuance from primary market,and outstanding balance is balances of NCDs held by related parties as on reporting date.
- The above disclosures have been made for related parties identified as such only to be in conformity with the Ind As 24 'Related Party Disclosures'.

43 (B) Summary of total compensation to key management personnel

(₹ in crore)

S No	Categories	For the year ended 31 March 2024	2023
1	Short-term employee benefits	53.13	21.34
2	Share-based payment	45.51	26.25
3	Equity shares issued pursuant to stock option scheme	77.49	5.09
		176.13	52.68

43 (C) Disclosure pursuant to Schedule V of Clause A.2 of Regulation 34 (3) and Regulation 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Disclosures relating Loans and advances/investments

(₹ in crore)

S No	Loans and advances in the nature of Loans	FY2023-24		FY2022-23	
		Outstanding at year end	Maximum outstanding during the year	Outstanding at year end	Maximum outstanding during the year
1	To subsidiaries				
	Bajaj Financial Securities Ltd.	155.00	875.00	-	655.00
2	To associates	-	-	-	-
3	To firms/companies in which Directors are interested (other than (A) and (B) above)	-	-	-	-
4	To investments by the loanee in the shares of parent company and subsidiary company	-	-	-	-

44 Capital

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

(i) Capital management

Objective

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Company's assessment of capital requirement is aligned to the mandatory regulatory capital and 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.

The Company monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis through its Assets Liability Management Committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

44 Capital (Contd.)

The Company's dividend distribution policy states that subject to profits 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 profits after tax on standalone financials, to the extent possible.

Further, the Company supports funding needs of its wholly owned subsidiaries, associates and other investee companies by way of capital infusion and loans. Similarly, the Company also makes investment in other companies for operating and strategic reasons. These investments are funded by the Company through its equity share capital and other equity which inter alia includes retained profits.

(ii) Regulatory capital

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Tier I capital	67,796.11	46,152.01
Tier II capital	3,166.61	3,513.81
Total capital (Tier I + Tier II)	70,962.72	49,665.82
Risk weighted assets	315,149.85	198,890.13
Tier I CRAR	21.51%	23.20%
Tier II CRAR	1.01%	1.77%
CRAR (Tier I + Tier II)	22.52%	24.97%

(iii) Dividend distributions made and proposed

The Company recognises a liability for payment of dividend to equity holders when the distribution is authorised and it is no longer at the discretion of the Company. A corresponding amount is recognised directly in other equity.

Dividend on equity shares declared and paid during the year

(₹ in crore)

Particulars	FY2024	FY2023
Dividend paid out of profits of previous year*	1,817.76	1,210.86
Profit for the relevant year	10,289.74	6,350.49
Dividend as a percentage of profit for the relevant year	17.67%	19.07%

* includes amount paid ₹ 2.36 crore (Previous year ₹ 3.54 crore) to Trust on unexercised options which do not accrete to it.

Proposed for approval at the annual general meeting (not recognised as a liability as at 31 March 2024)

(₹ in crore)

Particulars	FY2024
Dividend on equity share at ₹ 36 per share (a)	2,228.39
Profit after tax for the year ended 31 March 2024 (b)	12,644.11
Dividend proposed as a percentage of profit after tax (a/b)	17.62%

45 Events after reporting date

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

46 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair value hierarchy

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1 - valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2 - valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 - valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values of assets qualifying for fair valuation.

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.
- Use of fair values as determined by the derivative counter parties.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are reviewed and validated by various units of the Company including risk, treasury and finance. The Company has an established procedure governing valuation which ensures fair values are in compliance with accounting standards.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held under FVTPL have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair values of investments in unquoted equity instruments designated under FVOCI have been measured under level 3 at fair value based on a discounted cash flow model.
- Fair values of investment in quoted equity and other instruments designated under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

46 Fair values (Contd.)

- Derivative financial instrument i.e. cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated external commercial borrowings are accounted as a cash flow hedge. Fair value of CCIRS has been determined under Level 2 using discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates to arrive at the fair value as at reporting date.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value on a recurring basis as at 31 March 2024

(₹ 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 under FVTPL	31-Mar-24	3,373.77	-	-	3,373.77
Equity instrument designated under FVOCI (Unquoted)	31-Mar-24	-	-	699.22	699.22
Equity instrument designated under FVOCI (Quoted)	31-Mar-24	102.89	-	-	102.89
Debt instrument designated under FVOCI	31-Mar-24	21,950.54	1,912.89	-	23,863.43
Derivative financial instrument (net)	31-Mar-24	-	14.84	-	14.84
		25,427.20	1,927.73	699.22	28,054.15

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value on a recurring basis as at 31 March 2023

(₹ in crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs(Level 3)	
Investments held under FVTPL	31-Mar-23	4,365.08	-	-	4,365.08
Equity instrument designated under FVOCI (Unquoted)	31-Mar-23	-	-	590.09	590.09
Equity instrument designated under FVOCI (Quoted)	31-Mar-23	60.40	-	-	60.40
Debt instrument designated under FVOCI	31-Mar-23	14,139.08	1,163.49	-	15,302.57
Derivative financial instrument (net)	31-Mar-23	-	146.98	-	146.98
		18,564.56	1,310.47	590.09	20,465.12

- The Company does not carry any financial asset and liability which is fair valued on a non recurring basis
- During the year there were no transfers across fair value hierarchy (level 1, 2 and 3).

46 Fair values (Contd.)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets:

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Opening balance	590.09	608.73
Acquisitions during the year	-	0.00
Disposals during the year	-	-
Fair value gains/losses recognised in profit or loss	-	-
Gains/(losses) recognised in other comprehensive income	109.13	(18.64)
Closing balance	699.22	590.09

Sensitivity analysis of significant unobservable input on the fair value of equity instrument designated under FVOCI

(₹ in crore)

	Sensitivity to fair value as at 31 March 2024		Sensitivity to fair value as at 31 March 2023	
	1 % increase	1 % decrease	1 % increase	1 % decrease
Discounting rate	(49.87)	57.87	(21.52)	25.18
Cash flows	35.85	(31.03)	14.86	(12.89)

Fair value of financial instruments measured at amortised cost as at 31 March 2024

(₹ in crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	
Financial assets					
Loans	243,334.43	-	-	242,484.22	242,484.22
Investments	355.46	-	-	357.55	357.55
	243,689.89	-	-	242,841.77	242,841.77
Financial liabilities					
Debt Securities	87,596.09	-	88,000.26	-	88,000.26
Borrowings (other than debt securities)	69,238.00	-	-	69,238.00	69,238.00
Deposits	59,966.66	-	-	60,015.68	60,015.68
Subordinated liabilities	3,577.90	-	3,621.87	-	3,621.87
	220,378.65	-	91,622.13	129,253.68	220,875.81

*Fair value computed using discounted cash flow method

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

46 Fair values (Contd.)

Fair value of financial instruments measured at amortised cost as at 31 March 2023

(₹ in crore)

		Fair value measurement using			
Particulars	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)***	**Significant unobservable inputs (Level 3)***	**Total**
Financial assets					
Loans	179,097.12	-	-	178,683.20	178,683.20
Investments	128.59	-	-	129.45	129.45
	179,225.71	-	-	178,812.65	178,812.65
Financial liabilities					
Debt Securities	65,669.85	-	66,063.93	-	66,063.93
Borrowings (other than debt securities)	47,894.70	-	-	47,894.70	47,894.70
Deposits	44,489.79	-	-	44,395.63	44,395.63
Subordinated liabilities	3,630.29	-	3,725.52	-	3,725.52
	161,684.63	-	69,789.45	92,290.33	162,079.78

*Fair value computed using discounted cash flow method

47 Financial risk management

A summary of the major risks arising from financial instrument which are faced by the Company, its measurement, monitoring and management are described as under:

Nature of risk	**Arising from**	**Executive governance structure**	**Measurement, monitoring and management of risk**
Liquidity risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises from: • inability to raise incremental borrowings and deposits to fund business requirement or repayment obligations • when long term assets cannot be funded at the expected term resulting in cashflow mismatches; • amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board constituted Risk Management Committee (RMC) and Asset Liability Committee (ALCO)	Liquidity and funding risk is: • measured by - identification of gaps in the structural and dynamic liquidity. - assessment of incremental borrowings required for servicing repayment obligation, the Company's business plan and prevailing market conditions. - liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and board approved liquidity risk framework. • monitored by - assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory framework for NBFCs. - a constant calibration of sources of funds in line with current and emerging market conditions in banking and money markets. - periodic reviews by ALCO of liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. • managed by the Company's treasury team under liquidity risk management framework through various means like HQLA, liquidity buffers, sourcing of long-term funds, positive asset liability mismatch, keeping strong pipeline of sanctions from banks, assignment of loans and Contingency Funding Plan (CFP) to counter extreme liquidity situation under the guidance of ALCO and Board.

47 Financial risk management (Contd.)

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
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 constituted RMC and ALCO	Market risk for the Company encompasses exposures to equity investments, changes in exchange rates, interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturity profiles. • measured by using changes in prices, and parameters like Value at Risk ('VaR'), PV01 (price value of a basis point), modified duration and other measures to determine movements in the portfolios and impact on net interest income. • monitored by assessment of key parameters like fluctuation in the equity and bond price, interest rate sensitivities and Market Value of Equity (MVE) analysis for probable interest rate movements on both fixed and floating rate assets and liabilities. The Company has a market risk management module which is integrated with it's treasury system; and • managed by the Company's treasury team under the guidance of ALCO and Investment Committee and in accordance with Board approved Investment and Market Risk policy.
Credit risk	Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company.	Board constituted RMC and Chief Risk Officer (CRO)	Credit risk is: • measured as the amount at risk due to repayment default by customers or counterparties to the Company. Various metrics such as instalment default rate, overdue position, restructuring, resolution plans, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk. • monitored by RMC and CRO through review of level of credit exposure, portfolio monitoring, contribution of repeat customers, bureau data, concentration risk of geography, customer and portfolio; and assessment of any major change in the business environment including economic, political as well as natural calamity/pandemic. ICAAP Committee reviews the outcome of scenario based stress testing exercise based on a 'Credit Risk Scenario Model' encompassing the macroeconomic scenario-based stress testing. • managed by a robust control framework by the risk and debt management unit. This is achieved by continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and review of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, debt management and risk containment along with business. The same is periodically reviewed by the Board constituted RMC.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

47 Financial risk management (Contd.)

(a) Liquidity risk

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company maintains a judicious mix of borrowings from banks, money markets, foreign market, public and other deposits and continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings along with liquidity buffer framework has helped the Company maintain a healthy asset liability position and interest rate during the financial year 2023-24 (FY2024). The overall borrowings including debt securities, deposits and subordinated liabilities stood at ₹ 220,378.82 crore as of 31 March 2024 (previous year ₹ 161,684.63 crore). The weighted average cost of borrowing was 7.74% for FY2024 (previous year 7.11%).

The Company continuously monitors liquidity in the market; and as a part of its liquidity risk framework maintains a liquidity buffer through an active investment desk to reduce this risk. The Company endeavours to maintain liquidity buffer of 5% to 7% of its overall net borrowings in normal market scenario.

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

The Company exceeds the regulatory requirement of LCR which mandates maintaining prescribed coverage of expected net cash outflows for a stressed scenario in the form of high quality liquid assets (HQLA). As of 31 March 2024, the Company maintained a LCR of 168.91%, well in excess of the RBI's stipulated norm of 85%. LCR requirement will move to 100% by December 2024.

The Company has a Board approved Contingency Funding Plan (CFP) to respond quickly to any anticipated or actual stressed market conditions. The primary goal of the CFP is to provide a framework of action plan for contingency funding when the Company experiences a reduction to its liquidity position, either from causes unique to the Company or systemic events limiting its ability to maintain normal operations and service to customers. The CFP defines the framework to assess, measure, monitor, and respond to potential contingency funding needs. CFP also clearly lays down the specific contingency funding sources, conditions related to the use of these sources and when they would be used. Roles and responsibilities of the Crisis Management Group constituted under the CFP have been identified to facilitate the effective execution of CFP in a contingency event.

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

(₹ in crore)

	As at 31 March 2024			As at 31 March 2023		
Particulars	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	35,511.85	78,423.56	113,935.41	26,182.39	57,212.18	83,394.57
Borrowings (other than debt securities)	33,079.25	44,644.15	77,723.40	22,907.95	31,203.78	54,111.73
Deposits	29,619.05	38,276.93	67,895.98	22,909.91	26,835.58	49,745.49
Subordinated liabilities	752.05	3,479.89	4,231.94	354.87	4,232.06	4,586.93
Trade payables	1,001.39	-	1,001.39	953.18	-	953.18
Other payables	670.56	-	670.56	559.10	-	559.10
Other financial liabilities	940.10	910.43	1,850.53	762.62	457.30	1,219.92
	101,574.25	165,734.96	267,309.21	74,630.02	119,940.90	194,570.92

47 Financial risk management (Contd.)

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

(₹ in crore)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,865.15	-	3,865.15	1,191.35	-	1,191.35
Bank balances other than cash and cash equivalent	3,298.12	2,268.99	5,567.11	1,124.31	1,003.80	2,128.11
Derivative financial instruments	15.69	-	15.69	146.98	-	146.98
Trade receivables	1,244.89	-	1,244.89	1,070.21	-	1,070.21
Loans	94,650.65	148,683.78	243,334.43	73,055.71	106,041.41	179,097.12
Investments	22,807.52	14,345.84	37,153.36	15,978.86	12,758.99	28,737.85
Other financial assets	909.85	102.23	1,012.08	638.80	76.41	715.21
Non-financial assets						
Current tax assets (net)	-	254.68	254.68	-	175.85	175.85
Deferred tax assets (net)	-	926.71	926.71	-	919.00	919.00
Property, plant and equipment	-	2,212.46	2,212.46	-	1,551.96	1,551.96
Capital work-in-progress	-	25.35	25.35	-	14.60	14.60
Intangible assets under development	-	17.24	17.24	-	64.93	64.93
Other intangible assets	-	847.47	847.47	-	594.95	594.95
Other non-financial assets	98.88	38.95	137.83	76.52	40.11	116.63
	126,890.75	169,723.70	296,614.45	93,282.74	123,242.01	216,524.75
LIABILITIES						
Financial liabilities						
Derivative financial instrument	0.85	-	0.85	-	-	-
Trade payables	1,001.39	-	1,001.39	953.18	-	953.18
Other payables	670.56	-	670.56	559.10	-	559.10
Debt securities	32,424.02	55,172.07	87,596.09	23,857.37	41,812.48	65,669.85
Borrowings (other than debt securities)	29,839.52	39,398.48	69,238.00	20,656.41	27,238.29	47,894.70
Deposits	27,648.67	32,317.99	59,966.66	21,128.67	23,361.12	44,489.79
Subordinated liabilities	635.10	2,942.80	3,577.90	238.05	3,392.24	3,630.29
Other financial liabilities	875.98	745.63	1,621.61	728.82	392.70	1,121.52
Non-financial liabilities						
Current tax liabilities (net)	82.71	-	82.71	122.76	-	122.76
Provisions	24.55	360.68	385.23	20.77	233.69	254.46
Other non-financial liabilities	439.23	23.69	462.92	299.40	36.57	335.97
	93,642.58	130,961.34	224,603.92	68,564.53	96,467.09	165,031.62

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

47 Financial risk management (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, equity prices and credit spreads on investment and borrowings.

(i) Interest rate risk

On investment book other than equity

The Company manages the duration of its investment portfolio with an objective to optimise the return with minimal possible fair value change impact. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR, PV01 and Modified Duration and other parameters as defined in its Board approved investment and market risk policy.

Sensitivity analysis as at 31 March 2024

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1 % interest increase	1 % interest decrease
Investment at amortised cost	355.46	357.55	(5.77)	5.94
Investment at FVTPL	3,373.77	3,373.77	(43.73)	43.73
Investment at FVOCI (other than equity)	23,863.43	23,863.43	(449.69)	449.69

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1 % interest increase	1 % interest decrease
Investment at amortised cost	128.59	129.45	(3.09)	3.20
Investment at FVTPL	4,365.08	4,365.08	(6.56)	6.56
Investment at FVOCI (other than equity)	15,302.57	15,302.57	(152.85)	152.85

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis and market value of equity (MVE) and net interest income analysis. The same is monitored monthly by ALCO. Sensitivity of the market value of unquoted equity investments other than those in subsidiaries and associates assuming varied changes in interest rates is presented in note no. 46.

Sensitivity analysis as at 31 March 2024

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1% interest increase	1% interest decrease
Loans	243,334.43	242,484.22	(2,689.52)	2,773.92
Debt securities	87,596.09	88,000.26	2,368.82	(2,541.84)
Borrowings (other than debt securities)	69,238.00	69,238.00	-	-
Deposits	59,966.66	60,015.68	816.84	(841.34)
Subordinated liabilities	3,577.90	3,621.87	65.98	(68.08)

47 Financial risk management (Contd.)

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1% interest increase	1% interest decrease
Loans	179,097.12	178,683.20	(1,968.35)	2,027.46
Debt securities	65,669.85	66,063.93	1,626.83	(1,741.61)
Borrowings (other than debt securities)	47,894.70	47,894.70	-	-
Deposits	44,489.79	44,395.63	587.91	(605.24)
Subordinated liabilities	3,630.29	3,725.52	93.47	(97.22)

(ii) Price risk

The Company's quoted equity investments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, the Company periodically monitors the sectors it has invested in, performance of the investee companies and measures mark-to-market gains/(losses).

Sensitivity analysis as at 31 March 2024

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			10% increase	10% decrease
Investment in equity shares (quoted)	102.89	102.89	10.29	(10.29)

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			10% interest increase	10% interest decrease
Investment in equity shares (quoted)	60.40	60.40	6.04	(6.04)

(iii) Foreign currency risk

The Company is exposed to foreign currency fluctuation risk for its external commercial borrowing (ECB). The Company'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 its ECB exposure (Principal & Coupon). As a matter of prudence, the Company has hedged the entire ECB exposure for the full tenure as per Board approved Interest rate risk, Currency risk and Hedging policy.

The Company evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs for raising ECB. The Company manages its currency risks by entering into over the counter (OTC) derivatives contracts as hedge positions and the same are being governed through the Board approved Interest rate risk, Currency risk and Hedging policy.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

47 Financial risk management (Contd.)

The Company's exposure of foreign currency risk at the end of the reporting period expressed in INR are as follows :

(₹ in crore)

	As at 31 March	
	2024	2023
Particulars	**USD**	**USD**
Hedged		
ECB	(6,015.79)	(1,299.50)
Derivative financial instrument*	6,015.79	1,299.50
Unhedged	-	-

*Represents the notional amount of the derivative financial instrument

Hedging policy

The Company'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. The Company 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 :

As at 31 March 2024

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	6,015.79	15.69	0.85

As at 31 March 2023

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	1,299.50	146.98	-

47 Financial risk management (Contd.)

(c) Credit risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company. The Company has a diversified lending model spread across secured and unsecured products. The Company assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised; and
- Stage 3: objective evidence of impairment and therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Treatment and classifcation methodology of different stages of financial assets is detailed in note no. 3.3 (i)

Computation of impairment on financial instruments

The Company calculates impairment on financial instruments as per ECL approach prescribed under Ind AS 109 'Financial Instruments'. ECL uses three main components: PD (probability of default), LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions. For further details of computation of ECL please refer to material accounting policies note no 3.3 (i).

The Company recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. Accordingly, during the year, the Company has redeveloped its ECL model and implemented the same with the approval of Audit Committee and the Board.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

47 Financial risk management (Contd.)

The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across major product lines using empirical data where relevant:

Lending verticals	Nature of businesses	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Urban sales finance	Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers and emperical default rates.	emperical performance across different DPD (Days Past Due) ranges	100%	Ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period, except Stage 3 where EAD is 100%.	LGD is ascertained using past trends of recoveries for each set of portfolios and discounted using a reasonable approximation of the original effective rates of interest.
Two and three wheeler finance	Two and three wheeler financing					
Urban B2C	Personal loans to salaried and self employed individuals					
SME lending (excluding car loans)	Unsecured and secured loans to SME's, self employed customers and professionals					
Rural sales finance	Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends					
Rural B2C (excluding gold loan)	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/ judgement for wholesale loans.				
Gold loans	Loans with underlying security as gold	Determined basis empirical risk performance			Determined basis empirical risk performance	Assumption based
Car loans	New and used car financing	Determined basis empirical risk performance for User Car Financing and proxy PDs for new Cars owing to low vintage of the portfolio.			Determined basis empirical risk performance	Proxy from Two wheeler finance portfolio
Loan against securities	Loans against shares, mutual funds, deposits and insurance policies	Determined basis empirical risk performance			Determined basis empirical risk performance	Based on associated risk of the underlying securities
Commercial lending	Lending to auto component manufacturers, light engineering industry, financial institutions, specialty chemical, pharma, packaging and other mid-market companies.	Internal evaluation/judgement applied at customer or industry segment.			100%	Based on estimates of cash flows

47 Financial risk management (Contd.)

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 2024

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	117,305.69	1,625.57	1,179.85	124,225.53	2,095.36	1,420.53
Allowance for ECL	345.73	271.62	630.48	1,581.83	850.63	837.81
ECL coverage ratio	0.29%	16.71%	53.44%	1.27%	40.60%	58.98%

As at 31 March 2023

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	78,849.04	1,280.08	1,108.53	99,240.44	1,392.91	1,066.96
Allowance for ECL	348.84	282.41	586.57	1,248.21	572.51	802.30
ECL coverage ratio	0.44%	22.06%	52.91%	1.26%	41.10%	75.19%

Collateral valuation

The Company offers loans to customers across various lending verticals as articulated above. These loans includes both unsecured loans and loans secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant effect in mitigating the Company's credit risk.

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

Product group	Nature of securities
Urban sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture, digital products etc.
Two and three wheeler finance	Hypothecation of underlying two and three wheeler
Car loans	Hypothecation of underlying cars
Rural sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Gold loans	Pledge of gold jewellery
SME lending (Secured)	Hypothecation of underlying product e.g. used car and medical equipment etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loan against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies.
Commercial lending	Plant and machinery, book debts etc.

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company exercises its right of repossession across all secured products 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, the Company recoups shortfall in value of securities through part recall of loans or additional securities from the customer, or sale of underlying securities. The Company does not record repossessed assets on its Balance Sheet as non–current assets held for sale.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

47 Financial risk management (Contd.)

Guarantee cover taken on loans

To secure its eligible pool, the Company 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 2024, the Company has covered ₹ 14,094 crore of its loan assets under this scheme. This has helped the Company to offset ₹ 307 crore worth of credit losses during the current year.

Further, the Company has also granted loans under RBI's Emergency Credit Line Guarantee Scheme (ECLGS) to its qualifying customers, as of 31 March 2024 ₹ 210 crore of loans are outstanding under ECLGS.

Additionally in FY2024, BFL has also registered itself with Credit Guarantee Fund for Micro Units (CGMFU) governed by National Credit Guarantee Trustee Company Limited (NCGTC) for seeking guarantee cover for its self employed customers with exposure upto specified amount. As on 31 March 2024, the Company covered ₹ 244 crore of its loan assets under this scheme.

Analysis of concentration risk

The Company focuses on granulisation of loans portfolios by expanding its geographic reach to reduce geographic concentrations while continually calibrating its product mix across all categories of lending portfolio.

ECL sensitivity analysis to forward economic conditions and management overlay

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

The ECL model and its input variables are recalibrated periodically using available incremental and recent information. It is possible that internal estimates of PD and LGD rates used in the ECL model may not always capture all the characteristics of the market and the external environment as at the reporting date. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased estimation of forward looking economic adjustment to its ECL. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the Upside and Downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the Central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and Management estimates which ensure that the scenarios are unbiased.

The Company uses multiple economic factors and test their correlations with past observed default rates witnessed for building its forward economic guidance (FEG) model. During the current year, the Company evaluated various macro factors such as GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), unemployment rate, crude oil prices and policy interest rates etc. Based on correlation results Real GDP and unemployment rate reflected acceptable correlation with past

47 Financial risk management (Contd.)

observed default rates and basis their linkage with Company's business were considered appropriate by the Management. Unemployment has a direct relation with the income levels and thus the growth of the economy from the expenditure side. GDP has a direct relation with the overall income levels and thus the growth of the economy from both income and output side. Accordingly, both these macro-variables directly and indirectly impact the economy. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

For unemployment, the Company has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators.

In FY2024, Unemployment rate over the quarters has been oscillating around 8.1% versus pre-COVID levels of around 7%, indicating normalisation towards its pre-COVID levels.

- While formulating the Central Scenario for the year end, the Company has considered current unemployment rate as a quarterly average of 7.2% which may move towards an average of 7.5% over the next few years.
- For the downside scenario, the Company believes that the downside risks might have passed, but the downside peak unemployment rate might reach 11.8%. However, as per mean reversion approach, the downside scenario assumes it to fall from the peak and normalise to around 7.5% within next three years.
- For the upside scenario, the Company acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. Therefore, while forecasting, a positive stance has been adopted with the expectation that the unemployment levels may not drop significantly. The unemployment rate may improve to a best case of 3.1% by the end of June 2025 but may come back to an historical average of 7.5%.

For real GDP growth, the Company has chosen to follow the RBI predictions. The real GDP growth for Q3 2024 is at 8.4% y-o-y. This was not only defying consensus expectations of 6.6% y-o-y, but also stood at a six-quarter high.

- Considering the overall movements in GDP and the upcoming general elections, the Company has chosen to stick to the RBI projected real GDP forecast of 7% y-o-y in the central scenario. The expectation for real GDP is to moderate to 6.06% over a 3 year period.
- For the downside scenario, the Company considers that the risk may continue due to various uncertainties (geopolitical conflict, elections etc.), and therefore assumes the GDP growth to reduce to 3.26% in Q2 FY2025, which is aligned to the lowest pre-COVID GDP growth levels. Real GDP growth is subsequently expected to normalise to around 6.06% within next three years.
- For the upside scenario, an optimistic GDP estimate of 10% has been considered for Q1FY25, which is aligned to the highest pre-COVID GDP growth levels, before averaging back to 6.06% over three years.

Additionally, the ECL model and its input variables are recalibrated periodically using available incremental and recent information. It is possible that internal estimates of PD and LGD rates used in the ECL model may not always capture all the characteristics of the market/external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

47 Financial risk management (Contd.)

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions

(₹ in crore)

Particulars	As at 31 March 2024	2023
Gross carrying amount of loans	247,852.53	182,937.96
Reported ECL on loans	4,518.10	3,840.84
Reported ECL coverage	1.82%	2.10%
Base ECL without macro overlay	4,312.10	3,117.84
Add : Management overlay	84.00	592.00
ECL before adjustment for macro economic factors	4,396.10	3,709.84
ECL amounts for alternate scenario		
Central scenario (80%)	4,517.35	3,833.79
Downside scenario (10%)	4,968.22	4,723.67
Upside scenario (10%)	4,074.01	3,014.43
Reported ECL	4,518.10	3,840.84
Management and macro economic overlay	206.00	723.00
-Management overlay	84.00	592.00
-Overlay for macro economic factors	122.00	131.00
ECL Coverage ratios by scenario		
Central scenario (80%)	1.82%	2.10%
Downside scenario (10%)	2.00%	2.58%
Upside scenario (10%)	1.64%	1.65%

48 Employee stock option plan

(A) Employee stock option plan of 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 the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company 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 the Company 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 the Company through postal ballot on 19 April 2021, the aforesaid limit of options was enhanced by 10,000,000 options. The maximum limit under the scheme now stand revised from 25,071,160 options to 35,071,160 options.

The options issued under the ESOP Scheme vest over a period of not less than 1 year and not later than 5 years from the date of grant with the vesting condition of continuous employment with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

48 Employee stock option plan (Contd.)

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company and its subsidiaries in accordance with the Stock Option Scheme. Details of grants given upto the reporting date under the scheme, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

As on 31 March 2024

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options expired	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-	-
15-May-13	138.04	3,949,300	-	-	3,096,300	853,000	-	-
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-	-
16-Jul-14	219.66	2,816,000	-	-	2,475,250	340,750	-	-
20-May-15	448.16	1,935,000	25,750	-	1,539,750	369,500	-	25,750
24-May-16	765.37	1,430,000	59,375	-	1,145,250	225,375	-	59,375
17-May-17	1,347.75	1,120,750	135,999	-	842,077	141,363	1,311	135,999
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-	-
01-Feb-18	1,677.85	120,000	8,888	-	62,148	48,964	-	8,888
17-May-18	1,919.95	1,273,416	296,430	-	770,772	206,214	-	296,430
16-May-19	3,002.75	1,123,900	512,160	-	525,647	86,093	-	512,160
19-May-20	1,938.60	2,054,250	762,611	441,791	668,503	181,345	-	1,204,402
27-Apr-21	4,736.55	936,643	306,997	426,758	141,013	61,875	-	733,755
26-Apr-22	7,005.50	1,003,756	212,901	737,028	14,912	38,915	-	949,929
25-Jul-22	6,258.25	19,349	13,691	5,658	-	-	-	19,349
26-Apr-23	6,075.25	1,563,397	-	1,543,752	591	19,054	-	1,543,752
		31,503,611	2,334,802	3,154,987	21,929,193	4,083,318	1,311	5,489,789

As on 31 March 2023

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options expired	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-	-
15-May-13	138.04	3,949,300	-	-	3,096,300	853,000	-	-
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-	-
16-Jul-14	219.66	2,816,000	81,500	-	2,393,750	340,750	-	81,500
20-May-15	448.16	1,935,000	158,800	-	1,406,700	369,500	-	158,800
24-May-16	765.37	1,430,000	302,800	-	901,825	225,375	-	302,800
17-May-17	1,347.75	1,120,750	355,494	-	623,893	141,363	-	355,494
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-	-
01-Feb-18	1,677.85	120,000	21,702	-	49,334	48,964	-	21,702
17-May-18	1,919.95	1,273,416	511,235	-	555,967	206,214	-	511,235
16-May-19	3,002.75	1,123,900	477,036	244,897	316,936	85,031	-	721,933
19-May-20	1,938.60	2,054,250	569,830	912,853	405,973	165,594	-	1,482,683
27-Apr-21	4,736.55	936,643	180,681	659,013	48,915	48,034	-	839,694
26-Apr-22	7,005.50	1,003,756	-	986,280	-	17,476	-	986,280
25-Jul-22	6,258.25	19,349	-	19,349	-	-	-	19,349
		29,940,214	2,659,078	2,822,392	20,446,573	4,012,171	-	5,481,470

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

48 Employee stock option plan (Contd.)

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

(₹ in crore)

Particulars	FY2024	FY2023	
Grant date	26-Apr-23	25-Jul-22	26-Apr-22
No. of options granted	1,563,397	19,349	1,003,756
Weighted average fair value (₹)	2,756.16	2,683.83	3,212.49

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

As on 31 March 2024

For all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	5,481,470	219.66-7,005.50	3,259.66	4.42
Granted during the year	1,563,397	6,075.25	6,075.25	
Cancelled during the year	71,147	1,938.60-7,005.50	5,133.47	
Lapsed during the year	1,311	1,347.75	1,347.75	
Exercised during the year	1,482,620	219.66-7,005.50	1,802.04	
Outstanding at the end of the year	5,489,789	448.16-7,005.50	4,431.32	4.80
Exercisable at the end of the year	2,334,802	448.16-7,005.50	2,943.24	2.98

As on 31 March 2023

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	5,671,450	138.04-4,736.55	2,219.04	4.49
Granted during the year	1,023,105	6,258.25-7,005.5	6,691.37	
Cancelled during the year	72,094	1,919.95-7,005.5	4,010.24	
Exercised during the year	1,140,991	138.04-4,736.55	1,385.83	
Outstanding at the end of the year	5,481,470	219.66-7,005.5	3,259.66	4.42
Exercisable at the end of the year	2,659,078	219.66-4,736.55	1,959.63	2.66

The weighted average market price of equity shares for options exercised during the year is ₹ 6,920.42 (Previous year ₹ 6,564.81).

48 Employee stock option plan (Contd.)

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)*	Options granted	Vesting period
27-Apr-21	5.65%	3.5 - 6.5 years	42.51%	0.21%	4,736.55	936,643	4 years on SLM basis
26-Apr-22	6.52%	3.5 - 6.5 years	42.12%	0.29%	7,005.50	946,983	4 years on SLM basis
26-Apr-22	6.95%	7.5 years	39.54%	0.29%	7,005.50	56,773	5 year bullet
25-Jul-22	7.09%	3.5 - 6.5 years	42.20%	0.32%	6,258.25	7,544	4 years on SLM basis
25-Jul-22	6.91%	3.5 years	44.71%	0.32%	6,258.25	8,202	1 year bullet
25-Jul-22	6.99%	4 years	44.15%	0.32%	6,258.25	3,603	18 month bullet
26-Apr-23	6.94%	5 years	41.44%	0.33%	6,075.25	1,563,397	4 years on SLM basis

*Adjusted for sub-division of shares and issue of bonus shares thereon

For the year ended 31 March 2024, the Company has accounted expense of ₹ 239.80 crore as employee benefit expenses (note no.34) on the aforesaid employee stock option plan (Previous year ₹ 197.08 crore). The balance in employee stock option outstanding account is ₹ 713.65 crore as of 31 March 2024 (Previous year ₹ 555.46 crore).

(B) Employee stock option plan of Bajaj Finserv Ltd.

The Nomination and Remuneration Committee of the holding Company has approved grant of 183,050 stock options at an exercise price of ₹ 1,482.64, adjusted for split and bonus, having a bullet vesting of 5 years to select employees of the Company in accordance with the Stock Option Scheme of the Holding Company. Of the options granted, no option has vested, cancelled or exercised during the year. The weighted average fair value of the option granted is ₹ 689.20.

The Holding Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
28-Apr-22	6.75%	6 years	34.19%	0.02%	1,482.64

For the year ended 31 March 2024, the Company has accounted expense of ₹ 2.55 crore as employee benefit expenses (note no. 34) on the aforesaid employee stock option plan (Previous year ₹ 2.34 crore)

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

49 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 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 Intermediaries 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.

50 Relationship with struck off companies

Transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 in the financial years ended 31 March 2024 and 31 March 2023 are given below:

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck off company	Relationship with the struck off company	Balance outstanding as on 31 March	
				2024	2023
1	Abhilash Global Corporation Pvt. Ltd.	Loan receivables	No	0.05	0.09
2	Aditya Infocom Pvt. Ltd.	Loan receivables	No	-	-
3	AKK Agencies Pvt. Ltd.	Loan receivables	No	-	-
4	Alpic Formulations Pvt. Ltd.	Loan receivables	No	0.04	0.06
5	Anand IT Solutions Pvt. Ltd.	Loan receivables	No	-	-
6	Asquare Events And Production Pvt. Ltd.	Loan receivables	No	0.13	0.13
7	Astor Metal Industries Pvt. Ltd.	Loan receivables	No	0.18	0.17
8	Attract Force Management Service Pvt. Ltd.	Loan receivables	No	0.03	0.05
9	Ayuh Meditech Solutions Pvt. Ltd.	Loan receivables	No	-	-
10	Balsam Publishing House Pvt. Ltd.	Loan receivables	No	-	-
11	Bhandari Hotels Pvt. Ltd.	Loan receivables	No	0.08	0.09
12	CP Hydro Projects India Pvt. Ltd.	Loan receivables	No	-	-
13	CSE Computer Solutions East Pvt. Ltd.	Loan receivables	No	0.10	0.14
14	Daffodils Daily OPC Pvt. Ltd.	Loan receivables	No	0.11	0.12
15	Dheer Software Solutions Pvt. Ltd.	Loan receivables	No	-	-
16	Economic Gateway Consultants Pvt. Ltd.	Loan receivables	No	-	-
17	Enkoway Motors Pvt. Ltd.	Loan receivables	No	-	-
18	Explore India Events Pvt. Ltd.	Loan receivables	No	-	-
19	First Office Solutions India Pvt. Ltd.	Loan receivables	No	0.04	0.07
20	First Paper Idea India Pvt. Ltd.	Loan receivables	No	0.11	0.11
21	Fortuner Con Serve Pvt. Ltd.	Loan receivables	No	-	-
22	Gintara Pvt. Ltd.	Loan receivables	No	-	-
23	Grabstance Techonologies Pvt. Ltd.	Loan receivables	No	0.01	0.03
24	Green Way Super Market Pvt. Ltd.	Loan receivables	No	0.11	0.11
25	Hyper Collective Creative Technologies Pvt. Ltd.	Loan receivables	No	0.00	0.00
26	Indira Smart Systems Pvt. Ltd.	Loan receivables	No	0.08	0.09

50 Relationship with Struck off Companies (Contd.)

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck off company	Relationship with the struck off company	Balance outstanding as on 31 March	
				2024	2023
27	Indochin Electrotech Pvt. Ltd.	Loan receivables	No	0.13	0.13
28	Invision Entertainment Pvt. Ltd.	Loan receivables	No	0.13	2.06
29	Jamson Pharmaceutical Pvt. Ltd.	Loan receivables	No	-	-
30	Janhavi Exim Pvt. Ltd.	Loan receivables	No	-	-
31	Jay Gurudev Agrotech Pvt. Ltd.	Loan receivables	No	-	-
32	Jey Pee Nets Pvt. Ltd.	Loan receivables	No	-	-
33	K Cube Communications Pvt. Ltd.	Loan receivables	No	-	-
34	Kk Diabetes Men&Women Care Centre Pvt. Ltd.	Loan receivables	No	-	-
35	Kool Gourmet Pvt. Ltd.	Loan receivables	No	0.10	0.10
36	Koolair Systems Pvt. Ltd.	Loan receivables	No	-	-
37	Mazda Agencies Pvt. Ltd.	Loan receivables	No	-	0.11
38	Mechwing Engineering & Services Pvt. Ltd.	Loan receivables	No	0.08	0.10
39	Multi Tech System Industrial Automation Pvt. Ltd.	Loan receivables	No	0.00	0.00
40	Multiton Equipments Pvt. Ltd.	Loan receivables	No	-	-
41	Niche Events And Promotions Pvt. Ltd.	Loan receivables	No	-	-
42	Nur Automation Pvt. Ltd.	Loan receivables	No	0.06	0.07
43	Pallavi Shelters Pvt. Ltd.	Loan receivables	No	-	-
44	PC Print Control Pvt. Ltd.	Loan receivables	No	-	-
45	Prematix Software Solution Pvt. Ltd.	Loan receivables	No	-	-
46	Priyanka Management Solutions India Pvt. Ltd.	Loan receivables	No	-	-
47	R R Movers And Logistics Pvt. Ltd.	Loan receivables	No	0.13	0.13
48	Reliance Beverages Pvt. Ltd.	Loan receivables	No	-	-
49	Relied Staffing Solution Pvt. Ltd.	Loan receivables	No	0.12	0.12
50	Riddhi Siddhi Emporium Pvt. Ltd.	Loan receivables	No	-	-
51	Seven Oaks Engineering Pvt. Ltd.	Loan receivables	No	-	-
52	Shrine Infrastructure Pvt. Ltd.	Loan receivables	No	0.52	0.56
53	Singh Hindustan Marine Pvt. Ltd.	Loan receivables	No	0.00	0.00
54	Solaris People Solutions Pvt. Ltd.	Loan receivables	No	-	0.10
55	Spice Flora India Pvt. Ltd.	Loan receivables	No	-	-
56	Sri Beera Barji Trading Co. Pvt. Ltd.	Loan receivables	No	0.05	0.06
57	Tei Marketing Pvt. Ltd.	Loan receivables	No	-	-
58	Tejas India Buildtech Pvt. Ltd.	Loan receivables	No	0.14	0.14
59	Times Partner Pvt. Ltd.	Loan receivables	No	(0.00)	(0.00)
60	Tulsians Kharidiye Pvt. Ltd.	Loan receivables	No	-	-
61	Underground Pipeline And Non-Destructive Testing Services Pvt. Ltd.	Loan receivables	No	-	-
62	Vijayasree Rearing And Processing Pvt. Ltd.	Loan receivables	No	-	-
63	Wave Aquatic Pvt. Ltd.	Loan receivables	No	-	-

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

50 Relationship with Struck off Companies (Contd.)

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck off company	Relationship with the struck off company	Balance outstanding as on 31 March 2024	Balance outstanding as on 31 March 2023
64	Indo Sale Pvt. Ltd.	Deposit taken	No	(0.05)	(0.05)
65	Akshda Well Wisher Advisory (OPC) Pvt. Ltd.	Payables	No	-	-
66	Aleem Autos Pvt. Ltd.	Payables	No	(0.00)	(0.00)
67	Visakam Motors Pvt. Ltd.	Payables	No	(0.00)	(0.00)
68	Daytoday Technologies (OPC) Pvt. Ltd.	Payables	No	(0.00)	(0.00)
69	Fuehrer Fintech Pvt. Ltd.	Payables	No	-	-
70	Keen Financial Services Pvt. Ltd.	Payables	No	(0.00)	(0.00)
71	Keynote Management Accountancy And Consulting Pvt. Ltd.	Payables	No	-	(0.00)
72	Progency Consultancy Pvt. Ltd.	Payables	No	-	(0.00)

The above disclosure has been prepared basis the relevant information compiled by the Company on best effort basis.

51 Disclosure pertaining to stock statement filed with banks or financial institutions

The Company has availed of the facilities (secured borrowings) from the lenders inter alia on the condition that, the Company 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 the financial year ended 31 March 2024 and previous year ended 31 March 2023, the quarterly statements or returns of current assets filed by the Company with banks are in agreement with books of accounts.

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time

(A) Capital

(₹ in crore)

Particulars		As at 31 March 2024	As at 31 March 2023
(i)	CRAR (%)	22.52%	24.97%
(ii)	CRAR -Tier I Capital (%)	21.51%	23.20%
(iii)	CRAR -Tier II Capital (%)	1.01%	1.77%
(iv)	Amount of subordinated liabilities raised as Tier II capital (Raised during the year Nil, previous year Nil)	3,577.90	3,630.29
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-
(vi)	Discounted value of tier II bonds considered for the purpose of Tier II capital	1,239.05	1,916.76

Capital Adequacy Ratio (CRAR) as at 31 March 2024 is computed basis increased Risk Weights on consumer credit exposure from 100% to 125% vide RBI Notification for 'Regulatory measures towards consumer credit and bank credit to NBFCs' no. RBI/2023-24/85 DOR.STR.REC.57/21.06.001/2023-24 dated 16 November 2023.

(B) Investments

(₹ in crore)

Particulars		As at 31 March 2024	As at 31 March 2023
(I)	**Value of investments**		
	(i) Gross value of investments		
	- In India	37,061.64	28,834.14
	- Outside India	-	-
	(ii) Provisions for depreciation/amortisations/(appreciation)		
	- In India	(91.72)	96.29
	- Outside India	-	-
	(iii) Net value of investments		
	- In India	37,153.36	28,737.85
	- Outside India	-	-
(II)	**Movement of provisions held towards depreciation/appreciation/ amortisation on investments**		
	(i) Opening balance	96.29	79.59
	(ii) Add: Provisions made during the year (net of appreciation)	(186.13)	21.54
	(iii) Less: Write-off/write-back of excess provisions during the year	1.88	4.84
	(iv) Closing balance	(91.72)	96.29

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(C) Derivatives

(I) Forward rate agreement/interest rate swap

(₹ in crore)

Particulars		As at 31 March 2024	As at 31 March 2023
(i)	The notional principal of swap agreements*	6,015.79	1,299.50
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	15.69	146.98
(iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps#	-	-
(v)	The fair value of the swap book, net	14.84	146.98

*The Company has hedged its foreign currency borrowings through CCIRS (cross currency interest rate swaps). For Accounting Policy & Risk Management Policy. (Refer note no. 3.11 & 47)

#Concentration of credit risk arisng from swaps with banks.

-Forward rate agreement (FRAs) entered into during the year ₹ Nil (Previous year ₹ Nil). The Company did not have Outstanding position as on 31 March 2024 and 31 March 2023.

(II) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

(III) Disclosures on risk exposure in derivatives

Qualitative disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. (Refer note no. 3.11 & 47)

Quantitative disclosure

(₹ in crore)

Particulars		As at 31 March 2024	As at 31 March 2023
(i)	Derivatives (notional principal amount) for hedging*	6,015.79	1,299.50
(ii)	Marked to market positions		
	(a) Asset	15.69	146.98
	(b) Liability	0.85	-
(iii)	Credit exposure	-	-
(iv)	Unhedged exposures	-	-

*The Company has hedged its foreign currency borrowings through CCIRS (cross currency interest rate swaps).

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(D) Asset Liability Management - maturity pattern of certain items of assets and liabilities*

As at 31 March 2024

(₹ in crore)

Particulars	Over 1 day to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Public deposits	225.74	250.12	661.86	1,062.10	795.39	2,939.70	5,923.01	18,766.29	7,388.41	-	38,012.62
Advances (loans)	9,340.34	3,028.87	5,834.62	11,897.52	11,999.85	27,348.95	43,465.69	90,950.17	23,684.31	15,784.11	243,334.43
Investments	19,622.09	3.35	2,988.48	21.42	47.80	45.11	79.27	1,074.73	1,864.77	11,406.34	37,153.36
Borrowings (other than public deposits)	17,552.01	2,290.12	6,805.87	10,065.20	10,645.15	11,267.44	21,893.64	47,619.61	22,949.26	25,259.28	176,347.58
Foreign currency liabilities	-	-	-	-	8.11	1.90	-	6,008.44	-	-	6,018.45

As at 31 March 2023

(₹ in crore)

Particulars	Over 1 day to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Public deposits	90.69	105.10	238.90	453.16	564.29	2,080.89	5,031.45	14,726.63	5,011.99	-	28,303.10
Advances (loans)	6,001.56	1,957.63	4,444.49	8,202.98	7,590.53	19,038.10	28,584.70	66,427.95	23,623.62	13,225.56	179,097.12
Investments	5,378.13	8,854.01	1,169.13	5.35	39.93	228.44	303.87	2,275.12	1,253.39	9,230.48	28,737.85
Borrowings (other than public deposits)	10,110.36	1,397.38	1,610.15	6,325.58	7,883.88	9,345.65	20,424.38	41,848.44	16,013.67	16,960.59	131,920.08
Foreign currency liabilities	-	632.22	8.43	-	-	-	820.80	-	-	-	1,461.45

*Amounts disclosed as per the behaviouralised pattern

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(E) Exposures

(I) Exposure to real estate sector

(₹ in crore)

Category	As at 31 March 2024	As at 31 March 2023
(i) Direct exposure		
(a) Residential mortgages lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	8,161.25	5,741.34
(b) Commercial real estate lending secured by mortgages on commercial real estates	8,989.26	4,138.16
(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
- Residential	192.61	128.59
- Commercial Real Estate	-	-
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	3,810.89	3,064.90
Investment in Housing Finance Companies*	9,528.00	7,528.00

-In addition to above, the Company has loan exposures amounting ₹ 6,678.76 crore as on 31 March 2024 (Previous year ₹ 3,606.18 crore) pertaining to commercial properties not required to be classified as commercial real estate exposure and on properties used for dual purpose of commercial and residential usage.

*Includes an amount of ₹ 2,000 crore, approved by Board of Directors of the Company on 20 March 2024, to be invested in its wholly owned subsidiary Bajaj Housing Finance Ltd.

(II) Exposure to capital market

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (Refer note (a) to (d) below)	2,000.89	743.23
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; (Refer note (e) below)	4,571.04	83.13
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; (Refer note (f) below)	27,885.32	22,466.29
(iv) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	1,258.73	1,064.76
(v) All exposures to Alternative Investment Funds: (i) Category III	225.00	-
Total Exposure to Capital Market	35,940.98	24,357.41

Note:

(a) Excludes investments in its wholly owned subsidiaries amounting to ₹ 8,398.38 crore (Previous year ₹ 8,198.38 crore). Additionally, it excludes proposed investment of ₹ 2,000 crore in its wholly owned subsidiary Bajaj Housing Finance Ltd. approved by Board of Directors of the Company on 20 March 2024.

(b) Includes investment in listed equity shares of RBL Bank having actual cost of ₹ 150 crore considered at net carrying value of ₹ 102.69 crore in current year (Previous year ₹ 60.30 crore)

(c) Includes loan amounting to ₹ 322.68 crore given to group company as of 31 March 2024 (Previous year ₹ 290.41 crore) fully convertibale into equity shares.

(d) On 2 February 2024, the Company has entered into a Securities Subscription Agreement with RMBS Development Company Ltd. for acquisition of up to 7% equity stake on a fully diluted basis for an amount of ₹ 35 crore. Hence, the same is considered under point (i) above.

(e) Includes loan against pledge of shares by promoter of other companies amounting to ₹ 50.32 crore in current year (Previous year ₹ Nil)

(f) Includes loan against pledge of shares by promoters of other companies amounting to ₹ 6,597.72 crore in current year (Previous year ₹ 5,792.28 crore).

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(III) Intra-group exposures

(₹ in crore)

Particulars	As at 31 March 2024	2023
Total amount of intra-group exposures	3,500.00	3,250.00
Total amount of top 20 intra-group exposures	3,500.00	3,250.00
Percentage of intra-group exposures to total exposure of the borrowers/ customers	1.19%	1.49%

(IV) Unhedged foreign currency exposure

The Company's exposure of unhedged foreign currency risk at the end of the reporting period is ₹ Nil (Previous year ₹ Nil)

(V) Details of financing of Parent Company products

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

(VI) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded

The Company has not exceeded the prudential exposure limits during the current and previous year.

(VII) Unsecured advances

Gross loans and advances includes unsecured advances ₹ 127,741.42 crore (Previous year ₹ 101,700.31 crore). There are no advances secured against intangible assets.

(F) Registration obtained from other financial sector regulators

Regulator	Registration no.	Valid Up to
Insurance Regulatory and Development Authority - Corporate agent	CA0101	Valid till 31-Mar-25
AMFI Registered Mutual Fund Advisor (ARMFA)	ARN - 90319	Valid till 26-June-25

(G) Details of penalties and strictures imposed by RBI and other regulators

Current year:

1) Reserve Bank of India (RBI) vide order dated 28 September 2023 had imposed a monetary penalty of ₹ 8.50 lakh (rupees eight lakh fifty thousand only) on the Company for non-compliance with the 'Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016' issued by RBI. The Company has since taken necessary corrective actions in this respect.

2) RBI vide order dated 15 November 2023, under Section 45L(1)(b) of RBI Act, 1934, directed the Company to stop sanction and disbursal of loans under its two lending products namely, 'eCOM' and 'Insta EMI Card', with immediate effect on account of certain deficiencies observed in implementation of the extant provisions of Digital lending guidelines of Reserve Bank of India, particularly non issuance of Key Fact Statements to the borrowers under these two lending products and the deficiencies in the Key Fact Statements issued in respect of other digital loans sanctioned by the Company. Further, RBI advised that these supervisory restrictions will be reviewed upon the rectification of the said deficiencies to the satisfaction of RBI.

   The Company has made required changes in response to the regulatory restriction imposed by RBI on the Company, on sanction and disbursal of loans under 'eCOM' and 'Insta EMI Card'. The Company has formally requested RBI for review and removal of these restrictions.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

Previous year:

1) Regional Director (MCA) vide its order dated 20 May 2022, imposed a fine of ₹ 3.39 lakh on the Company for violation of provisions of section 297 of the erstwhile Companies Act, 1956 ('Previous Act'), for entering into transactions with PN Writer and Siliguri Autoworks without seeking approval of the Board or prior approval of the Central Government. A Compounding application was made by the Company in 2012 and resubmitted in 2020 in this regards. The Compounding hearing was held on 27 April 2022 with Regional Director and a compounding fee was charged to Company which was duly paid.

2) BSE vide its notice through email dated 22 February 2023, imposed a fine of ₹ 50,000 (excluding GST) for delayed intimation of payment of interest/principal to stock exchanges in relation to Non-Convertible Debentures (4 ISINs). There had been no delay in payment of interest/principal and the said delay had not affected any investor adversely and the Company had remitted the requisite amount to the stock exchange.

(H) Details of ratings assigned by credit rating agencies and migration of ratings during the year

Rating agency	Programme	Ratings assigned	Migration in ratings during the year
India Ratings	Non-convertible debenture	IND AAA/Stable	Nil
	Subordinate debt	IND AAA/Stable	Nil
	Long term bank rating	IND AAA/Stable	Nil
	Short term bank rating	IND A1+	Nil
CRISIL	Non-convertible debenture	CRISIL AAA/Stable	Nil
	Lower tier II bond	CRISIL AAA/Stable	Nil
	Fixed deposit	CRISIL AAA/Stable	Nil
	Long term bank rating	CRISIL AAA/Stable	Nil
	Short term bank rating	CRISIL A1+	Nil
	Subordinate debt	CRISIL AAA/Stable	Nil
	Short term debt	CRISIL A1+	Nil
ICRA	Non-convertible debenture	ICRA AAA/Stable	Nil
	Fixed deposit	ICRA AAA/Stable	Nil
	Subordinate debt	ICRA AAA/Stable	Nil
	Short term debt	ICRA A1+	Nil
CARE	Non-convertible debenture	CARE AAA/Stable	Nil
	Subordinate debt	CARE AAA/Stable	Nil
	Long term bank rating	CARE AAA/Stable	Nil
S&P	Entity level	Long term issuer rating of 'BBB-' with stable outlook	Upgraded from 'long term issuer rating of 'BB+' with positive outlook
		Short term rating of 'A-3'	Upgraded from 'Short term rating of 'B''

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(I) Remuneration of non-executive Directors

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Sanjiv Bajaj	4.30	0.80
Madhur Bajaj ('up to 31 July 2022')	-	0.07
Rajiv Bajaj	0.35	0.21
Ranjan Sanghi ('up to 30 April 2022')	-	0.07
D J Balaji Rao ('up to 28 November 2023')	0.34	0.24
Dr. Naushad Forbes	0.85	0.53
Anami N Roy	1.20	0.63
Radhika Haribhakti	0.80	0.28
Pramit Jhaveri	1.15	0.60
Dr. Arindam Bhattacharya ('appointed w.e.f. 1 April 2023')	0.56	-

-Excluding GST

(J) Provisions and contingencies

(₹ in crore)

Break up of 'Provisions and contingencies' shown in the Statement of Profit and Loss	For the year ended 31 March 2024	2023
Provision for non performing assets*	79.42	(350.29)
Provision for income tax	4,436.00	3,593.00
Provision for standard assets**	597.84	254.29
Provision for employee benefits	130.77	92.22

* Represents impairment loss allowance on stage 3 assets

** Represents impairment loss allowance on stage 1 and stage 2 assets

(K) Draw Down from Reserves

During the year, the Company has not drawn down any amount from reserves.

(L) Concentration of deposits, advances, exposures and NPAs

(I) Concentration of deposits

(₹ in crore)

Particulars	As at 31 March 2024	2023
Total deposits of twenty largest depositors	8,993.65	7,367.76
Percentage of deposits to twenty largest depositors to total deposits	15.00%	16.56%

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(II) Concentration of advances

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total advances to twenty largest borrowers	9,005.13	6,370.70
Percentage of advances to twenty largest borrowers to total advances	3.63%	3.48%

- The above exposures denotes gross carrying amount

(III) Concentration of exposures (including off-Balance Sheet exposure)

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total exposure to twenty largest borrowers/customers	12,696.64	9,663.37
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	4.31%	4.44%

- The above exposures denotes gross carrying amount

(IV) Concentration of NPAs

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total exposure to top four NPA accounts	47.83	80.18

- The above exposures denotes gross carrying amount

(V) Sector-wise NPAs

(₹ in crore)

Sector	As at 31 March 2024			As at 31 March 2023		
	Total Advances in the sector	NPA	%	Total Advances in the sector	NPA	%
(i) Agriculture & allied activities	240.13	16.16	6.73%	111.04	0.65	0.59%
(ii) MSME	19,586.71	130.09	0.66%	8,130.92	14.12	0.17%
(iii) Corporate borrowers#	-	-	0.00%	-	-	0.00%
(iv) Services	59,090.38	648.89	1.10%	51,466.53	944.02	1.83%
(v) Unsecured personal loans	88,748.70	999.90	1.13%	67,065.70	639.18	0.95%
(vi) Auto loans	18,931.99	358.96	1.90%	11,014.36	243.63	2.21%
(vii) Other personal loans	46,019.31	359.13	0.78%	31,675.07	199.05	0.63%
(viii) Industries	15,235.31	87.25	0.57%	13,474.34	134.84	1.00%
	247,852.53	2,600.38	1.05%	182,937.96	2,175.49	1.19%

#Covered under specific sectors.

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(VI) Sectoral exposure

Sector	As at 31 March 2024			As at 31 March 2023		
	Total Exposure (includes on Balance Sheet and off-Balance Sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector*	Total Exposure (includes on Balance Sheet and off-Balance Sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector*
1. Agriculture and allied activities	325.50	16.16	4.96%	194.19	0.65	0.33%
2. Industry	21,687.57	108.93	0.50%	18,294.22	136.93	0.75%
i. Other industries	10,881.62	108.93	1.00%	18,294.22	136.93	0.75%
ii. Industry - Large	10,805.95	-	0.00%	-	-	0.00%
3. Services	95,076.07	757.30	0.80%	74,555.13	956.05	1.28%
i. Transport operators	7,835.35	300.37	3.83%	5,376.98	422.72	7.86%
ii. Professional services	17,016.92	76.34	0.45%	21,459.76	192.16	0.90%
iii. Retail trade	25,029.47	282.87	1.13%	19,277.70	182.02	0.94%
iv. Commercial real estate	8,989.25	-	0.00%	4,138.16	26.53	0.64%
v. NBFCs	16,527.29	4.48	0.03%	12,276.19	-	0.00%
vi. Other services	19,677.79	93.24	0.47%	12,026.34	132.62	1.10%
of 3. services:						
(a) Micro and small enterprises	17,727.62	107.17	0.60%	6,564.47	11.95	0.18%
(b) Others	77,348.45	650.13	0.84%	67,990.66	944.10	1.39%
4. Personal Loans	177,633.23	1,717.99	0.97%	124,690.09	1,081.86	0.87%
i. Consumer durables	29,002.79	164.31	0.57%	21,489.78	84.17	0.39%
ii. Vehicle/Auto loans	18,941.32	358.96	1.90%	11,021.09	243.63	2.21%
iii. Advances to individuals against shares, bonds	12,594.27	0.13	0.00%	7,018.55	1.15	0.02%
iii. Other retail loans	117,094.85	1,194.59	1.02%	85,160.67	752.91	0.88%
	294,722.37	2,600.38	0.88%	217,733.63	2,175.49	1.00%

*As per the disclosure requirement for the purpose of above disclosure GNPA ratio is computed on total exposure (includes on Balance Sheet and off-Balance Sheet exposure) i.e Percentage of Gross NPAs to total exposure to respective sectors. Actual GNPA ratio of the Company is computed on the basis of on Balance Sheet exposure and accordingly are not comparable.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(M) Movement of NPAs

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
(i) Net NPAs to net advances (%)	0.46%	0.43%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	2,175.49	2,987.14
(b) Additions during the year	6,903.21	4,742.69
(c) Reductions during the year (including loans written off)	6,478.32	5,554.34
(d) Closing balance	2,600.38	2,175.49
(iii) Movement of net NPAs		
(a) Opening balance	786.62	1,247.98
(b) Additions during the year	627.41	96.92
(c) Reductions during the year	281.94	558.28
(d) Closing balance	1,132.09	786.62
(iv) Movement of provisions for NPAs		
(a) Opening balance	1,388.87	1,739.16
(b) Provisions made during the year	6,275.80	4,645.77
(c) Write-off/write-back of excess provisions	6,196.38	4,996.06
(d) Closing balance	1,468.29	1,388.87

(N) Disclosure of complaints

Customer complaints

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Number of complaints pending at the beginning of the year	7	-
Number of complaints received during the year	6,530	7,426
Number of complaints disposed during the year	6,527	7,419
Of which, number of complaints rejected during the year	166	64
Number of complaints pending at the end of the year	10	7

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

Complaints from Office of Ombudsman

Particulars	For the year ended 31 March 2024	2023
Number of maintainable complaints received from Office of Ombudsman	1,932	2,635
Number of complaints resolved in favour by Office of Ombudsman	846	1,002
Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	939	1,158
Number of complaints resolved after passing of awards by Office of Ombudsman against the NBFC	-	-
Others#	147	475
Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

Others includes RBI escalations for which closure details are not available, cases received over email, and which have been subsequently rejected etc.

Top five grounds of complaints received from customers

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ (decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
FY 2023-24					
Co-branded Credit Card#	7	1,605	(61%)	10	-
Debt Management Services	-	1,406	35%	-	-
Customer Profile Related	-	623	(28%)	-	-
Communication Related	-	715	49%	-	-
Payments (Wallet) Related	-	1,087	351%	-	-
Others	-	1,094	68%	-	-
	7	6,530		10	-
FY 2022-23					
Co-branded Credit Card#	-	4,100	(29%)	7	-
Debt Management Services	-	1,044	113%	-	-
Customer Profile Related	-	870	71%	-	-
Communication Related	-	479	444%	-	-
EMI Banking Related	-	280	(16%)	-	-
Others	-	653	90%	-	-
	-	7,426		7	-

#Complaints related to co-brand credit received at the co-brand credit card partner i.e. partner's end have been included.

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(O) Disclosure of gold loan portfolio

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total gold loan portfolio	4,608.46	2,806.47
Total assets (Loans)	247,852.53	182,937.96
Gold loan portfolio as % of total assets	1.86%	1.53%

- The above exposure denotes gross carrying amount

(P) Disclosure of gold auction

(₹ in crore)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Number of loan accounts	9,763	11,102
Outstanding amount	66.01	73.35
Value fetched on auctions	69.16	74.88

- None of the sister concerns of the Company participated in the auction.

(Q) The disclosures as required by the Master Direction -Monitoring of frauds in NBFCs issued by RBI dated 29 September 2016

(₹ in crore)

Particulars	For the year ended 31 March 2024		For the year ended 31 March 2023	
	No. of cases	₹ in crore	No. of cases	₹ in crore
Amount involved is greater than or equal to 1 lakh	342	27.87	114	11.16
Amount involved is less than 1 lakh	1,028	3.71	717	1.03
Wallet related fraud	1,934	2.74	1,356	2.39

(R) Disclosures as required for liquidity risk

(I) Funding concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Borrowings		
Number of significant counter parties	14	18
Amount (₹ in crore)	79,019.69	68,708.19
Percentage of funding concentration to total deposits	NA	NA
Percentage of funding concentration to total liabiities	35.18%	41.63%

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(II) Top 20 large deposits

(₹ in crore)

Particulars	As at 31 March 2024	2023
Total amount of top 20 deposits	8,993.65	7,367.76
Percentage of amount of top 20 deposits to total deposits	15.00%	16.56%

(III) Top 10 borrowings

(₹ in crore)

Particulars	As at 31 March 2024	2023
Total amount of top 10 borrowings	68,925.18	53,221.41
Percentage of amount of top 10 borrowings to total borrowings	31.28%	32.92%

(IV) Funding concentration based on significant instrument/product

(₹ in crore)

Particulars	As at 31 March 2024	Percentage of total liabilities	As at 31 March 2023	Percentage of total liabilities
Non-convertible debentures	69,174.98	30.80%	55,446.82	33.60%
Deposits	59,966.66	26.70%	44,489.79	26.96%
Loans from bank	47,460.59	21.13%	38,287.89	23.20%
Commercial paper	18,421.11	8.20%	10,223.03	6.19%
External commercial borrowings	6,018.45	2.68%	1,461.45	0.89%
Subordinated liabilities	3,577.90	1.59%	3,630.29	2.20%
TREPs	15,758.96	7.02%	8,145.36	4.94%

(V) Stock ratios

(₹ in crore)

Particulars	As at 31 March 2024	2023
(i) Commercial paper as a percentage of total public funds*	8.36%	6.32%
(ii) Commercial paper as a percentage of total liabilities	8.20%	6.19%
(iii) Commercial paper as a percentage of total assets	6.21%	4.72%
(iv) Other short term liabilities as a percentage of total public funds	34.13%	36.08%
(v) Other short term liabilities as a percentage of total liabilities	33.49%	35.35%
(vi) Other short term liabilities as a percentage of total assets	25.36%	26.94%
(vii) Non-convertible debentures** as a percentage of total public funds	NA	NA
(viii) Non-convertible debentures** as a percentage of total liabilities	NA	NA
(ix) Non-convertible debentures** as a percentage of total assets	NA	NA

*Public funds includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue

** Non-convertible debentures with original maturity of less than one year

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(VI) Institutional set-up for liquidity risk management

For qualitative disclosure on liquidity risk management, refer note no. 47.

Quarter on quarter Liquidity Coverage Ratio for the financial year ended 31 March 2024 :

(₹ in crore)

		Q1 FY24		Q2 FY24		Q3 FY24		Q4 FY24	
	High Quality Liquid Assets	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Total High Quality Liquid Assets (HQLA)	12,619.29	11,558.60	12,731.42	11,561.48	11,745.65	10,569.10	13,135.36	11,975.77
	Cash Outflows								
2	Deposits (for deposit taking companies)	1,568.84	1,804.16	2,022.50	2,325.87	2,288.92	2,632.26	2,561.65	2,945.89
3	Unsecured wholesale funding	3,277.48	3,769.10	4,013.73	4,615.79	4,996.40	5,745.85	4,161.07	4,785.23
4	Secured wholesale funding	1,865.93	2,145.82	2,490.53	2,864.11	2,308.34	2,654.59	4,255.64	4,893.98
5	Additional requirements, of which	1,991.59	2,290.33	1,907.65	2,193.80	2,041.93	2,348.22	2,623.94	3,017.53
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	1,991.59	2,290.33	1,907.65	2,193.80	2,041.93	2,348.22	2,623.94	3,017.53
6	Other contractual funding obligations	2,072.69	2,383.59	2,703.26	3,108.75	2,463.93	2,833.52	2,418.02	2,780.72
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**	**10,776.53**	**12,393.00**	**13,137.67**	**15,108.32**	**14,099.52**	**16,214.44**	**16,020.32**	**18,423.35**
	Cash Inflows								
9	Secured lending	159.75	119.81	250.45	187.84	112.72	84.54	90.73	68.05
10	Inflows from fully performing exposures	10,837.26	8,127.95	11,782.40	8,836.80	12,373.71	9,280.28	13,232.62	9,924.47
11	Other cash inflows	9,762.88	7,322.16	11,842.06	8,881.55	14,401.94	10,801.45	12,967.09	9,725.32
12	**Total cash inflows**	**20,759.89**	**15,569.92**	**23,874.91**	**17,906.19**	**26,888.37**	**20,166.27**	**26,290.44**	**19,717.84**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**	
13	Total HQLA		11,558.60		11,561.48		10,569.10		11,975.77
14	Total net cash outflow		3,098.25		3,777.08		4,053.61		4,605.84
15	Liquidity coverage ratio (%)		373.07%		306.10%		260.73%		260.01%
	High Quality Liquid Assets (HQLA)	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Assets to be included as HQLA without any haircut	7,315.81	7,315.81	6,881.73	6,881.73	5,862.90	5,862.90	7,337.43	7,337.43
	(a) T-Bills	6,809.67	6,809.67	6,308.18	6,308.18	5,295.36	5,295.36	6,608.23	6,608.23
	(b) Bank balance	506.14	506.14	573.55	573.55	567.54	567.54	729.20	729.20
2	Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3	Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
4	Approved securities held as per the provisions of section 45 IB of RBI Act - Government Securities	5,303.48	4,242.79	5,849.69	4,679.75	5,882.75	4,706.20	5,797.93	4,638.34
	Total HQLA	**12,619.29**	**11,558.60**	**12,731.42**	**11,561.48**	**11,745.65**	**10,569.10**	**13,135.36**	**11,975.77**

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

Quarter on quarter Liquidity Coverage Ratio for the financial year ended 31 March 2023 :

(₹ in crore)

		Q1 FY23		Q2 FY23		Q3 FY23		Q4 FY23	
	High Quality Liquid Assets	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Total High Quality Liquid Assets (HQLA)	7,847.64	7,052.44	8,400.49	7,555.49	9,346.35	8,421.70	10,818.75	9,733.59
	Cash Outflows								
2	Deposits (for deposit taking companies)	1,225.56	1,409.39	1,461.82	1,681.09	1,638.62	1,884.41	1,710.43	1,967.00
3	Unsecured wholesale funding	1,902.81	2,188.23	2,137.79	2,458.46	3,255.95	3,744.34	2,742.95	3,154.39
4	Secured wholesale funding	2,991.63	3,440.38	3,008.66	3,459.96	4,060.09	4,669.11	5,282.68	6,075.08
5	Additional requirements, of which	1,981.96	2,279.25	1,827.68	2,101.83	1,911.70	2,198.46	2,051.45	2,359.17
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	1,981.96	2,279.25	1,827.68	2,101.83	1,911.70	2,198.46	2,051.45	2,359.17
6	Other contractual funding obligations	2,799.85	3,219.83	2,599.35	2,989.25	2,059.86	2,368.83	2,134.06	2,454.17
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**	10,901.81	12,537.08	11,035.30	12,690.59	12,926.22	14,865.15	13,921.57	16,009.81
	Cash Inflows								
9	Secured lending	966.42	724.82	657.56	493.97	1,269.80	952.35	114.51	85.88
10	Inflows from fully performing exposures	8,821.64	6,616.23	9,615.02	7,211.27	10,101.99	7,576.49	10,443.91	7,832.93
11	Other cash inflows	8,884.47	6,663.35	14,474,83	10,856.12	13,009.21	9,756.90	10,899.13	8,174.34
12	**Total cash inflows**	18,672.53	14,004.40	24,747.41	18,560.56	24,381.00	18,285.74	21,457.55	16,093.15

		Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13	Total HQLA	7,052.44	7,555.49	8,421.7	9,733.59
14	Total net cash outflow	3,134.27	3,172.65	3,716.29	4,002.45
15	Liquidity coverage ratio (%)	225.01%	238.14%	226.62%	243.19%

	High Quality Liquid Assets (HQLA)	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Assets to be included as HQLA without any haircut	3,871.67	3,871.67	4,175.46	4,175.46	4,723.12	4,723.12	5,392.98	5,392.98
	(a) T-Bills	3,489.86	3,489.86	3,837.50	3,837.50	4,391.17	4,391.17	5,115.66	5,115.66
	(b) Bank balance	381.81	381.81	337.96	337.96	331.95	331.95	277.32	277.32
2	Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3	Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
4	Approved securities held as per the provisions of section 45 IB of RBI Act - Government Securities	3,975.97	3,180.77	4,225.03	3,380.03	4,623.23	3,698.58	5,425.77	4,340.61
	Total HQLA	**7,847.64**	**7,052.44**	**8,400.49**	**7,555.49**	**9,346.35**	**8,421.70**	**10,818.75**	**9,733.59**

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein Balance Sheet carries a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the Balance Sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The Company for purpose of computing outflows, has considered: (1) all the contractual debt repayments, (2) committed credit facilities contracted with the subsidiaries and customers, and (3) other expected or contracted cash outflows. Inflows comprises of: (1) expected receipt from all performing loans, and (2) liquid investment which are unencumbered and have not been considered as part of HQLA.

For the purpose of HQLA the Company considers: (1) Unencumbered Government securities, (2) Cash and Bank balances and (3) Pledged Government Securities for purpose of Statutory Liquid Ratio (SLR) with a haircut of 20%.

The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period. LCR guidelines have become effective from 1 December 2020, requiring NBFCs to maintain minimum LCR of 50%, LCR is gradually required to be increased to 100% by 1 December 2024. NBFCs are required to maintain LCR of 85% as on 31 March 2024.

(S) Loans to Directors, Senior Officers and relatives of Directors

(₹ in crore)

	Aggregate amount of such sanctioned loans and advances	
	For the year ended 31 March	
Particulars	**2024**	**2023**
Directors and their relatives	-	-
Entities associated with directors and their relatives	Flexi term loan facility up to ₹ 1,000 crore	-
Senior Officers and their relatives (Previous year ₹ 32,308)	1.17	

*The circular on Loans and Advances – Regulatory Restrictions - NBFCs is effective from 1 October 2022. The above disclosure is provided for loans entered on or after 1 October 2022.

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(T) Disclosure of transactions with related parties as required by RBI circular dated 19 Apr 2022

(₹ in crore)

S. No.	Item/Related Party	1. Parent (as per ownership or control) 31 March 2024	1. Parent 31 March 2023	2. Subsidiaries 31 March 2024	2. Subsidiaries 31 March 2023	3. Associate 31 March 2024	3. Associate 31 March 2023	4. Director 31 March 2024	4. Director 31 March 2023
(A)	**Details of Related party transactions during the year ended**								
1	Borrowings	-	-	-	-	-	-	-	-
2	Deposits	550.00	-	-	-	-	-	0.00	-
3	Placement of deposits	-	-	10.50	10.00	-	-	-	-
4	Advances	-	-	14,310.00	7,478.00	-	-	-	-
5	Investments	-	-	200.00	2,500.00	153.72	92.74	-	-
6	Purchase of fixed/other assets	-	0.08	0.53	0.48	24.83	4.98	-	-
7	Sale of fixed/other assets	0.07	0.15	0.91	0.80	-	-	-	-
8	Interest paid	83.81	50.50	-	-	-	-	0.00	0.01
9	Interest received	-	-	17.33	5.23	-	-	-	-
10	Others - Loan portfolio Assigned in	-	-	6,758.15	1,789.90	-	-	-	-
11	Others - Dividend Paid	953.45	635.63	-	-	-	-	1.67	0.94
12	Others - Preferential warrants application money received	297.21	-	-	-	-	-	-	-
13	Others	21.54	45.34	100.33	112.74	0.40	-	74.71	3.36
		1,906.08	731.70	21,397.75	11,897.15	178.95	97.72	76.38	4.31
(B)	**Outstanding Balances as at**								
1	Borrowings	(695.00)	(770.00)	-	-	-	-	-	-
2	Deposits	(550.00)	-	-	-	-	-	(0.01)	-
3	Placement of deposits	-	-	0.08	0.08	-	-	-	-
4	Advances	-	-	155.00	-	-	-	-	-
5	Investments	-	-	8,398.38	8,198.38	360.20	92.74	-	-
6	Purchase of fixed/other assets	-	(0.09)	-	(0.35)	(13.16)	-	-	-
7	Sale of fixed/other assets	-	-	-	0.10	-	-	-	-
8	Interest paid	(28.54)	-	-	-	-	-	(0.00)	-
9	Interest received	-	-	-	-	-	-	-	-
10	Others - Loan portfolio Assigned in	-	-	-	-	-	-	-	-
11	Others - Dividend Paid	-	-	-	-	-	-	-	-
12	Others - Preferential warrants application money received	(297.21)	-	-	-	-	-	-	-
13	Others	(63.56)	(66.09)	0.08	2.50	(0.43)	-	(15.41)	(2.25)
		(1,634.31)	(836.18)	8,553.54	8,200.71	346.61	92.74	(15.42)	(2.25)
(C)	**Maximum Outstanding balances for the year ended**								
1	Borrowings	(770.00)	(845.00)	-	-	-	-	-	-
2	Deposits	(550.00)	-	-	-	-	-	(0.01)	(0.30)
3	Placement of deposits	-	-	5.58	5.08	-	-	-	-
4	Advances	-	-	875.00	655.00	-	-	0.00	-
5	Investments	-	-	8,398.38	8,198.38	360.20	92.74	-	-
		(1,320.00)	(845.00)	9,278.96	8,858.46	360.20	92.74	(0.01)	(0.30)

'0.00' represents the amount below the rounding off norm adopted by the Company

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(₹ in crore)

5. Relative of Director		6. Other KMP		7. Relatives of Other KMP		8. Other		Total	
31 March		31 March		31 March		31 March		31 March	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
-	-	-	-	-	-	70.00	425.00	70.00	425.00
1.29	-	-	-	0.05	0.05	618.66	570.02	1,170.00	570.07
-	-	-	-	-	-	0.70	0.32	11.20	10.32
-	-	-	-	-	-	-	-	14,310.00	7,478.00
-	-	-	-	-	-	-	-	353.72	2,592.74
-	-	-	-	-	-	71.06	71.77	96.42	77.31
-	-	-	-	-	-	7.20	0.28	8.18	1.23
0.43	-	-	-	0.01	0.00	321.92	314.69	406.17	365.20
-	-	-	-	-	-	2.03	4.94	19.36	10.17
-	-	-	-	-	-	-	-	6,758.15	1,789.90
0.59	0.38	0.75	0.47	0.08	0.05	60.13	39.46	1,016.67	676.93
-	-	-	-	-	-	-	-	297.21	-
0.13	0.13	116.85	61.93	-	-	901.93	596.25	1,215.89	819.75
2.44	0.51	117.60	62.40	0.14	0.10	2,053.63	2,022.73	25,732.97	14,816.62
-	-	-	-	-	-	(2,804.50)	(3,409.50)	(3,499.50)	(4,179.50)
(7.05)	-	-	-	(0.10)	(0.05)	(583.03)	(570.07)	(1,140.19)	(570.12)
-	-	-	-	-	-	2.73	2.16	2.81	2.24
-	-	-	-	-	-	0.01	0.03	155.01	0.03
-	-	-	-	-	-	283.16	283.16	9,041.74	8,574.28
-	-	-	-	-	-	(0.48)	(8.17)	(13.64)	(8.61)
-	-	-	-	-	-	0.19	-	0.19	0.10
(0.38)	-	-	-	(0.01)	(0.00)	(19.61)	(9.05)	(48.54)	(9.05)
-	-	-	-	-	-	0.06	0.53	0.06	0.53
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(297.21)	-
(0.04)	(0.04)	(5.40)	(0.68)	(0.01)	(0.01)	45.41	(1.71)	(39.36)	(68.28)
(7.47)	(0.04)	(5.40)	(0.68)	(0.12)	(0.06)	(3,076.06)	(3,712.62)	4,161.37	3,741.62
-	-	-	-	-	-	(3,409.50)	(3,768.20)	(4,179.50)	(4,613.20)
(7.10)	-	-	-	(0.10)	(0.05)	(726.07)	(570.07)	(1,283.28)	(570.42)
-	-	-	-	-	-	2.86	2.26	8.44	7.34
-	-	-	-	-	-	0.03	0.05	875.03	655.05
-	-	-	-	-	-	283.16	283.16	9,041.74	8,574.28
(7.10)	-	-	-	(0.10)	(0.05)	(3,849.52)	(4,052.80)	4,462.43	4,053.05

52 The disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 as amended from time to time (Contd.)

(U) Overseas Assets

The Company does not have any joint ventures and subsidiaries abroad.

(V) Off-Balance Sheet SPVs sponsored

The Company does not have any off-Balance Sheet SPVs sponsored.

(W) Participation in Currency futures & currency options

The Company has not undertaken any transaction during the current year and previous year for currency futures and currency options.

(X) Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items which are impacting Company's current year Profit and Loss.

(Y) Revenue recognition

There are no such circumstances in which revenue has been postponed pending the resolution of significant uncertainties.

(Z) Consolidated financial statement (CFS)

The Company has consolidated financial statement of its all the underlying subsidiaries.

(AA) Divergence in asset classification and provisioning

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory inspection for the year ended 31 March 2023 and for the year ended 31 March 2022 as per the requirement of the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Direction, 2023 as amended from time to time.

53 Disclosure of restructured accounts

(₹ in crore)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Amount Outstanding	Impairment loss allowance	Amount Outstanding	Impairment loss allowance
Standard	87.84	3.26	5.28	0.04
Substandard	274.46	93.16	536.94	323.02
Doubtful	320.34	138.35	5.16	5.00
	682.64	234.77	547.38	328.06

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

54 The disclosures for comparison between provisions required under IRACP and impairment loss allowance made under Ind AS 109

As at 31 March 2024

(₹ in crore)

Asset Classification as per RBI Norms (1)		Asset Classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowance (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5) = (3) - (4)	Provision required as per IRACP norms* (6)	Difference between Ind AS 109 provision and IRACP norms (7) = (4) - (6)
(a)	**Performing Assets**						
Standard		Stage 1	241,531.22	1,927.56	239,603.66	1,017.12	910.44
		Stage 2	3,720.93	1,122.25	2,598.68	24.29	1,097.96
Subtotal (a)			245,252.15	3,049.81	242,202.34	1,041.41	2,008.40
(b)	**Non-Performing Assets (NPA)**						
(i)	Substandard	Stage 3	2,057.15	1,205.28	851.87	206.73	998.55
(ii)	Doubtful upto :						
	1 year	Stage 3	272.21	136.60	135.61	196.02	(59.42)
	1 to 3 years	Stage 3	271.02	126.41	144.61	146.46	(20.05)
	More than 3 years	Stage 3	-	-	-	-	-
			543.23	263.01	280.22	342.48	(79.47)
(iii)	Loss	Stage 3	-	-	-	-	-
	Subtotal (b)		2,600.38	1,468.29	1,132.09	549.21	919.08
(c)	**Other Items** (Derivative financial assets)	Stage 1	15.69	-	-	0.06	-
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
	Subtotal (c)		15.69	-	-	0.06	-
		Stage 1	241,546.91	1,927.56	239,603.66	1,017.18	910.44
		Stage 2	3,720.93	1,122.25	2,598.68	24.29	1,097.96
		Stage 3	2,600.38	1,468.29	1,132.09	549.21	919.08
Total (a+b+c)			247,868.22	4,518.10	243,334.43	1,590.68	2,927.48

As at 31 March 2023

(₹ in crore)

Asset Classification as per RBI Norms (1)		Asset Classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowance (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5) = (3) -(4)	Provision required as per IRACP norms* (6)	Difference between Ind AS 109 provision and IRACP norms (7) = (4)- (6)
(a)	**Performing Assets**						
	Standard	Stage 1	178,089.48	1,597.05	176,492.43	752.10	844.95
		Stage 2	2,672.99	854.92	1,818.07	28.75	826.17
	Subtotal (a)		180,762.47	2,451.97	178,310.50	780.85	1,671.12
(b)	**Non-Performing Assets (NPA)**						
(i)	Substandard	Stage 3	2,072.11	1,325.00	747.11	207.34	1,117.66
(ii)	Doubtful upto :						
	1 year	Stage 3	72.50	49.15	23.35	21.91	27.24
	1 to 3 years	Stage 3	30.87	14.72	16.15	9.27	5.45
	More than 3 years	Stage 3	0.01	-	0.01	-	0.00
	Subtotal (b)		103.38	63.87	39.51	31.18	32.69
(iii)	Loss	Stage 3	-	-	-	-	-
	Subtotal for NPA		2,175.49	1,388.87	786.61	238.52	1,150.35
(c)	**Other Items (Derivative financial assets)**	Stage 1	146.98	-	146.98	0.59	(0.59)
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
	Subtotal (c)		146.98	-	146.98	0.59	(0.59)
		Stage 1	178,236.46	1,597.05	176,639.41	752.69	844.36
		Stage 2	2,672.99	854.92	1,818.07	28.75	826.17
		Stage 3	2,175.49	1,388.87	786.62	238.52	1,150.35
Total (a+b+c)			183,084.94	3,840.84	179,244.10	1,019.96	2,820.88

*Computed on the value as per the erstwhile IRACP norms.

55 (a) Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP. BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31/DOR.STR. REC.11/21.04.048/2021-22 dated 5 May 2021

For half year ended 31 March 2024

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year i.e. 30 September 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 31 March 2024	Of (A) amount written off during the half year ended 31 March 2024#	Of (A) amount paid by the borrowers during the half year ended 31 March 2024^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 31 March 2024
Personal Loans*	172.68	13.09	2.81	26.99	132.60
Corporate persons	-	-	-	-	-
of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	172.68	13.09	2.81	26.99	132.60

*Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans

#Represents debt that slipped into stage 3 and was subsequently written off during the half year ended 31 March 2024

^Represents receipts net of interest accruals and disbursements, if any

For half year ended 30 September 2023

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year i.e. 31 March 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 30 September 2023	Of (A) amount written off during the half year ended 30 September 2023#	Of (A) amount paid by the borrowers during the half year ended 30 September 2023^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 30 September 2023
Personal Loans*	223.07	18.54	4.80	31.85	172.68
Corporate persons	-	-	-	-	-
of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	223.07	18.54	4.80	31.85	172.68

*Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans

#represents debt that slipped into stage 3 and was subsequently written off during the half-year

^represents receipts net of interest accruals and disbursements, if any

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

55 (a) Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP. BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31/DOR.STR. REC.11/21.04.048/2021-22 dated 5 May 2021 (Contd.)

For half year ended 31 March 2023

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year i.e. 30 September 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 31 March 2023	Of (A) amount written off during the half year ended 31 March 2023#	Of (A) amount paid by the borrowers during the half year ended 31 March 2023^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 31 March 2023
Personal Loans*	294.98	27.62	8.04	44.29	223.07
Corporate persons	6.37	6.37	-	-	-
of which, MSMEs	-	-	-	-	-
Others	6.37	6.37	-	-	-
	301.35	33.99	8.04	44.29	223.07

*Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans

#Represents debt that slipped into stage 3 and was subsequently written off during the half year ended 31 March 2023

^Represents receipts net of interest accruals and disbursements, if any

For half year ended 30 September 2022

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year i.e. 31 March 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year ended 30 September 2022	Of (A) amount written off during the half year ended 30 September 2022#	Of (A) amount paid by the borrowers during the half year ended 30 September 2022^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half year i.e 30 September 2022
Personal Loans*	405.08	55.64	21.61	54.46	294.98
Corporate persons	6.98	-	-	0.61	6.37
of which, MSMEs	-	-	-	-	-
Others	6.98	-	-	0.61	6.37
	412.06	55.64	21.61	55.07	301.35

*Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans.
#represents debt that slipped into stage 3 and was subsequently written off during the half-year ended 30 September 2023.
^represents receipts net of interest accruals and disbursements, if any.

55 (b) Details of resolution plan implemented as per RBI circular on Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances dated 6 August 2020 as at 31 March 2024 are given below:

Type of borrower	No. of accounts restructured and outstanding as on 31 March 2024	Amount Outstanding as on 31 March 2024 (₹ in crore)	No. of accounts restructured and outstanding as on 31 March 2023	Amount Outstanding as on 31 March 2023 (₹ in crore)
MSMEs	4,484	133.77	7,030	207.64

55 (c) Details of resolution plan implemented as per RBI Circular on Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) dated 5 May 2021 as at 31 March 2024 are given below :

Type of borrower	No. of accounts restructured and outstanding as on 31 March 2024	Amount Outstanding as on 31 March 2024 (₹ in crore)	No. of accounts restructured and outstanding as on 31 March 2023	Amount Outstanding as on 31 March 2023 (₹ in crore)
MSMEs	19	12.96	23	16.89

56 Disclosure pursuant to RBI Notification - RBI/DOR/2021-22/86/DOR.STR. REC.51/21.04.048/2021-22 dated 24 September 2021 'Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021'

(a) Details of transfer through assignment in respect of loans not in default:

Particulars	For the year ended 31 March 2024	2023
Amount of loans transferred through assignment	Nil	Nil
Retention of beneficial economic interest	Nil	Nil
Weighted average residual maturity	Nil	Nil
Weighted average holding period	Nil	Nil
Coverage of tangible security coverage	Nil	Nil
Rating-wise distribution of rated loans	Nil	Nil

(b) Details of loans (not in default) acquired through assignment:

Particulars	For the year ended 31 March 2024	2023
Amount of loans acquired through assignment	₹ 6,758.15 crore	₹ 1,789.89 crore
Retention of beneficial economic interest	1%	1%
Weighted average residual maturity	170 months	127 months
Weighted average holding period	14 months	18 months
Coverage of tangible security coverage	100%	100%
Rating-wise distribution of rated loans	Unrated	Unrated

Notes to standalone financial statements for the year ended 31 March 2024 (Contd.)

56 Disclosure pursuant to RBI Notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 'Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021' (Contd.)

(c) Stressed loans transferred during the financial year ended 31 March 2024

Particulars	To permitted transferees NPA	SMA
Number of accounts	336.00	30.00
Aggregate principal outstanding of loans transferred (₹ in crore)	28.48	2.44
Weighted average residual tenor of the loans transferred (in years)	5.57	5.32
Net book value of loans transferred (at the time of transfer) (₹ in crore)	20.48	1.91
Aggregate consideration (₹ in crore)	11.71	0.99
Additional consideration realised in respect of accounts transferred in earlier years	0.00	0.00
Excess provision reversed to the Profit and Loss Account on accunt of sale	0.00	0.00

In addition to above, the Company has transferred written off loans amounting to ₹ 2.66 crore for a sale consideration of ₹ 0.59 crore.

(d) No stressed loans transferred during the financial year ended 31 March 2023

(e) The Company has not acquired any stressed loan during the financial year ended 31 March 2024 and 31 March 2023.

57 Amounts less than ₹ 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.

58 Figures for the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Pune: 25 April 2024

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sanjiv Bajaj
Chairman
DIN - 00014615

Sandeep Jain
Chief Financial Officer

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Annexure (Forming part of the financial statements)

Schedule to Balance Sheet

As required by updated Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ('the NBFC Master Directions')

(₹ in crore)

Particulars			Amount outstanding as on 31 March 2024	Amount overdue
Liabilities side				
(1)	**Loans and advances availed by the Company inclusive of interest accrued thereon but not paid**			
	(a)	Debentures		
		Secured	62,170.34	-
		Unsecured	10,582.54	-
		(Other than falling within the meaning of public deposit *)		
	(b)	Deferred credits	-	-
	(c)	Term loans	50,733.97	-
	(d)	Inter-corporate loans and borrowings	21,954.04	-
	(e)	Commercial paper	18,421.11	-
	(f)	Public deposits (as defined in chapter II, para 3 (xiii) of Master directions - Non- Banking Financial Companies Acceptance of Public Deposits (Reserve Bank Directions, 2016 as issued by RBI.)	38,012.62	-
	(g)	Other Loans	18,504.03	-
		(TREPs, cash credit and working capital demand loan)		
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)**			
	(a)	In the form of unsecured debentures	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	-	-
	(c)	Other public deposits	38,012.62	-

(₹ in crore)

Particulars			Amount Outstanding as on 31 March 2024
Asset side			
(3)	**Break - up of loans and advances including bills receivables (other than those included in (4) below)**		
	(a) Secured		118,863.28
	(b) Unsecured		126,865.95
(4)	**Break up of leased assets and assets under finance and hypothecation loans counting towards asset finance activities**		
	(i)	Lease assets including lease rentals under sundry debtors:	
		(a) Financial lease	-
		(b) Operating lease	-
	(ii)	Stock under finance including financing charges under sundry debtors	
		(a) Assets under finance, net of unmatured finance charges and advance EMI	-
		(b) Repossessed assets	-

Annexure (Forming part of the financial statements)

Schedule to Balance Sheet (Contd.)

(₹ in crore)

Particulars					Amount Outstanding as on 31 March 2024
(iii)	Hypothecation loans counting towards asset financing activities*				
	(a)	Loans where assets have been repossessed			-
	(b)	Loans other than (a) above			-
*The Company has not disclosed amount outstanding under assets financing activities under note no. 4(iii) and included entire loan amount outstanding under note no. 3 as RBI has merged Asset Financing Companies, Loan Companies and Investment companies in to a new category 'NBFC - Investment and Credit Company' vide its circular no. DN BR (PD) CC. No.097/03.10.001/2018-19 dated February 22, 2019.					
(5)	**Break-up of investments**				
	Current Investments				
a.	Quoted				
(i)	Shares -	(a)	Equity		-
		(b)	Preference		-
	(ii)	Debentures and bonds			212.39
	(iii)	Units of mutual funds			2,520.69
	(iv)	Government securities			18,248.64
	(v)	Others - Certificate of Deposits & Commercial paper			1,700.50
b.	Unquoted				
	(i) Shares -	(a)	Equity		-
		(b)	Preference		-
	(ii)	Debentures and bonds			-
	(iii)	Units of mutual funds			-
	(iv)	Government securities			-
	(v)	Others (Pass through certificates)			125.30
	Long-Term Investments				
a.	Quoted				
	(i)	Shares -	(a)	Equity	102.89
			(b)	Preference	-
	(ii)	Debentures and bonds			-
	(iii)	Units of mutual funds			-
	(iv)	Government securities			4,554.98
	(v)	Others			-
b.	Unquoted				
	(i) Shares - (a)	Equity			9,457.81
		(b)	Preference		-
	(ii)	Debentures and bonds			-
	(iii)	Units of mutual funds			-
	(iv)	Government securities			-
	(v)	Others (Pass through certificates)			230.16

Schedule to Balance Sheet (Contd.)

(6) Borrower group-wise classification of all leased assets, stock under financing and loans and advances

(₹ in crore)

Category	Amount net of Provisions		
	Secured	Unsecured	Total
Related parties			
Subsidiaries	-	152.20	152.20
Companies in the same group	-	78.99	78.99
Other related parties	-	0.97	0.97
Other than related parties	118,863.28	126,633.79	245,497.07
	118,863.28	126,865.95	245,729.23

(7) Investor group-wise classification of all investments (current and long-term in shares and securities)

(₹ in crore)

Category	Market Value	Book Value
Related parties		
Subsidiaries	8,398.38	8,398.38
Companies in the same group	685.99	685.99
Other related parties	0.20	0.20
Other than related parties	28,068.79	28,068.99
	37,153.36	37,153.56

(8) Other information

(₹ in crore)

Particulars	Amount
(i) Gross non-performing assets	
Related parties	-
Other than related parties	2,600.38
(ii) Net non-performing assets*	
Related parties	-
Other than related parties	1,132.09
(iii) Assets acquired in satisfaction of debt	-

*Provision for ECL Stage 3 Net of interest has been considered.

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report on the Consolidated Financial Statements

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

Opinion

We have audited the accompanying consolidated financial statements of Bajaj Finance Ltd. (the 'Parent Company') and its subsidiaries, (the Parent Company and its subsidiaries together referred to as the 'Group'), and the Group's share of profit in its associates, which comprise the Consolidated Balance Sheet as at 31 March 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of material accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

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 the other auditors on separate financial statements of the subsidiaries and associates referred to in the Other Matters section below, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and of its associates as at 31 March 2024, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ('SAs'). Our responsibilities under those Standards are further described in the Auditors' responsibility for the audit of the consolidated financial statements section of our report. We are independent of the Group and its associates 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us, and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key audit matter	Auditors' response
1.	Allowances for expected credit losses ('ECL'): As of 31 March 2024, the carrying value of loan assets carried at amortised cost and fair value through other comprehensive income ('FVOCI'), aggregated ₹ 326,293.32 crore (net of allowance for expected credit loss ₹ 5,041.03 crore) constituting approximately 87% of the Group's total assets. Significant judgement 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 judgement.	Auditors of one subsidiary and we 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. Auditors of the subsidiary and we have also verified the methodology adopted for computation of ECL ('ECL Model') that addresses policies approved by the Boards of Directors, procedures, and controls for assessing and measuring credit risk on all lending exposures carried at amortised cost and FVOCI. Additionally, Auditors of the subsidiary and we have confirmed that adjustments to the output of the ECL Model are consistent with the documented rationale and basis for such adjustments and that the amount of adjustment have been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others:

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

S.N.	Key audit matter	Auditors' response
	As part of our risk assessment, we 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 carried at amortised cost and fair value through other comprehensive income ('FVOCI'). • Basis used for estimating probabilities of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') at product level with past trends. • Judgements 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. (Refer note no. 3.3, 9 and 48(c) to the consolidated financial statements).	Testing the design and operating effectiveness of the following: • Completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. • Completeness, accuracy, and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio. • Accuracy of the computation of the ECL estimate including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model; and • Validity of changes made to the structured query language ('SQL') queries used for the ECL calculations including approval thereof by the designated officials. Test of 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.
2.	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 was considered to be a key audit matter.	With the assistance of IT specialists, the Auditors of a subsidiary and we 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: • Auditors of one subsidiary and we 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. • Auditors of a subsidiary and we also 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 consolidated financial statements. Our tests including testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the consolidated financial statements.

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

Information other than the financial statements and Auditors' Report thereon

The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility and Sustainability Report ('BRSR') and Management Discussion and Analysis ('MD&A') (collectively referred to as 'other information'), but does not include the consolidated financial statements, standalone financial statements and our Auditors' Report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and of its associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated financial statements

The Parent 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and of its associates in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 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 Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditors' responsibility for the audit of the consolidated financial statements

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.

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

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

- Identify and assess the risks of material misstatement of the 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.
- Obtain an understanding of internal financial 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 Parent Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates 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. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of business activities included in the consolidated financial statements of which we are the independent auditors. For the business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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. 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.

We communicate with those charged with governance of the Parent 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.

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.

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

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 period 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

(a) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 81,827.09 crore as at 31 March 2024, total revenues of ₹ 7,617.71 crore and net cash outflows amounting to ₹ 30.02 crore 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 this subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

(b) The consolidated financial statements also include the Group's share of net profit after tax of ₹ 1.41 crore and total comprehensive income of ₹ 1.39 crore for the period ended 31 March 2024, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. The aforesaid financial statements are unaudited and 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 this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

(c) The consolidated financial statements also include the Group's share of net profit after tax of ₹ 6.23 crore and total comprehensive income of ₹ 6.15 crore for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. 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 this associate, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid associate is based solely on the report of the other auditors.

(d) Further the financial statements of a subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 6,017.62 crore as at 31 March 2024, total revenues of ₹ 486.07 crore and net cash outflow amounting to ₹ 160.02 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by M/s G.M. Kapadia & Co., one of the joint auditors of the Group whose report have been furnished to us by the Management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the M/s G.M. Kapadia & Co. and the procedures performed by us as stated under Auditors' Responsibilities section above.

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

Our opinion on the consolidated financial statements above and our report on 'other legal and regulatory requirements' below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on other legal and regulatory requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law have been kept by the Group and its associate companies including relevant records 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.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent Company as on 31 March 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and of its associates, none of the directors of the Group and of its associates companies is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A' which is based on the Auditors' Reports of the Parent Company, subsidiaries and associate company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

   g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. Refer note no. 42(a) to the consolidated financial statements.

      ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company, its subsidiary companies and its associates.

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

iv) (a) The respective Managements of the Parent Company, its subsidiaries and its associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates, respectively, that, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, 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 Parent Company or any of such subsidiaries or associates 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 or any of such subsidiaries or associates ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer note no. 50 to the consolidated financial statements;

(b) The respective Managements of the Parent Company and its subsidiaries and associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Parent Company or any of such subsidiaries and associates and from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Parent Company or any of such subsidiaries and associates 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. Refer note no. 50 to the consolidated financial statements; and

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed with respect to previous year, declared, and paid by the Parent Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note no. 45(iii) to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi) Based on our examination which included test checks and based on the other Auditors' Reports of its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act, the Parent Company, its subsidiary companies and associate companies incorporated in India have used accounting software systems for maintaining their respective books of account for the year ended 31 march 2024 which have feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems.

Further, during the course of audit, we and respective other auditors, whose reports have been furnished to us by the Management of the Parent Company, have not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

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

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditors' Report) Order, 2020 (the 'Order') 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 the auditors of the respective companies included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, as provided to us by the Management of the Parent Company and based on the identification of matters of qualifications or adverse remarks in their CARO reports by the respective component auditors and provided to us, we report that the auditors of such companies have not reported any qualifications or adverse remarks in their CARO report.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 24039826BKC0EA3139)

Date: 25 April 2024
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN: 24048243BKFFSJ6792)

Date: 25 April 2024
Place: Pune

Annexure 'A' to the Independent Auditors' Report

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

Report on the internal financial controls with reference to consolidated financial statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the 'Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to consolidated financial statements of Bajaj Finance Ltd. (hereinafter referred to as the 'Parent Company'), its subsidiaries and its associate, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

The respective Boards of Directors of the 'Parent Company', its subsidiaries and its associate, 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 control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of internal financial controls over financial reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the 'Parent Company', its subsidiaries and its associate, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiaries and associate, which are companies incorporated in India, 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 consolidated financial statements of the 'Parent Company', its subsidiaries and its associate, which are companies incorporated in India.

Meaning of internal financial controls with reference to consolidated financial statements

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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;

Annexure 'A' to the Independent Auditors' Report (Contd.)

(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 consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the other matters paragraph below, the 'Parent Company', its subsidiaries and its associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2024, based on the criteria for internal financial controls with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to a subsidiary and an associate company which are companies incorporated in India, is based solely on the corresponding report of the auditors of those company incorporated in India and our opinion on the internal financial controls with reference to consolidated financial statements, insofar as it relates to the internal financial controls with reference to the consolidated financial statements in respect of this subsidiary and an associate company is based solely on the corresponding report of the other auditors.

Further with respect to a subsidiary company included in the consolidated financial statements, which is a company incorporated in India, have been audited by M/s G.M. Kapadia & Co., one of the joint auditors of the Group, whose reports have been furnished to us by the Management and our opinion on the internal financial controls with reference to consolidated financial statements, in so far as it relates to the internal financial controls with reference to consolidated financial statements in respect of this subsidiary, is based solely on the corresponding report of M/s G.M. Kapadia & Co.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN : 24039826BKCOEA3139)

Date: 25 April 2024
Place: Pune

For G.M. Kapadia & Co.
Chartered Accountants
(Firm's Registration. No. 104767W)

Rajen Ashar
Partner
(Membership No. 048243)
(UDIN : 24048243BKFFSJ6792)

Date: 25 April 2024
Place: Pune

Consolidated Balance Sheet

(₹ in crore)

Particulars	Note No.	As at 31 March 2024	2023
ASSETS			
Financial Assets			
Cash and cash equivalents	5	4,034.51	1,550.75
Bank balances other than cash and cash equivalents	6	6,589.50	2,753.77
Derivative financial instruments	7	27.84	148.88
Trade receivables	8	1,733.49	1,299.72
Loans	9	326,293.32	242,268.93
Investments	10	30,880.65	22,751.84
Other financial assets	11	1,431.88	817.28
		370,991.19	**271,591.17**
Non-financial assets			
Current tax assets (net)		290.92	181.43
Deferred tax assets (net)	12	1,017.43	937.09
Property, plant and equipment	13	2,358.32	1,676.57
Capital work-in-progress	13	25.35	14.60
Intangible assets under development	13	18.11	65.24
Goodwill		3.27	3.27
Other intangible assets	13	888.31	627.78
Other non-financial assets	14	148.72	129.16
		4,750.43	**3,635.14**
Total assets		**375,741.62**	**275,226.31**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	7	2.12	4.01
Payables	15		
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		0.73	1.86
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,063.31	1,450.26
Other payables			
Total outstanding dues of micro enterprises and small enterprises		-	0.65
Total outstanding dues of creditors other than micro enterprises and small enterprises		764.58	638.67
Debt securities	16	117,999.54	86,845.24
Borrowings (other than debt securities)	17	111,617.47	81,549.40
Deposits	18	60,150.92	44,665.56
Subordinated liabilities	19	3,577.90	3,630.29
Other financial liabilities	20	1,844.39	1,309.29
		298,020.96	**220,095.23**

Consolidated Balance Sheet (Contd.)

(₹ in crore)

Particulars	Note No.	As at 31 March 2024	2023
Non-financial liabilities			
Current tax liabilities (net)		108.64	139.21
Provisions	21	421.89	268.08
Other non-financial liabilities	22	494.78	351.81
		1,025.31	**759.10**
Equity			
Equity share capital	23	123.60	120.89
Other equity	24	76,571.75	54,251.09
		76,695.35	**54,371.98**
Total liabilities and equity		**375,741.62**	**275,226.31**
Summary of material accounting policies	3		

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 Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 25 April 2024

Consolidated Statement of Profit and Loss

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2024	2023
Revenue from operations			
Interest income	25	48,306.60	35,548.57
Fees and commission income	26	5,267.17	4,355.63
Net gain on fair value changes	27	308.29	334.32
Sale of services	28	49.97	38.18
Income on derecognised (assigned) loans	29	13.33	23.17
Other operating income	30	1,024.13	1,110.29
Total revenue from operations		**54,969.49**	**41,410.16**
Other income	31	13.02	8.10
Total income		**54,982.51**	**41,418.26**
Expenses			
Finance costs	32	18,724.69	12,559.89
Fees and commission expense	33	1,931.50	1,891.47
Impairment on financial instruments	34	4,630.70	3,189.65
Employee benefits expense	35	6,396.01	5,100.19
Depreciation and amortisation expenses	13	683.32	485.38
Other expenses	36	3,314.36	2,665.49
Total expenses		**35,680.58**	**25,892.07**
Share of profit/(loss) from associates		7.64	1.67
Profit before tax		**19,309.57**	**15,527.86**
Tax expense			
Current tax		4,957.72	3,998.18
Deferred tax (credit)/charge		(99.32)	21.99
Total tax expense	12	**4,858.40**	**4,020.17**
Profit after tax		**14,451.17**	**11,507.69**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(61.65)	(27.71)
Tax impact on above		15.52	6.98
Net remeasurement gains/(losses) on defined benefit plans - Share of associates		(0.10)	(0.01)
Net other adjustments - Share of associates		0.01	-
Changes in fair value of fair value through OCI (FVOCI) equity instruments		151.62	(13.99)
Tax impact on above		(29.82)	3.73
Items that will be reclassified to profit or loss:			
Changes in fair value of FVOCI debt securities		39.45	(11.27)
Tax impact on above		(9.93)	2.84
Cash flow hedge reserve		(20.80)	22.17
Tax impact on above		5.24	(5.58)
Total other comprehensive income for the year (net of tax)		**89.54**	**(22.84)**
Total comprehensive income for the year		**14,540.71**	**11,484.85**

Consolidated Statement of Profit and Loss (Contd.)

(₹ in crore)

Particulars	Note No.	For the year ended 31 March 2024	2023
Earnings per equity share:	37		
(Nominal value per share ₹ 2)			
Basic (₹)		236.89	190.53
Diluted (₹)		235.98	189.57
Summary of material accounting policies	3		

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 Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Pune: 25 April 2024

Consolidated Statement of Changes in Equity

Equity share capital

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Balance at the beginning of the year	120.89	120.66
Changes in equity share capital during the year	2.71	0.23
Balance at the end of the year	**123.60**	**120.89**

Other equity

For the year ended 31 March 2024

(₹ in crore)

Particulars	Note No.	Reserves and surplus								Other comprehensive income on			Money received against share warrants	Total other equity
		Securities premium	Retained earnings	Reserve fund as per NHB Act	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Remeasurement of defined benefit plans	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve		
Balance as at 31 March 2023	24	**17,440.98**	**27,320.89**	**327.11**	**7,702.75**	**788.93**	**299.65**	**555.46**	**(100.83)**	**(18.92)**	**(71.62)**	**6.69**	**-**	**54,251.09**
Profit after tax		-	14,451.17	-	-	-	-	-	-	-	-	-	-	14,451.17
Other comprehensive income for the year (net of tax)		-	-	-	-	-	-	-	(46.23)	29.52	121.80	(15.56)	-	89.53
		17,440.98	**41,772.06**	**327.11**	**7,702.75**	**788.93**	**299.65**	**555.46**	**(147.06)**	**10.60**	**50.18**	**(8.87)**	**-**	**68,791.79**
Issue of equity share capital		8,797.58	-	-	-	-	-	-	-	-	-	-	-	8,797.58
Share issue expenses		(34.55)	-	-	-	-	-	-	-	-	-	-	-	(34.55)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(2,530.00)	-	2,530.00	-	-	-	-	-	-	-	-	-
Transfer to reserve fund in terms of section 29C of the National Housing Bank Act, 1987		-	(111.25)	111.25	-	-	-	-	-	-	-	-	-	-
Transfer to infrastructure reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		-	(235.00)	-	-	-	235.00	-	-	-	-	-	-	-
Money received against share warrants		-	-	-	-	-	-	-	-	-	-	-	297.21	297.21
Dividend paid		-	(1,815.40)	-	-	-	-	-	-	-	-	-	-	(1,815.40)
Share based payment to employees		-	-	-	-	-	-	268.24	-	-	-	-	-	268.24
Allotment of shares to ESOP Trust		448.00	-	-	-	-	-	-	-	-	-	-	-	448.00
Transfer on exercise of stock options by employees		111.11	-	-	-	-	-	(111.11)	-	-	-	-	-	-
Transfer on cancellation/expiry of stock options		-	-	-	-	1.09	-	(1.09)	-	-	-	-	-	-
		26,763.12	**37,080.41**	**438.36**	**10,232.75**	**790.02**	**534.65**	**711.50**	**(147.06)**	**10.60**	**50.18**	**(8.87)**	**297.21**	**76,752.87**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		125.94	-	-	-	-	-	-	-	-	-	-	-	125.94
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2024		307.06	-	-	-	-	-	-	-	-	-	-	-	307.06
Balance as at 31 March 2024	24	**26,582.00**	**37,080.41**	**438.36**	**10,232.75**	**790.02**	**534.65**	**711.50**	**(147.06)**	**10.60**	**50.18**	**(8.87)**	**297.21**	**76,571.75**

Consolidated Statement of Changes in Equity (Contd.)

For the year ended 31 March 2023

(₹ in crore)

Particulars	Note No.	Reserves and surplus								Other comprehensive income on			Money received against share warrants	Total other equity
		Securities premium	Retained earnings	Reserve fund as per NHB Act	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Remeasurement of defined benefit plans	Debt instruments through OCI	Equity instruments through OCI	Cash flow hedge reserve		
Balance as at 31 March 2022	24	17,217.77	19,332.08	231.55	5,642.75	788.51	143.65	397.56	(80.09)	(10.49)	(61.36)	(9.90)	-	43,592.03
Profit after tax		-	11,507.69	-	-	-	-	-		-	-	-	-	11,507.69
Other comprehensive income for the year (net of tax)		-		-	-	-	-	-	(20.74)	(8.43)	(10.26)	16.59	-	(22.84)
		17,217.77	**30,839.77**	**231.55**	**5,642.75**	**788.51**	**143.65**	**397.56**	**(100.83)**	**(18.92)**	**(71.62)**	**6.69**	**-**	**55,076.88**
Share issue expenses		(0.12)	-	-	-	-	-	-	-	-	-	-	-	(0.12)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(2,060.00)	-	2,060.00	-	-	-	-	-	-	-	-	-
Transfer to reserve fund in terms of section 29C of the National Housing Bank Act, 1987		-	(95.56)	95.56	-	-	-	-	-	-	-	-	-	-
Transfer to infrastructure reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		-	(156.00)	-	-	-	156.00	-	-	-	-	-	-	-
Dividend paid		-	(1,207.32)	-	-	-	-	-	-	-	-	-	-	(1,207.32)
Share based payment to employees		-	-	-	-	-	-	223.76	-	-	-	-	-	223.76
Transfer on exercise of stock options by employees		65.44	-	-	-	-	-	(65.44)	-	-	-	-	-	-
Transfer on cancellation/expiry of stock options		-	-	-	-	0.42	-	(0.42)	-	-	-	-	-	-
		17,283.09	**27,320.89**	**327.11**	**7,702.75**	**788.93**	**299.65**	**555.46**	**(100.83)**	**(18.92)**	**(71.62)**	**6.69**	**-**	**54,093.20**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2022		283.83	-	-	-	-	-	-		-	-	-	-	283.83
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2023		125.94	-	-	-	-	-	-		-	-	-	-	125.94
Balance as at 31 March 2023	24	**17,440.98**	**27,320.89**	**327.11**	**7,702.75**	**788.93**	**299.65**	**555.46**	**(100.83)**	**(18.92)**	**(71.62)**	**6.69**	**-**	**54,251.09**

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Pune: 25 April 2024

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Consolidated Statement of Cash Flows

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
(I) Operating activities		
Profit before tax	19,309.57	15,527.86
Adjustments for:		
Interest income	(48,306.60)	(35,548.57)
Depreciation and amortisation expenses	683.32	485.38
Impairment on financial instruments	4,630.70	3,189.65
Net loss on disposal of property, plant and equipment and other intangible assets	12.54	13.33
Finance costs	18,724.69	12,559.89
Share based payment expenses	268.23	224.41
Net gain on fair value changes	(308.29)	(334.32)
Service fees for management of assigned portfolio of loans	(49.97)	(38.18)
Income on derecognised (assigned) loans	(13.33)	(23.17)
Dividend income (₹ 30,225, Previous year ₹ 31,125)		
Share of (profit)/loss from associate	(7.64)	(1.67)
	(5,056.78)	(3,945.39)
Cash inflow from interest on loans	45,853.53	35,032.84
Cash inflow from service asset	89.61	106.59
Cash outflow towards finance cost	(17,044.04)	(13,107.38)
Cash generated from operation before working capital changes	**23,842.32**	**18,086.66**
Working capital changes		
(Increase)/decrease in bank balances other than cash and cash equivalents	(3,589.13)	(2,413.16)
(Increase)/decrease in trade receivables	(457.54)	(93.43)
(Increase)/decrease in loans	(88,187.48)	(54,412.09)
(Increase)/decrease in other financial assets	(306.33)	87.83
(Increase)/decrease in other non-financial assets	(33.60)	47.17
(Increase)/decrease in derivative financial instruments (net)	(24.86)	8.75
Increase/(decrease) in trade payables	611.91	292.93
Increase/(decrease) in other payables	125.26	285.69
Increase/(decrease) in other financial liabilities	125.33	75.30
Increase/(decrease) in provisions	89.81	75.83
Increase/(decrease) in other non-financial liabilities	142.16	(181.09)
	(91,504.47)	(56,226.27)
Income tax paid (net of refunds)	(5,097.99)	(3,972.18)
Net cash used in operating activities (I)	**(72,760.14)**	**(42,111.79)**
(II) Investing activities		
Purchase of property, plant and equipment and capital work-in-progress	(603.62)	(485.88)
Purchase of other intangible assets and intangible assets under development	(434.16)	(392.44)
Sale of property, plant and equipment and other intangible assets	38.89	19.81
Purchase of investments measured at amortised cost	(6,429.43)	(148.72)
Proceeds from liquidation of investments measured at amortised cost	6,201.62	5,107.14
Purchase of investments classified as FVOCI	(23,310.68)	(21,272.49)
Proceeds from liquidation of investments classified as FVOCI	15,231.80	10,900.36
Purchase of investments classified as FVTPL	(111,040.08)	(296,988.97)
Proceeds from liquidation of investments classified as FVTPL	113,012.92	292,353.31
Purchase of equity investments designated under FVOCI	(514.96)	-
Dividend income (₹ 30,225, Previous year ₹ 31,125)		
Interest received on investments	943.99	606.71
Investment in associates	(267.47)	(92.74)
Net cash used in investing activities (II)	**(7,171.18)**	**(10,393.91)**

Consolidated Statement of Cash Flows (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
(III) Financing activities		
Issue of equity share capital (including securities premium)	9,067.17	158.12
Issue of share warrants	297.21	-
Share issue expenses	(34.55)	(0.12)
Dividends paid	(1,814.58)	(1,206.86)
Payment of lease liability	(174.00)	(143.45)
Deposits received (net)	14,759.93	13,556.92
Short term borrowing availed (net)	22,023.50	7,923.66
Long term borrowing availed	72,666.31	66,860.38
Long term borrowing repaid	(34,375.91)	(36,473.64)
Net cash generated from financing activities (III)	**82,415.08**	**50,675.01**
Net increase/(decrease) in cash and cash equivalents (I+II+III)	**2,483.76**	**(1,830.69)**
Cash and cash equivalents at the beginning of the year	**1,550.75**	**3,381.44**
Cash and cash equivalents at the end of the year	**4,034.51**	**1,550.75**

- The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

- Cash receipt and payment for borrowings in which the turnover is quick, the amounts are large, and the maturities are short are defined as short term borrowings and shown on net basis. Such items include commercial papers, cash credit, overdraft facility, working capital demand loan and triparty repo dealing and settlement. All other borrowings are considered as long term borrowings.

Components of cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2024	2023
Cash and cash equivalents comprises of		
Cash on hand	58.84	59.07
Balance with banks in current accounts	3,975.67	1,491.68
	4,034.51	**1,550.75**

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
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Pune: 25 April 2024

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

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DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

1 Corporate information

Bajaj Finance Ltd. ('the Parent Company') (Corporate ID No.: L65910MH1987PLC042961), a subsidiary of Bajaj Finserv Ltd., is a company limited by shares, incorporated on 25 March 1987 and domiciled in India. The shares of the Parent Company are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), India. The Parent Company is mainly engaged in the business of lending. The Parent Company together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India and provides broking and depository services to its capital market clients. The Parent Company also accepts public and corporate deposits and offers a variety of financial services products to its customers. The Parent Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business at 4th floor, Bajaj Finserv Corporate Office, Pune, Maharashtra (India).

The Parent Company is a deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) since 5 March 1998, with Registration No. A-13.00243 and classified as NBFC-Investment and Credit Company (NBFC-ICC) pursuant to circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22 February 2019. The Parent Company and its susidiary company Bajaj Housing Finance Ltd. has been classified as NBFC-UL (upper layer) by RBI as part of its 'Scale Based Regulation', since 30 September 2022.

The consolidated financial statements were subject to review and recommendation of the Audit Committee and approval of the Board of Directors. On 25 April 2024, the Board of Directors approved and recommended the consolidated financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the updated Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time and other applicable RBI circulars/notifications. The Group uses accrual basis of accounting in preparation of consolidated financial statements (other than Statement of Cash Flows) except in case of significant uncertainties [Refer note no. 3.1(i) and 3.1(ii)].

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

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

2.2 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee (INR), which is also the functional currency of the Group, in denomination of crore with rounding off to two decimals as permitted by Schedule III to the Act except where otherwise indicated.

2.3 Presentation of financial statements

The Group presents its Balance Sheet in order of liquidity.

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

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

2 Basis of preparation (Contd.)

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

2.4 Material accounting estimates, judgements and assumptions:

The preparation of the Group's financial statements requires Management to make use of estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies, the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities as at the reporting date and the reported amount of revenues and expenses during the year. Accounting estimates could change from period to period. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from the Management's estimates and judgements. Revisions to accounting estimates are recognised prospectively.

Material accounting estimates and judgements are used in various line items in the financial statements for e.g.:

- Business model assessment [Refer note no. 3.3(i)(a) and 9]
- Impairment of financial assets [Refer note no. 3.3(i), 9 and 48]
- Provisions and contingent liabilities [Refer note no. 3.7 and 42]
- Fair value of financial instrument [Refer note no. 3.9 and 47]

2.5 Principles of consolidation

(i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(ii) Investment in associates has been accounted under the Equity Method as per Ind AS 28 'Investment in Associates and Joint Ventures'.

The Group accounts for its share of post-acquisition changes in net asset of associates after eliminating unrealised profits and losses resulting from transactions between the Group and its associates.

(iii) The consolidated financial statements include results of the subsidiaries of Bajaj Finance Ltd. (Parent Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements' and post acquisition change in net assets of associates in accordance with Ind AS 28 'Investment in Associates and Joint Ventures'.

Name of the Company	Country of incorporation	Proportion of ownership as at reporting date	Consolidated as
Bajaj Housing Finance Ltd.	India	100%	Subsidiary
Bajaj Financial Securities Ltd.	India	100%	Subsidiary
Snapwork Technologies Pvt. Ltd.#	India	41.50%#	Associate
Pennant Technologies Pvt. Ltd.*	India	26.53%*	Associate

#On 25 November 2022, the Parent Company has acquired 41.50% stake on fully diluted basis in Snapwork Technologies Pvt. Ltd.

*On 19 January 2024, the Parent Company has acquired 26.53% stake on fully diluted basis in Pennant Technologies Pvt. Ltd.

Figures for preparation of consolidated financial statements have been derived from the audited financial statements of the respective companies in the Group.

2 Basis of preparation (Contd.)

(iv) Disclosure in terms of Schedule III of the Companies Act, 2013

Name of the entities in the Group	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 (₹ in crore)	As a % of consolidated profit or loss	Amount (₹ in crore)	As a % of consolidated other comprehensive income	Amount (₹ in crore)	As a % of consolidated total comprehensive income	Amount (₹ in crore)
Parent								
Bajaj Finance Ltd.	82.66%	63,396.74	87.68%	12,670.88	101.19%	90.60	87.77%	12,761.48
Subsidiaries								
Bajaj Housing Finance Ltd. (BHFL)	15.88%	12,174.85	11.77%	1,701.20	(1.02%)	(0.91)	11.69%	1,700.29
Bajaj Financial Securities Ltd. (Bfinsec)	1.45%	1,114.55	0.50%	71.46	(0.07%)	(0.06)	0.49%	71.40
Associate								
Snapwork Technologies Pvt. Ltd.	0.01%	7.82	0.04%	6.23	(0.08%)	(0.07)	0.04%	6.16
Pennant Technologies Pvt. Ltd.	0.00%	1.39	0.01%	1.41	(0.02%)	(0.02)	0.01%	1.39
	100.00%	76,695.35	100.00%	14,451.18	100.00%	89.54	100.00%	14,540.72

3 Summary of material accounting policies

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

3.1 Income

(i) Interest income

The Group recognises interest income using effective interest rate (EIR) method as per Ind AS 109 'Financial Instruments' on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). The Group recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

The Group recognises delayed payment interest (penal interest and the like) for delay in repayments or non-payment of contractual cashflows on realisation.

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

(ii) Revenue from operations other than interest income

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'.

(a) Fees and commission income

The Group recognises:

- Service and administration charges on completion of contracted service;
- Bounce charges on realisation;
- Fees on value added services and products on delivery of services and products to the customer;
- Distribution income on completion of distribution of third-party products and services; and
- Income on loan foreclosure and prepayment on realisation.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

(b) Other operating income

The Group recognises recoveries against written off financial assets on realisation. Any other operating income is recognised on completion of service.

3.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR method as per Ind AS 109 'Financial Instruments'.

(ii) Fees and commission expense

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

(iii) Employee benefit expenses- Share based payments

The Parent Company operates an equity settled share-based payment arrangement for its own employees as well as employees of its subsidiaries. The Parent Company determines the fair value of the employee stock options on the grant date using the Black Scholes model. The total cost of the share option is accounted for on a straight-line basis over the vesting period of the grant. The cost attributable to the services rendered by the employees of the Parent Company is recognised as employee benefits expenses in Statement of Profit and Loss and that pertaining to employees of subsidiaries is recovered from subsidiaries.

(iv) Other expenses

Expenses are recognised on accrual basis inclusive of goods and services tax for which input credit is not statutorily permitted.

3.3 Financial instruments

Recognition of financial instruments

All financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradeable securities, the Group recognises the financial instruments on settlement date.

(i) Financial assets

Initial measurement

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

- Investment in associates which are recorded at cost as permissible under Ind AS 27 'Separate Financial Statements';
- Financial assets measured at FVTPL wherein transaction cost is charged to Statement of Profit and Loss; and
- Trade receivables that do not contain a significant financing component (as defined in Ind AS 115) which are recorded at transaction price.

Subsequent measurement

For subsequent measurement, financial assets are classified into four categories as per the Group's Board approved polices:

(a) Debt instruments at amortised cost
(b) Debt instruments at FVOCI
(c) Equity/Debt instruments at FVTPL
(d) Equity instruments designated under FVOCI

3 Summary of material accounting policies (Contd.)

The classification depends on the contractual terms of the cash flows of the financial assets, the Group's business model for managing financial assets and, in case of equity instruments, the intention of the Group whether strategic or non-strategic. The said classification methodology is detailed below-

Business model assessment

The Group has put in place its Board approved policies for determination of the business model. These policies consider whether the objective of the business model, at initial recognition, is to hold the financial asset to collect its contractual cash flows or, dually, to sell the financial asset and collect the contractual cash flows. The Group determines its business model that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Solely payments of principal and interest (SPPI) assessment

The Group assesses the contractual terms of the financial assets to identify whether they meet the SPPI test.

In making this assessment, the Group considers whether the contractual cash flows represent sole payments of principal and interest which means that whether the cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Principal for the purpose of this test refers to the fair value of the financial asset at initial recognition.

a) Debt instruments at amortised cost

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

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

The Group may enter into following transactions without affecting business model of the Group:

- Considering the economic viability of carrying the delinquent portfolios on the books of the Group, it may enter into immaterial/infrequent transactions to sell these portfolios to third parties.
- Assignment and sale of non-NPA transactions which are infrequent and below the threshold provided by the Management.

b) Debt instruments at FVOCI

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

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

The Group measures debt instruments included within the FVOCI category at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The Group recognises interest income on these assets in Statement of Profit and Loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

On derecognition of the asset, the Group reclassifies cumulative gain or loss previously recognised in OCI to profit or loss.

c) Equity/Debt instruments at FVTPL

The Group operates a trading portfolio as a part of its treasury strategy and classifies its debt instruments which are held for trading under FVTPL category.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

As a part of its hedging strategy, the Group enters into derivative contracts and classifies such contracts under FVTPL.

Interest and dividend incomes are recorded in Statement of Profit and Loss. Gains and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

d) Equity instruments designated under FVOCI

Investments in equity instruments other than in subsidiaries and associates are measured at fair value.

The Parent Company has strategic investments in equity for which it has elected to present subsequent changes in fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the aforesaid equity instruments are recognised in OCI and are not reclassified to profit or loss subsequently, even on sale of those investments.

Derecognition of financial assets

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

- The right to receive cash flows from the asset has expired such as repayments in the financial asset, sale of the financial asset etc.; or
- The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Group has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Group does not have any continuing involvement in the same. A write-off of a financial asset constitutes a derecognition event.

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

Write-Off

Financial assets are written off when the Group has no reasonable expectation of recovery or expected recovery is not significant basis experience. Where the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write-off.

Impairment of financial assets - General approach

Expected credit losses ('ECL') are recognised for all financial assets except those classified as FVTPL and equity instruments as per the Board approved policy.

The Group follows a staging methodology for ECL computation. Financial assets where no significant increase in credit risk has been observed since inception are classified in 'stage 1' for which a 12 month ECL is recognised. Financial assets which have significant increase in credit risk since inception 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.

3 Summary of material accounting policies (Contd.)

Stage 1 (12-month ECL) is provided basis the default events that are likely to occur in the next 12 months from the reporting date. Stage 2 and stage 3 (lifetime ECL) is provided for basis all possible default events likely to occur during the life of the financial instrument.

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

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (stage 3)

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

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

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

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

- The loan which was restructured is not in default for a period till repayment of 10% of principal outstanding or 12 months, whichever is later; and

- Other loans of such customer are not in default during this period;

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

The Parent Company and one of its subsidiary viz. Bfinsec considers loan accounts which are overdue for more than 1 day but up to 90 days as on the reporting date, whereas another subsidiary BHFL considers loan accounts which are overdue for more than 30 days but up to 90 days as on the reporting date, as an indication of significant increase in credit risk. Additionally, for mortgage loans, the Group recognises stage 2 based on other indicators such as frequent delays in payments beyond due dates.

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

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

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

(d) Measurement of ECL

The Group calculates ECL based on discounted present value of probability weighted scenarios to measure the expected cash shortfall. Cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

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

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

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

The Group recalibrates above components of its ECL model on a periodical basis by using the available incremental and recent information, except where this information does not represent the future outcome. Further, the Group assesses changes to its statistical techniques for a granular estimation of ECL.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 48.

(ii) Financial liabilities

Initial measurement

The Group recognises all financial liabilities initially at fair value adjusted for transaction costs that are directly attributable to the issue of financial liabilities except in the case of financial liabilities recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless there are circumstances which prove to the contrary in which case, the difference, if material, is charged to profit or loss.

Subsequent measurement

The Group subsequently measures all financial liabilities at amortised cost using the EIR method, except for derivative contracts which are measured at FVTPL and accounted for by applying the hedge accounting requirements under Ind AS 109.

Derecognition

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired through repayments or waivers.

3.4 Taxes

Income tax comprises of current tax and deferred tax.

Income tax is recognised based on tax rates and tax laws enacted, or substantively enacted, at the reporting date and on any adjustment to tax payable in respect of previous years. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement as the related item appears.

3 Summary of material accounting policies (Contd.)

Deferred tax is recognised for temporary differences between the accounting base of assets and liabilities in the Balance Sheet, and their tax bases. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled.

The carrying amount of deferred tax assets is reviewed at each reporting date by the Group 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.

Deferred tax assets and deferred tax liabilities are offset basis the criteria given under Ind AS 12 'Income Taxes'.

3.5 Property, plant and equipment and depreciation thereof

The Group measures property, plant and equipment initially at cost and subsequently at cost less accumulated depreciation and impairment losses, if any. The Group provides for depreciation on a pro-rata basis, with reference to the month in which such asset is added or sold, for all tangible assets on straight-line method over the useful life of assets assuming no residual value at the end of useful life of the asset. Details of useful life is given in note no. 13.

3.6 Intangible assets and amortisation thereof

The Group measures intangible assets, representing softwares, licenses etc. initially at cost and subsequently at cost less accumulated amortisation and accumulated impairment, if any.

The Group recognises internally generated intangible assets when the Group is certain that intangible asset would support/result in furtherance of Group's existing and/or new business and cost of such intangible asset identifiable and reliably measurable. The cost of an internally generated intangible asset comprises of all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Group.

All the intangible assets including those internally generated are amortised using the straight-line method over a period of five years, which is the Management's estimate of its useful life.

3.7 Provisions and contingent liabilities

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Group also discloses present obligations for which a reliable estimate cannot be made as a contingent liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.8 Leases

The Group as a lessee follows Ind AS 116 'Leases' for accounting of various office premises and servers taken on lease.

Measurement of lease liability

At the time of initial recognition, the Group measures lease liability as present value of all lease payments over primary period of lease discounted using the Group's incremental cost of borrowing of similar tenure and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

3 Summary of material accounting policies (Contd.)

Measurement of Right-of-use assets

At the time of initial recognition, the Group measures right-of-use assets as present value of all lease payments over primary period of lease discounted using the Group's incremental cost of borrowing of similar tenure. 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 Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense over the lease term.

3.9 Fair value measurement

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 47.

For the purpose of fair value disclosures, the Group 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.

3.10 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Group are Cross Currency Interest Rate Swaps (CCIRS). Derivative contracts are initially recognised at fair value on the date of entering into contract and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gains/losses are recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument. For hedging instrument, the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship.

The Group designates its CCIRS derivatives as cash flow hedges of a recognised liability. The Group recognises derivatives with a positive fair value as a financial asset and derivatives with a negative fair value as a financial liability.

Hedge accounting

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group 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.

3 Summary of material accounting policies (Contd.)

Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedge

Hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows :

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.

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 recognised in OCI is subsequently transferred to the Statement of Profit and Loss on ultimate recognition of the underlying hedged forecast transaction. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

Fair value hedge

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

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

The Group classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Group discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the Statement of Profit and Loss.

4 Recent accounting pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

5 Cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2024	2023
Cash on hand	58.84	59.07
Balance with banks in current accounts	3,975.67	1,491.68
	4,034.51	1,550.75

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

6 Bank balances other than cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2024	2023
Fixed deposits (with original maturity more than 3 months)		
Encumbered*	3,341.43	1,614.25
Unencumbered	3,165.66	1,045.19
Earmarked balance with banks:		
Against unclaimed dividend	3.07	2.25
Against unspent CSR	-	14.46
Escrow account balance	79.34	77.62
	6,589.50	2,753.77

*includes:

i. ₹ 2,200 crore (Previous year ₹ 1,000 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Parent Company towards maintenance of liquid assets as prescribed by RBI Act, 1934,
ii. Fixed deposit under lien with stock exchanges for margin requirement of ₹ 384.43 crore (Previous year ₹ 162.54 crore),
iii. Deposits with exchange for trade of ₹ 1.74 crore (Previous year ₹ 1.70 crore),
iv. Deposits with bank for bank guarantee of ₹ 540.72 crore (Previous year ₹ 442.41 crore) and ₹ 93.57 crore (Previous year ₹ 0.01 crore) for overdraft facility.
v. Deposits with the Pension Fund Regulatory & Development Authority of ₹ 0.24 crore (Previous year ₹ 0.23 crore).

7 Derivative financial instruments (at FVTPL)

(₹ in crore)

Particulars	As at 31 March 2024 Notional amounts	Fair value asset	Fair value liability
Cash flow hedge:			
Cross currency interest rate swaps	6,015.79	15.69	1.68
Fair value hedge:			
Interest rate swaps	1,850.00	11.66	-
Futures	23.25	0.09	0.44
Options purchased	107.17	0.40	-
	7,996.21	27.84	2.12

(₹ in crore)

7 Derivative financial instruments (Contd.)

Particulars	As at 31 March 2023 Notional amounts	Fair value asset	Fair value liability
Cash flow hedge:			
Cross currency interest rate swaps	1,299.50	146.98	-
Fair value hedge:			
Interest rate swaps	100.00	1.37	-
Futures	172.25	0.07	3.62
Options purchased	108.95	0.46	-
Options sold (written)	57.17	-	0.39
	1,737.87	148.88	4.01

The Parent Company and one of its subsidiary viz. BHFL has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of currency and interest rate swaps. Such transactions are undertaken for hedging borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved. Refer note no. 48(b)(iii) for foreign currency risk.

8 Trade receivables

(₹ in crore)

Particulars	As at 31 March 2024	2023
Considered good - unsecured		
Interest subsidy	750.01	671.45
Fees, commission and others	840.41	459.28
Service asset	148.22	173.27
	1,738.64	1,304.00
Less : Impairment loss allowance	5.15	4.28
	1,733.49	1,299.72

-No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.
-No trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
-The Group follows simplified approach under Ind AS 109 'Financial Instruments' for measurement of impairment loss allowance on trade receivables that do not contain significant financing component.

Trade receivables (Gross) aging

(₹ in crore)

Particulars	Not due	Unbilled	Outstanding from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024								
(i) Undisputed trade receivables – considered good	799.22	115.18	822.99	0.02	1.09	0.14	-	1,738.64
As at 31 March 2023								
(i) Undisputed trade receivables – considered good	850.80	49.76	403.17	0.12	0.15	-	-	1,304.00

Reconciliation of impairment loss allowance on trade receivables

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Impairment loss allowance as at beginning of the year	4.28	-
Net increase/(decrease) during the year	0.87	4.28
Impairment loss allowance at the end of the year	5.15	4.28

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

9 Loans

(₹ in crore)

Particulars	As at 31 March 2024			As at 31 March 2023		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
(A) Loans						
Term loans	272,820.72	58,037.30	330,858.02	198,899.93	47,482.45	246,382.38
Credit substitutes#	476.33	-	476.33	253.30	-	253.30
	273,297.05	58,037.30	331,334.35	199,153.23	47,482.45	246,635.68
Less: Impairment loss allowance	4,713.65	327.38	5,041.03	3,997.97	368.78	4,366.75
Total (A)	268,583.40	57,709.92	326,293.32	195,155.26	47,113.67	242,268.93
(B) Out of above						
(I) Secured by tangible assets						
Against hypothecation of automobiles, equipments, durables and plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	143,667.00	58,037.30	201,704.30	95,355.04	47,482.45	142,837.49
Less: Impairment loss allowance	1,420.82	327.38	1,748.20	1,347.47	368.78	1,716.25
Total (I)	142,246.18	57,709.92	199,956.10	94,007.57	47,113.67	141,121.24
(II) Unsecured	129,630.05	-	129,630.05	103,798.19	-	103,798.19
Less: Impairment loss allowance	3,292.83	-	3,292.83	2,650.50	-	2,650.50
Total (II)	126,337.22	-	126,337.22	101,147.69	-	101,147.69
Total (B) = (I + II)	268,583.40	57,709.92	326,293.32	195,155.26	47,113.67	242,268.93
(C) Out of above						
(I) Loans in India						
(i) Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Sub-total (i)	-	-	-	-	-	-
(ii) Others	273,297.05	58,037.30	331,334.35	199,153.23	47,482.45	246,635.68
Less: Impairment loss allowance	4,713.65	327.38	5,041.03	3,997.97	368.78	4,366.75
Sub-total (ii)	268,583.40	57,709.92	326,293.32	195,155.26	47,113.67	242,268.93
Total (I) = (i+ii)	268,583.40	57,709.92	326,293.32	195,155.26	47,113.67	242,268.93
(II) Loans outside India	-	-	-	-	-	-
Total (C) = (I+II)	268,583.40	57,709.92	326,293.32	195,155.26	47,113.67	242,268.93

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

#Subscription to debentures which, in substance, are made with the intent of giving loan have been classified as credit substitutes. This classification results in a better presentation of the substance of such transactions.

9 Loans (Contd.)

Summary of EIR impact on loans

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total gross loan	333,778.31	248,962.24
Less: EIR impact	2,443.96	2,326.56
Total for gross term loan net of EIR impact	331,334.35	246,635.68

Summary of loans by stage distribution

(₹ in crore)

Particulars	As at 31 March 2024				As at 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	324,507.43	4,010.94	2,815.98	331,334.35	241,289.96	3,032.91	2,312.81	246,635.68
Less: Impairment loss allowance	2,245.48	1,189.83	1,605.72	5,041.03	1,957.26	933.29	1,476.20	4,366.75
Net carrying amount	322,261.95	2,821.11	1,210.26	326,293.32	239,332.70	2,099.62	836.61	242,268.93

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

(₹ in crore)

Particulars	For the year ended 31 March 2024							
	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 2023	241,289.96	1,957.26	3,032.91	933.29	2,312.81	1,476.20	246,635.68	4,366.75
Transfers during the year								
transfers to stage 1	473.93	138.09	(332.97)	(64.30)	(140.96)	(73.79)	-	-
transfers to stage 2	(3,074.81)	(50.96)	3,104.84	65.86	(30.03)	(14.90)	-	-
transfers to stage 3	(4,461.85)	(82.28)	(1,566.01)	(571.80)	6,027.86	654.08	-	-
	(7,062.73)	4.85	1,205.86	(570.24)	5,856.87	565.39	-	-
Impact of changes in credit risk on account of stage movements	-	(125.63)	-	885.54	-	4,999.13	-	5,759.04
Changes in opening credit exposures (repayments net of additional disbursements)	(95,298.59)	(621.95)	(1,326.66)	(401.83)	(2,217.35)	(1,970.66)	(98,842.60)	(2,994.44)
New credit exposures during the year, net of repayments	185,578.79	1,030.95	1,098.83	343.07	1,045.19	717.20	187,722.81	2,091.22
Amounts written off during the year	-	-	-	-	(4,181.54)	(4,181.54)	(4,181.54)	(4,181.54)
As at 31 March 2024	324,507.43	2,245.48	4,010.94	1,189.83	2,815.98	1,605.72	331,334.35	5,041.03

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

9 Loans (Contd.)

(₹ in crore)

	For the year ended 31 March 2023							
	Stage 1		Stage 2		Stage 3		Total	
Particulars	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2022	188,833.91	1,506.76	3,860.64	1,079.41	3,133.49	1,818.62	195,828.04	4,404.79
Transfers during the period								
transfers to stage 1	783.51	133.62	(636.51)	(84.07)	(147.00)	(49.55)	-	-
transfers to stage 2	(1,913.29)	(57.68)	1,981.42	84.16	(68.13)	(26.48)	-	-
transfers to stage 3	(2,760.93)	(63.85)	(1,480.57)	(440.94)	4,241.50	504.79	-	-
	(3,890.71)	12.09	(135.66)	(440.85)	4,026.37	428.76	-	-
Impact of changes in credit risk on account of stage movements	-	(127.72)	-	546.48	-	3,774.97	-	4,193.73
Changes in opening credit exposures (repayments net of additional disbursements)	(78,987.33)	(125.10)	(1,277.20)	(456.86)	(2,104.85)	(1,633.04)	(82,369.38)	(2,215.00)
New credit exposures during the year, net of repayments	135,334.09	691.23	585.13	205.11	637.10	466.19	136,556.32	1,362.53
Amounts written off during the year	-	-	-	-	(3,379.30)	(3,379.30)	(3,379.30)	(3,379.30)
As at 31 March 2023	241,289.96	1,957.26	3,032.91	933.29	2,312.81	1,476.20	246,635.68	4,366.75

Details of impairment of financial instruments disclosed in the Statement of Profit and Loss

(₹ in crore)

	For the year ended 31 March	
Particulars	2024	2023
(i) Net impairment loss allowance charge/(release) for the year	674.28	(38.04)
(ii) Amounts written off during the year	4,181.54	3,379.30
Impairment on loans	4,855.82	3,341.26
Less : Claimable/credit cover amount under Government guarantee schemes and other arrangements	307.15	200.74
Add: Impairment on other assets	82.03	49.13
Impairment on financial instruments	4,630.70	3,189.65

10 Investments

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
(A) At amortised cost		
In pass through certificates (PTC) representing securitisation of loan receivables	356.89	129.11
	356.89	129.11
Less: Impairment loss allowance	1.43	0.52
Total (A)	355.46	128.59
(B) At fair value through other comprehensive income		
(i) In Government securities#	22,458.94	14,166.57
Add: Fair value gain/(losses)	11.98	(27.49)
Sub-total (i)	22,470.92	14,139.08
#Includes ₹ 4,554.99 crore (Previous year ₹ 4,201.15 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Parent Company towards maintenance of liquid assets as prescribed by RBI Act, 1934 and ₹ 16,786.58 crore (Previous year ₹ 9,348.47 crore) pledged in favour of Credit Corporation of India Ltd. for triparty repo dealing and settlement (TREPs).		
(ii) In equity instruments		
Equity shares (Quoted)	150.00	150.00
Add: Fair value gain/(losses)	(47.11)	(89.60)
	102.89	60.40
Equity shares (Unquoted)	299.58	299.58
Add: Fair value gain/(losses)	76.96	0.10
	376.54	299.68
Compulsorily convertible term loan	280.47	280.47
Add: Fair value gain/(losses)	42.21	9.94
	322.68	290.41
Sub-total (ii)	802.11	650.49
(iii) In certificate of deposits	1,450.71	565.10
Add: Fair value gain/(losses)	2.53	1.16
Sub-total (iii)	1,453.24	566.26
(iv) In commercial papers	247.13	596.19
Add: Fair value gain/(losses)	0.13	1.04
Sub-total (iv)	247.26	597.23
(v) In non-convertible debentures	212.88	-
Add: Fair value gain/(losses)	(0.49)	-
Sub-total (v)	212.39	-
Total (B) = (i+ii+iii+iv+v)	25,185.92	15,953.06

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

10 Investments (Contd.)

(₹ in crore)

Particulars	As at 31 March 2024	2023
(C) At fair value through profit or loss		
(i) In mutual funds*	2,525.61	4,987.47
Add: Fair value gains/(losses)	7.12	10.68
Sub-total (i)	2,532.73	4,998.15
*includes ₹ 8.78 crore (Previous year ₹ 52.16 crore) under lien with Indian Clearing Corporation for margin requirement and include ₹ 5.19 crore (Previous year ₹ Nil) pledged in favour of National Securities Depository Limited (NDSL) as money margin.		
(ii) In Government securities	2,269.71	1,422.62
Add: Fair value gains/(losses)	0.89	(0.20)
Sub-total (ii)	2,270.60	1,422.42
(iii) In equity shares	141.55	154.79
Add: Fair value gains/(losses)	24.97	0.43
Sub-total (iii)	166.52	155.22
Total (C) = (i+ii+iii)	4,969.85	6,575.79
(D) At cost		
Investment in associate	369.42	94.40
Total (D)	369.42	94.40
Total (A+B+C+D)	30,880.65	22,751.84

(₹ in crore)

Particulars	As at 31 March 2024	2023
Out of above		
In India	30,880.65	22,751.84
Outside India	-	-
	30,880.65	22,751.84

-Impairment loss allowance recognised on investments is ₹ Nil (Previous year ₹ Nil), except where specified.

Reconciliation of impairment loss allowance on investments

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Impairment loss allowance as at beginning of the year	0.52	-
Net increase/(decrease) during the year	0.91	0.52
Impairment loss allowance at the end of the year	1.43	0.52

11 Other financial assets

(₹ in crore)

Particulars	As at 31 March 2024	2023
Security deposits	127.71	97.20
Margin with exchanges	430.17	115.36
Advances to dealers	275.43	252.42
Credit cover under Government guarantee schemes	321.93	190.69
Receivable from debt management agencies	160.32	94.77
Receivable from online payment aggregator and gateways	43.39	6.67
Receivable from assignment servicing partners	28.98	22.26
Others	47.54	40.24
	1,435.47	819.61
Less : Impairment loss allowance	3.59	2.33
	1,431.88	817.28

Reconciliation of impairment loss allowance on other financial assets

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Impairment loss allowance as at beginning of the year	2.33	-
Net increase/(decrease) during the year	1.26	2.33
Impairment loss allowance at the end of the year	3.59	2.33

12 Income taxes

(A) Current tax

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

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Profit before tax	19,309.57	15,527.86
At average corporate tax rate of 25.17% (Previous year: 25.17%)	4,858.30	3,907.95
Tax on expenditure not considered for tax provision (net of allowance)	141.16	117.12
Reversal of deferred tax on opening special reserve u/s 36(1)(viii)*	(75.42)	-
Deduction under Section 36(1)(viii) of the Income tax Act, 1961	(59.15)	-
Tax benefit on additional deductions	(6.49)	(4.90)
Tax expense (Effective tax rate of 25.161%, Previous year 25.890%)	4,858.40	4,020.17

* The Group has decided not to use special reserve that was formed and kept for the specified purposes under section 36(1)(viii) of the Income tax Act, 1961. Since there is no temporary difference, there is no need to recognise any deferred tax liability. Therefore, the remaining deferred tax liability as of 31 March 2023 has been reversed in the current financial year with a credit to the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

12 Income taxes (Contd.)

(B) Deferred tax assets (net)

Movement in Deferred tax asset/(liability)

For the financial year 2023-24

(₹ in crore)

Particulars	Balance as at 31 March 2023	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2024
(a) Deferred tax asset				
Property, plant and equipment and intangible assets	0.99	0.47	-	1.46
Remeasurements of employee benefits	65.33	21.65	15.52	102.50
Expected credit loss	985.06	(0.33)	-	984.73
EIR impact on financial instruments measured at amortised cost	3.40	(0.73)	-	2.67
Fair value on instruments designated under FVTPL	0.72	(0.62)	-	0.10
Cash flow hedge reserve	-	-	3.00	3.00
Mark to market impact on fair value hedge	0.01	0.56	-	0.57
Fair value on equity instruments designated under FVOCI	7.96	-	(7.96)	-
Right of use assets and lease liability (net)	13.99	5.95	-	19.94
Fair value on debt instruments designated under FVOCI	6.37	-	(6.37)	-
Other temporary differences	1.78	5.22	-	7.00
Gross deferred tax assets (a)	1,085.61	32.17	4.19	1,121.97
(b) Deferred tax liabilities				
Property, plant and equipment and intangible assets	(13.05)	(16.80)	-	(29.85)
Service asset	(48.82)	4.62	-	(44.20)
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	(73.08)	73.08	-	-
Fair value on instruments designated under FVTPL	(2.45)	0.61	-	(1.84)
Fair value on equity instruments designated under FVOCI	-	-	(21.86)	(21.86)
Fair value on debt instruments designated under FVOCI	-	-	(3.56)	(3.56)
Unrealised net gain on fair value changes	-	(3.23)	-	(3.23)
Cash flow hedge reserve	(2.24)	-	2.24	-
Other temporary differences	(8.88)	8.88	-	-
Gross deferred tax liabilities (b)	(148.52)	67.16	(23.18)	(104.54)
Deferred tax assets/(liabilities), net (a+b)	937.09	99.33	(18.99)	1,017.43

12 Income taxes (Contd.)

Movement in Deferred tax asset/(liability)

For the financial year 2022-23

(₹ in crore)

Particulars		Balance as at 31 March 2022	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2023
(a)	Deferred tax asset				
	Property, plant and equipment and intangible assets	4.19	(3.20)	-	0.99
	Remeasurements of employee benefits	42.99	15.36	6.98	65.33
	Expected credit loss	974.74	10.32	-	985.06
	EIR impact on financial instruments measured at amortised cost	4.13	(0.73)	-	3.40
	Fair value on instruments designated under FVTPL	-	0.72	-	0.72
	Cash flow hedge reserve	3.34	-	(3.34)	-
	Mark to market impact on fair value hedge	-	0.01	-	0.01
	Fair value on equity instruments designated under FVOCI	4.23	-	3.73	7.96
	Right of use assets and lease liability (net)	10.59	3.40	-	13.99
	Fair value on debt instruments designated under FVOCI	3.53	-	2.84	6.37
	Other temporary differences	2.46	(0.68)	-	1.78
Gross deferred tax assets (a)		1,050.20	25.20	10.21	1,085.61
(b)	Deferred tax liabilities				
	Property, plant and equipment and intangible assets	(0.18)	(12.87)	-	(13.05)
	Service asset	(57.80)	8.98	-	(48.82)
	Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	(33.82)	(39.26)	-	(73.08)
	Fair value on instruments designated under FVTPL	(2.31)	(0.14)	-	(2.45)
	Cash flow hedge reserve	-	-	(2.24)	(2.24)
	Other temporary differences	(4.98)	(3.90)	-	(8.88)
Gross deferred tax liabilities (b)		(99.09)	(47.19)	(2.24)	(148.52)
Deferred tax assets/(liabilities), net (a+b)		951.11	(21.99)	7.97	937.09

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

13 (A) Property, plant and equipment and other intangible assets

For the financial year 2023-24

(₹ in crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2023	Addition	Deductions/ Adjustments	As at 31 March 2024	As at 1 April 2023	Deductions/ Adjustments	For the Year	As at 31 March 2024	As at 31 March 2024
Property, plant and equipment (a)									
Freehold land (b) (e)	271.91	5.42	4.02	273.31	-	-	-	-	273.31
Building (c) (e)	261.44	2.16	-	263.60	69.92	-	3.67	73.59	190.01
Computers and data processing units	429.21	199.35	65.63	562.93	194.41	46.42	100.11	248.10	314.83
Office equipment	268.33	86.66	12.34	342.65	179.13	11.88	46.71	213.96	128.69
Furniture and fixtures	227.17	82.29	9.88	299.58	98.62	8.36	40.06	130.32	169.26
Vehicles	241.62	165.23	33.69	373.16	54.38	15.65	57.38	96.11	277.05
Leasehold improvements	249.15	66.67	3.57	312.25	207.60	3.43	24.85	229.02	83.23
Sub-total (i)	1,948.83	607.78	129.13	2,427.48	804.06	85.74	272.78	991.10	1,436.38
Right-of-use (f)									
Right-of-use - Premises (e)	821.72	602.33	87.83	1,336.22	311.09	74.28	195.48	432.29	903.93
Right-of-use - Server	35.51	1.97	-	37.48	14.34	-	5.13	19.47	18.01
Sub-total (ii)	857.23	604.30	87.83	1,373.70	325.43	74.28	200.61	451.76	921.94
Sub-total (iii=i+ii)	**2,806.06**	**1,212.08**	**216.96**	**3,801.18**	**1,129.49**	**160.02**	**473.39**	**1,442.86**	**2,358.32**
Other intangible assets (d)									
Computer softwares	699.62	249.89	38.32	911.19	316.60	28.99	137.37	424.98	486.21
Internally generated software	288.41	231.54	2.06	517.89	43.65	0.42	72.56	115.79	402.10
Sub-total (iv)	**988.03**	**481.43**	**40.38**	**1,429.08**	**360.25**	**29.41**	**209.93**	**540.77**	**888.31**
Total (v=iii+iv)	**3,794.09**	**1,693.51**	**257.34**	**5,230.26**	**1,489.74**	**189.43**	**683.32**	**1,983.63**	**3,246.63**

For the financial year 2022-23

(₹ in crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2022	Addition	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	Deductions/ Adjustments	For the Year	As at 31 March 2023	As at 31 March 2023
Property, plant and equipment (a)									
Freehold land (b) (e)	196.59	75.32	-	271.91	-	-	-	-	271.91
Buildings (c) (e)	248.03	13.41	-	261.44	66.37	-	3.55	69.92	191.52
Computers and data processing units	316.87	165.37	53.03	429.21	163.33	39.29	70.37	194.41	234.80
Office equipment	222.63	50.44	4.74	268.33	146.16	4.63	37.60	179.13	89.20
Furniture and fixtures	196.56	39.96	9.35	227.17	85.73	6.83	19.72	98.62	128.55
Vehicles	143.20	114.86	16.44	241.62	38.84	8.14	23.68	54.38	187.24
Leasehold improvements	227.91	25.67	4.43	249.15	181.79	4.37	30.18	207.60	41.55
Sub-total (i)	1,551.79	485.03	87.99	1,948.83	682.22	63.26	185.10	804.06	1,144.77
Right-of-use (f)									
Right-of-use - Premises (e)	604.35	278.56	61.19	821.72	211.88	54.14	153.35	311.09	510.63
Right-of-use - Server	30.15	5.54	0.18	35.51	9.61	0.18	4.91	14.34	21.17
Sub-total (ii)	634.50	284.10	61.37	857.23	221.49	54.32	158.26	325.43	531.80
Sub-total (iii=i+ii)	**2,186.29**	**769.13**	**149.36**	**2,806.06**	**903.71**	**117.58**	**343.36**	**1,129.49**	**1,676.57**
Other intangible assets (d)									
Computer softwares	530.08	204.85	35.31	699.62	235.08	25.61	107.13	316.60	383.02
Internally generated software	144.21	144.20	-	288.41	8.76	-	34.89	43.65	244.76
Sub-total (iv)	**674.29**	**349.05**	**35.31**	**988.03**	**243.84**	**25.61**	**142.02**	**360.25**	**627.78**
Total (v=iii+iv)	**2,860.58**	**1,118.18**	**184.67**	**3,794.09**	**1,147.55**	**143.19**	**485.38**	**1,489.74**	**2,304.35**

(a) See note no. 3.5
(b) Represents share in undivided portion of land on purchase/construction of office premises.
(c) Includes cost of shares in co-operative society ₹ 500 (Previous year ₹ 500).
(d) See note no. 3.6
(e) Title deeds of all immovable properties and lease agreements for all the leased premises are held in the name of the Group.
(f) See note no. 3.8

13 (A) Property, plant and equipment and other intangible assets (Contd.)

Depreciation and amortisation

Depreciation and amortisation is provided using straight-line method over the useful life of assets assuming no residual value at the end of useful life of the asset. Depreciation and amortisation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

Nature of assets	Useful life adopted by the Group
Building	60 years
Computers and data processing units	
End user machines	4 years*
Servers and networks	6 years
Office equipment	
Soundbox device	2 years*
Point of sale machine	4 years*
Other office equipments	5 years
Furniture and fixtures	
Chairs and glow sign board	4 years*
All other furniture and fixtures	10 years
Vehicles	6 years*
Leasehold improvements	Lease tenure or 5 years, whichever is less
Intangible assets including those internally generated	5 years

* Evaluated useful lives is different from Schedule II of the Companies Act, 2013.

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

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

13 (B) Capital-work-in-progress and intangible assets under development

The Group discloses property, plant and equipment that are not ready for use as Capital work-in-progress. These are carried at cost, comprising direct cost and related incidental expenses. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

Capital work-in-progress

(₹ in crore)

	For the year ended 31 March	
Particulars	**2024**	**2023**
Opening balance	14.6	13.27
Additions	22.35	1.33
Deductions/Adjustments	11.60	-
Closing balance	25.35	14.60

Aging for capital work-in-progress

(₹ in crore)

		Amount for a period of				
Particulars	**As at**	**Less than 1 year**	**1-2 years**	**2-3 years**	**more than 3 years**	**Total**
Projects in progress	31 March 2024	10.75	1.33	6.20	7.07	25.35
Projects in progress	31 March 2023	1.33	6.20	7.07	-	14.60

Intangible assets under development

(₹ in crore)

	For the year ended 31 March	
Particulars	**2024**	**2023**
Opening balance	65.24	20.87
Additions	431.15	406.11
Deductions/Adjustments	478.28	361.74
Closing balance	18.11	65.24

Aging for Intangible assets under development

(₹ in crore)

		Amount for a period of				
Particulars	**As at**	**Less than 1 year**	**1-2 years**	**2-3 years**	**more than 3 years**	**Total**
Projects in progress	31 March 2024	18.11	-	-	-	18.11
Projects in progress	31 March 2023	65.24	-	-	-	65.24

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

14 Other non-financial assets

(₹ in crore)

Particulars	As at 31 March 2024	2023
Capital advances	24.26	39.10
Deposits against appeals	38.95	40.11
Advances to suppliers and others	85.51	49.95
	148.72	129.16

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

15 Payables

(₹ in crore)

Particulars		As at 31 March 2024	2023
(I)	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises[#]	0.73	1.86
	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,063.31	1,450.26
		2,064.04	1,452.12
(II)	**Other payables**		
	Total outstanding dues of micro enterprises and small enterprises[#]	-	0.65
	Total outstanding dues of creditors other than micro enterprises and small enterprises	764.58	638.67
		764.58	639.32

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

(₹ in crore)

Particulars	As at 31 March 2024	2023
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.73	2.42
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	50.60	53.30
Interest paid to suppliers under MSMED Act (Section 16)	0.64	0.85
Interest due and payable to suppliers under MSMED Act, for payments already made	-	0.09
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (since paid)	-	0.09

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

15 Payables (Contd.)

Trade payables aging

(₹ in crore)

Particulars	Not due	Unbilled	Outstanding from due date of payment: Less than 1 year	1-2 years	2-3 years	more than 3 years	Total
As at 31 March 2024							
(i) MSME	0.42	-	0.31	-	-	-	0.73
(ii) Others	473.27	780.04	809.73	0.11	-	0.16	2,063.31
	473.69	780.04	810.04	0.11	-	0.16	2,064.04
As at 31 March 2023							
(i) MSME	1.17	-	0.69	-	-	-	1.86
(ii) Others	492.31	896.74	60.16	0.63	0.26	0.16	1,450.26
	493.48	896.74	60.85	0.63	0.26	0.16	1,452.12

16 Debt securities

(₹ in crore)

Particulars	As at 31 March 2024	2023
(A) At amortised cost		
Redeemable non-convertible debenture		
Secured and fully paid*	84,896.28	67,288.26
Unsecured and partly paid	2,014.82	1,387.83
Unsecured and fully paid	6,258.92	6,262.16
	93,170.02	74,938.25
Commercial papers - unsecured	24,829.52	11,906.99
	117,999.54	86,845.24
(B) Out of above		
In India	117,999.54	86,845.24
Outside India	-	-
	117,999.54	86,845.24

*All the secured non-convertible debentures of the Company and one of its subsidiary viz. BHFL including those issued during year ended 31 March 2024 are fully secured by first pari passu charge by mortgage of their immovable property at Chennai and/or by hypothecation of book debts/loan receivables to the extent as stated in their respective information memorandum. Further, the Company and one of its subsidiary viz. BHFL has, at all times, for the non-convertible debentures, maintained asset cover as stated in the respective information memorandum which is sufficient to discharge the principal amount, interest accrued thereon and such other sums as mentioned therein.

-As a part of Interest rate risk management, BHFL has entered into INR interest rate swaps of a notional amount of ₹ 1,750 crore (Previous year ₹ 100 crore). The total outstanding as on 31 March 2024 is ₹ 1,850 crore (Previous year ₹ 100 crore).

16 Debt securities (Contd.)

(C) Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2024

(₹ in crore)

	Residual maturity of loans				
Original maturity of loan	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Up to 2 years	2,000.00	1,300.00	-	-	3,300.00
Over 2 to 3 years	4,350.00	9,672.00	2,200.00	-	16,222.00
Over 3 to 4 years	5,485.00	7,495.00	1,925.00	395.00	15,300.00
Over 4 years	4,225.00	2,302.00	57.50	47,647.90	54,232.40
Redeemable at premium					
Over 3 to 4 years	-	906.00	-	-	906.00
Interest accrued	3,159.77	134.59	-	-	3,294.36
Impact of EIR (including premium and discount on NCD)					(71.65)
Fair value gain/loss on NCD hedged through interest rate swap					(13.09)
					93,170.02

-Interest rate ranges from 5.00% to 9.36% p.a as at 31 March 2024

-Amount to be called and paid is ₹ 350 crore each in May 2024, May 2025 and June 2026

-Amount to be called and paid is ₹ 105 crore in Jan 2025 and ₹ 120 crore in Jan 2026

-Amount to be called and paid is ₹ 147 crore in Mar 2025 and ₹ 168 crore in Mar 2026

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

16 Debt securities (Contd.)

Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2023

(₹ in crore)

	Residual maturity of loan				
Original maturity of loan	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Up to 2 years	9,390.00	2,000.00	-	-	11,390.00
2-3 years	3,400.00	5,335.00	5,860.00	-	14,595.00
3-4 years	270.00	4,500.00	5,820.00	-	10,590.00
More than 4 years	1,981.00	4,225.00	2,302.00	25,437.50	33,945.50
Redeemable at premium					
2-3 years	950.00	-	-	-	950.00
3-4 years	75.00	-	906.00	-	981.00
Interest accrued	2,412.89	13.33	65.02	-	2,491.24
Impact of EIR (including premium and discount on NCD)					(5.88)
Fair value gain/loss on NCD hedged through interest rate swap					1.39
					74,938.25

-Interest rate ranges from 4.90% to 9.36% p.a as at 31 March 2023

-Amount to be called and paid is ₹ 350 crore each in June 2023, May 2024, May 2025 and June 2026

-Amount to be called and paid is ₹ 105 crore each in Jan 2024, Jan 2025 and ₹ 120 crore in Jan 2026

-Amount to be called and paid is ₹ 147 crore each in Mar 2024, Mar 2025 and ₹ 168 crore in Mar 2026

(D) Terms of repayment of commercial papers

(₹ in crore)

	As at 31 March	
Particulars	**2024**	**2023**
Redeemable at par with original maturity up to 1 year		
- Due within 1 year	24,750.39	11,877.14
Impact of EIR	79.13	29.85
	24,829.52	11,906.99

-Interest rate ranges from 7.48% to 8.85% p.a as at 31 March 2024 (Previous year 5.00% to 8.02% p.a)

-As at 31 March 2024, face value of commercial paper is ₹ 25,340 crore (Previous year ₹ 12,145 crore)

17 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
(A) In India		
At amortised cost:		
Term loans from banks	79,258.27	67,726.06
Term loan from National Housing Bank (NHB)#	6,837.59	2,000.00
Cash credit/Overdraft facility	681.31	446.33
Working capital demand loans	3,062.89	1,770.20
Triparty repo dealing and settlement (TREPs) against Government securities	15,758.96	8,145.36
	105,599.02	80,087.95
Outside India		
External commercial borrowing (ECB)*	6,018.45	1,461.45
	6,018.45	1,461.45
(B) Out of above		
Secured (Against hypothecation of loans, book debts and other receivables)	111,117.37	81,049.35
Unsecured	500.10	500.05
	111,617.47	81,549.40

*External commercial borrowing is denominated in foreign currency and secured against book debts.

#All the outstanding refinancing from NHB are secured by hypothecation of specific loans/book debts to the extent of 1.05 and 1.10 times of outstanding amount as per respective sanctioned terms. BHFL has availed refinance facility from NHB of ₹ 5,499.38 crore during the year ended 31 March 2024 (Previous Year: ₹ 2,000 crore) against eligible individual Housing loans under various refinance schemes including Affordable Housing Scheme.

-The Group has not been declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

(C) Terms of repayment of term loans from bank as at 31 March 2024

	Residual maturity of loans								Total	
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 year			
Original maturity of loan	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore
Quarterly										
Up to 3 years	-	-	2	225.00	2	225.00	-	-	4	450.00
Over 3 to 4 years	42	2,015.00	28	1,125.00	20	846.88	6	281.25	96	4,268.13
Over 4 years	137	3,071.53	113	2,258.41	99	2,337.92	161	3,246.68	510	10,914.54
Half yearly										
Up to 3 years	2	200.00	1	100.00	4	500.00	-	-	7	800.00
Over 3 to 4 years	15	1,151.18	14	1,133.32	14	1,133.36	3	212.50	46	3,630.36
Over 4 years	117	5,907.82	136	8,519.68	149	10,750.99	251	15,596.36	653	40,774.85
Yearly										
Over 3 to 4 years	4	800.00	-	-	-	-	-	-	4	800.00
Over 4 years	20	1,697.91	14	1,481.66	15	1,971.66	36	3,141.57	85	8,292.80
On maturity (Bullet)										
Up to 3 years	4	870.00	4	2,300.00	2	550.00	-	-	10	3,720.00
Over 3 to 4 years	3	2,400.00	1	499.74	-	-	-	-	4	2,899.74
Over 4 years	-	-	-	-	1	500.00	2	2,200.01	3	2,700.01
Interest accrued	-	11.19	-	-	-	-	-	-	-	11.19
Impact of EIR										(3.35)
										79,258.27

-Interest rate ranges from 5.05% to 9.20% p.a as at 31 March 2024.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

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

Terms of repayment of term loans from bank as at 31 March 2023

	Residual maturity of loans									
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 year		Total	
Original maturity of loan	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore
Quarterly										
Up to 3 years	12	1,122.16	-	-	-	-	-	-	12	1,122.16
Over 3 to 4 years	25	940.00	30	1,440.00	16	550.00	8	271.88	79	3,201.88
Over 4 years	158	4,137.04	119	2,624.16	89	1,769.37	157	3,636.37	523	12,166.94
Half yearly										
Up to 3 years	2	200.00	2	200.00	1	100.00	-	-	5	500.00
Over 3 to 4 years	8	517.86	10	851.18	8	708.32	8	708.36	34	2,785.72
Over 4 years	74	3,777.50	85	4,338.21	88	5,907.21	186	13,115.13	433	27,138.05
Yearly										
Over 3 to 4 years	6	922.50	4	800.00	-	-	-	-	10	1,722.50
Over 4 years	24	1,879.58	18	1,542.92	12	1,326.67	29	4,223.33	83	8,972.50
On maturity (Bullet)										
Up to 3 years	3	1,250.00	5	1,120.00	2	1,500.00	-	-	10	3,870.00
Over 3 to 4 years	-	-	3	2,400.00	1	499.74	-	-	4	2,899.74
Over 4 years	3	650.00	-	-	-	-	3	2,700.00	6	3,350.00
Interest accrued		5.90		-		-		-		5.90
Impact of EIR										(9.33)
										67,726.06

-Interest rate ranges from 5.05% to 9.02% p.a as at 31 March 2023.

(D) Terms of repayment of working capital demand loans from bank

	As at 31 March 2024		As at 31 March 2023	
Particulars	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore
On maturity (Bullet)				
Up to 1 year	6	3,062.24	7	1,770.06
Interest accrued		0.65		0.14
	6	3,062.89	7	1,770.20

-Interest rate ranges from 7.10% to 8.75% p.a as at 31 March 2024 (Previous year 7.00% to 8.35% p.a).

(E) Terms of repayment of TREPs

	As at 31 March 2024		As at 31 March 2023	
Particulars	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
On maturity (Bullet)				
Up to 1 year	35	15,758.96	20	8,145.36
	35	15,758.96	20	8,145.36

-Interest rate ranges from 6.26% to 7.25% p.a as at 31 March 2024 (Previous year 6.76% to 6.99% p.a).

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

(F) Terms of repayment of term loan from NHB as at 31 March 2024

	Residual maturity of loans									
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 years		Total	
Original maturity of loan	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore
Quarterly										
More than 4 years	78	647.47	104	863.29	104	863.29	545	4,463.54	831	6,837.59
										6,837.59

-Interest rate ranges from 5.25 % to 8.25 % p.a. as at 31 March 2024.

Terms of repayment of term loan from NHB as at 31 March 2023

	Residual maturity of loans									
	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due in more than 3 years		Total	
Original maturity of loan	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore	Total no. of instalments	₹ in crore
Quarterly										
More than 4 years	21	180.98	28	241.31	28	241.31	172	1,336.40	249	2,000.00
										2,000.00

-Interest rate ranges from 5.52% to 7.55% p.a as at 31 March 2023.

(G) Terms of repayment of external commercial borrowing

	As at 31 March 2024		As at 31 March 2023	
Original maturity of loan	Total no. of installments	₹ in crore	Total no. of installments	₹ in crore
Due within 1 year				
Original maturity over 2 to 3 years	-	-	1	822.17
Original maturity over 3 years	-	-	1	616.63
Due within 2 to 3 year				
Original maturity over 2 to 3 years	5	3,543.39	-	-
Original maturity over 3 years	4	2,501.22	-	-
Interest accrued		10.01		24.14
Impact of EIR		(36.17)		(1.49)
	9	6,018.45	2	1461.45

-Contracted interest rate ranges from 5.96% to 6.61% p.a as at 31 March 2024 (Previous year 5.33% to 5.76% p.a).

-Interest rate ranges from 7.40% to 8.11% p.a under Cross currency interest rate swap (CCIRS) as at 31 March 2024 (Previous year 5.85% to 6.70% p.a).

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

18 Deposits (Unsecured)

(₹ in crore)

Particulars	As at 31 March 2024	2023
(A) At amortised cost		
Public deposits*	38,012.62	28,303.10
From others	22,138.30	16,362.46
	60,150.92	44,665.56

*As defined in chapter II, para 3 (xiii) of Master directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 as issued by RBI.

(B) Terms of repayment of deposits as at 31 March 2024

(₹ in crore)

	Residual maturity of deposits				
Original maturity of deposits	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	11,645.18	-	-	-	11,645.18
Over 1 to 2 years	9,012.39	3,409.77	-	-	12,422.16
Over 2 to 3 years	4,578.31	4,635.63	2,548.35	-	11,762.29
Over 3 years	1,350.99	2,782.64	9,265.73	8,865.68	22,265.04
Interest accrued	1,269.13	451.67	378.50	141.75	2,241.05
Impact of EIR					(184.80)
					60,150.92

Terms of repayment of deposits as at 31 March 2023

(₹ in crore)

	Residual maturity of deposits				
Original maturity of deposits	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Up to 1 year	11,139.95	-	-	-	11,139.95
Over 1 to 2 years	5,453.75	3,402.69	-	-	8,856.44
Over 2 to 3 years	2,886.33	4,872.30	4,514.22	-	12,272.85
Over 3 years	846.82	1,381.17	2,982.35	5,855.16	11,065.50
Interest accrued	839.95	382.66	171.95	82.59	1,477.15
Impact of EIR					(146.33)
					44,665.56

19 Subordinated liabilities (Unsecured)

(₹ in crore)

Particulars	As at 31 March 2024	2023
(A) In India		
At amortised cost		
Privately placed subordinated (Tier II) redeemable non-convertible debentures	3,577.90	3,630.29
	3,577.90	3,630.29
(B) Outside India	-	-

(C) Terms of repayment of subordinated liabilities as at 31 March 2024

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	452.50	290.00	2,060.00	600.00	3,402.50
Interest accrued	183.48	-	-	-	183.48
Impact of EIR					(8.08)
					3,577.90

-Interest rate ranges from 8.05% to 10.15% p.a as at 31 March 2024

Terms of repayment of subordinated liabilities as at 31 March 2023

(₹ in crore)

Original maturity of loan	Residual maturity of loan: Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	Total
Redeemable at par					
Over 5 years	50.00	452.50	290.00	2,660.00	3,452.50
Interest accrued	188.08	-	-	-	188.08
Impact of EIR					(10.29)
					3,630.29

-Interest rate ranges from 8.05% to 10.15% p.a as at 31 March 2023

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

20 Other financial liabilities

(₹ in crore)

Particulars	As at 31 March 2024	2023
Unclaimed dividends*	3.07	2.25
Book overdraft	98.00	-
Security deposits	175.13	168.07
Lease liability+	1,001.16	587.37
Unclaimed matured deposits*	0.44	0.84
Payable to assignment partners	12.24	7.56
Outstanding liability for prepaid instrument	59.38	49.43
Unspent CSR liability	6.19	35.27
Others	488.78	458.50
	1,844.39	1,309.29

*There are no undisputed amounts which were due and remained unpaid to Investor Education and Protection Fund as at the close of the year.

+Disclosures as required by Ind AS 116 'Leases' are stated below

The Group as a lessee follows Ind AS 116 'Leases' for accounting of various office premises and servers taken on lease. The leases considerd for application of Ind AS 116 have lease period ranging from 12 to 180 months. The discount rate ranges from 5.26% to 9.15% p.a.

(A) Lease liability movement

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Opening balance	587.37	455.06
Add : Addition during the year	604.28	284.10
Interest on lease liability	64.85	42.88
Less : Deletion during the year	16.48	8.34
Lease rental payments	238.86	186.33
Balance at the end of the year	1,001.16	587.37

(B) Future lease cash outflow for all leased assets

(₹ in crore)

Particulars	As at 31 March 2024	2023
Not later than one year	262.94	181.05
Later than one year but not later than five years	746.25	447.41
Later than five years	238.50	70.61
	1,247.69	699.07

20 Other financial liabilities (Contd.)

(C) Maturity analysis of carrying value of lease liability

(₹ in crore)

Particulars	As at 31 March 2024	2023
Within 12 months	193.24	142.81
After 12 months	807.92	444.56

(D) Amount recognised in Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Interest on lease liabilities	64.85	42.88
Depreciation charge for the year	200.60	158.26
Expense related to short term leases	5.82	2.26
(Gain)/loss on pre-mature lease closure	(2.93)	(1.23)
	268.34	202.17

21 Provisions

(₹ in crore)

Particulars	As at 31 March 2024	2023
Provision for employee benefits		
Gratuity	288.34	181.01
Compensated absences*	31.23	28.70
Other long term service benefits	75.08	46.05
Impairment allowance on undrawn loan commitments	27.24	12.32
	421.89	268.08

*Include amounts payable for encashable leaves not permitted to be carried forward of ₹ 19.83 crore (Previous year ₹ 14.98 crore).

22 Other non-financial liabilities

(₹ in crore)

Particulars	As at 31 March 2024	2023
Statutory dues	470.13	313.18
Income received in advance	0.01	0.03
Others	24.64	38.60
	494.78	351.81

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

23 Equity share capital

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Authorised		
750,000,000 (750,000,000) equity shares of ₹ 2 each	150.00	150.00
Issued		
618,996,320 (605,429,233) equity shares of ₹ 2 each	123.80	121.09
Subscribed and paid up		
618,996,320 (605,429,233) equity shares of ₹ 2 each fully called up and paid up	123.80	121.09
Less: 988,329 (1,008,401) equity shares of ₹ 2 each held in a Trust for employees under ESOP Scheme [See footnote (f) below]	0.20	0.20
	123.60	120.89

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	Nos.	₹ in crore
As at 1 April 2022	605,429,233	121.09
Add: Issued during the year to Trust for employees pursuant to ESOP scheme	-	-
	605,429,233	121.09
Less: Equity shares held in Trust for employees under ESOP scheme	1,008,401	0.20
As at 31 March 2023	604,420,832	120.89
As at 1 April 2023	605,429,233	121.09
Add: Issued during the year to Trust for employees pursuant to ESOP scheme*	1,462,548	0.29
Add: Issued during the year to eligible Qualified Institutional Buyers#	12,104,539	2.42
	618,996,320	123.80
Less: Equity shares held in Trust for employees under ESOP scheme	988,329	0.20
As at 31 March 2024	618,007,991	123.60

*The Allotment Committee alloted 489,305 equity shares and 973,243 equity shares on 2 June 2023 and 1 March 2024, respectively, having face value of ₹ 2 each at applicable grant price to the BFL Employee Welfare Trust under Employee Stock Option Scheme, 2009.

On 9 November 2023, the Group through Qualified Institutions Placement (QIP) allotted 12,104,539 equity shares to eligible Qualified Institutional Buyers (QIBs) at a price of ₹ 7,270 per equity share of ₹ 2 face value (inclusive of premium of ₹ 7,268 per share) aggregating to approximately ₹ 8,800 crore. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Funds raised by way of QIP have been utilised for the purpose mentioned in the objects of the issue in the offer document.

(b) Terms/rights/restrictions attached to equity shares

The Parent Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended 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 Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by Holding Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Nos.	₹ in crore	Nos.	₹ in crore
Bajaj Finserv Ltd.*	317,816,130	63.56	317,816,130	63.56

* An associate of Bajaj Holdings and Investments Ltd.

23 Equity share capital (Contd.)

(d) Details of shareholders holding more than 5% shares in the Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Nos.	% Holding	Nos.	% Holding
Bajaj Finserv Ltd. *	317,816,130	51.34%	317,816,130	52.49%

* An associate of Bajaj Holdings and Investments Ltd.

(e) Shareholding pattern of Promoters (Face value ₹ 2 per share)

Particulars	As at 31 March 2024		As at 31 March 2023		% Changes during the year	% Changes during previous year
	Nos.	% Holding	Nos.	% Holding		
Names of Promoter and Promoter group						
Promoter:						
Bajaj Finserv Ltd.	317,816,130	51.34%	317,816,130	52.49%	0.00%	0.00%
Promoter Group :						
Aryaman Kejriwal*	2,000	0.00%	-	0.00%	Nil	Nil
Bachhraj Factories Private Ltd.	72,000	0.01%	72,000	0.01%	0.00%	0.00%
Bajaj Allianz Life Insurance Company Ltd.	247,000	0.04%	247,000	0.04%	0.00%	0.00%
Bajaj Sevashram Private Ltd.*	308,500	0.05%	308,500	0.05%	0.00%	8.25%
Baroda Industries Private Ltd.	117,600	0.02%	117,600	0.02%	0.00%	0.00%
Estate of Rahulkumar Bajaj	-	0.00%	10,000	0.00%	(100.00%)	0.00%
Jamnalal Sons Private Ltd.	127,640	0.02%	127,640	0.02%	0.00%	0.00%
Kumud Bajaj	2,000	0.00%	2,000	0.00%	0.00%	0.00%
Kumud Bajaj (A/c Madhur Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Kumud Bajaj (A/c Madhur Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Madhur Bajaj	2,000	0.00%	2,000	0.00%	0.00%	0.00%
Madhur Bajaj (A/c Kumud Neelima Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Madhur Bajaj (A/c Kumud Nimisha Family Trust)	15,000	0.00%	15,000	0.00%	0.00%	0.00%
Maharashtra Scooters Ltd.	18,974,660	3.07%	18,974,660	3.13%	0.00%	0.00%
Neelima Bajaj Family Trust (Kumud Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Nimisha Bajaj Family Trust (Madhur Bajaj)	61,000	0.01%	61,000	0.01%	0.00%	0.00%
Nirvaan Kejriwal*	2,000	0.00%	-	0.00%	Nil	Nil
Rajivnayan Bajaj	1,000	0.00%	1,000	0.00%	0.00%	0.00%
Rishabnayan Bajaj*	2,000	0.00%	-	0.00%	Nil	Nil
Sanjali Bajaj	65,104	0.01%	63,104	0.01%	3.17%	0.00%
Sanjivnayan Bajaj	467,688	0.08%	467,688	0.08%	0.00%	0.00%
Shefali Bajaj	63,104	0.01%	63,104	0.01%	0.00%	0.00%
Siddhantnayan Bajaj	65,104	0.01%	63,104	0.01%	3.17%	0.00%
Suman Jain	7,015	0.00%	7,093	0.00%	(1.10%)	(0.37%)

*Where shares have been issued for the first time during the reporting period, such percentage change have been computed from date of such issuance

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

23 Equity share capital (Contd.)

(f) Shares reserved for issue under employee stock option plan

Particulars		No. of Stock options/Equity shares as at 31 March 2024	31 March 2023
a.	Number of equity shares approved/reserved for issue under Employee Stock Option Plan, 2009 to employees of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital)	35,071,160	35,071,160
b.	Options granted under the scheme	31,503,611	29,940,214
c.	Options cancelled up to 31 March 2024 and added back to pool for future grants	4,083,318	4,012,171
d.	Options granted net of cancellation under the scheme (d = b-c)	27,420,293	25,928,043
e.	Balance available under the scheme for future grants (e = a-d)	7,650,867	9,143,117
f.	Equity shares allotted to BFL Employee Welfare Trust	22,917,522	21,454,974
g.	Stock options exercised	21,929,193	20,446,573
h.	Balance stock options available with BFL Employee Welfare Trust (h = f-g)	988,329	1,008,401

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the Trust at the close of the year have been reduced against the share capital as if the Trust is administered by the Parent Company itself. The securities premium related to the unexercised equity shares held by the Trust at the close of the year aggregating to ₹ 307.06 crore (As at 31 March 2023 ₹ 125.94 crore) has also been reduced from securities premium account and adjusted against the loan outstanding from the Trust.

Dividends declared by the Parent Company do not accrete to the shares held by the ESOP Trust towards unexercised options. Accordingly, any dividend received by the ESOP Trust is remitted back to the Parent Company and adjusted against the source from which dividend has been paid.

24 Other equity

(₹ in crore)

Particulars		Nature and purpose	As at 31 March 2024	2023
(i)	Securities premium	Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.	26,582.00	17,440.98
(ii)	Retained earnings	Retained earnings represents the surplus in profit and loss account after appropriations made to/from retained earnings.	37,080.41	27,320.89
(iii)	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.	438.36	327.11
(iv)	Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	Every year the Group transfers sum of not less than twenty percent of net profit of that year to this statutory reserve fund created pursuant to Section 45 IC(1) of the Reserve Bank of India Act, 1934. No appropriation of any sum from the reserve fund is permitted except for the purpose as may be specified by the Reserve Bank of India from time to time.	10,232.75	7,702.75
(v)	General reserve	Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.	790.02	788.93
(vi)	Infrastructure reserve in terms of 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.	534.65	299.65

24 Other equity (Contd.)

(₹ in crore)

Particulars		Nature and purpose	As at 31 March 2024	As at 31 March 2023
(vii)	Share options outstanding account	Share options outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Parent Company for employees of the Group.	711.50	555.46
(viii)	Remeasurement of defined benefit plans	The Group recognises change on account of remeasurement of the net defined benefit liability (asset), which comprises of (a)actuarial gains and losses: (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).	(147.06)	(100.83)
(ix)	Other comprehensive income			
	(a) On debt investments	The Group recognises changes in the fair value of debt instruments held with a dual business objective to collect and sell in other comprehensive income. These changes are accumulated in the FVOCI debt investments 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.	10.60	(18.92)
	(b) On equity investments	The Group has opted to recognise changes in the fair value of certain investments in equity in other comprehensive income. These changes are accumulated in the FVOCI equity investments reserve. The Group transfers amounts from this reserve to retained earnings when the relevant equity investment are derecognised.	50.18	(71.62)
	(c) On cash flow hedge reserve	It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.	(8.87)	6.69
	(d) On loans*	The Group recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss.	-	-
(x)	Money received against share warrants**	It represents application money received from subscriber of warrants, against which shares are yet to be alloted.	297.21	-
			76,571.75	54,251.09

* The table gives details of movement of fair value changes:

(₹ in crore)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Balance as at the beginning of the year	-	-
Fair value changes during the year	(41.40)	28.87
Impairment loss allowances transferred to profit or loss	41.40	(28.87)
Balance as at the end of the year	-	-

**On 2 November 2023, Preferential Issue Allotment Committee duly constituted by the Board of Directors of the Group has approved the allotment of 1,550,000 warrants to the Bajaj Finserv Ltd., the promoter and holding company, at the issue price of ₹ 7,670 per warrant, of which an amount equivalent to 25% of the consideration was received at the time of subscription and allotment of warrants aggregating to ₹ 297.21 crore pursuant to the issue, in accordance with the relevant provisions of the SEBI ICDR Regulations. The remaining 75% of the consideration will be received at the time of conversion of warrants into equity shares, anytime within eighteen months from the date of allotment.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

25 Interest income

(₹ in crore)

Particulars	For the year ended 31 March 2024				For the year ended 31 March 2023			
	On financial assets measured at				On financial assets measured at			
	FVOCI	Amortised cost	FVTPL	Total	FVOCI	Amortised cost	FVTPL	Total
On loans	5,039.51	41,588.29	-	46,627.80	3,703.61	31,088.54	-	34,792.15
On investments	1,213.86	16.10	121.81	1,351.77	512.07	70.15	96.91	679.13
On others	-	3.08	-	3.08	-	2.76	-	2.76
On deposits with bank	-	323.95	-	323.95	-	74.53	-	74.53
	6,253.37	41,931.42	121.81	48,306.60	4,215.68	31,235.98	96.91	35,548.57

26 Fees and commission income

(₹ in crore)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Service and administration charges	1,772.75	1,484.79
Fees on value added services and products	653.24	607.41
Foreclosure income	439.59	319.11
Distribution income	2,299.12	1,893.75
Brokerage income	102.47	50.57
	5,267.17	4,355.63

27 Net gain on fair value changes

(₹ in crore)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
(A) Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on debt instruments at FVTPL	278.60	350.36
Unrealised gain/(loss) on debt instruments at FVTPL	(2.49)	0.91
Realised gain/(loss) on equity instruments at FVTPL	29.57	0.21
Unrealised gain/(loss) on equity instruments at FVTPL	24.55	0.43
Realised derivative gain/(loss) financial instruments at FVTPL	(24.52)	8.90
Unrealised derivative gain/(loss) financial instruments at FVTPL	3.20	(3.64)
(B) Others		
Realised gain/(loss) on sale of FVOCI debt instruments	(0.62)	(22.85)
	308.29	334.32

28 Sale of services

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Service fees for management of assigned portfolio of loans	49.97	38.18
	49.97	38.18

29 Income on derecognised (assigned) loans

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Income on derecognised (assigned) loans	13.33	23.17
	13.33	23.17

30 Other operating income

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Recoveries against written off financial assets	854.28	1,104.87
Net realisation on sale of written off loans	0.59	-
Marketing, branding and allied services	122.74	1.62
Grant towards QR deployment operating expenditure*	7.14	-
Others	39.38	3.80
	1,024.13	1,110.29

*The Parent Company has received Government grant relating to Payment Infrastructure Development Fund (PIDF) scheme of ₹ 7.14 crore in current year (Previous year ₹ Nil). The same is an income grant and is presented on a gross basis (i.e. without netting it from the related expenses) as permitted under Ind AS 20 'Accounting for Government grants and disclosure of Government assistance'. The Parent Company does not have any unfulfilled conditions relating to the grant recognised.

31 Other income

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Interest on income tax refund	0.01	0.38
Dividend income	2.06	0.67
Miscellaneous income	10.95	7.05
	13.02	8.10

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

32 Finance costs

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
On financial liabilities measured at amortised cost:		
On debt securities	7,625.56	5,114.67
On borrowings other than debt securities	6,667.25	4,420.86
On deposits	4,040.50	2,647.18
On subordinated liabilities	302.60	316.83
On lease liability	64.85	42.88
On others	8.97	10.04
Other interest expenses*	14.96	7.43
	18,724.69	12,559.89

*Includes net interest on net defined benefit liability of gratuity of ₹ 12.46 crore (Previous year ₹ 7.43 crore)

33 Fees and commission expense

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Commission and incentives	111.42	93.00
Recovery costs	1,624.54	1,686.82
Credit guarantee fees	189.06	104.72
Loan portfolio management service charges	6.48	6.93
	1,931.50	1,891.47

34 Impairment on financial instruments

(₹ in crore)

Particulars	For the year ended 31 March 2024			For the year ended 31 March 2023		
	At amortised cost	At FVOCI	Total	At amortised cost	At FVOCI	Total
On loans	4,548.12	0.55	4,548.67	3,072.41	68.11	3,140.52
On others	82.03	-	82.03	49.13	-	49.13
	4,630.15	0.55	4,630.70	3,121.54	68.11	3,189.65

35 Employee benefits expense

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Employees emoluments	5,697.43	4,533.02
Contribution to provident fund and other funds	202.01	158.01
Gratuity expense	60.33	56.79
Share based payment to employees	272.22	226.75
Staff welfare expenses	164.02	125.62
	6,396.01	5,100.19

36 Other expenses

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Communication expenses	175.99	165.97
Outsourcing/back office expenses	554.78	341.46
Travelling expenses	447.26	372.53
Information technology expenses	714.52	567.83
Bank charges	161.33	140.72
Net loss on disposal of property, plant and equipment and other intangible assets	12.54	13.33
Auditor's fees and expenses	2.16	2.19
Insurance charges	8.19	6.26
Rent, taxes and energy cost	74.92	56.83
Director's fees, commission and expenses	13.05	4.88
Advertisement, branding and promotion expenses	349.18	361.99
Expenditure towards Corporate Social Responsibility activities	206.64	151.19
Repairs, maintenance and office expenses	162.72	149.14
Employee training, recruitment and management expenses	92.60	70.09
Printing and stationery expenses	11.47	14.62
Legal and professional charges	51.43	27.18
Customer experience cost	144.24	126.27
Miscellaneous expenses	131.34	93.01
	3,314.36	2,665.49

37 Earnings per share (EPS)

Basic EPS is calculated in accordance with Ind AS 33 'Earnings Per Share' by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Parent Company.

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

Particulars	For the year ended 31 March 2024	2023
(A) Net profit attributable to equity shareholders (₹ in crore)	14,451.17	11,507.69
(B) Weighted average number of equity shares for basic earnings per share	610,032,743	603,976,750
Effect of dilution:		
Employee stock options	2,350,306	3,067,977
(C) Weighted average number of equity shares for diluted earnings per share	612,383,049	607,044,727
Earning per share (basic) (₹) (A/B)	236.89	190.53
Earning per share (diluted) (₹) (A/C)	235.98	189.57

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

38 Segment information

The Parent Company and one of its subsidiary viz BHFL is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 'Operating Segments'.

Since, one of the subsidiary viz. BFinsec and the associates do not satisfy the quantitative thresholds laid down under Ind AS 108 'Operating Segments' for reportable segments, they have not been considered for segment reporting.

39 Transfer of financial assets that are derecognised in their entirety where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement.

40 Revenue from contracts with customers

(₹ in crore)

	For the year ended 31 March	
Particulars	**2024**	**2023**
Type of services		
Service and administration charges	1,772.75	1,484.79
Fees on value added services and products	653.24	607.41
Foreclosure charges	439.59	319.11
Distribution income	2,299.12	1,893.75
Brokerage income	102.47	50.57
Marketing, branding and allied services	122.74	1.62
	5,389.91	4,357.25
Geographical markets		
India	5,389.91	4,357.25
Outside India	-	-
	5,389.91	4,357.25
Timing of revenue recognition		
Services transferred at a point in time	5,389.91	4,357.25
Services transferred over time	-	-
	5,389.91	4,357.25

Contract balances

(₹ in crore)

	As at 31 March	
Particulars	**2024**	**2023**
Fees, commission and other receivable	840.41	459.28
	840.41	459.28

- Impairment allowance recognised on contract balances is ₹ 1.97 crore (Previous year ₹ 1.34 crore)

-Contract asset as on 31 March 2024 is ₹ Nil (Previous year ₹ Nil)

41 Employees benefit plans

(I) Defined benefit plans

A) Gratuity

The Group has a gratuity plan for its employees which is governed by the Payment of Gratuity Act, 1972. 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 level of benefits provided depends on the employee's length of service, managerial grade and salary at retirement age.

Gratuity plan is funded by the Group. Payment for present liability of future payment of gratuity is made to the approved gratuity fund under cash accumulation policy and debt fund. Any deficits in plan assets as compared to actuarial liability determined by an actuary are recognised as a liability.

Actuarial liability is computed using the projected unit credit method. The calculation includes assumptions with regard to discount rate, salary escalation rate, attrition rate and mortality rate. Management determines these assumptions in consultation with an actuary and past trend. Gains and losses through remeasurements of the net defined benefit liability/assets are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments is recognised in Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

Risk associated with defined benefit plan

S. No	Type of Risk	Description of risk
(i)	Changes in discount rate	The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to Government bonds' yields at the end of the reporting period. A decrease/(increase) in discount rate will increase/(decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plan asset.
(ii)	Salary escalation risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants calculated by applying estimated salary escalation rate. Any deviation in actual salary escalation can have impact on plan liability.
(iii)	Attrition rate risk	If the actual employee withdrawal rate in the future turns out to be more or less than expected then it may result in increase/decrease in the liability.
(iv)	Mortality rate risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase/decrease in the life expectancy of the plan participants will increase the plan's liability.

Movement in defined benefit obligations

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Defined benefit obligation as at the beginning of the year	375.74	283.98
Current service cost	66.19	51.78
Past service cost	-	9.00
Interest on defined benefit obligation	26.95	19.93
Remeasurement due to :		
Actuarial loss/(gain) arising from change in financial assumptions	13.38	(7.59)
Actuarial loss/(gain) arising from change in demographic assumptions	13.08	4.66
Actuarial loss/(gain) arising on account of experience changes	35.28	25.54
Benefits paid	(14.02)	(11.36)
Liabilities assumed/(settled)*	(6.09)	(0.20)
Defined benefit obligation as at the end of the year	510.51	375.74

* Towards continuity of service offered to employees on movement

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

41 Employees benefit plans (Contd.)

Movement in plan assets

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Fair value of plan asset as at the beginning of the year	194.74	165.19
Employer contributions	32.75	33.78
Interest on plan assets	14.70	12.43
Remeasurements due to:		-
Actual return on plan assets less interest on plan assets	0.09	(5.10)
Benefits paid	(14.02)	(11.36)
Assets acquired/(settled)*	(6.09)	(0.20)
Fair value of plan asset as at the end of the year	222.17	194.74

* Towards continuity of service offered to employees on movement

Reconciliation of net liability/asset

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Net defined benefit liability/(asset) as at the beginning of the year	181.01	118.80
Expense charged to Statement of Profit and Loss	78.44	68.28
Amount recognised in other comprehensive income	61.64	27.71
Employers contributions	(32.75)	(33.78)
Net defined benefit liability/(asset) as at the end of the year	288.34	181.01

Expenses charged to the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Current service cost	66.19	51.79
Past service cost	-	9.00
Interest cost	12.25	7.49
	78.44	68.28

Remeasurement (gains)/losses in other comprehensive income

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Opening amount recognised in other comprehensive income	133.29	105.59
Changes in financial assumptions	13.38	(7.59)
Changes in demographic assumptions	13.08	4.66
Experience adjustments	35.28	25.54
Actual return on plan assets less interest on plan assets	(0.09)	5.09
Closing amount recognised outside profit or loss in other comprehensive income	194.94	133.29

41 Employees benefit plans (Contd.)

Amount recognised in Balance Sheet

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Present value of funded defined benefit obligation	510.51	375.74
Fair value of plan assets	222.17	194.73
Net funded defined benefit obligation	288.34	181.01
Net defined benefit liability recognised in Balance Sheet	288.34	181.01

Key actuarial assumptions

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Discount rate	7.20%	7.45%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100.00%	100.00%

Sensitivity analysis for significant assumptions

Particulars	As at 31 March 2024		As at 31 March 2023	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	(5.14%)	5.35%	(4.78%)	4.96%
Impact of decrease in 50 bps on defined benefit obligation	5.57%	(4.99%)	5.15%	(4.65%)

Projected plan cash flow

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Maturity profile		
Expected benefits for year 1	29.73	25.39
Expected benefits for year 2	29.75	27.05
Expected benefits for year 3	32.20	26.99
Expected benefits for year 4	33.88	29.49
Expected benefits for year 5	36.98	29.01
Expected benefits for year 6	44.18	30.12
Expected benefits for year 7	38.35	36.96
Expected benefits for year 8	40.32	30.84
Expected benefits for year 9	42.99	32.63
Expected benefits for year 10 and above	992.31	667.75

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

41 Employees benefit plans (Contd.)

Expected contribution to fund in the next year

(₹ in crore)

Particulars	As at 31 March 2024	2023
Expected contribution to fund in the next year	28.50	31.50

(B) Compensated absences

(₹ in crore)

Particulars	As at 31 March 2024	2023
Maturity Profile		
Present value of unfunded obligations	11.40	13.72
Expense recognised in the Statement of Profit and Loss	4.02	4.94
Discount rate (p.a.)	7.20%	7.45%
Salary escalation rate (p.a)	11.00%	11.00%

(C) Long term service benefit liability

(₹ in crore)

Particulars	As at 31 March 2024	2023
Present value of unfunded obligations	75.08	46.05
Expense recognised in the Statement of Profit and Loss	34.79	25.71
Discount rate (p.a.)	7.20%	7.45%

(II) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient asset to pay all employee benefits relating to employee services in the current and prior period. Amount recognised during the year in the Statement of Profit and Loss Account is as below:

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Provident fund and pension scheme of Employees' Provident Fund Orgnisation	165.13	127.41
National pension scheme	8.89	6.13
Superannuation fund	0.39	0.59

42 Contingent liabilities and commitments

(A) Contingent liabilities not provided for in respect of

(₹ in crore)

Particulars	As at 31 March 2024	2023
Disputed claims against the Group not acknowledged as debts	126.89	66.94
VAT matters under appeal	4.31	4.31
ESI matters under appeal	5.14	5.14
Gurantees provided	2.50	2.50
Service tax/Goods and Service Tax matters under appeal		
On interest subsidy [Refer footnote (ii) below]	2,293.64	2,164.00
On additional reversal of credit on investment activity [Refer footnote (iii) below]	602.06	573.73
On penal interest/charges [Refer footnote (iv) below]	-	265.49
On reversal of input tax credit on credit note by the customer [Refer footnote (v) below]	12.90	30.41
On difference in ITC claimed in GSTR 3B Vs 2B & diff in GSTR-1 Vs GSTR 3B	26.02	-
On others	17.44	14.30
Income tax matters:		
Appeals by the Group	1.61	16.09
Appeals by the Income tax department	0.28	0.28

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 the Parent Company in relation to the interest subsidy the Parent Company 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 the Parent Company pays the service tax demanded, which as at 31 March 2024 amounted to ₹ 980.92 crore. In accordance with legal advice, the Parent Company filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. The Parent Company, 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 the Parent Company 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 the Parent Company pays the service tax demanded, which as at 31 March 2024 amounted to ₹ 230.18 crore. In accordance with legal advice, the Parent Company filed an appeal on 14 June 2021 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai against the said demand. The Parent Company, 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 15 November 2021, has confirmed the demand of service tax of ₹ 188.37 crore and penalty of ₹ 188.37 crore from the Parent Company 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.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

42 Contingent liabilities and commitments (Contd.)

In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Parent Company pays the service tax demanded, which as at 31 March 2024 amounted to ₹ 225.32 crore. In accordance with legal advice, the Parent Company filed an appeal on 17 February 2022 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) Mumbai disputing the demands. The Parent Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

iv) Vide order dated 7 August 2023, the Customs, Excise and Service Tax Appellant Tribunal, Mumbai set aside an order issued by the Commissioner, Central Excise and CGST, Pune -I, Commissionerate dated 7 September 2018 demanding service tax of ₹ 53.87 crore and penalties of ₹ 53.87 crore in relation to the penal interest/charges received by the Parent Company from its customers during the period 1 July 2012 to 31 March 2016. Accordingly, the Parent Company has not considered demand of service tax on penal interest/charges as a part of contingent liability for period from 1 July 2012 to June 2017.

v) The Assistant Commissioner, West Bengal, through an order dated 06 February 2023, has confirmed the demand of GST of ₹ 11.46 crore and penalty of ₹ 11.46 crore from the Parent Company alleging that input tax credit to the extent of credit notes issued by Company was not reversed by customers for the period 1 July 2017 to 31 March 2020. In accordance with legal advice, the Parent Company has filed an appeal on 4 May 2023 before the Additional Commissioner, West Bengal disputing the demands. The Additional Commissioner, West Bengal vide orders dated 27 March 2024 and 28 March 2024, has reduced the demand under appeal to ₹ 6.82 crore and imposed penalty of ₹ 0.68 crore from the Parent Company basis the verification of reversal of credit by the customers. The Additional Commissioner has also demanded payment of interest on the GST liability confirmed until the date the Parent Company pays the GST demanded, which as at 31 March 2024 amounted to ₹ 5.40 crore. In accordance with legal advice, the Parent Company is in the process of filing an appeal before GST Appellate Tribunal against the demand order.

vi) It is not practicable for the Parent Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

(B) Capital and other commitments

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))		
Tangible	63.74	52.45
Intangible	4.91	14.44
(ii) Other commitments		
Towards partially disbursed/un-encashed loans	5,281.28	6,209.01
Towards investment	35.00	-
Towards future corporate social responsibility spend	218.85	165.83
	5,603.78	6,441.73

43 Changes in liability arising from financing activities

(A) Changes in capital and asset structure arising from financing activities and investing activities (Ind AS 7 'Statement of Cash Flows')

The Group does not have any financing activities and investing activities which affect the capital and asset structure of the Group without the use of cash and cash equivalents.

(B) Changes in liability arising from financing activities (Ind AS 7 'Statement of Cash Flows')

(₹ in crore)

Particulars	As at 1 April 2023	Cash flows	Change in fair value	Other	As at 31 March 2024
Debt securities	86,845.24	30,123.42	13.09	1,017.79	117,999.54
Borrowings (other than debt securities)	81,549.40	30,207.28	(110.49)	(28.72)	111,617.47
Deposits	44,665.56	14,759.93	-	725.43	60,150.92
Subordinated liabilities	3,630.29	(49.99)	-	(2.40)	3,577.90
	216,690.49	75,040.64	(97.40)	1,712.10	293,345.83

(₹ in crore)

Particulars	As at 1 April 2022	Cash flows	Change in fair value	Other	As at 31 March 2023
Debt securities	76,223.07	11,394.75	-	(772.58)	86,845.24
Borrowings (other than debt securities)	54,363.56	27,150.55	9.59	25.70	81,549.40
Deposits	30,799.13	13,563.31	-	303.12	44,665.56
Subordinated liabilities	3,845.77	(207.12)	-	(8.36)	3,630.29
	165,231.53	51,901.49	9.59	(452.12)	216,690.49

44 (A) Disclosure of transactions with related parties as required by Ind AS 24

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
(A) Parent					
1. Bajaj Finserv Ltd.	Contribution to equity (317,816,130 shares of ₹ 2 each)	-	(63.56)	-	(63.56)
	Preferential warrants application money received	297.21	(297.21)	-	-
	Secured non-convertible debentures issued	-	(1,095.00)	-	(1,320.00)
	Secured non-convertible debentures redemption	225.00	-	415.00	-
	Interest paid on non-convertible debentures	88.22	-	71.31	-
	Inter-corporate deposits accepted	550.00	(550.00)	-	-
	Interest accrued on inter-corporate deposits	31.72	(28.54)	-	-
	Dividend paid	953.45	-	635.63	-
	Asset purchases	-	-	0.08	(0.09)
	Asset sales	0.07	-	0.15	-
	Business support charges received	1.42	-	1.55	-
	Business support charges paid	18.72	-	45.13	-
	Fair value of ESOP charged	3.54	-	2.94	(3.24)

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24		FY2022-23	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
(B) Fellow subsidiaries					
1. Bajaj Allianz Life Insurance Company Ltd.	Contribution to equity (247,000 shares of ₹ 2 each)	-	(0.05)	-	(0.05)
	Secured non-convertible debentures issued	-	(50.00)	-	(200.00)
	Unsecured non-convertible debentures issued	287.00	(3,420.00)	642.00	(3,133.00)
	Secured non-convertible debentures redemption	200.00	-	-	-
	Unsecured non-convertible debentures redemption	-	-	0.70	-
	Interest paid on non-convertible debentures	291.50	-	230.01	-
	Dividend paid	0.74	-	0.49	-
	Security deposit for leased premises	-	1.82	0.29	1.82
	Advance towards insurance	-	4.75	-	2.64
	Commission income	103.38	25.77	25.81	0.47
	Marketing, branding and allied services	8.50	3.00	-	-
	Insurance expenses	100.99	-	85.63	-
	Rent and maintenance expenses	2.55	-	2.70	-
2. Bajaj Allianz General Insurance Company Ltd.	Secured non-convertible debentures issued	-	(393.50)	-	(393.50)
	Unsecured non-convertible debentures issued	-	(40.00)	-	(40.00)
	Secured non-convertible debentures redemption	100.00	-	760.00	-
	Interest paid on non-convertible debentures	31.84	-	74.29	-
	Asset purchases	0.06	-	-	-
	Asset sales	0.13	0.13	0.07	-
	Advance towards insurance	-	6.31	-	0.74
	Commission income	61.95	11.17	19.08	2.02
	Interest subsidy received (transaction value reversal of ₹ 35,162)		-	3.08	-
	Insurance expenses	71.44	-	54.54	0.63

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24		FY2022-23	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
3. Bajaj Finserv Direct Ltd.	Investment in equity shares	-	2.69	-	2.69
	Compulsorily convertible term loan (Deemed equity) at cost	-	280.47	-	280.47
	Platform development and customisation charges	69.94	-	67.22	(8.17)
	Asset purchases	0.82	(0.29)	1.29	-
	Asset sales (previous year outstanding ₹ 39,703)	0.22	0.06	0.19	
	Business support charges received	10.17	-	6.94	-
	Business support charges paid	62.82	(4.96)	50.00	(0.43)
	Sourcing commission paid	135.15	(16.60)	122.32	(14.07)
	Platform usage charges	41.85	(5.35)	37.47	(4.42)
	Annual maintenance charges on loan	6.74	-	7.44	(0.79)
	Guarantee/service fees paid for FLDG	2.28	-	-	-
	Cash deposit received towards First Loss Default Guarantee (FLDG) arrangement	22.66	(22.40)	-	-
	Invocation of FLDG	0.26	-	-	-
	Interest accrued on cash deposit received towards FLDG	0.25	(0.21)	-	-
4. Bajaj Finserv Health Ltd.	Asset purchases	-	-	3.18	-
	Asset sales	0.25	-	0.02	-
	Commission income	93.52	14.96	79.35	10.11
	Interest subsidy received	0.13	-	0.83	-
	Business support charges received	0.06	0.07	-	-
	Product distribution fee	0.58	-	2.36	(0.39)
	Business support charges paid	0.50	-	-	-
5. Bajaj Finserv Asset Management Ltd.	Business support charges received	0.02	-	0.01	-
	Asset sales	0.04	-	-	-
6. Bajaj Finserv Ventures Ltd.	Asset sales (outstanding ₹ 263)	5.63		-	-
	Business support charges received	18.46	21.78	-	-
	Manpower support service charges	59.81	-	-	-
	Reimbursements of employee cost	1.41	-	-	-

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24		FY2022-23	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
(C) Associates					
1. Snapwork Technologies Pvt. Ltd. (Associate w.e.f. 25 Nov 2022)	Investment in equity shares	-	28.49	28.49	28.49
	Investment in compulsorily convertible preference shares (Deemed equity)	-	64.25	64.25	64.25
	Information technology design and development charges	20.86	(0.83)	5.61	-
	Support charges	0.48	-	-	-
2. Pennant Technologies Pvt. Ltd. (Associate w.e.f. 19 Jan 2024)	Investment in equity shares	-	113.75	-	-
	Investment in compulsorily convertible preference shares (Deemed equity)	153.72	153.72	-	-
	Information technology design and development charges	6.80	(12.33)	-	-
	Annual maintenance charges paid	0.82	(0.43)	-	-
(D) Key management personnel (KMP) of the entity or its parent					
1. Sanjiv Bajaj (Chairman and Promoter group)	Short-term employee benefits:				
	Sitting fees	0.39	-	0.37	-
	Commission	4.30	(4.17)	0.64	(0.58)
2. Rajeev Jain (Managing Director)	Short-term employee benefits:				
	Remuneration	20.02	(2.87)	17.91	-
	Sitting fees	0.21	-	0.15	-
	Commission	0.42	(0.38)	0.11	(0.09)
	Share-based payment	29.18	-	26.25	-
	Equity shares issued pursuant to stock option scheme	52.22	-	5.09	-
3. Rakesh Bhatt (Executive Director from 1 Apr 2023 till 31 Jan 2024)	Short-term employee benefits:				
	Remuneration	9.20	(0.19)	-	-
	Share-based payment	6.92	-	-	-
	Equity shares issued pursuant to stock option scheme	25.27	-	-	-
4. Anup Saha (Executive Director w.e.f. 1 Apr 2023)	Short-term employee benefits:				
	Remuneration	14.36	(7.38)	-	-
	Share-based payment	9.40	-	-	-
	Loan repayment received (transaction value ₹ 14,468)		-	-	-
	Fixed deposit accepted (transaction value ₹ 25,000)		(0.01)	-	-
	Interest accrued on fixed deposit (transaction value ₹ 5,966, outstanding ₹ 6,499)			-	-

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24		FY2022-23	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
5. Madhur Bajaj (Promoter group) (Director till 31 Jul 2022)	Short-term employee benefits:				
	Sitting fees	-	-	0.02	-
	Commission	-	-	0.05	(0.05)
6. Rajiv Bajaj (Director and Promoter group)	Short-term employee benefits:				
	Sitting fees	0.07	-	0.06	-
	Commission	0.28	(0.25)	0.15	(0.14)
7. Ranjan Sanghi (Director till 30 Apr 2022)	Short-term employee benefits:				
	Sitting fees	-	-	0.02	-
	Commission	-	-	0.05	(0.05)
8. D J Balaji Rao (Director till 28 November 2023	Short-term employee benefits:				
	Sitting fees	0.06	-	0.07	-
	Commission	0.28	(0.25)	0.18	(0.16)
9. Anami N Roy (Director)	Short-term employee benefits:				
	Sitting fees	0.42	-	0.34	-
	Commission	1.32	(1.19)	0.54	(0.49)
10. Dr. Naushad Forbes (Director)	Short-term employee benefits:				
	Sitting fees	0.17	-	0.15	-
	Commission	0.68	(0.61)	0.38	(0.34)
11. Pramit Jhaveri (Director)	Short-term employee benefits:				
	Sitting fees	0.23	-	0.17	-
	Commission	0.92	(0.83)	0.43	(0.38)
12. Radhika Haribhakti (Director w.e.f. 1 May 2022)	Short-term employee benefits:				
	Sitting fees	0.16	-	0.08	-
	Commission	0.64	(0.58)	0.20	(0.18)
	Fixed deposit repaid	-	-	0.30	-
	Interest accrued on fixed deposit	-	-	0.01	-
13. Dr. Arindam Bhattacharya (Director w.e.f. 1 Apr 2023)	Short-term employee benefits:				
	Sitting fees	0.32	-	-	-
	Commission	0.84	(0.76)	-	-
14. Manish Kejriwal (Director of parent Company)	Secured non-convertible debentures redemption	-	-	15.00	-
	Interest paid on non-convertible debentures	-	-	1.07	-

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship		Nature of transaction	FY2023-24 Transaction value	FY2023-24 Outstanding amounts carried in Balance Sheet	FY2022-23 Transaction value	FY2022-23 Outstanding amounts carried in Balance Sheet
(E)	**Close members of the families of key management personnel of the entity or its parent**					
1.	Sanjali Bajaj (Daughter of Sanjiv Bajaj, Chairman of the Company)	Short-term employee benefits:				
		Remuneration	0.13	-	0.13	-
2.	Bharti Bhatt (Mother of Rakesh Bhatt, Executive Director of the Company form 1 Apr 2023 to 31 Jan 2024)	Fixed deposit accepted	0.24	(1.59)	-	-
		Fixed deposit Repaid	0.04	-	-	-
		Interest accrued on fixed deposit	0.10	-	-	-
3.	Hina Bhatt (Spouse of Rakesh Bhatt, Executive Director of the Company form 1 Apr 2023 to 31 Jan 2024)	Fixed deposit accepted	0.60	(3.80)	-	-
		Interest accrued on fixed deposit	0.23	(0.19)	-	-
4.	Tapati Saha (Spouse of Anup Saha, Executive Director of the Company w.e.f. 1 Apr 2023)	Fixed deposit accepted	0.45	(1.66)	-	-
		Interest accrued on fixed deposit	0.11	(0.19)	-	-
5.	Mrinalini Jain (Daughter of Rajeev Jain, Managing Director of the company)	Stipend paid (transaction value ₹ 10,000)		-	-	-
(F)	**Other entities/persons**					
1.	Bajaj Auto Ltd.	Investment in equity shares (outstanding ₹ 7,685, previous year ₹ 7,685)	-		-	
		Secured non-convertible debentures issued	-	-	-	(500.00)
		Secured non-convertible debentures redemption	500.00	-	-	-
		Interest paid on non-convertible debentures	25.25	-	25.25	-
		Inter-corporate deposits accepted	500.00	(500.00)	500.00	(500.00)
		Inter-corporate deposits repaid	500.00	-	-	-
		Interest accrued on inter-corporate deposits	37.82	(17.91)	9.52	(8.57)
		Security deposit for leased premises	-	0.24	-	0.24
		Dividend received (transaction value ₹ 21,000, previous year ₹ 21,000)		-		-
		Business support charges received	3.07	-	7.37	8.48
		Interest subsidy received	1.35	-	0.87	0.46
		Business support charges paid	38.80	-	31.49	(1.39)
		Rent and maintenance expenses	1.65	-	1.55	-
		Advance given (outstanding ₹ 7,615)	-		-	-

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

(₹ in crore)

Name of the related party and nature of relationship		Nature of transaction	FY2023-24		FY2022-23	
			Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
2.	Bajaj Auto Credit Ltd.	Asset sales (outstanding ₹ 6,059)	0.94		-	-
3.	Bajaj Holdings & Investments Ltd.	Investment in equity shares (outstanding ₹ 19,646, previous year ₹ 19,646)	-		-	
		Secured non-convertible debentures redemption	-	-	150.00	-
		Interest paid on non-convertible debentures	-	-	12.98	-
		Security deposit for leased premises	0.70	0.70	-	-
		Dividend received (transaction value ₹ 9,225, previous year ₹ 10,125)		-		-
		Business support charges received	0.58	-	0.97	-
		Business support charges paid	23.38	-	18.22	-
		Rent and maintenance expenses	1.17	-	-	-
4.	Hind Musafir Agency Ltd.	Services received	46.39	(0.98)	31.68	-
		Advance given	-	-	-	0.01
5.	Bajaj Electricals Ltd.	Inter-corporate deposits accepted	95.00	(60.00)	70.00	(70.00)
		Inter-corporate deposits repaid	105.00	-	-	-
		Interest accrued on inter-corporate deposits	4.19	(1.46)	0.54	(0.48)
		Interest subsidy received	0.54	0.06	0.15	0.07
		Asset purchases (previous year outstanding ₹ 17,400)	0.23	(0.19)	0.16	
6.	Jamnalal Sons Pvt. Ltd.	Contribution to equity (127,640 shares of ₹ 2 each)	-	(0.03)	-	(0.03)
		Dividend paid	0.38	-	0.26	-
		Security deposit for leased premises	-	-	0.03	0.13
		Security deposit repayment received	0.13	-	0.12	-
		Rent and maintenance expenses	0.10	-	0.35	-
7.	Maharashtra Scooters Ltd.	Contribution to equity (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
		Secured non-convertible debentures issued	-	(225.00)	-	(175.00)
		Secured non-convertible debentures redemption	100.00	-	85.00	-
		Interest paid on non-convertible debentures	9.94	-	17.12	-
		Dividend paid	56.92	-	37.95	-
		Business support charges received	0.18	-	0.15	-

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

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

(₹ in crore)

Name of the related party and nature of relationship	Nature of transaction	FY2023-24		FY2022-23	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
8. Hercules Hoists Ltd.	Fixed deposit repaid	-	-	6.50	-
	Interest accrued on fixed deposit	-	-	0.51	-
9. Bachhraj Factories Pvt. Ltd.	Contribution to equity (72,000 shares of ₹ 2 each)	-	(0.01)	-	(0.01)
	Dividend paid	0.22	-	0.14	-
10. Baroda Industries Pvt. Ltd.	Contribution to equity (117,600 shares of ₹ 2 each)	-	(0.02)	-	(0.02)
	Dividend paid	0.35	-	0.24	-
11. Bajaj Sevashram Pvt. Ltd.	Contribution to equity (308,500 shares of ₹ 2 each)	-	(0.06)	-	(0.06)
	Dividend paid	0.93	-	-	-
12. Bajaj Allianz Staffing Solutions Ltd.	Manpower supply services (outstanding ₹ 26)	76.54		12.79	-
13. Shekhar Bajaj (Promoter group)	Nil	-	-	-	-
14. Niraj Bajaj (Promoter group)	Nil	-	-	-	-
(G) Post employment benefit plans					
1. Bajaj Auto Ltd. Provident Fund	Unsecured non-convertible debentures issued	-	(36.00)	-	(36.00)
	Unsecured non-convertible debentures redemption	-	-	10.00	-
	Interest paid on non-convertible debentures	3.35	-	4.34	-
2. Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.27	-	0.40	-
3. Bajaj Auto Employees Group Gratuity Fund	Premium paid for life cover of employees	1.80	-	-	-
	Gratuity contribution	12.67	-	14.48	-
4. Bajaj Auto Senior Staff Group Gratuity Fund	Premium paid for life cover of employees	0.10	-	-	-
	Gratuity contribution	20.00	-	20.73	-

Notes

- Transaction values (TV) are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Transactions where the Group act as intermediary and passed through Group's books of accounts are not in nature of related party transaction and hence are not disclosed.
- Insurance claims received by the Group on insurance cover taken by it on its assets are not in nature of related party transaction, hence not disclosed.
- 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 clause 9 of the Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key management personnel and information available with the Group. All above transactions are in the ordinary course of business

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

and on arms' length basis. All outstanding balances are to be settled in cash (except deemed equity and preferntial warrants) and are unsecured (except secured non-convertible debentures issued to related parties which are disclosed appropriately).

- Provisions for gratuity, compensated absences and other long term service benefits are made for the Group as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.
- During the year, Bajaj Finance Ltd. has allotted 1,550,000 warrants to its parent, Bajaj Finserv Ltd. convertible into equivalent number of equity shares of face value of ₹ 2 each, allotted at issue price of ₹ 7,670 per warrant. An amount equivalent to 25% of the consideration has been received for subscription and allotment of warrants aggregating to ₹ 297.21 crore. The remaining 75% of the consideration shall be receivable on the exercise of options against each such warrant within a period of eighteen months from the date of allotment.
- Bajaj Finance Ltd. has entered into a default loss guarantee arrangement with Bajaj Finserv Direct Ltd. for a portfolio comprising of personal loans, salaried loans, business loans and professional loans. As of 31 March 2024, total guarantee received is ₹ 34.70 crore, against which ₹ 22.66 crore is received in the form of cash deposit.
- As on 31 March 2024, the Group has issued purchase order amounting to ₹ 0.06 crore to Bajaj Finserv Direct Ltd. towards purchase of assets on transfer of employees.
- During the year, the Group has received broking and other charges amounting to ₹ 2.34 crore from 73 related parties with respect to purchase and sale of securities (Previous year ₹ 0.73 crore from 58 related parties). Net amount payable towards such transaction amounts to ₹ 0.09 from 59 related parties is outstanding as on 31 March 2024. (Previous year ₹ 2,294 from 25 related parties)
- As on 31 March 2024, 25 non-corporate related parties held Parent Company's equity shares amounting to ₹ 0.23 crore (1,159,182 shares of ₹ 2 each) (Previous year 20 parties amounting to ₹ 0.20 crore, 1,017,905 shares of ₹ 2 each). During the year, dividend paid to such related parties amounts to ₹ 3.35 crore (Previous year ₹ 2.04 crore).
- During the year, Bajaj Finance Ltd. has given cashback to two related party amounting to ₹ 841 (Previous year ₹ Nil)
- Non-convertible debentures (NCDs) transactions include only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting date.
- The above disclosures have been made for related parties identified as such only to be in conformity with the Ind As 24 'Related Party Disclosures'.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

44 (B) Summary of total compensation to key management personnel

(₹ in crore)

S No	Categories	For the year ended 31 march 2024	2023
1	Short-term employee benefits	55.29	22.05
2	Share-based payment	45.51	26.25
3	Equity shares issued pursuant to stock option scheme	77.49	5.09
		178.29	53.39

45 Capital

The Group 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 the Group's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

(i) Capital management

Objective

The Group's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Group aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Group endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Group's assessment of capital requirement is aligned to the mandatory regulatory capital and 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.

The Group monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis through its Assets Liability Management Committee (ALCO).

The Group endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

The Parent Company's dividend distribution policy states that subject to profits 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 profits after tax on standalone financials, to the extent possible.

Further, the Parent Company supports funding needs of its wholly owned subsidiaries, associates and other investee companies by way of capital infusion and loans. Similarly, the Company also makes investment in other companies for operating and strategic reasons. These investments are funded by the Company through its equity share capital and other equity which inter alia includes retained profits.

45 Capital (Contd.)

(ii) Regulatory capital

Bajaj Finance Ltd.

(₹ in crore)

Particulars	As at 31 March 2024	2023
Tier I capital	67,796.11	46,152.01
Tier II capital	3,166.61	3,513.81
Total capital (Tier I + Tier II)	70,962.72	49,665.82
Risk weighted assets	315,149.85	198,890.13
Tier I CRAR	21.51%	23.20%
Tier II CRAR	1.01%	1.77%
Total CRAR (Tier I + Tier II)	22.52%	24.97%

Bajaj Housing Finance Ltd.

(₹ in crore)

Particulars	As at 31 March 2024	2023
Tier I capital	11,857.24	10,184.74
Tier II capital	348.45	359.66
Total capital (Tier I+Tier II)	12,205.69	10,544.40
Risk weighted assets	57,351.83	45,901.75
Tier I CRAR	20.67%	22.19%
Tier II CRAR	0.61%	0.78%
Total CRAR (Tier I + Tier II)	21.28%	22.97%

(iii) Dividend distribution made and proposed

The Group recognises a liability for payment of dividend to equity holders when the distribution is authorised and it is no longer at the discretion of the Group. A corresponding amount is recognised directly in other equity.

Subsidiaries have not paid any dividend so far and have not recommended any dividend for financial year ended 31 March 2024 as well.

Dividends on equity shares paid and proposed by Bajaj finance Ltd. during the year:

(₹ in crore)

Particulars	FY2024	FY2023
Dividend paid out of profits of previous year*	1,817.76	1,210.86
Profit for the relevant year	10,289.74	6,350.49
Dividend as a percentage of profit for the relevant year	17.67%	19.07%

* includes amount paid ₹ 2.36 crore (Previous year ₹ 3.54 crore) to Trust on unexercised option which do not accrete to it.

Proposed for approval at the annual general meeting (not recognised as a liability as on 31 March 2024)

(₹ in crore)

Dividend on equity share at ₹ 36 per share (a)	2,228.39
Profit after tax for the year ended 31 March 2024 (b)	12,644.11
Dividend proposed as a percentage of profit after tax (a/b)	17.62%

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

46 Events after reporting date

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

47 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair value hierarchy

The Group determines fair values of its financial instruments according to the following hierarchy:

Level 1 - valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Group can access at the measurement date.

Level 2 - valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 - valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Group has an internal fair value assessment team which assesses the fair values of assets qualifying for fair valuation.

The Group's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.
- Use of fair values as determined by the derivative counter parties.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are reviewed and validated by various units of the Group including risk, treasury and finance. The Group has an established procedure governing valuation which ensures fair values are in compliance with accounting standards.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held under FVTPL have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair values of investments in unquoted equity instruments designated under FVOCI have been measured under level 3 at fair value based on a discounted cash flow model;
- Fair values of investment in quoted equity and other instruments designated under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are designated under FVOCI. The fair value of these loans has been determined under level 3.

47 Fair values (Contd.)

- Derivative financial instrument i.e. cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated external commercial borrowings are accounted as a cash flow hedge. Fair value of CCIRS has been determined under Level 2 using discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates to arrive at the fair value as at reporting date.

The Group has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value on a recurring basis as at 31 March 2024

(₹ 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 under FVTPL	31-Mar-24	4,969.85	-	-	4,969.85
Equity instrument designated under FVOCI (Unquoted)	31-Mar-24	-	-	699.22	699.22
Equity instrument designated under FVOCI (Quoted)	31-Mar-24	102.89	-	-	102.89
Other investments designated under FVOCI	31-Mar-24	22,470.92	1,912.89	-	24,383.81
Loans designated under FVOCI	31-Mar-24	-	57,709.92	-	57,709.92
Derivative financial instrument (net)	31-Mar-24	0.05	25.67	-	25.72
		27,543.71	59,648.48	699.22	87,891.41

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value on a recurring basis as at 31 March 2023

(₹ in crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held under FVTPL	31-Mar-23	6,575.79	-	-	6,575.79
Equity instrument designated under FVOCI (Unquoted)	31-Mar-23	-	-	590.09	590.09
Equity instrument designated under FVOCI (Quoted)	31-Mar-23	60.40	-	-	60.40
Other investments designated under FVOCI	31-Mar-23	14,139.08	1,163.49	-	15,302.57
Loans designated under FVOCI	31-Mar-23	-	47,113.67	-	47,113.67
Derivative financial instrument (net)	31-Mar-23	(3.48)	148.35	-	144.87
		20,771.79	48,425.51	590.09	69,787.39

- The Group does not carry any financial asset and liability which it fair values on a non recurring basis
- During the year there were no transfers across fair value hierarchy (level 1, 2 and 3).

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

47 Fair values (Contd.)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets:

(₹ in crore)

Particulars	For the year ended 31 March 2024	2023
Opening balance	590.09	608.73
Acquisitions during the year	-	-
Disposals during the year	-	-
Fair value gains/losses recognised in profit or loss	-	-
Gains/(losses) recognised in other comprehensive income	109.13	(18.64)
Closing balance	699.22	590.09

Sensitivity analysis of significant unobservable input on the fair value of equity instrument designated under FVOCI

(₹ in crore)

	Sensitivity to fair value as at 31 March 2024		Sensitivity to fair value as at 31 March 2023	
	1 % increase	1 % decrease	1 % increase	1 % decrease
Discounting rate	(49.87)	57.87	(21.52)	25.18
Cash flows	35.85	(31.03)	14.86	(12.89)

Fair value of financial instruments measured at amortised cost as at 31 March 2024

(₹ in crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	
Financial assets					
Loans	268,583.40	-	-	267,733.19	267,733.19
Investments	355.46	-	-	357.55	357.55
	268,938.86	-	-	268,090.74	268,090.74
Financial liabilities					
Debt securities	117,999.54	-	118,395.03	-	118,395.03
Borrowings (other than debt securities)	111,617.47	-	-	111,617.47	111,617.47
Deposits	60,150.92	-	-	60,199.94	60,199.94
Subordinated liabilities	3,577.90	-	3,621.87	-	3,621.87
	293,345.83	-	122,016.90	171,817.41	293,834.31

*Fair value computed using discounted cash flow method

47 Fair values (Contd.)

Fair value of financial instruments measured at amortised cost as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)*	Significant unobservable inputs (Level 3)*	
Financial assets					
Loans	195,155.26	-	-	194,741.34	194,741.34
Investments	128.59	-	-	129.45	129.45
	195,283.85	-	-	194,870.79	194,870.79
Financial liabilities					
Debt securities	86,845.24	-	87,168.55	-	87,168.55
Borrowings (other than debt securities)	81,549.40	-	-	81,549.40	81,549.40
Deposits	44,665.56	-	-	44,571.40	44,571.40
Subordinated liabilities	3,630.29	-	3,725.52	-	3,725.52
	216,690.49	-	90,894.07	126,120.80	217,014.87

*Fair value computed using discounted cash flow method

48 Financial risk management

A summary of the major risks arising from financial instrument which are faced by the Group, its measurement, monitoring and management are described as under:

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises from: • inability to raise incremental borrowings and deposits to fund business requirement or repayment obligations • when long term assets cannot be funded at the expected term resulting in cashflow mismatches; • amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board constituted Risk Management Committee (RMC) and Asset Liability Committee (ALCO)	Liquidity and funding risk is: • measured by - identification of gaps in the structural and dynamic liquidity. - assessment of incremental borrowings required for servicing the repayment obligation, the Group's business plan and prevailing market conditions. - liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and Board approved liquidity risk framework. • monitored by - assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory framework for NBFCs. - a constant calibration of sources of funds in line with current and emerging market conditions in banking and money markets. - periodic reviews by ALCO of liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Group. • managed by the Group's treasury team under liquidity risk management framework through various means like HQLA, liquidity buffers, sourcing of long-term funds, positive asset liability mismatch, keeping strong pipeline of sanctions from banks, assignment of loans and Contingency Funding Plan (CFP) to counter extreme liquidity situation under the guidance of ALCO and Board.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

48 Financial risk management (Contd.)

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
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 constituted RMC and ALCO	Market risk for the Group encompasses exposures to equity investments, changes in exchange rates, interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturity profiles. • measured by using changes in prices, and parameters like Value at Risk ('VaR'), PV01 (price value of a basis point), modified duration and other measures to determine movements in the portfolios and impact on net interest income. • monitored by assessment of key parameters like fluctuation in the equity and bond price, interest rate sensitivities and Market Value of Equity (MVE) analysis for probable interest rate movements on both fixed and floating assets and liabilities. The Group has a market risk management module which is integrated with it's treasury system; and • managed by the Group's treasury team under the guidance of ALCO and Investment Committee and in accordance with Board approved Investment and Market Risk policy.
Credit risk	Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Group.	Board constituted RMC and Chief Risk Officer (CRO)	Credit risk is: • measured as the amount at risk due to repayment default by customers or counterparties to the Group. Various metrics such as instalment default rate, overdue position, restructuring, resolution plans, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk. • monitored by RMC and CRO through review of level of credit exposure, portfolio monitoring, contribution of repeat customers, bureau data, concentration risk of geography, customer and portfolio; and assessment of any major change in the business environment including economic, political as well as natural calamity/pandemic. ICAAP Committee reviews the outcome of scenario based stress testing exercise based on a 'Credit Risk Scenario Model' encompassing the macroeconomic scenario-based stress testing. • managed by a robust control framework by the risk and debt management unit. This is achieved by continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and review of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, debt management and risk containment along with business. The same is periodically reviewed by the Board constituted RMC.

48 Financial risk management (Contd.)

(a) Liquidity risk

The Group's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Group maintains a judicious mix of borrowings from banks, money markets, foreign market, public and other deposits and continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings along with liquidity buffer framework has helped the Group to maintain a healthy asset liability position and interest rate during the financial year 2022-23 (FY2022). The overall borrowings including debt securities, deposits and Subordinated liabilities stood at ₹ 293,345.83 crore as of 31 March 2024 (previous year ₹ 216,690.49 crore). The weighted average cost of borrowing was 7.73% for FY2024 (previous year 7.04%).

The Group continuously monitors liquidity in the market; and as a part of its liquidity risk framework maintains a liquidity buffer through an active investment desk to reduce this risk. The Group endeavours to maintain liquidity buffer of 5% to 8% of its overall net borrowings in normal market scenario.

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

The Parent Company and one of its subsidiary viz. BHFL exceeds the regulatory requirement of LCR which mandate maintaining prescribed coverage of expected net cash outflows for a stressed scenario in the form of high quality liquid assets (HQLA). At present, the LCR requirement is at 70% for the Parent Company, which will move up in a phased manner to 85% from 1 December 2023 and 100% by 1 December 2024. For BHFL, the current LCR requirement is at 60% which will move up to 100% in phased manner by 1 December 2025. As of 31 March 2024, the Parent Company and BHFL maintained a LCR of 168.91% and 192.31% respectively. Both are well above the RBI's stipulated norms.

The Group has a Board approved Contingency Funding Plan (CFP) to respond quickly to any anticipated or actual stressed market conditions. The primary goal of the CFP is to provide a framework of action plan for contingency funding when the Group experiences a reduction to its liquidity position, either from causes unique to the Group or systemic events limiting its ability to maintain normal operations and service to customers. The CFP defines the framework to assess, measure, monitor, and respond to potential contingency funding needs. CFP also clearly lays down the Specific contingency funding sources, conditions related to the use of these sources and when they would be used. Roles and responsibilities of the Crisis Management Group constituted under the CFP have been identified to facilitate the effective execution of CFP in a contingency event.

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

(₹ in crore)

	As at 31 March 2024			As at 31 March 2023		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Debt securities	50,694.28	119,233.64	169,927.92	33,467.75	75,887.98	109,355.73
Borrowings (other than debt securities)	42,018.31	68,603.73	110,622.04	31,925.83	63,452.28	95,378.11
Deposits	29,808.17	38,278.22	68,086.39	22,925.20	27,015.23	49,940.43
Subordinated liabilities	752.05	3,479.89	4,231.94	354.87	4,232.06	4,586.93
Trade payables	2,064.04	-	2,064.04	1,452.12	-	1,452.12
Other payables	764.58	-	764.58	639.32	-	639.32
Other financial liabilities	1,106.09	984.82	2,090.91	902.89	518.10	1,420.99
	127,207.52	230,580.30	357,787.82	91,667.98	171,105.65	262,773.63

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

48 Financial risk management (Contd.)

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

(₹ in crore)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	4,034.51	-	4,034.51	1,550.75	-	1,550.75
Bank balances other than cash and cash equivalents	4,262.41	2,327.09	6,589.50	1,481.46	1,272.31	2,753.77
Derivative financial instruments	16.18	11.66	27.84	148.88	-	148.88
Trade receivables	1,623.92	109.57	1,733.49	1,299.72	-	1,299.72
Loans	101,324.01	224,969.31	326,293.32	76,261.32	166,007.61	242,268.93
Investments	24,419.99	6,460.66	30,880.65	18,189.57	4,562.27	22,751.84
Other financial assets	1,222.81	209.07	1,431.88	643.68	173.60	817.28
Non-financial assets						
Current tax assets (net)	-	290.92	290.92	-	181.43	181.43
Deferred tax assets (net)	-	1,017.43	1,017.43	-	937.09	937.09
Property, plant and equipment	-	2,358.32	2,358.32	-	1,676.57	1,676.57
Capital work-in-progress	-	25.35	25.35	-	14.60	14.60
Intangible assets under development	-	18.11	18.11	-	65.24	65.24
Goodwill	-	3.27	3.27	-	3.27	3.27
Other intangible assets	-	888.31	888.31	-	627.78	627.78
Other non-financial assets	109.77	38.95	148.72	89.05	40.11	129.16
	137,013.60	238,728.02	375,741.62	99,664.43	175,561.88	275,226.31
LIABILITIES						
Financial liabilities						
Derivative financial instruments	2.12	-	2.12	4.01	-	4.01
Trade payables	2,064.04	-	2,064.04	1,452.12	-	1,452.12
Other payables	764.58	-	764.58	639.32	-	639.32
Debt securities	44,015.15	73,984.39	117,999.54	30,453.73	56,391.51	86,845.24
Borrowings (other than debt securities)	38,282.90	73,334.57	111,617.47	27,403.30	54,146.10	81,549.40
Deposits	27,831.73	32,319.19	60,150.92	21,137.90	23,527.66	44,665.56
Subordinate liabilities	635.10	2,942.80	3,577.90	238.05	3,392.24	3,630.29
Other financial liabilities	1,089.32	755.07	1,844.39	915.39	393.90	1,309.29
Non-financial liabilities						
Current tax liabilities (net)	108.64	-	108.64	139.21	-	139.21
Provisions	28.47	393.42	421.89	22.99	245.09	268.08
Other non-financial liabilities	471.09	23.69	494.78	315.24	36.57	351.81
	115,293.14	183,753.13	299,046.27	82,721.26	138,133.07	220,854.33

48 Financial risk management (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 and credit spreads on investment and borrowings.

(i) Interest rate risk

On investment book other than equity

The Group manages the duration of its investment portfolio with an objective to optimise the return with minimal possible fair value change impact. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR, PV01 and Modified Duration and other parameters as defined in its Board approved Investment and Market risk policy.

Sensitivity analysis as at 31 March 2024

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1% interest increase	1% interest decrease
Investment at amortised cost	355.46	357.55	(5.77)	5.94
Investment at FVTPL	4,969.85	4,969.85	(50.75)	50.75
Investment at FVOCI (other than equity)	24,383.81	24,383.81	(467.08)	467.08

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1% interest increase	1% interest decrease
Investment at amortised cost	128.59	129.45	(3.09)	3.20
Investment at FVTPL	6,575.79	6,575.79	(14.31)	14.31
Investment at FVOCI (other than equity)	15,302.57	15,302.57	(152.85)	152.85

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis and market value of equity (MVE) and net interest income analysis. The same is monitored monthly by ALCO. Sensitivity of the market value of unquoted equity investments other than those in subsidiaries and associates assuming varied changes in interest rates is presented in note no. 47.

Sensitivity analysis as at 31 March 2024

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1% interest increase	1% interest decrease
Loans	326,293.32	325,443.11	(2,689.52)	2,773.92
Debt securities	117,999.54	118,395.03	1,784.51	(1,921.76)
Borrowings (other than debt securities)	111,617.47	111,617.47	-	-
Deposits	60,150.92	60,199.94	816.84	(841.34)
Subordinated liabilities	3,577.90	3,621.87	65.98	(68.08)

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

48 Financial risk management (Contd.)

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			1% interest increase	1% interest decrease
Loans	242,268.93	241,855.01	(1,968.35)	2,027.46
Debt securities	86,845.24	87,168.55	1,153.68	(1,239.11)
Borrowings (other than debt securities)	81,549.40	81,549.40	-	-
Deposits	44,665.56	44,571.40	587.91	(605.24)
Subordinated liabilities	3,630.29	3,725.52	93.47	(97.22)

(ii) Price risk

The Group's quoted equity instruments and derivative instruments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, the Group 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 2024

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			10% increase	10% decrease
Investment in equity shares (quoted)	269.41	269.41	26.94	(26.94)
Derivative financial instrument (future and options)	0.05	0.05	0.01	(0.01)

Sensitivity analysis as at 31 March 2023

(₹ in crore)

Particulars	Carrying value	Fair value	Impact in Statement of Profit and Loss	
			10% increase	10% decrease
Investment in equity shares (quoted)	215.62	215.62	21.56	(21.56)
Derivative financial instrument (future and options)	3.48	3.48	0.35	(0.35)

(iii) Foreign currency risk

The Group is exposed to foreign currency fluctuation risk largely for its external commercial borrowing (ECB). The Group'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 its ECB exposure (Principal & Coupon). As a matter of prudence, the Group has hedged the entire ECB exposure for the full tenure as per Board approved interest rate risk, currency risk and hedging policy.

The Group evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs for raising ECB. The Group manages its currency risks by entering into over the counter (OTC) derivatives

48 Financial risk management (Contd.)

contracts as hedge positions and the same are being governed through the Board approved Interest rate risk, Currency risk and Hedging policy.

The Group's exposure of foreign currency risk at the end of the reporting period expressed in INR are as follows :

(₹ in crore)

	As at 31 March	
	2024	2023
Particulars	**USD**	**USD**
Hedged		
ECB	(6,015.79)	(1,299.50)
Derivative Financial Instrument*	6,015.79	1,299.50
Unhedged	-	-

*Represents the notional amount of the derivative financial instrument

Hedging policy

The Group'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. The Group 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:

As at 31 March 2024

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument liability
INR USD CCIRS	6,015.79	15.69	0.85
INR - Interest rate swap	1,850.00	11.66	0.83
INR - Future and options	130.42	0.49	0.44

As at 31 March 2023

(₹ in crore)

Particulars	Notional amount	Carrying amount of hedging instrument asset	Carrying amount of hedging instrument Liability
INR USD CCIRS	1,299.50	146.98	-
INR - Interest rate swap	100.00	1.37	-
INR - Future and options	338.37	0.53	4.01

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

48 Financial risk management (Contd.)

(c) Credit risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Group. The Group has a diversified lending model spread across secured and unsecured products. The Group assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Group classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised; and
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Treatment and classifcation methodology of different stages of financial assets is detailed in note no. 3.3 (i)

Computation of impairment on financial instruments

The Group calculates impairment on financial instruments as per ECL approach prescribed under Ind AS 109 'Financial instruments'. ECL uses three main components: PD (probability of default), LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions. For further details of computation of ECL please refer to material accounting policies note no 3.3 (i).

The Group recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. Accordingly, during the year, the Group has redeveloped its ECL model and implemented the same with the approval of Audit Committee and the Board.

48 Financial risk management (Contd.)

The table below summarises the approach adopted by the Group for various components of ECL viz. PD, EAD and LGD across major product lines using empirical data where relevant :

<table>
<tr><th rowspan="2">Lending verticals</th><th rowspan="2">Nature of businesses</th><th colspan="3">PD</th><th rowspan="2">EAD</th><th rowspan="2">LGD</th></tr>
<tr><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Urban sales finance</td><td>Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends</td><td rowspan="6">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers and emperical default rates.</td><td rowspan="6">emperical performance across different DPD (Days Past Due) ranges</td><td rowspan="11">100%</td><td rowspan="10">Ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period, except Stage 3 where EAD is 100%.</td><td rowspan="10">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.</td></tr>
<tr><td>Two and three wheeler finance</td><td>Two and three wheeler financing</td></tr>
<tr><td>Urban B2C</td><td>Personal loans to salaried and self employed individuals</td></tr>
<tr><td>SME lending (excluding car loan)</td><td>Unsecured and secured loans to SME's, self employed customers and professionals</td></tr>
<tr><td>Rural sales finance</td><td>Financing for products such as consumer electronics, furniture, digital products, e-commerce purchases and retail spends</td></tr>
<tr><td>Rural B2C (excluding gold loan)</td><td>Personal loans to salaried, self employed customers, professionals and gold loans</td></tr>
<tr><td>Mortgages</td><td>Home loans, loans against property, developer finance and lease rental discounting</td><td colspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers, and also basis DPD bucket approach for retail loans and management evaluation/judgement for wholesale loans.</td></tr>
<tr><td>Gold loans</td><td>Loans with underlying security as gold</td><td colspan="2">Determined basis empirical risk performance</td><td>Determined basis empirical risk performance</td><td>Assumption based</td></tr>
<tr><td>Car loans</td><td>New and used car financing</td><td colspan="2">Determined basis empirical risk performance for User Car Financing and proxy PDs for new Cars owing to low vintage of the portfolio.</td><td>Determined basis empirical risk performance</td><td>Proxy from Two wheeler finance portfolio</td></tr>
<tr><td>Loans against securities</td><td>Loans against shares, mutual funds, deposits and insurance policies</td><td colspan="2">Determined basis empirical risk performance</td><td>Determined basis empirical risk performance</td><td>Based on associated risk of the underlying securities</td></tr>
<tr><td>Commercial lending</td><td>Lending to auto component manufacturers, light engineering industry, financial institutions, specialty chemical, pharma, packaging and other mid-market companies.</td><td colspan="2">Internal evaluation/judgement applied at customer or industry segment.</td><td>100%</td><td>Based on estimates of cash flows</td></tr>
</table>

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

48 Financial risk management (Contd.)

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 2024

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	198,420.15	1,904.89	1,379.26	126,087.28	2,106.05	1,436.72
Allowance for ECL	657.10	335.61	755.49	1,588.38	854.22	850.23
ECL coverage ratio	0.33%	17.62%	54.78%	1.26%	40.56%	59.18%

As at 31 March 2023

(₹ in crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	139,973.06	1,627.61	1,236.82	101,316.90	1,405.30	1,075.99
Allowance for ECL	691.31	357.38	667.56	1,265.95	575.91	808.64
ECL coverage ratio	0.49%	21.96%	53.97%	1.25%	40.98%	75.15%

Collateral valuation

The Group offers loans to customers across various lending verticals as articulated above. These loans includes both unsecured loans and loans secured by collateral. Although collateral is an important risk mitigant of credit risk, the Group's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Group's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Group's credit risk.

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

Product group	Nature of securities
Urban sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture, digital products etc.
Two and three wheeler finance	Hypothecation of underlying two and three wheeler
Car loans	Hypothecation of underlying cars
Rural sales finance	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Rural B2C - Gold loans	Pledge of gold jewellery.
SME lending (Secured)	Hypothecation of underlying product e.g. used car and medical equipment etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loans against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies.
Commercial lending	Plant and machinery, book debts etc.

The Group periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Group 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, the Group recoups shortfall in value of securities through part recall of loans or additional securities from the customer, or sale of underlying securities. The Group does not record repossessed assets on its Balance Sheet as non–current assets held for sale.

48 Financial risk management (Contd.)

Guarantee cover taken on loans

To secure its eligible pool, the Parent Company 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 2024, the Parent Company has covered ₹ 14,094 crore of its loan assets under this scheme. This has helped the Group to offset ₹ 307 crore worth of credit losses during the current year.

Further, the Parent Company has also granted loans under RBI's Emergency Credit Line Guarantee Scheme (ECLGS) to its qualifying customers, as of 31 March 2024 ₹ 210 crore of loans are outstanding under ECLGS.

Additionally in FY2024, BFL has also registered itself with Credit Guarantee Fund for Micro Units (CGMFU) governed by National Credit Guarantee Trustee Company Limited (NCGTC) for seeking guarantee cover for its self employed customers with exposure upto specified amount. As on 31 March 2024, the Group covered ₹ 244 crore of its loan assets under this scheme.

Analysis of concentration risk

The Group focuses on granulisation of loans portfolios by expanding its geographic reach to reduce geographic concentrations while continually calibrating its product mix across all categories of lending portfolio.

ECL sensitivity analysis to forward economic conditions and management overlay

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

The ECL model and its input variables are recalibrated periodically using available incremental and recent information. It is possible that internal estimates of PD and LGD rates used in the ECL model may not always capture all the characteristics of the market and the external environment as at the reporting date. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Methodology

The Group has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased estimation of forward looking economic adjustment to its ECL. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the Upside and Downside scenarios. The Group has assigned a 10% probability to the two outer scenarios, while the Central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

The Group uses multiple economic factors and test their correlations with past observed default rates witnessed for building its forward economic guidance (FEG) model. During the current year, the Group evaluated various macro factors such as 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 etc.

Based on past correlation results Real GDP and unemployment rate reflected acceptable correlation with past observed default rates loss trends and basis their linkage with Company's business were considered appropriate by the Management. Unemployment has a direct relation with the income levels and thus the growth of the economy from the expenditure side. GDP has a direct relation with the overall income levels and thus the growth of the economy from both income and output side. Accordingly, both these macro-variables directly and indirectly impact the economy. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

For Unemployment, the Parent company has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators.

In FY2024, unemployment rate over the quarters has been oscillating around 8.1% versus pre COVID levels of around 7%, indicating normalisation towards its central scenario pre COVID levels.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

48 Financial risk management (Contd.)

- While formulating the central scenario, for the year end, the Parent Company has considered current unemployment rate as rate as a quarterly average of 7.2% which may move towards the average of 7.5% over the next few years.
- For the downside scenario the Parent Company believes that the downside risks might have passed, but the downside peak unemployment rate might reach 11.8%. However, as per mean reversion approach, the downside scenario assumes it to fall from the peak and normalise to around 7.5% within next three years.
- For the upside scenario, the Parent Company acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. Therefore, while forecasting, a positive stance has been adopted with the expectation that the unemployment levels may not drop significantly. The unemployment rate may improve to a best case of 3.1% by the end of June 2025 but may come back to an historical year average of 7.5%.
- For real GDP growth, Parent company has chosen to follow the RBI predictions. The real GDP growth for Q3 2024 is at 8.4% y-o-y. This was not only defying consensus expectations of 6.6% y-o-y, but also stood at a six-quarter high.
- Considering the overall movements in GDP and the upcoming general elections, the Parent Company has chosen to stick to the RBI projected real GDP forecast of 7% y-o-y in the central scenario. The expectation for real GDP is to moderate to 6.06% over a 3 year period.
- For the downside scenario, the Parent Company considers that the risk may continue due to various uncertainties (geopolitical conflict, elections etc), and therefore assumes the GDP growth to reduce to 3.26% in Q2 FY2025, which is aligned to the lowest pre COVID GDP growth levels. Real GDP growth is subsequently expected to normalise to around 6.06% within next three years.
- For the upside scenario, an optimistic GDP estimate of 10% has been considered for Q1FY25, which is aligned to the highest pre COVID GDP growth levels, before averaging back to 6.06% over three years.

Additionally, the ECL model and its input variables are recalibrated periodically using available incremental and recent information. It is possible that internal estimates of PD and LGD rates used in the ECL model may not always capture all the characteristics of the market/external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions

(₹ in crore)

	As at 31 March	
Particulars	**2024**	**2023**
Gross carrying amount of loans	331,334.35	246,635.68
Reported ECL on loans	5,041.03	4,366.75
Reported ECL coverage	1.52%	1.77%
Base ECL without macro overlay	4,741.03	3,406.74
Add : Management overlay	144.00	797.00
ECL before adjustment for macro economic factors	4,885.03	4,203.74
ECL amounts for alternate scenario		
Central scenario (80%)	5,043.66	4,352.44
Downside scenario (10%)	5,543.48	5,437.38
Upside scenario (10%)	4,517.55	3,410.46
Reported ECL	5,041.03	4,366.74
Management and macro economic overlay	300.00	960.00
-Management overlay	144.00	797.00
-Overlay for macro economic factors	156.00	163.00
ECL coverage ratios by scenario		
Central scenario (80%)	1.52%	1.76%
Downside scenario (10%)	1.67%	2.20%
Upside scenario (10%)	1.36%	1.38%

49 Employee stock option plan

(A) Employee stock option plan of 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 Parent 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 the Parent Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Parent Company 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 the Company 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 the Parent Company through postal ballot on 19 April 2021, the aforesaid limit of options was enhanced by 10,000,000 options. The maximum limit under the scheme now stand revised from 25,071,160 options to 35,071,160 options.

The options issued under the ESOP Scheme vest over a period not less than 1 year and not later than 5 years from the date of grant with the vesting condition of continuous employment with the Parent Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination and Remuneration Committee of the Parent Company has approved the following grants to select senior level executives of the Parent Company in accordance with the Stock Option Scheme. Details of grants given upto the reporting date under the scheme, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under :

As on 31 March 2024

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options expired	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-	-
15-May-13	138.04	3,949,300	-	-	3,096,300	853,000	-	-
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-	-
16-Jul-14	219.66	2,816,000	-	-	2,475,250	340,750	-	-
20-May-15	448.16	1,935,000	25,750	-	1,539,750	369,500	-	25,750
24-May-16	765.37	1,430,000	59,375	-	1,145,250	225,375	-	59,375
17-May-17	1,347.75	1,120,750	135,999	-	842,077	141,363	1,311	135,999
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-	-
01-Feb-18	1,677.85	120,000	8,888	-	62,148	48,964	-	8,888
17-May-18	1,919.95	1,273,416	296,430	-	770,772	206,214	-	296,430
16-May-19	3,002.75	1,123,900	512,160	-	525,647	86,093	-	512,160
19-May-20	1,938.60	2,054,250	762,611	441,791	668,503	181,345	-	1,204,402
27-Apr-21	4,736.55	936,643	306,997	426,758	141,013	61,875	-	733,755
26-Apr-22	7,005.50	1,003,756	212,901	737,028	14,912	38,915	-	949,929
25-Jul-22	6,258.25	19,349	13,691	5,658	-	-	-	19,349
26-Apr-23	6,075.25	1,563,397	-	1,543,752	591	19,054	-	1,543,752
		31,503,611	2,334,802	3,154,987	21,929,193	4,083,318	1,311	5,489,789

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

49 Employee stock option plan (Contd.)

As on 31 March 2023

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options expired	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-	-
21-Jul-10	54.20	3,267,500	-	-	2,948,130	319,370	-	-
28-Jul-11	70.52	3,762,000	-	-	3,335,000	427,000	-	-
16-May-12	87.61	3,595,000	-	-	3,015,750	579,250	-	-
15-May-13	138.04	3,949,300	-	-	3,096,300	853,000	-	-
01-Nov-13	135.31	197,000	-	-	49,250	147,750	-	-
16-Jul-14	219.66	2,816,000	81,500	-	2,393,750	340,750	-	81,500
20-May-15	448.16	1,935,000	158,800	-	1,406,700	369,500	-	158,800
24-May-16	765.37	1,430,000	302,800	-	901,825	225,375	-	302,800
17-May-17	1,347.75	1,120,750	355,494	-	623,893	141,363	-	355,494
16-Oct-17	1,953.05	16,350	-	-	16,350	-	-	-
01-Feb-18	1,677.85	120,000	21,702	-	49,334	48,964	-	21,702
17-May-18	1,919.95	1,273,416	511,235	-	555,967	206,214	-	511,235
16-May-19	3,002.75	1,123,900	477,036	244,897	316,936	85,031	-	721,933
19-May-20	1,938.60	2,054,250	569,830	912,853	405,973	165,594	-	1,482,683
27-Apr-21	4,736.55	936,643	180,681	659,013	48,915	48,034	-	839,694
26-Apr-22	7,005.50	1,003,756	-	986,280	-	17,476	-	986,280
25-Jul-22	6,258.25	19,349	-	19,349	-	-	-	19,349
		29,940,214	2,659,078	2,822,392	20,446,573	4,012,171	-	5,481,470

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

(₹ in crore)

Particulars	FY2024	FY2023	
Grant date	26-Apr-23	25-Jul-22	26-Apr-22
No. of options granted	1,563,397	19,349	1,003,756
Weighted average fair value (₹)	2,756.16	2,683.83	3,212.49

49 Employee stock option plan (Contd.)

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

As on 31 March 2024

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	5,481,470	219.66-7,005.50	3,259.66	4.42
Granted during the year	1,563,397	6,075.25	6,075.25	
Cancelled during the year	71,147	1,938.60-7,005.50	5,133.47	
Lapsed during the year	1,311	1347.75	1,347.75	
Exercised during the year	1,482,620	219.66-7,005.50	1,802.04	
Outstanding at the end of the year	5,489,789	448.16-7,005.50	4,431.32	4.80
Exercisable at the end of the year	2,334,802	448.16-7,005.50	2,943.24	2.98

As on 31 March 2023

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	5,671,450	138.04-4,736.55	2,219.04	4.49
Granted during the year	1,023,105	6,258.25-7,005.5	6,691.37	
Cancelled during the year	72,094	1919.95-7,005.5	4,010.24	
Exercised during the year	1,140,991	138.04-4,736.55	1,385.83	
Outstanding at the end of the year	5,481,470	219.66-7,005.5	3,259.66	4.42
Exercisable at the end of the year	2,659,078	219.66-4,736.55	1,959.63	2.66

The weighted average market price of equity shares for options exercised during the year is ₹ 6,920.42 (Previous year ₹ 6,564.81).

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

49 Employee stock option plan (Contd.)

Method used for accounting for share based payment plan:

The Parent Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)*	Options granted	Vesting period
27-Apr-21	5.65%	3.5 - 6.5 years	42.51%	0.21%	4,736.55	936,643	4 years on SLM basis
26-Apr-22	6.52%	3.5 - 6.5 years	42.12%	0.29%	7,005.50	946,983	4 years on SLM basis
26-Apr-22	6.95%	7.5 years	39.54%	0.29%	7,005.50	56,773	5 year bullet
25-Jul-22	7.09%	3.5 - 6.5 years	42.20%	0.32%	6,258.25	7,544	4 years on SLM basis
25-Jul-22	6.91%	3.5 years	44.71%	0.32%	6,258.25	8,202	1 year bullet
25-Jul-22	6.99%	4 years	44.15%	0.32%	6,258.25	3,603	18 month bullet
26-Apr-23	6.94%	5 years	41.44%	0.33%	6,075.25	1,563,397	4 years on SLM basis

*Adjusted for sub-division of shares and issue of bonus shares thereon

For the year ended 31 March 2024, the Group has accounted expense of ₹ 268.94 crore as employee benefit expenses (note no.35) on the aforesaid employee stock option plan (Previous year ₹ 224.41 crore). The balance in employee stock option outstanding account is ₹ 711.50 crore as of 31 March 2024 (Previous year ₹ 555.46 crore).

(B) Employee stock option plan of Bajaj Finserv Ltd.

The Nomination and Remuneration Committee of the Holding Company has approved grant of 230,390 stock options at an exercise price of ₹ 1,482.64, adjusted for split and bonus, having a bullet vesting of 5 years to select employees of the Group in accordance with the Stock Option Scheme of the Holding Company. Of the options granted, no option has vested, cancelled or exercised during the year. The weighted average fair value of the option granted is ₹ 689.20.

The Holding Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
28-Apr-22	6.75%	6 years	34.19%	0.02%	1,482.64

For the year ended 31 March 2024, the Group has accounted expense of ₹ 3.99 crore as employee benefit expenses (note no. 35) on the aforesaid employee stock option plan (Previous year ₹ 3.00 crore)

50 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 the Parent Company 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 Parent Company and BFinsec shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

One of the subsidiary viz BHFL has received fund from entities (Funding Party) with the understanding that the BHFL shall directly or indirectly lend to other entities.

Details of transaction in FY 2023-24

(₹ 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
Chayadeep Properties Pvt Ltd	22-Sep-22	8.34	Karuna Business Solutions LLP	31-Aug-23	5.00
Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 CIN: U45203KA2003PTC094179	23-Sep-23	10.83	Address: 6th Cross Off, Madras Road Bhuvaneshwari Layout, Banglore, Karnataka, 560036 LLP IN: AAD-0057	22-Sep-23 27-Sep-23	3.00 1.76

Details of transaction in FY 2022-23

Name of funding party	Date of fund received	Amount of fund received	Name of other intermediaries or ultimate beneficiaries	Date of fund advanced or loaned	Amount of fund advanced or loaned
J.V.N Exports Pvt Ltd	29-Aug-22	6.00	Radiant Equity Management Pvt Ltd	31-Aug-22	6.00
Address: No B05, 5th Floor, Solus Jain Heights, J C Road, 1st Cross Road, Bangalore - 560027, Karnataka PAN: AAACJ4483F CIN: U07010KA1993PTC014766	14-Sep-22	0.30	Address: No 255-B, Bommasandra Industrial Area, Bommasandra Village Anekal T K, Bangalore - 560099, Karnataka PAN: AABCR3645N CIN: U63090KA1994PTC143382	17-Sep-22	0.30
	18-Nov-22	0.30		19-Nov-22	0.30
	18-Jan-23	0.50		19-Jan-23	0.50
Chayadeep Properties Pvt Ltd	14-Sep-22	26.45	Karuna Ventures Pvt Ltd	22-Sep-22	157.00
Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 PAN: AACCC3489Q CIN: U45203KA2003PTC094179	15-Sep-22	38.58	Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 PAN: AADCK7179G CIN: U74110KA2009PTC05057		
	19-Sep-22	29.76			
	21-Sep-22	40.78			
	22-Sep-22	29.76			

BHFL does not have relationship in terms of Companies Act 2013 and Ind AS 24 with the funding parties and beneficiary companies.

In respect of above transactions, relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act have been complied with and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

51 Relationship with struck off companies

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck-off company	Relationship with the struck off company	Balance outstanding as on 31 March 2024	2023
1	Abhilash Global Corporation Pvt. Ltd.	Loan receivables	No	0.05	0.09
2	Aditya Infocom Pvt. Ltd.	Loan receivables	No	-	-
3	AKK Agencies Pvt. Ltd.	Loan receivables	No	-	-
4	Alpic Formulations Pvt. Ltd.	Loan receivables	No	0.04	0.06
5	Anand IT Solutions Pvt. Ltd.	Loan receivables	No	-	-
6	Asquare Events And Production Pvt. Ltd.	Loan receivables	No	0.13	0.13
7	Astor Metal Industries Pvt. Ltd.	Loan receivables	No	0.18	0.17
8	Attract Force Management Service Pvt. Ltd.	Loan receivables	No	0.03	0.05
9	Ayuh Meditech Solutions Pvt. Ltd.	Loan receivables	No	-	-
10	Balsam Publishing House Pvt. Ltd.	Loan receivables	No	-	-
11	Bhandari Hotels Pvt. Ltd.	Loan receivables	No	0.08	0.09
12	CP Hydro Projects India Pvt. Ltd.	Loan receivables	No	-	-
13	CSE Computer Solutions East Pvt. Ltd.	Loan receivables	No	0.44	0.50
14	Daffodils Daily OPC Pvt. Ltd.	Loan receivables	No	0.11	0.12
15	Dheer Software Solutions Pvt. Ltd.	Loan receivables	No	-	-
16	Economic Gateway Consultants Pvt. Ltd.	Loan receivables	No	-	-
17	Enkoway Motors Pvt. Ltd.	Loan receivables	No	-	-
18	Explore India Events Pvt. Ltd.	Loan receivables	No	-	-
19	First Office Solutions India Pvt. Ltd.	Loan receivables	No	0.04	0.07
20	First Paper Idea India Pvt. Ltd.	Loan receivables	No	0.11	0.11
21	Fortuner Con Serve Pvt. Ltd.	Loan receivables	No	-	-
22	Gintara Pvt. Ltd.	Loan receivables	No	-	-
23	Grabstance Techonologies Pvt. Ltd.	Loan receivables	No	0.01	0.03
24	Green Way Super Market Pvt. Ltd.	Loan receivables	No	0.11	0.11
25	Hyper Collective Creative Technologies Pvt. Ltd.	Loan receivables	No	0.00	0.00
26	Indira Smart Systems Pvt. Ltd.	Loan receivables	No	0.08	0.09
27	Indochin Electrotech Pvt. Ltd.	Loan receivables	No	0.13	0.13
28	Invision Entertainment Pvt. Ltd.	Loan receivables	No	0.13	2.06
29	Jamson Pharmaceutical Pvt. Ltd.	Loan receivables	No	-	-
30	Janhavi Exim Pvt. Ltd.	Loan receivables	No	-	-
31	Jay Gurudev Agrotech Pvt. Ltd.	Loan receivables	No	-	-
32	Jey Pee Nets Pvt. Ltd.	Loan receivables	No	-	-
33	K Cube Communications Pvt. Ltd.	Loan receivables	No	-	-
34	Kk Diabetes Men&Women Care Centre Pvt. Ltd.	Loan receivables	No	-	-
35	Kool Gourmet Pvt. Ltd.	Loan receivables	No	0.10	0.10
36	Koolair Systems Pvt. Ltd.	Loan receivables	No	-	-
37	Mazda Agencies Pvt. Ltd.	Loan receivables	No	-	0.11
38	Mechwing Engineering & Services Pvt. Ltd.	Loan receivables	No	0.08	0.10
39	Multi Tech System Industrial Automation Pvt. Ltd.	Loan receivables	No	0.00	0.00
40	Multiton Equipments Pvt. Ltd.	Loan receivables	No	-	-
41	Niche Events And Promotions Pvt. Ltd.	Loan receivables	No	-	-
42	Nur Automation Pvt. Ltd.	Loan receivables	No	0.06	0.07

51 Relationship with Struck off Companies (Contd.)

(₹ in crore)

S. No	Name of struck off company	Nature of transactions with struck-off company	Relationship with the struck off company	Balance outstanding as on 31 March 2024	Balance outstanding as on 31 March 2023
43	Pallavi Shelters Pvt. Ltd.	Loan receivables	No	-	-
44	PC Print Control Pvt. Ltd.	Loan receivables	No	-	-
45	Prematix Software Solution Pvt. Ltd.	Loan receivables	No	-	-
46	Priyanka Management Solutions India Pvt. Ltd.	Loan receivables	No	-	-
47	R R Movers And Logistics Pvt. Ltd.	Loan receivables	No	0.13	0.13
48	Reliance Beverages Pvt. Ltd.	Loan receivables	No	-	-
49	Relied Staffing Solution Pvt. Ltd.	Loan receivables	No	0.12	0.12
50	Riddhi Siddhi Emporium Pvt. Ltd.	Loan receivables	No	-	-
51	Seven Oaks Engineering Pvt. Ltd.	Loan receivables	No	-	-
52	Shrine Infrastructure Pvt. Ltd.	Loan receivables	No	0.52	0.56
53	Singh Hindustan Marine Pvt. Ltd.	Loan receivables	No	0.00	0.00
54	Solaris People Solutions Pvt. Ltd.	Loan receivables	No	-	0.10
55	Spice Flora India Pvt. Ltd.	Loan receivables	No	-	-
56	Sri Beera Barji Trading Co. Pvt. Ltd.	Loan receivables	No	0.05	0.06
57	Tei Marketing Pvt. Ltd.	Loan receivables	No	-	-
58	Tejas India Buildtech Pvt. Ltd.	Loan receivables	No	0.14	0.14
59	Times Partner Pvt. Ltd.	Loan receivables	No	(0.00)	(0.00)
60	Tulsians Kharidiye Pvt. Ltd.	Loan receivables	No	-	-
61	Underground Pipeline And Non-Destructive Testing Services Pvt. Ltd.	Loan receivables	No	-	-
62	Vijayasree Rearing And Processing Pvt. Ltd.	Loan receivables	No	-	-
63	Wave Aquatic Pvt. Ltd.	Loan receivables	No	-	-
64	Indo Sale Pvt. Ltd.	Deposit taken	No	(0.05)	(0.05)
65	Akshda Well Wisher Advisory (OPC) Pvt. Ltd.	Payables	No	-	-
66	Aleem Autos Pvt. Ltd.	Payables	No	(0.00)	(0.00)
67	Visakam Motors Pvt. Ltd.	Payables	No	(0.00)	(0.00)
68	Daytoday Technologies (OPC) Pvt. Ltd.	Payables	No	(0.00)	(0.00)
69	Fuehrer Fintech Pvt. Ltd.	Payables	No	-	-
70	Keen Financial Services Pvt. Ltd.	Payables	No	(0.00)	(0.00)
71	Keynote Management Accountancy And Consulting Pvt. Ltd.	Payables	No	-	(0.00)
72	Progency Consultancy Pvt. Ltd.	Payables	No	-	(0.00)

The above disclosure has been prepared basis the relevant information compiled by the Group on best effort basis.

Notes to consolidated financial statements for the year ended 31 March 2024 (Contd.)

52 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 Parent Company:

For the financial year ended 31 March 2024 and previous year ended 31 March 2023, the quarterly statements or returns of current assets filed by the Group with banks are in agreement with books of accounts.

For Subsidiaries:

For the financial year ended 31 March 2024 and previous year ended 31 March 2023, the quarterly statements or returns of current assets filed by subsidiaries with banks or financial institutions or debenture trustees are in agreement with the books of accounts.

53 Amounts less than ₹ 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.

54 Figures for the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 302009E

Sanjiv V. Pilgaonkar
Partner
Membership number: 039826

For G.M. Kapadia & Co.
Chartered Accountants
Firm's registration number: 104767W

Rajen Ashar
Partner
Membership number: 048243

Pune: 25 April 2024

On behalf of the Board of Directors

Rajeev Jain
Managing Director
DIN - 01550158

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Chairman
DIN - 00014615

Anami N Roy
Chairman - Audit Committee
DIN - 01361110

R Vijay
Company Secretary

Statement containing salient features of the financial statement of subsidiaries/ associate companies/joint ventures

Form AOC- 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

(₹ in crore)

1	Name of the subsidiary	Bajaj Housing Finance Ltd.	Bajaj Financial Securities Ltd.
2	The date since when subsidiary was acquired	01.11.2014	10.08.2018
3	Reporting period for the subsidiary concerned, if different from the Holding company's reporting period	NA	NA
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA	NA
5	Share capital	6,712.16	802.88
6	Other equity	5,521.34	156.53
7	Total assets	81,827.09	6,017.62
8	Total liabilities	69,593.59	5,058.21
9	Investments	1,938.57	177.89
10	Turnover	7,617.71	486.07
11	Profit before taxation	2,161.32	71.07
12	Provision for taxation (net)	430.10	15.19
13	Profit after taxation	1,731.22	55.88
14	Proposed dividend	NA	NA
15	% of shareholding	100%	100%

Part B: Associates and Joint Ventures –

(₹ in crore)

1	Name of the associates	Snapwork Technologies Private Ltd.	Pennant Technologies Private Ltd.
2	Date on which the associate was associated	25.11.2022	19.01.2024
3	Latest audited Balance Sheet date	31.03.2024	31.03.2024
4	Shares of Associate held by the company on the year end		
	- Number	65,098*	994,006*
	- Amount of investment in associate	92.74	267.47
	- Extend of holding %	41.50%*	26.53%*
5	Description of how there is significant influence	By way of shareholding	By way of shareholding
6	Reason why the associate is not consolidated	N.A	N.A
7	Net worth attributable to shareholding as per latest audited Balance Sheet	47.28	64.39
8	Profit/Loss for the year		
	- Considered	6.23	1.41
	- Not Considered	-	-

* On fully diluted basis

Note:

1. Name of subsidiaries/associate which are yet to commence operations: NIL
2. Name of subsidiaries/associate which have been liquidated or sold during the year: NIL

On behalf of the Board of Directors

Rajeev Jain Managing Director DIN - 01550158	Sanjiv Bajaj Chairman DIN - 00014615
Sandeep Jain Chief Financial Officer	Anami N Roy Chairman - Audit Committee DIN - 01361110
	R Vijay Company Secretary

Pune: 25 April 2024

Notes

Notes



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