

SEC/BSE/2016/402

5 August 2016

The Manager, BSE Limited DCS - CRD Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	The Manager, Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C-1. Block G, Bandra - Kurla Complex, Bandra (East) Mumbai - 400 051
Scrip Code:500034	Scrip Code : BAJFINANCE - EQ

Dear Sirs,

Sub: Submission of Annual Report pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015')

Pursuant to Regulation 34(1) of the SEBI Listing Regulations, 2015, we submit herewith a soft copy of the Annual Report for the year 2015-16, including Business Responsibility Statement and other documents as stated under Regulation 34(2) and 34(3) of the above referred Regulations.

Kindly acknowledge the receipt and take the same on record.

Thanking you,
Yours faithfully,
For Bajaj Finance Limited

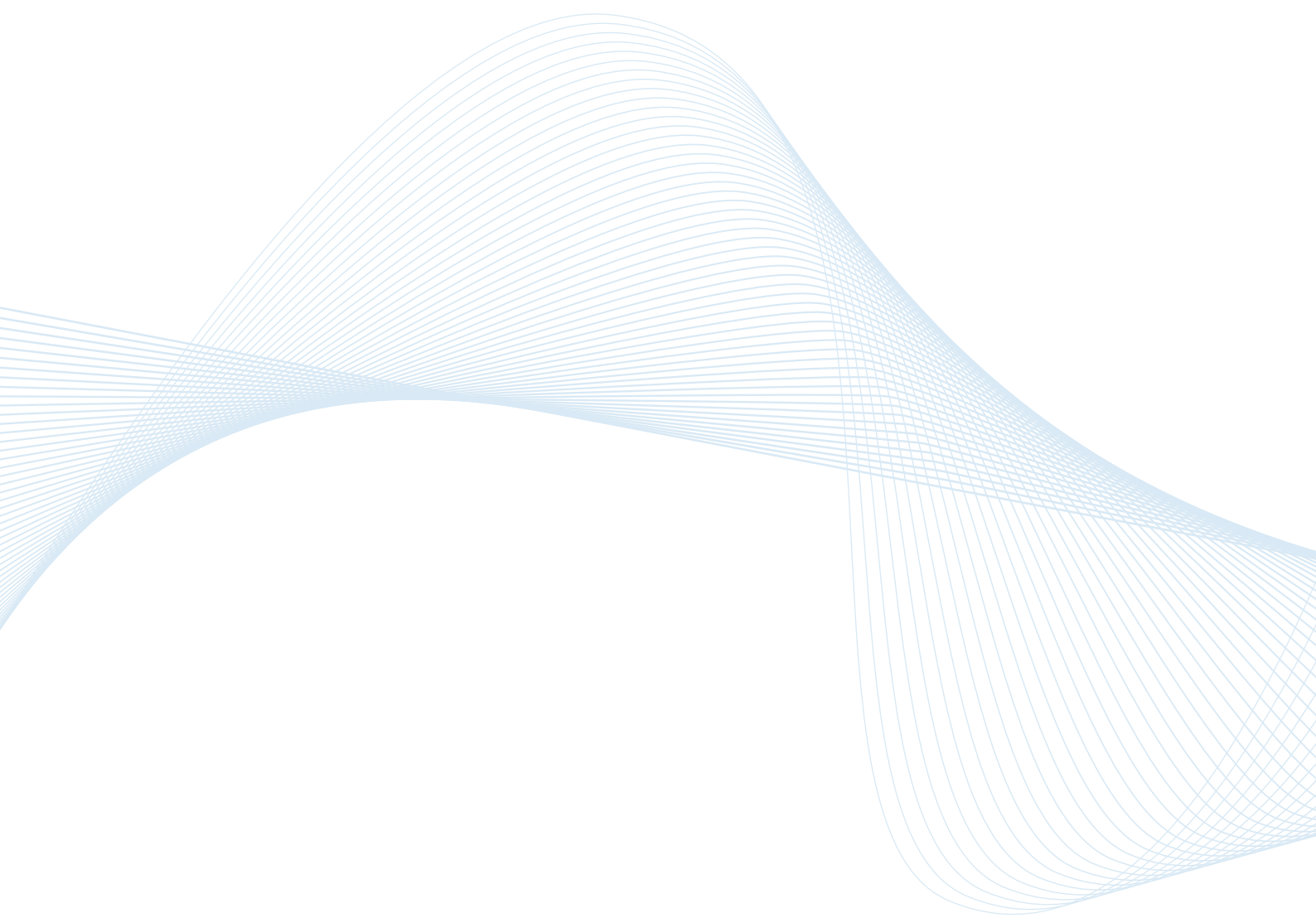

Anant Damle
Company Secretary

Encl.: as above

The cover features a central blue square with the company name in white. The background is a light gray with a pattern of thin, white diagonal lines. Below the blue square is a thick orange horizontal bar. The bottom of the cover has a light gray curved band.

BAJAJ FINANCE LIMITED

29th ANNUAL REPORT 2015-16



Contents

Corporate Information	02
Leading the Way	03
Chairman's Letter	05
Management Discussion and Analysis	07
Corporate Governance	18
General Shareholder Information	34
Directors' Report	42
(including Annual Report on CSR activities)	
Standalone Financial Statements	69
Consolidated Financial Statements	131

Corporate Information

Board of Directors

Rahul Bajaj
Chairman

Nanoo Pamnani
Vice Chairman

Sanjiv Bajaj
Vice Chairman

Rajeev Jain
Managing Director

Madhur Bajaj

Rajiv Bajaj

D S Mehta

D J Balaji Rao

Omkar Goswami

Dipak Poddar

Ranjan Sanghi

Rajendra Lakhota

Gita Piramal

Audit Committee

Nanoo Pamnani
Chairman

Sanjiv Bajaj

D S Mehta

Omkar Goswami

Ranjan Sanghi

Stakeholders Relationship Committee

Ranjan Sanghi
Chairman

Nanoo Pamnani

Sanjiv Bajaj

D S Mehta

Gita Piramal

Nomination and Remuneration Committee

Nanoo Pamnani
Chairman

Rahul Bajaj

Sanjiv Bajaj

Omkar Goswami

Ranjan Sanghi

Rajendra Lakhota

Corporate Social Responsibility Committee

Rahul Bajaj
Chairman

Nanoo Pamnani

Sanjiv Bajaj

Risk Management Committee

Nanoo Pamnani
Chairman

Sanjiv Bajaj

Rajeev Jain

Dipak Poddar

Rakesh Bhatt

Bharath Vasudevan

Sandeep Jain

Chief Financial Officer

Sandeep Jain
(w.e.f. 4 February 2016)

Rajesh Viswanathan
(upto 3 February 2016)

Company Secretary

Anant Damle

Auditors

Dalal & Shah LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

Central Bank of India

State Bank of India

IDBI Bank Limited

Syndicate Bank

Bank of India

Share Transfer Agent

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad – 500 032

Debenture Trustee

GDA Trusteeship Limited

GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road, Pune – 411 038
Tel.: 020-25280081
Email ID: dt@gdatrustee.com

Registered Office

Akurdi, Pune – 411 035

Corporate Office

4th Floor, Bajaj Finserv Corporate Office,
Off Pune-Ahmednagar Road,
Viman Nagar, Pune – 411 014

Leading the Way



Nanoo Pamnani
Vice Chairman



Sanjiv Bajaj
Vice Chairman



Rajeev Jain
Managing Director



Rakesh Bhatt
Chief Operating Officer



Devang Mody
President - Consumer Business



Atul Jain
President - Collections & Rural Lending



Chairman's Letter

Dear Shareholder,

According to the Government of India's Central Statistical Organisation, India's real GDP will have grown by 7.6% in FY2016 compared to the previous year, and real gross value added (GVA) by 7.3%. Moreover, the data suggests that our growth rate is picking up — from 7.2% in FY2015 in terms of GDP, and from 7.1% in terms of GVA.

I accept this data. Equally, I somehow feel that an economy that increased its national income by over 7% in real terms — a growth rate that is higher than any developed country or any other emerging market major — ought to have shown some more tangible indices of growth. I refer to a pick up in corporate investments and capital expenditure, an increase in consumer spending, a noticeable rise in household savings and a sound double-digit growth in credit off-take. These haven't happened so far. Perhaps we are in the early days yet, and that the 'green shoots' are taking longer to grow.

Therefore, the macroeconomic conditions that your Company had to face were not as propitious as the growth rates might suggest. Bank credit grew by a little over 11% in FY2016; deposits increased by under 10%; and despite the Reserve Bank of India easing its policy rates by 100 basis points in the course of the year, interest rates remained high and the supply of loanable funds was still very tight.

In such an environment, I am proud to write that Bajaj Finance has done exceptionally well and succeeded in delivering strong results yet again. Here are some of the basic facts for the year under consideration:

- Assets under management increased by 36% to ₹ 44,229 crore.
- Receivables under financing grew by 37% to ₹ 42,756 crore.
- Total income rose by 36% to ₹ 7,384 crore.
- Net interest income increased by 41% to ₹ 4,457 crore.
- Profit before tax was up by 45% to ₹ 1,965 crore.
- Profit after tax increased by 42% to ₹ 1,279 crore.
- Net non-performing assets (NPAs) is at 0.28%, which is among the lowest in banking and the NBFC industry.
- Capital adequacy as on 31 March 2016 was 19.50%, which was not only higher than the previous year but also significantly above the RBI's norms. Tier I capital adequacy was in excess of 16%.

As was the case last year, your Company has done well across each of the major business verticals. Asset under management in Consumer Lending increased by 44% to ₹ 18,996 crore. Lending to Small and Medium Enterprises grew by 20% to ₹ 18,692 crore. Commercial Lending rose by 56% to ₹ 5,202 crore. And my favourite — the new Rural Lending business — grew its receivables under finance from ₹ 50 crore in FY2014 to ₹ 333 crore in FY2015 and now to ₹ 1,339 crore in FY2016. Last year I had hoped that we could "expeditiously yet prudently tap this market for the benefit of BFL as well as of the rural populace and its various enterprises". Your Company's Management has shown that it can be successfully done with a more than three-fold increase in this business.

To fuel medium term growth, your Company successfully raised capital by issue of shares to Qualified Institutional Buyers (QIBs) amounting to about ₹ 1,400 crore. Simultaneously, a preferential allotment of convertible warrants was made to Bajaj Finserv Limited, the holding company. Thus, Bajaj Finance now has the additional capital to finance higher growth while maintaining strong capital adequacy.

We must congratulate your Company's sustained and stellar growth. Equally, we must recognise something that makes such growth safe — namely an unwavering attention to mitigating risks, maintaining sound business practices, keeping an eagle eye on the slightest mismatch between assets and liabilities and using best-in-class IT and analytical tools to rapidly decide what risks are worth taking and what are not. These are core to the functioning of your Company and are no less important than the growth engine that we have come to laud every year.

You would agree with me that the entire Management of Bajaj Finance — led by Rajeev Jain, your Managing Director, Rakesh Bhatt, Chief Operating Officer, Devang Mody, President of the Consumer Business, and actively guided by Nanoo Pamnani and Sanjiv Bajaj, both Vice Chairmen of the Company — deserves strong applause for such excellent performance.

Given the systems that have been put into Bajaj Finance and the managerial DNA for higher growth with greater profits and long term shareholder value, I have no doubts that your Company will perform as well next year as it has in FY2016.

Join me in encouraging the Management to scale further heights. Which, I'm sure, it will.

Thanks for your support.

Yours sincerely,



Rahul Bajaj
Chairman

Management Discussion and Analysis

Financial year 2015-16 (FY2016) began on a positive note. Despite a gloomy global scenario — both across developed economies and key emerging ones such as China — India had closed FY2015 with growth in real GDP of 7.2% and a growth in gross value added (GVA) of 7.1%. Low crude oil prices, comfortable inflation levels, some reduction of policy rates by the Reserve Bank of India (RBI), a reasonable current account deficit and the promise of reforms by the Central Government under Prime Minister Narendra Modi suggested even faster economic growth in FY2016.

In all fairness, that has happened, notwithstanding disastrous monsoons for the second successive year, low agricultural growth, poor income generation across much of rural India and relatively lukewarm growth in infrastructure activities. As Table 1 shows, growth is picking up.

Table 1: Growth in Real GDP and GVA, India

	FY2013	FY2014	FY2015	FY2016 (E)
Real GDP growth	5.60%	6.60%	7.20%	7.60%
Real GVA growth	5.40%	6.30%	7.10%	7.30%

Source: Government of India, Central Statistical Organisation (CSO). (E) denotes estimate.

Inflation levels remained comfortable during the year. The consumer price index inflation ranged from 3.7% to 5.7% while that of the wholesale price was (-)0.85% during the year. With lower inflation, the RBI cut policy rates by a 100 basis points (bps) in three tranches: a 25 bps reduction in June 2015, followed by another 50 bps in October 2015 and another 25 bps in April 2016. To ease liquidity, the RBI also announced in September 2015 an intent to reduce the Statutory Liquidity Ratio (SLR) in four equal phases by 100 bps by January 2017. The first such reduction of 25 bps was made in its monetary policy announced in April 2016.

Banks have passed on a part of the benefits of eased liquidity and rate cuts, but not enough given the difficult state of their books thanks to the burden of significant non-performing assets (NPAs). This encumbrance has also put a damper on the growth in bank credit, which grew at 11.3% in FY2016 versus 9.5% in the previous year — not the kind of uptick that one associates with a GDP growth of 7.6%. Growth in bank deposits too has been muted: rising at 9.9% in FY2016, which was 150 bps less than what had occurred in the previous year. This relatively lower deposit growth has not given sufficient avenues to the banks to improve their net interest margins, which was essential for the industry to cover the huge surge in NPAs.

Indeed, the four key issues in the banking sector are: (i) Will the banks have sufficient strength to correctly account for their NPAs and take the additional hits that they need to? (ii) What will that do to their lending appetite as India tries to grow at 8% per annum? (iii) Can there be a sensible way in which some of the NPAs be taken off the books and be located in asset reconstruction companies (ARCs) who must have the freedom to expeditiously re-sell or dispose such assets in parts or in the whole? And (iv) Is there a sensible way for the exchequer to recapitalise the public sector banks bereft of moral hazard, so that they can shore up their capital base and refocus on the core business of collecting deposits and lending? Regarding the last issue, while the Union Budget for 2016-17 has allocated ₹ 25,000 crore for bank recapitalisation, it is clearly not enough.

There are no doubts about the 'green shoots' across the economy. How FY2017 plays out depends upon the monsoons which are currently predicted to be normal, the extent of growth

in infrastructure spends, a positive swing in entrepreneurial animal spirits leading to an increase in the number of projects, capital investments and the ability of the financial sector to finance growth. We at Bajaj Finance Limited are hopeful that FY2017 will see higher growth and a start of an investment cycle.

Non-Banking Finance Companies (NBFCs) continue to grow their share in financial services industry. India Ratings expects NBFCs to account for over 17% of the total credit in the country by FY2019, compared to 13.1% at the end of the FY2015 and 9.4% in the FY2006. Until some years ago, NBFCs were a small part of the financial services business with a small resource base. Today, the equity of leading NBFCs is comparable with or larger than many mid-sized banks. The combined market capitalisation of the top 10 NBFCs is now twice that of mid and small-sized public sector banks.

The Union Budget for 2016-17 has proposed to introduce deduction of the provision for NPAs by NBFCs under the Income Tax Act — hitherto available only to banks. This, coupled with the recommendation in the Union Budget of 2015-16 that NBFCs registered with the RBI with asset size of ₹ 500 crore or more be considered as 'financial institutions' in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, now creates a level playing field with the banks.

The Company

Bajaj Finance Limited ('Bajaj Finance', 'BFL' or 'the Company') had a strong year aided by a diversified product mix, robust volume growth, prudent operating cost management and an effective risk management. With assets under management of ₹ 44,229 crore, BFL has emerged as one of the leading diversified NBFCs in the country today. It delivered strong results in FY2016, the highlights of which are given below.

Bajaj Finance Limited: Performance Highlights, FY2016

- Assets under management: up 36% to ₹ 44,229 crore.
- Receivables under financing: up 37% to ₹ 42,756 crore.
- Total income: up 36% to ₹ 7,384 crore.
- Total operating cost: up by 36% to ₹ 1,949 crore.
- Loan losses and provisions: ₹ 543 crore.
- Profit before tax: up 45% to ₹ 1,965 crore.
- Profit after tax: up 42% to ₹ 1,279 crore.
- Capital adequacy as on 31 March 2016 was 19.50%, which is well above the RBI norms.

BFL focuses on six broad categories: (i) Consumer Lending, (ii) SME Lending, (iii) Commercial Lending, (iv) Rural Lending, (v) Fixed deposits; and (vi) Value added services. The Company's product suites are given below.

Verticals	Product
Consumer Lending	Two-Wheelers and Three-Wheelers Finance
	Consumer Durables Finance
	Digital Products Finance
	Lifestyle Products Finance
	Retailer Finance
	Personal Loans Cross-Sell
	Salaried Personal Loans
	E-Commerce Consumer Finance
	E-Commerce Seller Finance
	Home Loan – Salaried
	EMI Card – Retail Finance
	Loan Against Property
	Lease Rental Discounting
SME Lending	Business Loans
	Professional Loans
	Home Loans – Self Employed
	Developer Financing
	Auto Component Manufacturer Financing
Commercial Lending	Loan Against Securities
	Financial Institutions Group Lending Business
	Light Engineering Business
	Corporate Finance Business
	Consumer Durables Finance
Rural Lending	Digital Products Finance
	Personal Loans Cross-Sell
	Salaried Personal Loans
	Gold Loans
	Refinance Loans
	Business Loans
	Professional Loans
Fixed Deposits	Loan Against Property
	Retail Fixed Deposits
	Wholesale Fixed Deposits
	Life Insurance Distribution
	General Insurance Distribution
Value Added Services	Mutual Fund Distribution
	Credit Rating Distribution
	Property Fitness Reports Distribution
	Financial Fitness Report Distribution
	Insurance Risk Report Distribution
	Property Search Services

To fuel its medium term growth plans, the Company raised capital by issue of shares to Qualified Institutional Buyers (QIBs) amounting to about ₹ 1,400 crore. Simultaneously, a preferential allotment of convertible warrants was made to Bajaj Finserv Limited ('Bajaj Finserv'), the holding company, amounting to approximately ₹ 400 crore. In accordance with the terms of issue, 25% of issue price amounting to ₹ 102.03 crore was received on application. Accordingly, the revised shareholding of Bajaj Finserv in BFL stood at 57.28% as against 61.53% as at the end of the reporting year. BFL capital adequacy stood at a healthy 19.50%. Tier I capital adequacy was 16.06%.

BFL's loan book continued to remain strong due to the care that it takes in its loan portfolio and choice of borrowers as well as its robust risk management. Its net NPA at 0.28% is among the lowest in the banking and the NBFC industry. This was despite portfolio quality pressures on account of the sharp slowdown in infrastructure activities, which affected two of its products, namely Construction Equipment Finance and Infrastructure Finance. There was also a marginal deterioration in portfolio quality of the Mortgage businesses owing to the stressed real estate market, low credit growth coupled with elevated competition in the segment.

Prudent asset liability management (ALM) and a judicious mix of borrowings between banks, money markets and fixed deposits have helped BFL drop its cost of borrowings by around 50 bps in FY2016. As of 31 March 2016, BFL's total borrowings stood at ₹ 37,025 crore.

Assets Under Management (AUM): A Snapshot

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

Chart A: Assets Under Management (₹ In Crore)
CAGR: 36%

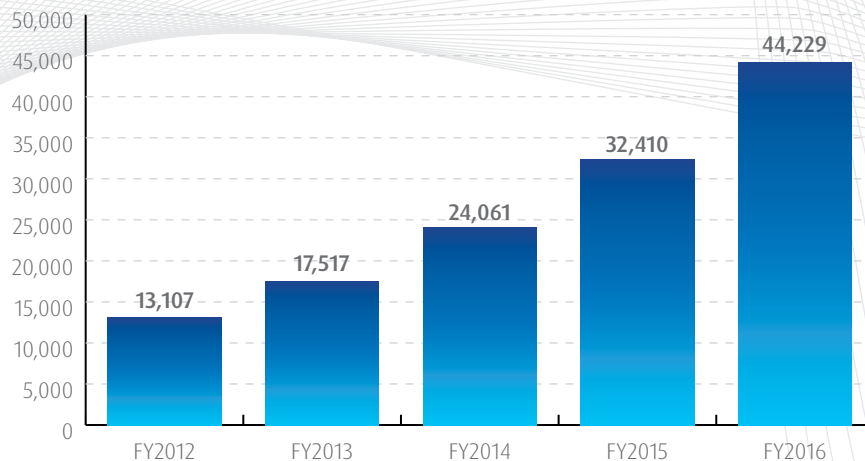


Table 2 breaks down the assets under management across the major business verticals.

Table 2: Assets Under Management (AUM)

(₹ In Crore)

Assets Under Management	FY2016	FY2015	% Change
Consumer Lending	18,996	13,202	44
SME Lending	18,692	15,550	20
Commercial Lending	5,202	3,325	56
Rural Lending	1,339	333	302
Total	44,229	32,410	36

Business Update

Consumer Lending

BFL was the largest financier of Bajaj motorcycles and three-wheelers in FY2016. The Company operates at the premises of approximately 3,500 Bajaj dealers and sub-dealers across the country. Its unique Direct Cash Collection (DCC) model in rural and semi-urban markets enabled customers with no banking habits to repay their EMIs in cash. This product offering serves the cause of much needed financial inclusion in the country.

BFL continued to be one of the largest consumer durables lenders in India. With a presence in 192 cities across India and approximately 9,200 dealer counters across the country, it deployed ₹ 12,972 crore in FY2016 — registering a growth of 29% over the previous year. Its unique Existing Member Identification (EMI) card, with a base of over 5.6 million, enables customers to avail instant credit after the first purchase. Consumer durable financing through EMI cards grew by 67% over FY2015. Wide geographic presence coupled with extensive EMI card base provides BFL with an inherent growth platform.

BFL has expanded its EMI card proposition with offerings in retail fashion, travel and small appliances. Customers can now avail easy EMI financing on purchasing apparels, eyewear, accessories, small appliances and travel related expenditures. The EMI financing option is applicable on the total invoice value and can be split across several products across different categories. The facility is now available to customers on a minimum invoice amount of ₹ 5,000.

The Company launched a first of its kind consumer durable mobile app for its customers in FY2016. This app provides the customer ease and convenience of 'anytime anywhere' loan approval with minimal data entry and is available across all mobile platforms.

BFL has over the years expanded its consumer durable financing to digital products and lifestyle products. It has tied up with leading manufacturers like Apple, Sony, Samsung, Dell, OPPO, Vivo among others for its digital products financing. It operates lifestyle products financing (for furniture, home furnishings, etc.) and digital product financing nation-wide in approximately 6,400 dealer counters. The combined growth in deployment of digital and lifestyle financing in FY2016 was 99%.

The digital products financing business launched a partnership model called 'Digital Activate' by combining strengths of the retailer and BFL. In this model BFL brings the strength of its technology and franchise while the retailers commit the last mile delivery to create a distinct business model to grow volumes. As a part of this initiative, BFL has pre-approved 4 million of its customers with a mobile or laptop offer with 3-hour delivery commitment that is expected to be met by the retailer.

An e-commerce finance business was launched with a 'Seller Finance' offering for registered sellers of Flipkart and Snapdeal in FY2016, and deployed ₹ 201 crore across 190 sellers in the country. An E-Commerce Consumer Finance business was also launched to offer customers the ease and convenience of EMI-based purchasing on the online platforms.

Personal Loans Cross-sell and Salaried Personal Loan deployments increased, respectively, by 63% and 75% over FY2015. Growing customer franchise, investment in analytics capabilities, increased focus in expanding business in emerging cities coupled with robust risk management has enabled this strong growth.

BFS Direct business, its online initiative, deployed ₹ 525 crore across four different business lines (Salaried Personal Loans, Business Loans, SME Home Loans and Loan against Securities).

SME Lending

SME lending offers secured and unsecured loans to its customers. Secured lending is done through three product offerings: Loan Against Property, Lease Rental Discounting and Home Loans. Secured SME lending continued to be in a hyper-competitive state throughout FY2016 as it was a year earlier, with loan sourcing being dominated by various intermediaries. During the year, BFL transitioned its retail mortgage business to a 100% 'Direct to Customer' model — in order to benefit from lower costs and create sustainable return on equity. As part of this strategy, BFL, henceforth, will only sell to its large existing customer franchise. While the transition resulted in some de-growth in business volumes during this year, it should deliver higher growth and better financials from next fiscal.

Unsecured lending is done through two product offerings: Business Loans and Professional Loans. During the year, BFL launched a digital system for underwriting SME customers for unsecured loans. This removes personal judgment in underwriting and significantly reduces processing costs. An added benefit is higher business growth as a result of ease of processing.

To diversify product suite in the Mortgage business, BFL launched Developer Finance Business. It also launched Property Fitness Report for customers as a value added service in FY2016.

The Company has continued to strengthen its cross-sell initiative to SME customers with a revamped relationship management approach. In FY2016, it re-enforced a dedicated relationship management team powered by a sophisticated analytics driven technology platform to provide superior customer experience and help grow the business. BFL offers multiple lending products and value added services best suited for these target customers need.

Relationship Management business deployed ₹ 1,479 crore between five different business lines: Business Loans, SME Home Loans, Loan against Property, Salaried Home Loans and Loan against Securities.

Table 3 gives the summary of assets under management for the SME businesses.

Table 3: Assets Under Management for SME businesses

Assets Under Management	(₹ In Crore)		
	FY2016	FY2015	% Change
Mortgage Loans	13,016	12,344	5
Business Loans	4,562	2,583	77
Professional Loans	1,114	623	79
Total	18,692	15,550	20

Rural Lending

BFL furthered its rural footprint by setting up branches in Karnataka, Madhya Pradesh and Rajasthan in FY2016. It launched a micro, small and medium enterprise (MSME) business as a part of its rural lending business. The rural lending consumer business is done through six product offerings: Consumer Durable Finance, Digital Product Finance, Personal Loan Cross-sell, Salaried Personal Loans, Gold Loans and Refinance Loans. The newly launched MSME business is done through three product offerings: Business Loans, Professional Loans and Loan Against Property. It disbursed ₹ 1,985 crore to 4.47 lakh customers in FY2016. Assets under management of the rural business as at the end of the reporting period was ₹ 1,339 crore versus ₹ 333 crore in the previous year.

Commercial Lending

The Commercial Lending business expanded its offerings in the mid-market client segment through launch of three new industry verticals to expand coverage. These were Corporate Finance, Financial Institutions Group (FIG) Lending business and the Light Engineering business. BFL's Auto Component Manufacturers' Financing business remained stable in FY2016.

The Company's Construction Equipment (CE) Finance and Infrastructure Finance book contracted by 68% and 26% respectively in FY2016. This is a part of the Company's conscious strategy to exit these two sectors. BFL has made adequate provisioning in these businesses in FY2016 to cover expected losses.

Fixed Deposits

As at end of FY2016, BFL had a fixed deposit base of ₹ 2,243 crore (a growth of 128%), compared to ₹ 983 crore in FY2015, which contributed to 6% of the total borrowings. The fixed deposit scheme has been rated FAAA/Stable by CRISIL and MAAA/Stable by ICRA.

Value Added Services

In FY2016, BFL partnered with Bajaj Allianz General Insurance Company Limited (BAGIC) and HDFC Life Insurance Company Limited (HDFC Life) to launch a multi-product insurance distribution channel.

As an alternate method to focus on retail fixed deposits and cross-sell of other products, a channel comprising independent financial advisers (IFAs) was launched in FY2016. This has generated total business of ₹ 150 crore in the first nine months after the launch via 732 empanelled IFAs. The IFA channel strategy will help diversify the fixed deposit base and also play a key role in aiding customers to make their general and life insurance choices in partnership with BAGIC and HDFC Life.

Financial Performance

Table 4 gives BFL's financial performance for FY2016 vis-à-vis the previous year. Chart B plots profits after tax over the last five years, while Chart C plots the movement of net owned funds.

Table 4: BFL's Financials

	(₹ In Crore)		
	FY2016	FY2015	% Change
Total Income	7,384	5,418	36
Interest and Finance Charges	2,927	2,248	30
Net Interest Income	4,457	3,170	41
Salary Cost	630	451	40
Marketing Commission	96	61	57
Dealer Incentives	290	208	39
Recovery Costs	233	204	14
Loan Loss and Provisions	543	385	41
Depreciation	56	36	56
Other Expenses	644	468	38
Profit Before Tax (PBT)	1,965	1,357	45
Profit After Tax (PAT)	1,279	898	42
Earnings Per Share (EPS) Basic, In ₹	242.30	179.94	35
Earnings Per Share (EPS) Diluted, In ₹	238.83	177.70	34
Book Value Per Share, In ₹	1,386.87	959.93	45

Chart B: Profit After Tax (₹ In Crore)

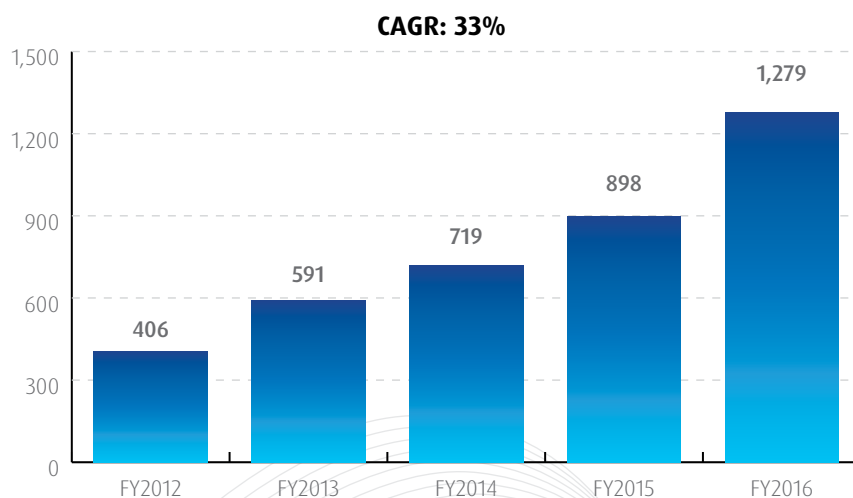
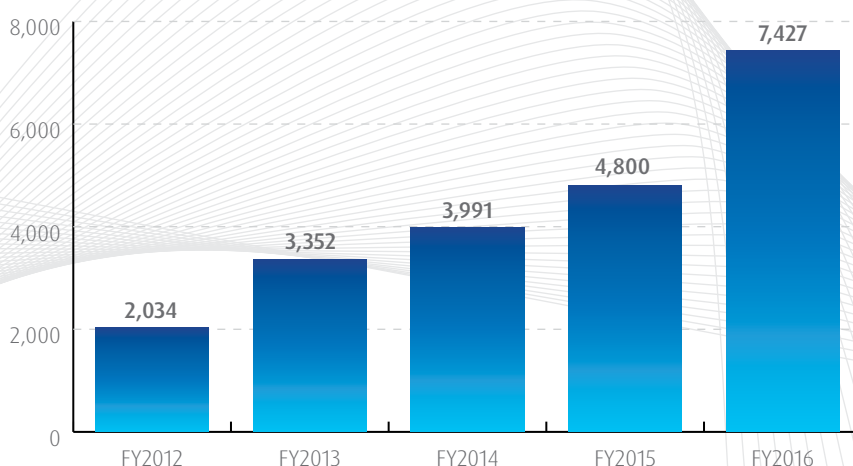


Chart C: Net Owned Funds (₹ In Crore)



Risk Management and Portfolio Quality

As an NBFC, BFL is exposed to credit risk, liquidity risk and interest rate risk. The Company has invested in people, processes and technology to mitigate risks posed by external environment and by its borrowers. It has in place a strong risk management team and an effective credit operations structure. Its risk management policies continue to segregate the functions of a Chief Risk Officer and a Chief Credit Officer to focus on portfolio management and underwriting respectively. Sustained efforts to strengthen the risk framework and portfolio quality have yielded significant results over the last few years.

BFL has also commenced to identify various operations risks inherent in its business model. These involve risk of a loss resulting from inadequate or failed internal process, people and systems, or from external events. It has dedicated a new pillar, the 'Operational Risk Framework' to effectively identify, measure, report, monitor and control such risks.

The Company's conservative approach to portfolio management coupled with rigorous review mechanisms enabled it to get early stress signals in the infrastructure sector and take corrective action in its infrastructure and construction equipment business. As mentioned before, BFL ended the year with a net NPA of 0.28%. The Company continues to have a conservative provisioning policy which is significantly more stringent than the RBI norms.

Analytics

BFL continues to evolve in its journey where analytics, backed by top-of-the-line technology, is core to the Company's business strategy. It uses analytics capabilities for making appropriate product offerings to customers, marketing campaign management, risk management and customer experience. It has built a comprehensive range of predictive models including propensity to purchase, application scorecards, behavioural scorecards, collection scorecards and fraud scorecards. BFL has, and will continue to, actively invest in analytics to create customised cross-sell propositions for its customer franchise, deliver attractive yet suitably differentiated propositions and enhance productivity, efficiency as well as profits.

Asset Liability Management (ALM)

BFL had a total borrowing of ₹37,025 crore as on 31 March 2016. The Company's 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 continued to raise longer tenor borrowings in FY2016 as well, which included ₹290 crore of Tier 2 subordinated debt.

Till date, BFL has assigned ₹4,011 crore of its receivables including ₹1,026 crore assigned in FY2016. The cumulative amount of assets transferred through assignment, outstanding as on 31 March 2016 amounted to ₹1,473 crore.

The Company continues to closely monitor liquidity in the market; and as a part of its ALCO strategy, maintains a liquidity management desk to reduce its liquidity risk. The liquidity buffer is stepped up whenever there are early signs of tightness in the system.

Technology

BFL has been a leader in technology adoption among NBFCs. It continues to leverage technology across businesses to launch new products, enhance customer acquisition and servicing processes along with simplifying the back-office. In FY2016, the Company, with the help of technology, expanded its EMI Card offering to cater to wide array of financing of retail spends by implementing a robust and scalable Card Management Platform, a Decision Support System (DSS) for unsecured SME businesses, a Mobile App to acquire new customers in the Consumer Durable business and a new Customer Relationship Management for its Relationship Management business. Additionally, during the year, BFL also started investing in Big Data Analytics and Digital Marketing.

Disaster Recovery (DR) data centres have been set up to ensure business continuity for customer acquisition, loan processing and servicing.

Customer Service

BFL continues to remain customer centric in its policies and practices. It provides its customers multi-channel options across call centre, IVR, online portal, branch and mobile applications. It also annually benchmarks its customer service practices by seeking feedback through an independent customer service survey.

During the year, BFL received the ASA (Authentication Service Agency) license from Unique Identification Authority of India (UIDAI). This will enable the Company to get customers' KYC (Aadhar) information electronically, thereby in delivering a superior buying experience to customers across all lines of businesses.

Human Resources

The Company continues to lay emphasis on people, its most valuable resource. In an increasingly competitive market for human resources, it seriously focuses on attracting and retaining the right talent, and provides equal opportunity to employees to deliver results. During FY2016, BFL added 3,650 employees, taking the total employee strength to 7,394.

In FY2016, BFL was recognised as among the top employers in the Banking and Financial Services Industries category by Great Places to Work Institute. It was also recognised by AON Hewitt in its ranking of the best employers in India.

Awards

1. *August 2015: CIO 100 Award:* BFL won TISS LeapVault CIO Award in Best Virtual Learning Program category. Our nomination entry was focused on ILLUME, its features and how it can bring tangible business value to the organisation.
2. *December 2015: Business Today – India's Best CEO 2015:* Rajeev Jain, Managing Director and CEO of the Company, was recognised with India's Best CEO award for NBFC sector by Business Today.
3. *March 2016: Great Places To Work – Top 25 Workplaces in Asia:* BFL has been ranked 16th among the top 25 best places to work in Asia by the Great Place to Work Institute.
4. *March 2016: AON Hewitt Best Employers in India:* BFL has been recognised as one of the Best Employers in India, for the third year in a row in the AON Hewitt Best Employers Study, 2016.

Internal Control Systems and their Adequacy

BFL has an independent internal management assurance function which is commensurate with the size and scale of the Company. It evaluates the adequacy of all internal controls and processes, and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework. The Company has further strengthened its internal audit function by investing in domain specialists to increase effectiveness of controls. The Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy and effectiveness of internal controls.

Fulfilment of the RBI's Norms and Standards

BFL fulfils and often exceeds norms and standards laid down by the RBI relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio, etc. The capital adequacy ratio of the Company is 19.50%, which is well above the RBI norm of 15%.

Consolidated Financial Statement

Table 5 gives a summary of the consolidated financial performance for FY2016 consolidating the results of its wholly owned subsidiary Bajaj Housing Finance Limited, which received a certificate of registration dated 24 September 2015 from National Housing Bank to carry on the business of (non-deposit taking) housing finance. The operations of the subsidiary in FY2016 were not significant and hence the consolidated profits of BFL almost equal its standalone profits.

Table 5: BFL's Consolidated Financials

	FY2016	FY2015	% Change
	(₹ In Crore)		
Total Income	7,384	5,418	36
Interest and Finance Charges	2,927	2,248	30
Net Interest Income	4,457	3,170	41
Operating Expenses	1,949	1,428	36
Loan Losses and Provisions	543	385	41
Profit Before Tax (PBT)	1,965	1,357	45
Profit After Tax (PAT)	1,279	898	42

Cautionary Statement

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

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Corporate Governance

On 2 September 2015, SEBI notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015') to be effective from 1 December 2015, repealing the listing agreement with stock exchanges. These Regulations have been structured to provide ease of reference by consolidating existing listing agreements across various types of securities listed on the stock exchanges into one single document.

This report states compliance against the provisions of the clause 49 of the erstwhile listing agreement as well as the SEBI Listing Regulations, 2015 (hereinafter collectively referred to as 'Listing Regulations').

As will be seen, the Company's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of the Listing Regulations.

Philosophy

The commitment of Bajaj Group to the highest standards of good corporate governance practices predates SEBI and the clause 49 of the erstwhile listing agreement. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust to the working of the Bajaj Group. Bajaj Finance Limited ('the Company') maintains the same tradition and commitment.

Board of Directors

In keeping with the commitment of the Management for 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.

Composition

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

As on 31 March 2016, the Board of the Company consisted of thirteen directors, of whom eight were non-executive independent directors, four were non-executive non-independent directors and one was executive director. The Board has no institutional nominee directors. As Table 1 shows, the Company is in compliance with the Listing Regulations.

The Board, at its meeting held on 23 March 2015, appointed Rajeev Jain (DIN 01550158) as an additional director w.e.f. 1 April 2015 and as a Managing Director for a period of five years from that date. Members, at their extra ordinary general meeting held on 20 May 2015, appointed Rajeev Jain (DIN 01550158) as a director liable to retire by rotation and also approved his appointment as Managing Director for a period of five years w.e.f. 1 April 2015.

Number of meetings of the Board

During FY2016, the Board of Directors met nine times: on 21 April 2015, 20 May 2015, 22 July 2015, 15 September 2015, 20 October 2015, 3 February 2016, 9 March 2016, 15 March 2016 and 16 March 2016. The gap between any two meetings has been less than one hundred and twenty days. In addition, the Board approved an item of business on 19 November 2015 by passing a resolution through circulation pursuant to the provisions of the Companies Act, 2013.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for FY2016

Name of director	Category	Relationship with other directors	No. of Board meetings attended	Whether attended AGM
Rahul Bajaj	Chairman, Non-executive	Father of Rajiv Bajaj and Sanjiv Bajaj	9	Yes
Nanoo Pamnani	Vice Chairman, Non-executive, Independent	-	8	Yes
Sanjiv Bajaj	Vice Chairman, Non-executive	Son of Rahul Bajaj and brother of Rajiv Bajaj	9	Yes
Rajeev Jain	Executive Director	-	9	Yes
Madhur Bajaj	Non-executive	-	8	Yes
Rajiv Bajaj	Non-executive	Son of Rahul Bajaj and brother of Sanjiv Bajaj	5	Yes
D S Mehta	Non-executive, Independent	-	9	Yes
D J Balaji Rao	Non-executive, Independent	-	7	Yes
Omkar Goswami	Non-executive, Independent	-	4	Yes
Dipak Poddar	Non-executive, Independent	-	6	Yes
Ranjan Sanghi	Non-executive, Independent	-	8	Yes
Rajendra Lakhota	Non-executive, Independent	-	8	Yes
Gita Piramal	Non-executive, Independent	-	6	Yes

Non-executive directors' compensation

A sitting fee of ₹50,000 per meeting is paid to non-executive directors, including independent directors, for every meeting of the Board or Committee of the Board attended by them.

The members of the Company, vide a special resolution passed at the annual general meeting held on 17 July 2012, have by way of an enabling provision approved the payment of a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of sections 198, 349 and 350 of the Companies Act, 1956, to one or more or all non-executive directors as may be decided by the Board of Directors at its discretion from time to time for a period of five years commencing from 1 April 2012.

In view of the additional duties and responsibilities cast upon the directors by the Companies Act, 2013 and the Listing Regulations and considering the substantial growth in the business of the Company in the last few years, the Board of Directors, at its meeting held on 23 March 2015, has approved payment of commission to non-executive directors (independent and non-independent) at the rate of ₹100,000 per meeting of the Board and/or Committee attended by them w.e.f. 1 April 2015, subject to the aggregate being within the overall ceiling of one percent of the net profits. The Board of Directors has also approved, at its meeting held on 15 March 2016, payment of an amount of ₹8,000,000 to Nanoo Pamnani, Vice Chairman and non-executive independent director, as additional commission for the extra services rendered by him at the request of the Management during FY2016.

The Company does not have a stock option plan for any of its directors other than the Managing Director.

Information supplied to the Board

In advance of each meeting, 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 different functional heads on important matters from time to time. The directors have separate and independent access to officers of the Company.

In addition to items which are 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 the Management to the Board of the Company is far ahead of the list mandated under the Listing Regulations. The independent directors of the Company have assessed the quantity, quality and timely flow of information between Management and the Board to be of the high quality.

Pursuant to the Regulations of Reserve Bank of India for Non-Banking Financial Companies (NBFC Regulations), the following information was also placed before the Board at regular intervals:

- Risk management system, risk management policy and strategy followed
- Compliance with the corporate governance standards
- Minutes of Asset Liability Committee meetings
- Compliance with the fair practices code and
- Functioning of the grievances redressal mechanism at various levels of management

Orderly succession to Board and Senior Management

The Company has a Board approved policy for orderly succession for appointments to the Board and to Senior Management.

Directorships and memberships of Board committees

Table 2: Directorships/committee positions as on 31 March 2016

Name of director	Directorships			Committee positions in listed and unlisted public limited companies	
	In listed companies	In unlisted public limited companies	In private limited companies	As chairman	As member
Rahul Bajaj	4	2	7	–	–
Nanoo Pamnani	4	2	–	5	4
Sanjiv Bajaj	6	4	7	1	6
Rajeev Jain	1	1	–	–	–
Madhur Bajaj	6	–	3	–	–
Rajiv Bajaj	4	1	–	–	2
D S Mehta	3	–	5	1	3
D J Balaji Rao	7	–	–	3	4
Omkar Goswami	7	3	2	1	7
Dipak Poddar	5	3	6	1	2
Ranjan Sanghi	3	2	3	3	2
Rajendra Lakhotia	2	2	5	–	2
Gita Piramal	4	–	3	1	3

Notes: For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies registered under section 8 of the Companies Act, 2013/section 25 of the Companies Act, 1956 have been excluded. Only audit committee and stakeholders relationship committee are considered for the purpose of reckoning committee positions.

None of the directors hold office as a director, including as an alternate director, in more than 20 companies at the same time. None of them has directorships in more than 10 public companies.

None of the directors serve as an independent director in more than 7 listed companies or in more than 3 listed companies in case he is a whole time director in any listed company.

None of the directors is neither a member in more than 10 committees nor a chairman in more than 5 committees across all public limited companies in which he is a director.

Review of legal compliance reports

During FY2016, the Board periodically reviewed legal compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

Code of conduct

The Listing Regulations require listed companies to lay down a code of conduct for directors and senior management, incorporating duties of directors as laid down in the Companies Act, 2013.

Accordingly, the Company has a Board approved code of conduct for all Board members and Senior Management of the Company. The said code has been posted on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

All the Board members and Senior Management personnel have affirmed compliance with the code for the year ended 31 March 2016. A declaration to this effect signed by the Managing Director is given elsewhere in this Annual Report.

Maximum tenure of independent directors

The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and the Listing Regulations.

Formal letter of appointment to independent directors

The Company has issued a formal letter of appointment to independent directors as provided in the Companies Act, 2013. The terms and conditions of appointment of independent directors are placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees and individual directors. Manner in which such formal annual evaluation was made by the Board is given below:

- Performance evaluation criteria for Board, Committees of the Board and directors were approved by the Board at its meeting held on 10 September 2014. The criteria are placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>
- Based on the said criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of performance of the Board, its Committees and directors (except for the director being evaluated) for the year under review.
- A consolidated summary of the ratings given by each of the directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees and directors during the year under review.

- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and Board at their meetings held on 15 March 2016.
- Under law, as per the report of performance evaluation, the Board shall determine, *inter alia*, whether to continue the term of appointment of the independent director. During the year under review, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their re-appointment did not arise.

Details on the evaluation carried out by the independent directors at their meeting held on 15 March 2016 have been furnished in a separate para elsewhere in this Report.

Remuneration policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a remuneration policy, providing (a) criteria for determining qualifications, positive attributes and independence of directors and (b) a policy on remuneration for directors, key managerial personnel and other employees. The detailed remuneration policy is placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

Board diversity policy

Pursuant to the Listing Regulations, the Board through its Nomination and Remuneration Committee has devised a policy on Board diversity.

The objective of the policy is to ensure that the Board is comprised of adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company.

Familiarisation programmes for independent directors

With a view to familiarising the independent directors with the Company's operations, as required under the Listing Regulations, the Company held programmes for independent directors for familiarising them with the Company, NBFC industry, business model of the Company, their roles, rights and responsibilities, etc.

Details of such familiarisation programmes are placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

Whistle blower policy/vigil mechanism

Pursuant to the Companies Act, 2013 and the Listing Regulations, the Company has a Board approved whistle blower policy/vigil mechanism to enable directors and employees to report to the Management their concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethics policy.

This mechanism provides safeguards against victimisation of directors/employees who avail of the mechanism and provides for direct access to the Chairman of the Audit Committee in exceptional cases. The policy/vigil mechanism has been appropriately communicated to the employees within the organisation and has been put on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

During FY2016, none of the employees has been denied access to the Audit Committee under this policy.

Subsidiary companies

The Company has two unlisted subsidiaries viz. Bajaj Housing Finance Limited (BHFL) (erstwhile Bajaj Financial Solutions Limited) and Bajaj Financial Securities Limited (BFinsec) (being 100% subsidiary of BHFL). None of these subsidiaries is a material subsidiary under the Listing Regulations.

During FY2016, the Audit Committee reviewed the financial statements (in particular, the investments made) of each of the unlisted subsidiary companies viz. BHFL and BFinsec. Minutes of the board meetings of these subsidiary companies were regularly placed before the Board of the Company. The Board periodically reviews the statement of all significant transactions and arrangement, if any, entered into by the subsidiaries.

Pursuant to the requirements of the listing agreement, the Board of Directors, at its meeting held on 11 December 2014, had adopted a policy for determining material subsidiaries which was subsequently revised on 3 February 2016 to align the same with the requirements of the SEBI Listing Regulations, 2015.

The policy is available on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

Related party transactions

All related party transactions which were entered into during FY2016 were on an arm's length basis, in the ordinary course of business and not material under the Listing Regulations and hence did not require members' prior approval under the Companies Act, 2013 and the Listing Regulations.

Transactions with related parties, during FY2016, were entered into with the approval of the Audit Committee. The details of such transactions were placed before the Committee for noting/review.

A statement showing the disclosure of transactions with related parties as required under Accounting Standard 18 is set out separately in this Annual Report.

During FY2016, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

Pursuant to requirement of Non Banking Financial Companies (Reserve Bank) Directions, 2015, a policy on materiality of related party transactions and dealing with related party transactions is given below which is also placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

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

Pursuant to clause 49 of the erstwhile Listing Agreement, the Board had approved a policy on materiality of related party transactions and dealings with the related party transactions as follows:

1. All Related Party Transactions (RPTs) of the Company covered under the Companies Act, 2013 and Clause 49 of the Listing Agreement will be approved by the Audit Committee of the Board from time to time.
2. Consent of the Board and the Shareholders would be taken in respect of all RPTs, except in the following cases:

- i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder or the Listing Agreement, as may be applicable; or
- ii. Where the transactions are entered into by the Company in its ordinary course of business and are on an arm's length basis; or
- iii. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 and Rules thereunder, clause 49 of the Listing Agreement and other applicable provisions for the time being in force.

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

The policy meets the requirements of the SEBI Listing Regulations, 2015.

Disclosures

Suitable disclosures have been made in the financial statements, together with the Management's explanation in the event of any treatment being different from that prescribed in accounting standards.

Audit Committee

Constitution and composition

Pursuant to the Companies Act, 2013, the Listing Regulations and the NBFC Regulations, the Company has an Audit Committee. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013, the Listing Regulations and the NBFC Regulations.

The terms of reference are in accordance with the Companies Act, 2013, the Listing Regulations and the NBFC Regulations. These broadly include oversight of the Company's financial reporting process and the 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 of the Company with related parties, etc.

Meetings and attendance

During FY2016, the Audit Committee met four times on: 20 May 2015, 22 July 2015, 20 October 2015 and 3 February 2016. The gap between any two meetings has been less than one hundred and twenty days. In addition, the Committee approved certain related party transactions on 28 March 2016 by passing resolutions through circulation pursuant to the provisions of the Companies Act, 2013.

The meetings were scheduled well in advance. In addition to the members of the Audit Committee, these meetings were attended by the heads of finance and internal audit, executives considered necessary for providing inputs to the Committee and representatives of the statutory auditors. Directors who are not the members of the Committee are also invited to attend meetings of the Committee. The company secretary acted as the secretary to the Audit Committee.

Nanoo Pamnani, Chairman of the Audit Committee, was present at the annual general meeting of the Company held on 22 July 2015 to answer members' queries.

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Table 3: Composition of the Audit Committee and attendance record of members for FY2016

Name of director	Category	Meetings attended
Nanoo Pamnani	Chairman, Non-executive, Independent	4
Sanjiv Bajaj	Non-executive	4
D S Mehta	Non-executive, Independent	4
Omkar Goswami	Non-executive, Independent	3
Ranjan Sanghi	Non-executive, Independent	4

In compliance with the Companies Act, 2013 and the Listing Regulations, four members of the Audit Committee including Chairman are independent directors. All the members are non-executive directors and are financially literate and have accounting or related financial management expertise.

Nomination and Remuneration Committee

Pursuant to the Companies Act, 2013, the Listing Regulations and the NBFC Regulations, the Company has a Nomination and Remuneration Committee.

The terms of reference of the Committee in brief pertain to, *inter alia*, formulation of criteria for determining qualifications, positive attributes and independence of a director, recommending persons to be appointed in Board and Senior Management, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of independent directors and the Board, devising a policy on board diversity, etc. The Committee acts as Nomination Committee, as per the NBFC Regulations, to ensure 'fit and proper' status of the directors to be appointed/re-appointed and recommend their appointment/re-appointment to the Board of Directors.

The Committee also acts as Compensation Committee for implementation of Employee Stock Option Scheme, 2009.

During FY2016, the Committee met three times on: 20 May 2015, 3 February 2016 and 15 March 2016. Directors who are not the members of the Committee are also invited to attend meetings of the Committee.

Table 4: Composition of the Nomination and Remuneration Committee and attendance record of members for FY2016

Name of director	Category	Meetings attended
Nanoo Pamnani	Chairman, Non-executive, Independent	3
Rahul Bajaj	Non-executive	3
Sanjiv Bajaj	Non-executive	3
Omkar Goswami	Non-executive, Independent	2
Ranjan Sanghi	Non-executive, Independent	3
Rajendra Lakhotia	Non-executive, Independent	3

Nanoo Pamnani, Chairman of the Nomination and Remuneration Committee, was present at the annual general meeting of the Company held on 22 July 2015 to answer members' queries.

Risk Management Committee

Pursuant to the Guidelines of Reserve Bank of India on Corporate Governance notified vide its circular dated 8 May 2007, the Board of Directors had constituted a Risk Management Committee consisting of senior executives.

Pursuant to the requirements of the SEBI Listing Regulations, 2015, the Company, being in the top 100 listed entities by market capitalisation, is required to have in place a Risk Management Committee with composition as specified therein.

The Board of Directors, at its meeting held on 20 October 2015, reconstituted the Risk Management Committee in accordance with the requirements of the SEBI Listing Regulations, 2015 and also revised the terms of reference of the Committee which, *inter alia*, include, to manage the integrated risk, to lay down procedures to inform the Board about risk assessment and minimisation procedures in the Company, to frame, implement and monitor the risk management plan for the Company etc.

The Company has a Board approved risk management policy.

Table 5: Composition of the Risk Management Committee

Name of director/senior executive	Category	Meetings attended
Nanoo Pamnani	Chairman, Non-executive, Independent director	1
Sanjiv Bajaj	Non-executive director	1
Rajeev Jain	Executive director	1
Dipak Poddar	Non executive, Independent director	1
Rakesh Bhatt	Senior executive	0
Bharath Vasudevan	Senior executive	1
Sandeep Jain	Senior executive	1

The Committee and the Board periodically review the Company's risk assessment and minimisation procedures to ensure that Management identifies and controls risk through a properly defined framework.

Pursuant to the SEBI Listing Regulations, 2015 a meeting of the Committee was held on 16 March 2016. Directors who are not the members of the Committee are also invited to attend meetings of the Committee.

Stakeholders Relationship Committee

Pursuant to the Companies Act, 2013 and the Listing Regulations, the Company has a Stakeholders Relationship Committee. The Committee looks into the grievances of security holders including debenture holders and fixed deposit holders in addition to the equity shareholders of the Company.

Table 6: Composition of the Stakeholders Relationship Committee and attendance record of members for FY2016

Name of director	Category	Meetings attended
Ranjan Sanghi	Chairman, Non-executive, Independent	1
Nanoo Pamnani	Non-executive, Independent	1
Sanjiv Bajaj	Non-executive	1
D S Mehta	Non-executive, Independent	1
Gita Piramal	Non-executive, Independent	1

Ranjan Sanghi, Chairman of the Stakeholders Relationship Committee, was present at the annual general meeting of the Company held on 22 July 2015 to answer members' queries.

Anant Damle, company secretary has been appointed as compliance officer of the Company.

During FY2016, the Committee met on 15 March 2016 to, *inter alia*, review the status of investors' services rendered. Directors who are not the members of the Committee are also invited to attend meetings of the Committee. The secretarial auditor as well as the company secretary were also present. The Committee was apprised of all the major developments on matters relating to investors. In addition, the Committee also looked into matters that can facilitate better investor services and relations.

During FY2016, 11 complaints from investors were received on various matters, which were duly resolved and no action remained to be taken.

Meeting of independent directors

Pursuant to the Companies Act, 2013 and the Listing Regulations, the independent directors shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, independent directors of the Company met on 15 March 2016 and:

- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- appreciated the high growth of the Company which was on account of leadership of Rajeev Jain, Managing Director supported by his team as well as the guidance of Nanoo Pamnani and Sanjiv Bajaj, Vice Chairmen; and
- assessed the quantity, quality and timely flow of information between Management and the Board to be of the high quality.

Leave of absence was granted to one independent director.

Remuneration of directors

Pecuniary relationship or transactions of non-executive directors

During FY2016, there were no pecuniary relationships and transactions of any non-executive directors with the Company except five fixed deposits (FD) amounting to ₹ 4.25 crore accepted from D S Mehta, director on the terms and conditions of the FD scheme of the Company.

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 corporate governance framework of the Company.

The criteria of making payments to non-executive directors has been put on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

Details of remuneration of directors

All non-executive directors are paid sitting fees and commission and one independent director is paid additional commission as per the details provided in the annexure to the Directors' Report in section VI(B) of Form MGT-9 i.e. extract of the Annual Return.

During FY2016, the Company has paid remuneration to Rajeev Jain, Managing Director (MD) as provided in detail in the annexure to the Directors' Report in section VI(A) of Form MGT-9 i.e. extract of the Annual Return.

The tenure of MD is for five years with notice period of three months or salary in lieu thereof. The performance pay/bonus of MD is based on the performance of the Company and his contribution for the same. During FY2016, 25,600 stock options were granted to MD at a grant price of ₹ 4,481.55, being the closing market price on National Stock Exchange of India Limited on the day preceding the day of grant, which 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. MD is also entitled to other perquisites and benefits mentioned in the agreement entered into with him by the Company.

The Company currently has no stock option plans for any of its directors other than the MD. During FY2016, none of the directors, other than the MD, were paid any performance-linked incentive.

In FY2016, the Company did not advance loan to any of its directors.

Shareholding of directors

Information on shares held by directors in the Company as on 31 March 2016 is provided in the annexure to the Directors' Report in section IV(v) of Form MGT-9 i.e. extract of the Annual Return.

Management

Management discussion and analysis

This is given as a separate chapter in this Annual Report.

Disclosure of material transactions

Pursuant to the 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. During FY2016, as per the disclosures made by the Senior Management, there were no such transactions.

Compliances regarding insider trading

Securities and Exchange Board of India has notified on 15 January 2015 new regulations for prohibition of insider trading (effective from 15 May 2015) repealing the regulations issued in 1992. In terms of the new regulations, the Board of the Company, at its meeting held on 23 March 2015, had approved a code of conduct and a code of fair disclosure. The code of conduct and code of fair disclosure framed by the Company have helped in ensuring compliance with the requirements.

Means of communication

Quarterly, half yearly and annual financial results are published in Business Standard (all editions) and Kesari (Pune edition) along with the official press release. An abridged version of the financial results is also published in Mint (all editions), Hindustan Times (all editions), Hindu Business Line (all editions) and Economic Times (all editions). The Company also sends the half-yearly financial results, along with a detailed write-up, to all members.

The Company has a website www.bajajfinserv.in/finance which, under section of 'investor relations', contains all important public domain information including financial results, Committees of the Board of Directors, 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, details of the corporate contact persons, etc. All financial and other vital official news releases are also communicated to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company discloses material events or information to BSE and NSE, which are subsequently hosted on the website of the Company.

Sections 20 and 129 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically on the members' email IDs. The Company, during FY2016, sent documents such as notice calling the general meeting, audited financial statements, Directors' Report, Auditors' Report etc. in electronic form at the email IDs provided by the members to the Company/made available by them to the Company through the depositories. Members desiring to receive the said documents in physical form were sent the same in physical form, upon request.

The Company also files the following information, statements, reports on websites specified by BSE and NSE:

- Full version of the Annual Report including the standalone and consolidated financial statements, Directors' Report, Auditors' Report and quarterly financial results
- Corporate Governance Report
- Shareholding pattern

Information on general body meetings

The last three annual general meetings of the Company were held at the registered office of the Company at Akurdi, Pune – 411 035 on the following dates and time:

26th AGM	18 July 2013	at 12 noon
27th AGM	16 July 2014	at 12 noon
28th AGM	22 July 2015	at 12 noon

Details of special resolution(s) passed at the last three years' annual general meetings (AGM) and postal ballot:

I. Special resolutions passed at the previous three annual general meetings:

At the 28th AGM held on 22 July 2015, one special resolution was passed pertaining to issue of non-convertible debentures through private placement.

At the 27th AGM held on 16 July 2014, three special resolutions were passed pertaining to:

- a) Modification in the Employee Stock Option Scheme, 2009
- b) Grant of options to employees of holding and/or subsidiary companies, under the amended Employee Stock Option Scheme, 2009
- c) Issue of non-convertible debentures through private placement

At the 26th AGM held on 18 July 2013, no special resolution was passed.

II. No special resolution was passed through postal ballot during FY2016.

III. No special resolution is proposed to be passed through postal ballot at this annual general meeting.

Details of capital market non-compliance, if any

There was no non-compliance by the Company of any legal requirements; nor have any penalty/ies or stricture/s been imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets at any time in the past.

MD/CFO certification

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

Report on corporate governance

This chapter, read together with the information given in the section on 'General Shareholder Information', constitute the report on corporate governance during FY2016. A section on 'Management Discussion and Analysis' for FY2016 is also included in this Annual Report. The Company duly submits the quarterly compliance report to the stock exchanges.

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 in the Listing Regulations. This certificate is annexed to the Directors' Report.

Compliance of mandatory and discretionary requirements under the Listing Regulations

Mandatory

The Company has complied with all the mandatory requirements of the Listing Regulations.

Discretionary

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

The Board

A Chairman's office has been made available for the non-executive Chairman and he is allowed reimbursement of expenses incurred in performance of his duties.

Shareholder rights

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

Modified opinion in the audit report

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

Separate posts of Chairperson and Managing Director/CEO

The Company has appointed separate persons to the post of Chairman and Managing Director.

Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

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General Shareholder Information

29th Annual general meeting

Date	26 July 2016
Time	12 Noon
Venue	Registered office of the Company at Akurdi, Pune – 411 035

Financial calendar for FY2017

Unaudited first quarter financial results	July 2016
Unaudited second quarter financial results	October 2016
Unaudited third quarter financial results	January 2017
Audited annual results	May 2017
Mailing of Annual Reports	June 2017
Annual general meeting	July 2017

Dividend

The Board of Directors of the Company, at its meeting held on 9 March 2016, declared an interim dividend of ₹ 18 per equity share of the face value of ₹ 10 (180%) for FY2016. The same was credited/dispatched on 23 March 2016.

The Board of Directors of the Company has recommended a final dividend of ₹ 7 per equity share of the face value of ₹ 10 (70%) for approval of the members at the annual general meeting. The interim dividend and the final dividend aggregate to ₹ 25 per equity share of the face value of ₹ 10 (250%). Dividend paid in the previous year was ₹ 18 per equity share of the face value of ₹ 10 (180%).

Dates of book closure

The register of members and share transfer books of the Company will remain closed from Saturday, 16 July 2016 to Tuesday, 26 July 2016 (both days inclusive) for the purpose of payment of final dividend.

Date of dividend payment

The final dividend on equity shares, if declared, will be credited/dispatched between Monday, 1 August 2016 to Wednesday, 3 August 2016 as under:

- to all those members holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent of the Company i.e. Karvy Computershare Private Limited ('Karvy') on or before the closing hours on Friday, 15 July 2016; and
- to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on Friday, 15 July 2016.

Payment of dividend

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, final dividend, if declared, will be paid through electronic mode, where the bank account details of the members required for this purpose are available. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants. For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, on or before Friday, 15 July 2016, updated particulars of their bank account, to the share transfer agent of the Company i.e. Karvy along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of PAN card. Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and make sure that such changes are recorded by them correctly on or before Friday, 15 July 2016. The request for updation of particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.

Unclaimed dividend

Unclaimed dividend upto FY1995 has been transferred to the general revenue account of the Central Government. Members who have not encashed their dividend warrants for the period prior to and including FY1995 are requested to claim the amount from Registrar of Companies, Maharashtra, Pune, PMT Building, 3rd Floor, Deccan Gymkhana, Pune - 411 004.

Pursuant to section 205C of the Companies Act, 1956, any amount 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 a fund called the 'Investor Education and Protection Fund' set up by the Central Government. Accordingly, the unpaid/unclaimed dividend amounts for FY1996 to FY2008 were transferred by the Company to the said fund in the years 2003 to 2015, respectively.

Unpaid/unclaimed dividend for FY2009 shall become due for transfer to the said fund in September 2016. Members are requested to verify their records and send claim, if any, for FY2009, before the amount becomes due for transfer to the said fund. Communication has been sent to the members having unclaimed dividend for FY2009 requesting them to claim the same.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed dividend, unclaimed deposits and unclaimed interest on deposits on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/shareholders-information.aspx> as well as the website specified by the Ministry of Corporate Affairs <http://www.iepf.gov.in/IEPF/services.html>

Share transfer agent

The Company has appointed Karvy Computershare Private Limited ('Karvy'), Hyderabad, as its share transfer agent. All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand draft/s in lieu of dividend warrant/s etc. as well as requests for dematerialisation/rematerialisation are being processed at Karvy. The work related to dematerialisation/rematerialisation is handled by Karvy through its connectivity with National Securities Depository Limited and Central Depository Services (India) Limited.

Share transfer system

Share transfers received by the Company and Karvy are registered within 15 days from the date of receipt, provided the documents are complete in all respects. Total number of shares transferred in physical category during FY2016 were 5,186 shares versus 5,545 shares during FY2015.

Dematerialisation/rematerialisation of shares and liquidity

During FY2016, 47,695 shares were dematerialised compared to 29,972 shares during FY2015. During FY2016, 101 shares were rematerialised compared to nil shares during FY2015. Distribution of shares as on 31 March 2016 is given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2016		Position as on 31 March 2015		Net change during FY2016	
	No. of shares	% of total shares	No. of shares	% of total shares	No. of shares	% of total shares
Physical	306,115	0.57	353,795	0.71	(47,680)	(0.14)
Demat:						
NSDL	52,277,137	97.04	48,718,820	97.15	3,558,317	(0.11)
CDSL	1,288,938	2.39	1,074,644	2.14	214,294	0.25
Sub Total	53,566,075	99.43	49,793,464	99.29	3,772,611	0.14
Total	53,872,190	100.00	50,147,259	100.00	3,724,931	

Stock code

1. BSE Limited	500034
2. National Stock Exchange of India Limited	BAJFINANCE - EQ
3. ISIN for depositories (NSDL and CDSL)	INE296A01016

Listing on stock exchanges

Name	Address
1. BSE Limited (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
2. National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051

Pursuant to the SEBI Listing Regulations, 2015, the Company has entered into uniform listing agreement with BSE and NSE. Annual listing fees, as prescribed, have been paid to the said stock exchanges upto 31 March 2017.

Market price data

Table 2 gives the monthly highs and lows of the Company's shares on BSE and NSE.

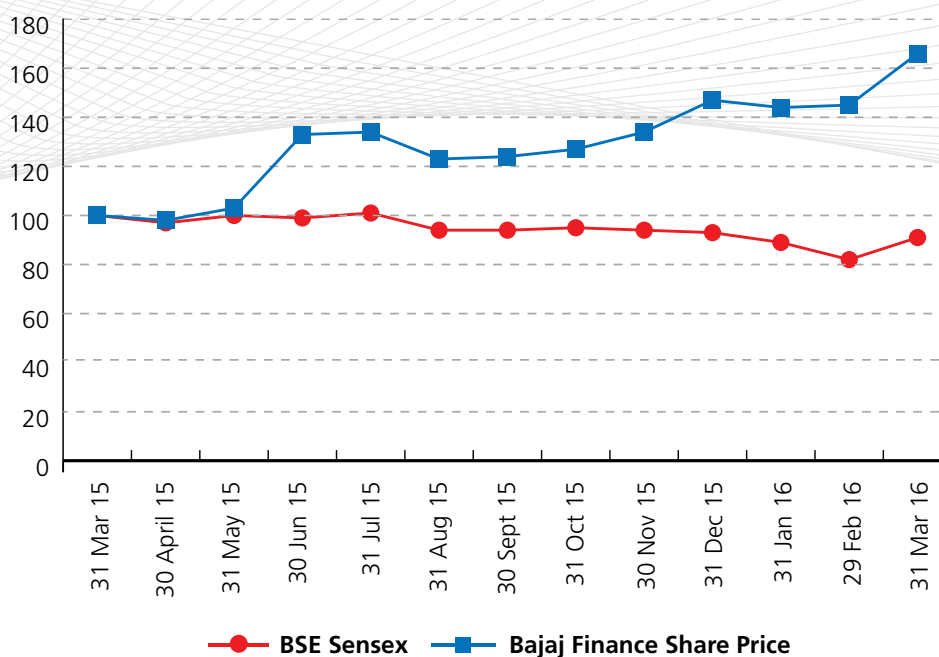
Table 2: Monthly highs and lows of Bajaj Finance Limited shares during FY2016 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High (₹)	Low (₹)	High (₹)	Low (₹)	
Apr - 15	4,577.20	3,989.45	4,584.95	3,989.50	27,011.31
May - 15	4,597.00	4,184.80	4,577.00	4,180.55	27,828.44
Jun - 15	5,456.65	4,282.90	5,455.35	4,284.70	27,780.83
Jul - 15	5,568.40	5,025.10	5,564.25	5,021.35	28,114.56
Aug - 15	5,677.70	4,853.30	5,682.35	4,870.80	26,283.09
Sept - 15	5,245.25	4,821.25	5,246.95	4,821.40	26,154.83
Oct - 15	5,348.55	4,935.85	5,358.05	4,939.90	26,656.83
Nov - 15	5,578.10	5,216.85	5,579.35	5,223.20	26,145.67
Dec - 15	6,013.20	5,438.40	6,009.95	5,437.95	26,117.54
Jan - 16	6,314.55	5,496.45	6,314.50	5,503.20	24,870.69
Feb - 16	6,705.80	5,744.55	6,698.35	5,752.90	23,002.00
Mar - 16	6,877.05	6,203.35	6,924.15	6,207.70	25,341.86

Chart: Performance in comparison to BSE Sensex

Bajaj Finance Limited stock performance Vs BSE Sensex, indexed to 100 on 31 March 2015

Bajaj Finance Limited Vs BSE Sensex



Distribution of shareholding

Table 3 gives details about the pattern of shareholding among various categories as on 31 March 2016 and 31 March 2015, while Table 4 gives the data according to size classes as on 31 March 2016.

Table 3: Distribution of shareholding across categories

Categories	31 March 2016		31 March 2015	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters and Promoter Group	30,893,907	57.35	30,893,907	61.61
Resident Individuals	5,482,214	10.18	5,722,500	11.41
Domestic Companies	3,491,721	6.48	3,384,931	6.75
Mutual Funds/Financial Institutions/Banks	3,299,335	6.12	2,823,934	5.63
Foreign Institutional Investors/Foreign Portfolio Investors	9,879,570	18.34	6,796,030	13.55
Non Resident Individuals/Foreign National	442,259	0.82	459,843	0.92
Others	383,184	0.71	66,114	0.13
Total	53,872,190	100.00	50,147,259	100.00

Table 4: Distribution of shareholding according to size class as on 31 March 2016

Range of holding	No. of members	% to total members	No. of shares held	% to total shares
1 - 100	31,096	79.83	1,118,291	2.07
101 - 500	5,945	15.26	1,233,198	2.29
501 - 1000	791	2.03	574,666	1.07
1001 - 10000	887	2.28	2,585,726	4.80
10001 - 50000	165	0.42	3,723,169	6.91
50001 - 100000	36	0.09	2,708,480	5.03
100001 and above	36	0.09	41,928,660	77.83
Total	38,956	100.00	53,872,190	100.00

Shareholders and investors grievances

The Stakeholders Relationship Committee constituted by the Board of Directors, consisting of five directors, looks into the grievances of security holders including debenture holders and fixed deposit holders in addition to the equity shareholders of the Company. Queries/complaints received from security holders are promptly attended to. Queries/complaints received during FY2016 related to non-receipt of shares/non-receipt of annual report/non-credit of shares sent for dematerialisation. As on 31 March 2016, there was no query/complaint pending redressal.

During FY2016, 11 complaints were received on various matters, which were duly resolved and no action remained to be taken.

Demat suspense account with HDFC Bank for unclaimed shares

According to the provisions of Listing Regulations, the Company has a demat account titled 'Bajaj Finance Limited – Unclaimed Suspense Account' with HDFC Bank Limited, Pune to which nine hundred equity shares pertaining to nine members were transferred. During FY2016, the Company had received a request from one member claiming one hundred shares out of the aforesaid nine hundred shares. After due verification of request, the Company dispatched share certificate for one hundred shares to the member and has released the dividend withheld on those shares. The Company has also allotted fifteen equity shares to the said member in respect of the rights entitlement on the said one hundred shares, which was held in abeyance in the rights issue of the Company made in 2013. The remaining eight hundred shares pertaining to eight members will be transferred to the concerned members on lodgment of the claim, after proper verification. Till such time, the voting rights on these shares will remain frozen.

Nomination

Individual members holding shares in physical form can nominate a person in whose name the shares are to be transferred in the case of death. Members can avail the nomination facility by submitting the prescribed nomination form SH-13 (a copy of which is placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/shareholders-information.aspx>) to Karvy. The nomination form will be sent by Karvy upon request. Nomination facility for shares held in electronic form is available with depository participant.

Voting through electronic means

Pursuant to section 108 of the Companies Act, 2013 and the rules made thereunder and the SEBI Listing Regulations, 2015 every listed company is required to provide its members facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with Karvy Computershare Private Limited ('Karvy'), the authorised agency for this purpose, to facilitate such remote e-voting for its members.

In terms of the Companies (Management and Administration) Rules, 2014, as amended, ('the Rules') the members holding shares as on 20 July 2016, being the cut-off date fixed for determining voting rights of members, are entitled to vote on the items put up in the notice of annual general meeting, through such remote e-voting facility. The remote e-voting shall be open from 23 July 2016 (9.00 a.m.) till 25 July 2016 (5.00 p.m.).

Further, in accordance with the Rules, the Company shall also be making arrangements to provide for e-voting facility at the venue of the annual general meeting. Members, who have not already cast their votes by remote e-voting, shall only be able to exercise their right of voting at the meeting.

The Board has appointed Shyamprasad D Limaye, practising company secretary, as scrutiniser for the voting process.

Detailed procedure for remote e-voting is given in the notice of the twenty ninth annual general meeting which is placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx>

Members may get in touch with the company secretary for further assistance.

Outstanding convertible instruments/ ADRs/GDRs/warrants

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

As reported in the Directors' Report, there are 925,000 outstanding warrants allotted to the promoter, Bajaj Finserv Limited at a price of ₹ 4,412 per warrant, which are convertible into equivalent number of equity shares of face value of ₹ 10 each within 18 months from the date of allotment of warrants i.e. on or before 1 December 2016.

Conversion of aforesaid warrants into equity shares would result in increase in the paid up equity share capital and share premium of the Company and also increase in shareholding of the promoter, Bajaj Finserv Limited.

Qualified institutions placement (QIP)

Details of QIP of equity shares made during FY2016 have been given in the Directors' Report.

Address for correspondence

Investors and members can correspond with the share transfer agent or the Company at the following address:

Share transfer agent

Karvy Computershare Private Limited

Unit: Bajaj Finance Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032

Contact persons

M S Madhusudhan
Mohd. Mohsinuddin
Tel No. (040) 67162222, Extn.1562
Fax No. (040) 23001153
Email ID: mohsin.mohd@karvy.com
Website: www.karvy.com

Company

Registered office

Akurdi, Pune – 411 035

Corporate office ext.

Secretarial Department
3rd Floor, Panchshil Tech Park,
Viman Nagar, Pune – 411 014
Phone No. (020) 30186403
Fax No. (020) 30186364
Email ID: investor.service@bajajfinserv.in
Website: www.bajajfinserv.in/finance

Additional information

1. During FY2016, the Company has not sanctioned loan to any of its directors and there are no outstanding loans to directors as on date.
2. None of the employees of the Company is related to any of the directors of the Company.
3. From the date of the Balance Sheet till the date of this Report, no significant event has taken place which will have an impact on the performance of the Company during FY2016.
4. Profile of fixed deposits as on 31 March 2016:

Period of deposit (months)	No. of depositors	Amount (₹ In Crore)	% to total deposits
12-17	5,890	820.99	36.60
18-23	2,098	128.36	5.72
24-60	35,008	1,293.94	57.68
Total	42,996	2,243.29	100.00

As on 31 March 2016, there were 8 fixed deposits amounting to ₹ 0.01 crore which had matured and remained unclaimed.

Directors' Report

The directors present their twenty ninth Annual Report and the standalone and consolidated audited financial statements for FY2016.

Financial results

The highlights of the standalone financial results are as under:

(₹ In Crore)

Particulars	FY2016	FY2015	% change over FY2015
Income from Operations	7,304.31	5,381.80	36
Other Income	79.17	36.43	117
Total Income	7,383.48	5,418.23	36
Expenses	1,871.50	1,387.03	35
Loan Losses and Provisions	542.85	384.56	41
Finance Costs	2,926.86	2,248.30	30
Depreciation and amortisation	56.34	35.60	58
CSR Expenditure	21.36	5.80	268
Total Expenditure	5,418.91	4,061.29	33
Profit Before Taxation	1,964.57	1,356.94	45
Tax Expenses	686.05	459.07	49
Profit for the year after Taxation	1,278.52	897.87	42
Balance brought forward from previous year	1,684.03	1,171.91	
Profit available for appropriations	2,962.55	2,069.78	
Appropriations:			
Transfer to Reserve Fund	(256.00)	(185.00)	
Transfer to General Reserve	(128.00)	(90.00)	
Transfer to Infrastructure Reserve	-	(2.10)	
Dividend to Qualified Institutional Buyers	(5.89)	-	
Tax on dividend to Qualified Institutional Buyers and ESOP Trust	(1.28)	-	
Adjustment of dividend to ESOP Trust	1.57	-	
Interim Dividend	(96.97)	-	
Dividend tax on Interim Dividend	(19.74)	-	
Provision for Proposed Final Dividend	(37.71)	(90.27)	
Provision for Dividend Tax on Final Dividend	(7.68)	(18.38)	
Balance carried to Balance Sheet	2,410.85	1,684.03	

A summary of consolidated financial performance for FY2016 consolidating the results of wholly owned subsidiary Bajaj Housing Finance Limited (BHFL) along with its subsidiary Bajaj Financial Securities Limited (BFinsec) is given below. The operations of the subsidiaries in FY2016 were not significant and hence the consolidated profit of the Company almost equals its standalone profit.

Particulars	(₹ In Crore)	
	FY2016	FY2015
Total Income	7,383.66	5,418.28
Interest and Finance Charges	2,926.85	2,248.27
Net Interest Income	4,456.81	3,170.01
Operating Expenses	1,949.28	1,428.50
Loan Losses and Provisions	542.85	384.56
Profit Before Tax	1,964.68	1,356.95
Profit After Tax	1,278.63	897.88

Performance and financial position of subsidiaries

During FY2016, BHFL received a certificate of registration from National Housing Bank and is in the process of commencing housing finance business.

During FY2016, there were no major business operations in BHFL and its subsidiary BFinsec. The Profit after tax for FY2016 of BHFL was ₹ 529,939 as against ₹ 78,920 for FY2015 and of BFinsec was ₹ 566,846 as against ₹ 154,642 for FY2015.

Dividend

The directors of the Company, at its meeting held on 9 March 2016, declared an interim dividend of ₹ 18 per equity share of the face value of ₹ 10 (180%) for FY2016. The amount of dividend and tax thereon aggregate to ₹ 116.71 crore.

The directors recommend for consideration of the members at the ensuing annual general meeting, payment of final dividend of ₹ 7 per equity share of the face value of ₹ 10 (70%) for FY2016. The amount of final dividend and tax thereon aggregate to ₹ 45.39 crore.

The interim dividend and the final dividend, if declared, aggregate to ₹ 25 per equity share of the face value of ₹ 10 (250%). The amount of interim dividend and the final dividend, if declared, and tax thereon aggregate to ₹ 162.10 crore.

Dividend paid for FY2015 was ₹ 18 per share (180%). The amount of dividend and tax thereon aggregated to ₹ 115.82 crore and includes dividend and tax thereon in respect of equity shares allotted after 31 March 2015 till the date of book closure for the purpose of dividend.

Capital infusion

Pursuant to the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Companies Act, 2013 and the approval of members and of the Board of Directors, the Company raised funds through:

- Preferential issue of warrants – On 2 June 2015 the Company allotted 925,000 warrants to the promoter, Bajaj Finserv Limited (BFS), at a price of ₹ 4,412 per warrant, which are convertible into equivalent number of equity shares of face value of ₹ 10 each within 18 months from the date of allotment of warrants i.e. on or before 1 December 2016. The Company has received from BFS an amount of ₹ 102.03 crore, being 25% of the issue price of warrants.
- Qualified Institutions Placement (QIP) – On 11 June 2015 the Company allotted 3,274,853 equity shares of face value of ₹ 10 each at a price of ₹ 4,275 per equity share (inclusive of premium of ₹ 4,265 per equity share) to Qualified Institutional Buyers aggregating to about ₹ 1,400 crore.

Working results

The receivables under financing activity as on 31 March 2016 were ₹ 42,756 crore as compared to ₹ 31,199 crore as on 31 March 2015, an increase of 37% over the previous year.

Total income during FY2016 increased to ₹ 7,384 crore from ₹ 5,418 crore during FY2015, an increase of 36% over the previous year.

The profit before tax for FY2016 was ₹ 1,965 crore, as against ₹ 1,357 crore for FY2015, an increase of 45% over the previous year. The profit after tax for FY2016 was ₹ 1,279 crore as compared to ₹ 898 crore for FY2015, an increase of 42% over the previous year. This has been due to the Company's healthy net interest margins, operating efficiencies and prudent risk management.

The Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on the past experience and emerging trends.

The Company had an excellent year aided by strong volume growth in Consumer lending and SME lending. During FY2016, the Company launched various new products and variants to strengthen its business model and continue its growth momentum.

The Company's loan loss and provisions increased from ₹ 385 crore in FY2015 to ₹ 543 crore in FY2016 taking into account the increased business. The Company ended FY2016 with a net NPA of 0.28%.

Share capital

During FY2016, the Company allotted equity shares of face value of ₹ 10 each as follows:

- a) 3,274,853 equity shares to Qualified Institutional Buyers under Qualified Institutions Placement.
- b) 450,063 equity shares to the trustees of BFL Employee Welfare Trust under the Employee Stock Options Scheme, 2009.
- c) 15 equity shares in respect of the rights entitlement (in rights issue made in 2013) held in abeyance on 100 equity shares transferred from the unclaimed suspense account.

As on 31 March 2016, the paid-up share capital of the Company stood at ₹ 538,721,900 consisting of 53,872,190 equity shares of face value of ₹ 10 each fully paid-up.

Operations

The operations of the Company are elaborated in the annexed 'Management Discussion and Analysis Report'.

Conservation of energy and technology absorption

The Company, being a non-banking finance company (NBFC), does not have any manufacturing activity. The directors, therefore, have nothing to report on 'conservation of energy and technology absorption'.

Foreign currency

Foreign currency expenditure amounting to ₹ 14.83 crore (FY2015 ₹ 6.36 crore) was incurred during FY2016. The Company did not have any foreign exchange earnings.

Employee stock option scheme

Disclosures pertaining to the Employee Stock Option Scheme, 2009 of the Company pursuant to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx> Grant wise details of options vested, exercised and cancelled are provided in the notes to the standalone financial statements.

Fixed deposits

During FY2016, the Company accepted fixed deposits (FDs) of ₹ 1,597.70 crore. FDs outstanding at the year end were ₹ 2,243.29 crore. As on 31 March 2016, there were 8 FDs amounting to ₹ 0.01 crore which had matured and remained unclaimed.

Pursuant to the provisions of Reserve Bank of India Act, 1934, the Company has created a charge on statutory liquid assets amounting to ₹ 347.11 crore in favour of the trustee for FD holders.

During FY2016, there was no default in repayment of deposits or payment of interest thereon.

Adequacy of internal financial controls

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational, and which includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance.

This ensures orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention of errors, accuracy & completeness of the accounting records and the timely preparation of reliable financial information.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

Credit rating

Despite a tough economic environment, the Company retained all its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset liability management.

CRISIL has reaffirmed the highest rating of "FAAA/Stable" for the fixed deposit programme of the Company. ICRA has also assigned "MAAA/Stable" rating to the fixed deposit programme of the Company. These ratings indicate highest degree of safety with regard to timely payment of interest and principal. The Company is one of the very few NBFCs which enjoys the highest rating for its fixed deposit programme.

The Company also enjoys the highest rating of "CRISIL A1+" from CRISIL and "(ICRA) A1+" from ICRA for its short term debt programme for ₹ 6,500 crore from each rating agency.

The long term non-convertible debentures have been assigned "IND AAA/Stable" rating by INDIA RATINGS, "CRISIL AA+/Positive" rating by CRISIL and "[ICRA] AA+(Stable)" by ICRA indicating the high degree of safety with regard to timely payment of interest and principal for an amount of ₹ 4,000 crore, ₹ 9,350 crore and ₹ 8,000 crore respectively.

The Company has also been assigned "IND AAA/Stable" by INDIA RATINGS, "CRISIL AA+/Positive" rating by CRISIL and "[ICRA] AA+(Stable)" by ICRA for ₹ 1,000 crore, ₹ 1,700 crore and ₹ 1,700 crore respectively for the subordinated debt programme.

As regards the bank loan ratings for the bank facilities stipulated by RBI, as a part of BASEL II guidelines, INDIA RATINGS has assigned "IND AAA/Stable" and CRISIL has assigned "CRISIL AA+/Positive" rating for the Company's cash credit/working capital demand loan and long term bank facilities. INDIA RATINGS has assigned "IND A1+" rating and CRISIL has assigned "CRISIL A1+" rating for the short term bank facilities. The cumulative rating for the bank loan programme is ₹ 30,000 crore under INDIA RATINGS and ₹ 21,000 crore under CRISIL Ratings.

RBI guidelines

The Company continues to fulfill all the norms and standards laid down by the RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets etc. As against the RBI norm of 15%, the capital adequacy ratio of the Company was 19.50% as on 31 March 2016. 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.

The Company is also in compliance with the NBFC – Corporate Governance (Reserve Bank) Directions, 2015.

Corporate social responsibility

During FY2016, the Company spent ₹ 21.36 crore on corporate social responsibility (CSR). Detailed information report on the CSR policy and the CSR initiatives taken during the year is given in the annexed Annual Report on CSR activities.

Formal annual evaluation

Information on the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors is given in the annexed 'Corporate Governance Report'.

Directors and Key Managerial Personnel (KMP)

The Board of Directors, at its meeting held on 23 March 2015, appointed Rajeev Jain, CEO, (DIN 01550158) as an additional director w.e.f. 1 April 2015 and as a Managing Director for a period of five years from that date. Members of the Company, at their extra ordinary general meeting held on 20 May 2015, appointed Rajeev Jain (DIN 01550158) as a director liable to retire by rotation and also approved his appointment as Managing Director for a period of five years w.e.f. 1 April 2015.

According to the Companies Act, 2013, at least two-thirds of the total number of directors (excluding independent directors) shall be liable to retire by rotation. Rahul Bajaj (DIN 00014529), Chairman, being the longest in the office amongst the four directors liable to retire by rotation, retires from the Board by rotation this year and, being eligible, has offered his candidature for re-appointment. Necessary resolution for this purpose is proposed in the notice of the ensuing annual general meeting for the approval of the members.

Brief details of Rahul Bajaj (DIN 00014529), Chairman who is seeking re-appointment has been given in the notice of annual general meeting.

Sandeep Jain, Head – Business Re-engineering and Investor Relations, was appointed as Chief Financial Officer w.e.f. 4 February 2016 in place of Rajesh Viswanathan who has resigned w.e.f. 3 February 2016.

Number of meetings of the Board

There were nine meetings of the Board held during FY2016, as per details given in the annexed 'Corporate Governance Report'.

Directors' responsibility statement

In compliance of section 134(5) of the Companies Act, 2013, the directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the directors 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 that period;
- the directors 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;
- the directors have prepared the annual accounts on a going concern basis;
- the directors 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
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Declaration by independent directors

The independent directors have submitted the declaration of independence, as required under section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in section 149(6) of the Companies Act, 2013.

Extract of annual return

The extract of annual return as provided under section 92(3) the Companies Act, 2013, in the prescribed Form MGT-9 is annexed to this Report.

Policy on directors' appointment and remuneration

The policy on directors' appointment and remuneration is given in the annexed 'Corporate Governance Report'.

Presentation of financial statements

The financial statements of the Company for the year ended 31 March 2016 have been disclosed as per schedule III to the Companies Act, 2013.

Consolidated financial statements

The directors also present the audited consolidated financial statements, incorporating the duly audited financial statements of the subsidiaries, prepared in compliance with the Accounting Standard – 21.

A separate statement containing the salient features of its subsidiaries in the prescribed Form AOC-1 is attached to the standalone financial statements.

Statutory disclosures

Summary of the key financials of the Company's subsidiaries is included in this Annual Report. A copy of audited financial statements for each of the subsidiary companies will be made available to the members of the Company, seeking such information at any point of time. The audited financial statements for each of the subsidiary companies will be kept open for inspection by any member of the Company at its registered office during business hours. The same are placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx>

Details as required under the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx> as an annexure to the Directors' Report. A physical copy of the same will be made available to any member on request.

Details as required under the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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 said Act.

Directors' responsibility statement as required by section 134(5) of the Companies Act, 2013 appears in a preceding paragraph.

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

Pursuant to the provisions of the Companies Act, 2013 no fraud was reported by auditors of the Company to the Audit Committee during FY2016.

Disclosures as prescribed by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other NBFC regulations have been made in this Annual Report.

A Cash Flow Statement for FY2016 is attached to the Balance Sheet.

The Company has a policy on prevention of sexual harassment at workplace. There was no case of sexual harassment reported during FY2016.

Significant and material orders

During FY2016, no significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

Particulars of loans, guarantees and investments

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans, is exempt from complying with the provisions of section 186 of the Companies Act, 2013 in respect of loans and guarantees. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report.

Information regarding investments covered under the provisions of section 186 of the said Act are detailed in the financial statements.

Related party transactions

During FY2016, the Company entered into transactions with related parties pursuant to approval of the Audit Committee. The details of such transactions were placed before the Committee for noting/review.

All related party transactions which were entered into during FY2016 were on an arm's length basis, in the ordinary course of business and not material under clause 49 of the erstwhile listing agreement/Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) and hence did not require members' prior approval under the Companies Act, 2013 and the erstwhile listing agreement/SEBI Listing Regulations, 2015. During FY2016 there were no related party transactions requiring disclosure under section 134 of the Companies Act, 2013.

A policy on materiality of related party transactions and dealing with related party transactions is placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx> and is also included in the Annual Report.

Risk management

The Board of Directors has adopted a risk management policy for the Company which provides for identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy.

Corporate governance

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

All Board members and Senior Management personnel have affirmed compliance with the code of conduct for FY2016. A declaration to this effect signed by the Managing Director of the Company is included in this Annual Report.

The Managing Director and Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as specified in the SEBI Listing Regulations, 2015.

Business responsibility report

Pursuant to the provisions of the SEBI Listing Regulations, 2015 the Company, being in the top 100 companies by market capitalisation on National Stock Exchange of India Limited as on 31 March 2015, is required to give Business Responsibility Report (BRR) in the Annual Report. As a green initiative the BRR for FY2016 has been hosted on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx>. A physical copy of the BRR will be made available to members on request.

Secretarial standards of ICSI

Pursuant to the approval from the Ministry of Corporate Affairs, the Institute of Company Secretaries of India (ICSI) has, on 23 April 2015, notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective from 1 July 2015. The Company is compliant with the same.

Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013, Dalal & Shah, Chartered Accountants, were appointed as statutory auditors of the Company at the 27th annual general meeting (AGM) of the Company for a period from the conclusion of the said AGM till the conclusion of the 30th AGM subject to ratification of their appointment by the members at every AGM held thereafter. W.e.f. 21 December 2015, the auditors' firm has been converted into a limited liability partnership having registration no. 102021W/W100110.

A resolution for ratification of appointment of Dalal & Shah LLP, Chartered Accountants, as auditors and fixation of their remuneration for the year 2016-17 is proposed in the notice of the ensuing AGM for the approval of the members.

The Company has received from Dalal & Shah LLP a certificate to the effect that their appointment shall be in accordance with the prescribed conditions and that the LLP is not disqualified under the Companies Act, 2013.

The Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

Secretarial auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013, the Board has reappointed Shyamprasad D. Limaye, company secretary in practice (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

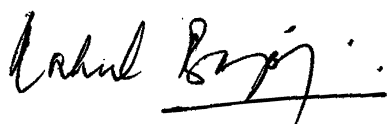
A report from the secretarial auditor is annexed to this Report. The same does not contain any qualification, reservation or adverse remark or disclaimer.

Acknowledgement

The Board of Directors takes the opportunity to express its sincere appreciation for the support and co-operation from its members, Reserve Bank of India and other regulators, banks, financial institutions and the trustees for debenture holders and FD holders.

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

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune: 24 May 2016

Annual Report on CSR activities

1. Brief outline of Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs

Introduction:

The Corporate Social Responsibility (CSR) activities of Bajaj Group are guided by the vision and philosophy of its Founding Father, late Shri Jamnalal Bajaj, who embodied the concept of Trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

Bajaj Group, thus, took the unprecedented step of using business to serve society over a century ago. Shri Jamnalal Bajaj strongly believed that "common good was more important than individual gain". His philosophy has stood the test of time as it has been successfully taken forward by the succeeding generations i.e. firstly by his sons, Shri Kamalnayan Bajaj and Shri Ramkrishna Bajaj and now spearheaded by his grandson Shri Rahul Bajaj. This philanthropic approach has taken the Group to higher levels of success and respect.

Though the Group stands tall in the corporate world, with high ranking in terms of market capitalisation, turnover, profits, range of products and services and various other parameters, Bajaj Group believes that the 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, 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. It is the reason behind the smile that lights up a million faces. Its goodwill resonates in the two simple words that live in the collective consciousness of Indians – Hamara Bajaj.

CSR policy:

A detailed CSR policy was framed by the Company with approvals of the CSR Committee and the Board on 14 May 2014. The policy, *inter alia*, covers the following:

- Philosophy
- Scope
- List of CSR activities
- Modalities of execution of projects/programmes
- Implementation through CSR cell
- Monitoring assessment of projects/programmes

CSR policy gives an overview of the projects or programmes which are proposed to be undertaken by the Company in the coming years.

The CSR policy is placed on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx>

2. Composition of the CSR Committee

A Committee of the directors, titled 'Corporate Social Responsibility Committee', was constituted by the Board in its meeting held on 27 March 2014 with the following members:

- Rahul Bajaj – Chairman
- Nanoo Pamnani – Member
- Sanjiv Bajaj – Member

During FY2016, the Committee met five times on: 13 May 2015, 1 September 2015, 5 October 2015, 13 January 2016 and 11 March 2016.

3. Average net profit of the company for last three financial years prior to FY2016: ₹ 1,065.56 crore

4. Prescribed CSR expenditure (2% of the amount as in item no. 3 above): ₹ 21.31 crore

5. Details of CSR expenditure during the financial year:

Particulars						(₹ In Crore)
a. Total amount to be spent						21.31
b. Amount spent						21.36
c. Amount unspent, if any (a-b)						Nil
d. Manner in which the amount spent is detailed below:						
Name of implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or State/District)	Amount outlay/ approved (₹ In Crore)	Amount spent direct/ overheads (₹ In Crore)	Cumulative Expenditure upto 2015-16 (₹ In Crore)
Infant India	Rehabilitation of HIV affected children (Approved in FY2014-15 and disbursed in FY2015-16)	Healthcare	India	0.25	0.25	0.25
Mahila Sewa Trust	Women empowerment	Livelihood enhancing Project	Ahmedabad	0.50	0.50	0.50
Prime Minister's National Relief Fund	For aid of people affected by earthquakes in Nepal/ flood in Chennai	Contribution to the Prime Minister's National Relief Fund	India	7.00	7.00	7.00
Light of Life Trust	Providing education to and empowering the rural communities	Livelihood enhancing Project	Karjat	0.20	0.20	0.20
The Banyan	Medication, rehabilitation and training to people with mental illness	Healthcare	Chennai	6.25	2.00	2.25
Smile Train	To make safe and quality treatment of cleft lip and palate	Healthcare	India	9.85	7.05	9.85
St. Jude India Child Care Centres	Providing medical treatment and support for underprivileged children suffering from cancer	Healthcare	Hyderabad	0.36	0.36	0.36
Marathwada Medical and Research Institute (Kamalnayan Bajaj Hospital) Aurangabad	Purchase of medical equipment for Centre for Haematology, Haemato-oncology, Aurangabad	Healthcare	Aurangabad	4.00	4.00	4.00

Notes:

- a) All amounts mentioned above as spent relate to amounts spent through implementing agency, unless stated otherwise.
b) There is no expenditure on overheads in the above list.

6. In case the Company fails to spend the 2% of the average net profit of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board Report – Not applicable

In addition to what is stated above, Bajaj Group implements many CSR initiatives of substantial value through its Group Charitable Trusts operating at various locations in the country. Major initiatives that continued and/or that were taken up anew by the Bajaj Group through such entities during the year under review are given in an annexure to this Report. This annexure is hosted on the Company's website <https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx> and a physical copy of the same will be made available to any member on request.

7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company duly signed by Director and Chairperson of the CSR Committee.

The CSR Committee confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Rahul Bajaj
Chairman of the Committee

Rajeev Jain
Managing Director

Pune: 24 May 2016

Extract of annual return (Form MGT-9)

As on 31 March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

Particulars	Details
CIN	L65910MH1987PLC042961
Registration date	25 March 1987
Name of the Company	Bajaj Finance Limited
Category/Sub-category of the Company	Public Company, Limited by shares, NBFC
Address of the registered office and contact details	Akurdi, Pune – 411 035 Tel: (020) 30186072 Fax: (020) 30186364 Email ID: anant.damle@bajajfinserv.in
Whether listed company	Yes (BSE and NSE)
Name, Address and Contact details of the Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: (040) 67161562 Fax: (040) 23001153 Email ID: mohsin.mohd@karvy.com

II. Principal business activities of the Company

Sr. No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1.	Non-Banking Finance Company engaged in lending and allied activities	65923	100

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held as on 31 March 2016	Applicable section
1.	Bajaj Finserv Limited Bajaj Auto Limited Complex, Mumbai – Pune Road, Akurdi – 411 035	L65923PN2007PLC130075	Holding	57.28	2(46)
2.	Bajaj Housing Finance Limited Bajaj Auto Limited Complex, Mumbai – Pune Road, Akurdi – 411 035	U65910PN2008PLC132228	Subsidiary	100.00	2(87)(ii)
3.	Bajaj Financial Securities Limited Bajaj Auto Limited Complex, Mumbai – Pune Road, Akurdi – 411 035	U67120PN2010PLC136026	Subsidiary	100.00	2(87)(ii)

IV. Shareholding pattern (Equity share capital breakup as percentage of total equity)

i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year (As on 1 April 2015)				No. of shares held at the end of the year (As on 31 March 2016)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters and promoters group									
(1) Indian									
a) Individual/HUF	37,200	0	37,200	0.07	37,200	0	37,200	0.07	(0.01)
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	30,856,707	0	30,856,707	61.53	30,856,707	0	30,856,707	57.28	(4.25)
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	30,893,907	0	30,893,907	61.61	30,893,907	0	30,893,907	57.35	(4.26)
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of promoters and promoters group (A) = (A)(1) + (A)(2)	30,893,907	0	30,893,907	61.61	30,893,907	0	30,893,907	57.35	(4.26)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	2,804,071	1,400	2,805,471	5.59	3,276,547	1,400	3,277,947	6.08	0.49
b) Banks/FI	17,763	700	18,463	0.04	20,688	700	21,388	0.04	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs/FPIs	6,796,030	0	6,796,030	13.55	9,879,570	0	9,879,570	18.34	4.79
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	9,617,864	2,100	9,619,964	19.18	13,176,805	2,100	13,178,905	24.46	5.28
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	3,375,653	9,278	3,384,931	6.75	3,482,443	9,278	3,491,721	6.48	(0.27)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,622,164	341,382	3,963,546	7.90	3,883,494	293,702	4,177,196	7.75	(0.15)

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year (As on 1 April 2015)				No. of shares held at the end of the year (As on 31 March 2016)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,659,200	0	1,659,200	3.31	1,205,264	0	1,205,264	2.24	(1.07)
c) Others (specify)	624,676	1,035	625,711	1.25	924,162	1,035	925,197	1.72	0.47
i) Directors	99,754	0	99,754	0.20	99,754	0	99,754	0.19	(0.01)
ii) Clearing Members	25,601	0	25,601	0.05	28,113	0	28,113	0.05	0
iii) Non Resident Indians	458,808	1,035	459,843	0.92	441,164	1,035	442,199	0.82	(0.10)
iv) Trusts	40,513	0	40,513	0.08	355,071	0	355,071	0.66	0.58
v) Foreign Nationals	0	0	0	0	60	0	60	0.00	0.00
Sub-total (B)(2)	9,281,693	351,695	9,633,388	19.21	9,495,363	304,015	9,799,378	18.19	(1.02)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	18,899,557	353,795	19,253,352	38.39	22,672,168	306,115	22,978,283	42.65	4.26
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	49,793,464	353,795	50,147,259	100.00	53,566,075	306,115	53,872,190	100.00	0

ii) Shareholding of promoters and promoters group

Sr. No.	Name of promoter	Shareholding at the beginning of the year (As on 1 April 2015)			Shareholding at the end of the year (As on 31 March 2016)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Bajaj Finserv Limited	30,856,613	61.53	0	30,856,613	57.28	0	(4.25)
2	Rahul Bajaj	18,600	0.04	0	18,600	0.03	0	(0.01)
3	Madhur Bajaj	18,600	0.04	0	18,600	0.03	0	(0.01)
4	Jamnallal Sons Private Limited	94	0.00	0	94	0.00	0	(0.00)
Total		30,893,907	61.61	0	30,893,907	57.35	0	(4.26)

iii) Change in promoters' and promoter group's shareholding

Particulars	Shareholding at the beginning of the year (As on 1 April 2015)		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	30,893,907	61.61		
Date-wise increase/(decrease)	-	-		
At the end of the year	30,893,907	57.35		

**iv) Shareholding pattern of top ten shareholders
(Other than directors, promoters and holders of GDRs and ADRs)**

Sr. No.	Name of shareholder	Particulars	Shareholding at the beginning of the year (As on 1 April 2015)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Maharashtra Scooters Limited	At the beginning of the year	1,897,466	3.78		
		At the end of the year	1,897,466	3.52		
2	HDFC Trustee Company Limited	At the beginning of the year	773,423	1.54		
		17 April 2015 - Sale	(200)	(0.00)	773,223	1.54
		12 June 2015 - Sale	(8,723)	(0.02)	764,500	1.43
		19 June 2015 - Sale	(4,100)	(0.01)	760,400	1.42
		26 June 2015 - Sale	(50,000)	(0.09)	710,400	1.32
		30 June 2015 - Sale	(5,600)	(0.01)	704,800	1.31
		7 August 2015 - Sale	(300)	(0.00)	704,500	1.31
		28 August 2015 - Purchase	6,200	0.01	710,700	1.33
		31 December 2015 - Purchase	1,000	0.00	711,700	1.33
		19 February 2016 - Purchase	6,750	0.01	718,450	1.33
		26 February 2016 - Purchase	16,750	0.03	735,200	1.36
		26 February 2016 - Sale	(18,979)	(0.04)	716,221	1.33
		4 March 2016 - Sale	(28,818)	(0.05)	687,403	1.28
		11 March 2016 - Sale	(10,962)	(0.02)	676,441	1.26
		18 March 2016 - Sale	(13,038)	(0.02)	663,403	1.23
		31 March 2016 - Sale	(46,903)	(0.09)	616,500	1.14
		At the end of the year	616,500	1.14		
3	Acacia Partners, LP	At the beginning of the year	608,000	1.21		
		At the end of the year	608,000	1.13		
4	Pinebridge Investments Asia Limited	At the beginning of the year	553,414	1.10		
		10 April 2015 - Purchase	13,200	0.03	566,614	1.13
		8 May 2015 - Purchase	21,156	0.04	587,770	1.17
		24 July 2015 - Sale	(44,792)	(0.08)	542,978	1.01
		31 July 2015 - Sale	(42,643)	(0.08)	500,335	0.93
		07 August 2015 - Sale	(20,000)	(0.04)	480,335	0.90
		14 August 2015 - Sale	(6,186)	(0.01)	474,149	0.88
		28 August 2015 - Sale	(133,000)	(0.25)	341,149	0.64
		4 September 2015 - Sale	(10,485)	(0.02)	330,664	0.62
		11 September 2015 - Sale	(29,305)	(0.05)	301,359	0.56
		18 September 2015 - Sale	(26,364)	(0.05)	274,995	0.51
		12 February 2016 - Sale	(36,081)	(0.07)	238,914	0.45
		At the end of the year	238,914	0.44		
5	Birla Sun Life Trustee Company Private Limited	At the beginning of the year	247,939	0.49		
		17 April 2015 - Sale	(24,200)	(0.05)	223,739	0.45
		24 April 2015 - Sale	(3,800)	(0.01)	219,939	0.44
		8 May 2015 - Sale	(6,300)	(0.01)	213,639	0.43
		15 May 2015 - Sale	(11,700)	(0.02)	201,939	0.40
		22 May 2015 - Purchase	50	0.00	201,989	0.40
		5 June 2015 - Purchase	2,379	0.00	204,368	0.41
		12 June 2015 - Purchase	3,520	0.01	207,888	0.39
		19 June 2015 - Purchase	105,263	0.20	313,151	0.58

**iv) Shareholding pattern of top ten shareholders
(Other than directors, promoters and holders of GDRs and ADRs) (Contd.)**

Sr. No.	Name of shareholder	Particulars	Shareholding at the beginning of the year (As on 1 April 2015)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		26 June 2015 - Sale	(25,000)	(0.05)	288,151	0.54
		10 July 2015 - Purchase	10,000	0.02	298,151	0.56
		17 July 2015 - Purchase	24,250	0.05	322,401	0.60
		24 July 2015 - Purchase	25,000	0.05	347,401	0.65
		28 August 2015 - Purchase	26,599	0.05	374,000	0.70
		4 September 2015 - Purchase	113,000	0.21	487,000	0.91
		18 September 2015 - Purchase	700	0.00	487,700	0.91
		18 September 2015 - Sale	(759)	(0.00)	486,941	0.91
		9 October 2015 - Purchase	27,000	0.05	513,941	0.96
		23 October 2015 - Purchase	2,000	0.00	515,941	0.96
		27 November 2015 - Sale	(7,633)	(0.01)	508,308	0.95
		4 December 2015 - Purchase	5,000	0.01	513,308	0.96
		31 December 2015 - Purchase	3,000	0.01	516,308	0.96
		31 December 2015 - Sale	(118)	(0.00)	516,190	0.96
		12 February 2016 - Purchase	8,000	0.01	524,190	0.98
		12 February 2016 - Sale	(7,500)	(0.01)	516,690	0.96
		19 February 2016 - Sale	(5,000)	(0.01)	511,690	0.95
		4 March 2016 - Sale	(7,978)	(0.01)	503,712	0.94
		11 March 2016 - Sale	(5,000)	(0.01)	498,712	0.93
		18 March 2016 - Sale	(5,180)	(0.01)	493,532	0.92
		31 March 2016 - Sale	(3,000)	(0.01)	490,532	0.91
		At the end of the year	490,532	0.91		
6	Macquarie Bank Limited	At the beginning of the year	466,000	0.93		
		24 July 2015 - Sale	(700)	(0.00)	465,300	0.87
		30 September 2015 - Sale	(12,250)	(0.02)	453,050	0.84
		2 October 2015 - Sale	(21,525)	(0.04)	431,525	0.80
		9 October 2015 - Sale	(2,591)	(0.00)	428,934	0.80
		23 October 2015 - Sale	(20,500)	(0.04)	408,434	0.76
		30 October 2015 - Sale	(250)	(0.00)	408,184	0.76
		6 November 2015 - Sale	(12,625)	(0.02)	395,559	0.74
		13 November 2015 - Sale	(10,750)	(0.02)	384,809	0.72
		20 November 2015 - Sale	(9,125)	(0.02)	375,684	0.70
		27 November 2015 - Sale	(5,375)	(0.01)	370,309	0.69
		4 December 2015 - Sale	(10,025)	(0.02)	360,284	0.67
		11 December 2015 - Sale	(7,375)	(0.01)	352,909	0.66
		18 December 2015 - Sale	(27)	(0.00)	352,882	0.66
		31 December 2015 - Sale	(250)	(0.00)	352,632	0.66
		1 January 2016 - Sale	(750)	(0.00)	351,882	0.66
		8 January 2016 - Sale	(13,625)	(0.03)	338,257	0.63
		15 January 2016 - Sale	(1,126)	(0.00)	337,131	0.63
		5 February 2016 - Sale	(17,976)	(0.03)	319,155	0.60
		12 February 2016 - Sale	(1,125)	(0.00)	318,030	0.59
		4 March 2016 - Sale	(1,625)	(0.00)	316,405	0.59
		11 March 2016 - Sale	(2,500)	(0.00)	313,905	0.58
		18 March 2016 - Sale	(28,603)	(0.05)	285,302	0.53
		25 March 2016 - Sale	(2,591)	(0.00)	282,711	0.52
		At the end of the year	282,711	0.52		

**iv) Shareholding pattern of top ten shareholders
(Other than directors, promoters and holders of GDRs and ADRs) (Contd.)**

Sr. No.	Name of shareholder	Particulars	Shareholding at the beginning of the year (As on 1 April 2015)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Sundaram Mutual Fund	At the beginning of the year	417,160	0.83		
		24 April 2015 - Sale	(21,000)	(0.04)	396,160	0.79
		1 May 2015 - Sale	(8,000)	(0.02)	388,160	0.77
		22 May 2015 - Sale	(31,358)	(0.06)	356,802	0.71
		29 May 2015 - Sale	(4,953)	(0.01)	351,849	0.70
		19 June 2015 - Sale	(887)	(0.00)	350,962	0.65
		26 June 2015 - Sale	(2,561)	(0.00)	348,401	0.65
		30 June 2015 - Sale	(2,043)	(0.00)	346,358	0.65
		3 July 2015 - Sale	(7,358)	(0.01)	339,000	0.63
		10 July 2015 - Sale	(1,974)	(0.00)	337,026	0.63
		17 July 2015 - Sale	(10,000)	(0.02)	327,026	0.61
		31 July 2015 - Sale	(22,026)	(0.04)	305,000	0.57
		7 August 2015 - Sale	(2,500)	(0.00)	302,500	0.56
		14 August 2015 - Sale	(2,000)	(0.00)	300,500	0.56
		21 August 2015 - Sale	(15,000)	(0.03)	285,500	0.53
		18 September 2015 - Sale	(976)	(0.00)	284,524	0.53
		4 December 2015 - Sale	(1,507)	(0.00)	283,017	0.53
		31 December 2015 - Sale	(9,463)	(0.02)	273,554	0.51
		8 January 2016 - Purchase	2,250	0.00	275,804	0.51
		8 January 2016 - Sale	(1,466)	(0.00)	274,338	0.51
		15 January 2016 - Sale	(157)	(0.00)	274,181	0.51
		22 January 2016 - Sale	(123)	(0.00)	274,058	0.51
		5 February 2016 - Sale	(11,460)	(0.02)	262,598	0.49
		12 February 2016 - Sale	(390)	(0.00)	262,208	0.49
		18 March 2016 - Sale	(19,153)	(0.04)	243,055	0.45
		25 March 2016 - Sale	(15,408)	(0.03)	227,647	0.42
		31 March 2016 - Sale	(6,429)	(0.01)	221,218	0.41
		At the end of the year	221,218	0.41		
8	HDFC Standard Life Insurance Company Limited	At the beginning of the year	205,039	0.41		
		10 April 2015 - Sale	(17,094)	(0.03)	187,945	0.37
		17 April 2015 - Purchase	27,578	0.05	215,523	0.43
		24 April 2015 - Purchase	10,349	0.02	225,872	0.45
		1 May 2015 - Purchase	8,350	0.02	234,222	0.47
		8 May 2015 - Purchase	23,270	0.05	257,492	0.51
		15 May 2015 - Purchase	6,000	0.01	263,492	0.53
		29 May 2015 - Purchase	740	0.00	264,232	0.53
		5 June 2015 - Sale	(417)	(0.00)	263,815	0.53
		12 June 2015 - Purchase	2,396	0.00	266,211	0.50
		19 June 2015 - Purchase	29,924	0.06	296,135	0.55
		26 June 2015 - Sale	(176)	(0.00)	295,959	0.55
		30 June 2015 - Sale	(24,489)	(0.05)	271,470	0.51
		3 July 2015 - Purchase	235	0.00	271,705	0.51
		10 July 2015 - Sale	(190)	(0.00)	271,515	0.51
		17 July 2015 - Purchase	8,478	0.02	279,993	0.52
		24 July 2015 - Purchase	3,350	0.01	283,343	0.53
		31 July 2015 - Purchase	13,620	0.03	296,963	0.55

**iv) Shareholding pattern of top ten shareholders
(Other than directors, promoters and holders of GDRs and ADRs) (Contd.)**

Sr. No.	Name of shareholder	Particulars	Shareholding at the beginning of the year (As on 1 April 2015)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		7 August 2015 - Purchase	20,000	0.04	316,963	0.59
		14 August 2015 - Sale	(923)	(0.00)	316,040	0.59
		21 August 2015 - Purchase	6,022	0.01	322,062	0.60
		28 August 2015 - Purchase	281	0.00	322,343	0.60
		11 September 2015 - Purchase	18,355	0.03	340,698	0.64
		18 September 2015 - Sale	(707)	(0.00)	339,991	0.63
		25 September 2015 - Purchase	70,350	0.13	410,341	0.77
		30 September 2015 - Purchase	16,160	0.03	426,501	0.80
		2 October 2015 - Purchase	25,000	0.05	451,501	0.84
		9 October 2015 - Purchase	500	0.00	452,001	0.84
		16 October 2015 - Purchase	7,544	0.01	459,545	0.86
		23 October 2015 - Purchase	2,487	0.00	462,032	0.86
		30 October 2015 - Purchase	10,380	0.02	472,412	0.88
		6 November 2015 - Purchase	7,200	0.01	479,612	0.89
		13 November 2015 - Sale	(4,540)	(0.01)	475,072	0.89
		20 November 2015 - Purchase	1,116	0.00	476,188	0.89
		4 December 2015 - Sale	(20,013)	(0.04)	456,175	0.85
		11 December 2015 - Sale	(41,887)	(0.08)	414,288	0.77
		31 December 2015 - Sale	(2,550)	(0.00)	411,738	0.77
		1 January 2016 - Sale	(10,000)	(0.02)	401,738	0.75
		8 January 2016 - Sale	(500)	(0.00)	401,238	0.75
		15 January 2016 - Sale	(12,344)	(0.02)	388,894	0.73
		22 January 2016 - Purchase	18,403	0.03	407,297	0.76
		29 January 2016 - Purchase	5,000	0.01	412,297	0.77
		5 February 2016 - Purchase	11,810	0.02	424,107	0.79
		12 February 2016 - Sale	(28,322)	(0.05)	395,785	0.74
		19 February 2016 - Purchase	3,690	0.01	399,475	0.74
		26 February 2016 - Sale	(331)	(0.00)	399,144	0.74
		31 March 2016 - Sale	(100)	(0.00)	399,044	0.74
		At the end of the year	399,044	0.74		
9	Acacia Institutional Partners, LP	At the beginning of the year	384,000	0.77		
		At the end of the year	384,000	0.71		
10	SBI Mutual Fund	At the beginning of the year	366,630	0.73		
		24 April 2015 - Sale	(40,000)	(0.08)	326,630	0.65
		5 June 2015 - Purchase	10,503	0.02	337,133	0.67
		12 June 2015 - Purchase	17,000	0.03	354,133	0.66
		19 June 2015 - Purchase	90,888	0.17	445,021	0.83
		26 June 2015 - Sale	(706)	(0.00)	444,315	0.83
		17 July 2015 - Purchase	7,100	0.01	451,415	0.84
		21 August 2015 - Purchase	2,600	0.00	454,015	0.85
		28 August 2015 - Purchase	117,500	0.22	571,515	1.07
		04 September 2015 - Purchase	13,000	0.02	584,515	1.09
		11 September 2015 - Purchase	910	0.00	585,425	1.09
		25 September 2015 - Purchase	6,000	0.01	591,425	1.10
		30 September 2015 - Purchase	500	0.00	591,925	1.10

**iv) Shareholding pattern of top ten shareholders
(Other than directors, promoters and holders of GDRs and ADRs) (Contd.)**

Sr. No.	Name of shareholder	Particulars	Shareholding at the beginning of the year (As on 1 April 2015)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		2 October 2015 – Purchase	6,528	0.01	598,453	1.12
		6 November 2015 – Sale	(4,000)	(0.01)	594,453	1.11
		20 November 2015 – Purchase	19,974	0.04	614,427	1.15
		27 November 2015 – Purchase	7,085	0.01	621,512	1.16
		4 December 2015 – Purchase	13,051	0.02	634,563	1.18
		8 January 2016 – Sale	(3,000)	(0.01)	631,563	1.18
		19 February 2016 – Sale	(11,000)	(0.02)	620,563	1.15
		26 February 2016 – Sale	(1,043)	(0.00)	619,520	1.15
		4 March 2016 – Sale	(38,957)	(0.07)	580,563	1.08
		11 March 2016 – Purchase	3,000	0.01	583,563	1.08
		At the end of the year	583,563	1.08		

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of director and key managerial personnel	Shareholding of each director and each key managerial personnel	Shareholding at the beginning of the year (1 April 2015)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Rahul Bajaj	At the beginning of the year	18,600	0.04		
		At the end of the year	18,600	0.03		
2	Madhur Bajaj	At the beginning of the year	18,600	0.04		
		At the end of the year	18,600	0.03		
3	Rajendra Lakhotia	At the beginning of the year	99,754	0.20		
		At the end of the year	99,754	0.19		
4	Rajeev Jain	At the beginning of the year	0	0		
		5 February 2016 – Purchase (ESOPs)	7,425	0.01	7,425	0.01
		5 February 2016 – Sale (ESOPs)	(7,425)	(0.01)	0	0
		At the end of the year	0	0		
5	Anant Damle	At the beginning of the year	5,108	0.01		
		19 June 2015 – Purchase (ESOPs)	975	0.00	6,083	0.01
		7 August 2015 – Purchase (ESOPs)	1,300	0.00	7,383	0.01
		At the end of the year	7,383	0.01		
6	Rajesh Viswanathan (resigned w.e.f. 3 February 2016)	At the beginning of the year	10	0.00		
		As on 3 February 2016	10	0.00		

V. Indebtedness

(Indebtedness of the Company including interest outstanding/accrued but not due for payment)

(Amount in ₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 2015-16				
i) Principal amount	225,343,311,297	31,729,741,938	9,834,650,752	266,907,703,987
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	4,891,704,818	612,637,053	243,558,129	5,747,900,000
Total (i+ii+iii)	230,235,016,115	32,342,378,991	10,078,208,881	272,655,603,987
Change in Indebtedness during the financial year				
• Addition	143,423,873,555	242,929,900,000	16,607,077,377	402,960,850,932
• Reduction	60,007,623,809	231,122,672,137	3,378,658,973	294,508,954,919
Net Change	83,416,249,746	11,807,227,863	13,228,418,404	108,451,896,013
Indebtedness at the end of the financial year				
i) Principal amount	304,451,200,000	43,362,900,000	22,432,900,000	370,247,000,000
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	9,200,065,861	786,706,854	873,727,285	10,860,500,000
Total (i+ii+iii)	313,651,265,861	44,149,606,854	23,306,627,285	381,107,500,000

VI. Remuneration of directors and key managerial personnel

A. Remuneration to managing director, whole-time directors and/or manager

(Amount in ₹)

Sr. No.	Particulars of remuneration	Name of MD/WTD/Manager
		Rajeev Jain (MD)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	55,129,724
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	664,230
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	0
2	Stock Options exercised - perquisite value	71,028,246
3	Sweat Equity	0
4	Commission	0
	- as % of profit	
	- others, specify	
5	Others, please specify	0
	Total (A)	126,822,200
	Ceiling as per the Act	947,641,366

B. Remuneration to other directors:

Sr. No.	Name of directors	Fee for attending Board/Committee meetings (₹)	Commission (₹)	Total amount (₹)
I. Independent directors				
1	Nanoo Pamnani	850,000	9,700,000	10,550,000
2	D S Mehta	700,000	1,400,000	2,100,000
3	D J Balaji Rao	350,000	700,000	1,050,000
4	Omkar Goswami	450,000	900,000	1,350,000
5	Dipak Poddar	350,000	700,000	1,050,000
6	Ranjan Sanghi	800,000	1,600,000	2,400,000
7	Rajendra Lakhota	550,000	1,100,000	1,650,000
8	Gita Piramal	350,000	700,000	1,050,000
	Total (I)	4,400,000	16,800,000	21,200,000
II. Other Non-executive directors				
1	Rahul Bajaj	600,000	1,200,000	1,800,000
2	Sanjiv Bajaj	900,000	1,800,000	2,700,000
3	Madhur Bajaj	400,000	800,000	1,200,000
4	Rajiv Bajaj	250,000	500,000	750,000
	Total (II)	2,150,000	4,300,000	6,450,000
	Total (B)=(I+II)	6,550,000	21,100,000	27,650,000
	Total Managerial Remuneration(A+B)			154,472,200
	Overall ceiling as per the Act			2,084,811,004

Note: Overall ceiling as per the Act is not applicable to sitting fees.

C. Remuneration to key managerial personnel other than MD/Manager/WTD

					(Amount in ₹)
Key managerial personnel					
Sr. No.	Particulars of remuneration	Anant Damle Company Secretary	Rajesh Viswanathan Chief Financial Officer *(from 1 April 2015 to 3 February 2016)	Sandeep Jain Chief Financial Officer *(from 4 February 2016 to 31 March 2016)	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,825,608	11,660,067	729,504	17,215,179
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	408,898	80,920	0	489,818
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Options exercised - perquisite value	9,061,930	0	0	9,061,930
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit				
	- others, specify				
5	Others, please Specify	0	0	0	0
	Total	14,296,436	11,740,987	729,504	26,766,927

*Sandeep Jain has been appointed as Chief Financial Officer of the Company w.e.f. 4 February 2016 in place of Rajesh Viswanathan, who has resigned w.e.f. 3 February 2016.

VII. Penalties/punishment/compounding of offences

During FY2016, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Auditors' certificate regarding compliance of conditions of corporate governance

To the members of
Bajaj Finance Limited

We have examined the compliance of conditions of corporate governance by Bajaj Finance Limited, for the year ended 31 March 2016 as stipulated in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of corporate governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI Listing Regulations, 2015.

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 Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

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Secretarial audit report (Form MR-3)

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

For the financial year ended 31 March 2016

To the Members of
Bajaj Finance Limited
L65910MH1987PLC042961
Akurdi, Pune – 411 035

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bajaj Finance Limited (hereinafter called as “the Company”). 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2016, 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 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) 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, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (i) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;
- (vi) 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'; 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 (BSE) and National Stock Exchange of India Limited (NSE) (As applicable upto 30 November 2015).

During the period under review the Company has complied with the applicable 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, non-executive and independent directors. The changes in 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 notice is given to all directors to schedule the Board meetings, alongwith agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

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

I further report that, during the period,

The Company has allotted debentures on private placement basis, from time to time totalling to an amount of ₹ 7,094.50 crore in the year under report and complied with the rules and regulations under various acts.

The Company has allotted 925,000 warrants on 2 June 2015 to the promoter, Bajaj Finserv Limited on preferential basis, which are convertible into equity shares of the face value of ₹ 10 each within 18 months from the date of allotment.

The Company has allotted 3,274,853 equity shares of face value of ₹ 10 each to the Qualified Institutional Buyers under Qualified Institutions Placement on 11 June 2015.

The Company has allotted equity shares to the trustees of BFL Employee Welfare Trust under ESOS 2009 as follows:

- a) 210,663 equity shares of face value of ₹ 10 each on 19 June 2015
- b) 239,400 equity shares of face value of ₹ 10 each on 15 February 2016

The Company has allotted 15 equity shares of face value of ₹ 10 each on 15 March 2016 in respect of the rights entitlement (in rights issue made in 2013) held in abeyance on 100 equity shares transferred from unclaimed suspense account.

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 No. 1587
C P No. 572

Pune: 24 May 2016

Declaration on Code of Conduct

To,

The Board of Directors,
Bajaj Finance Limited

I, Rajeev Jain, Managing Director of Bajaj Finance Limited hereby declare that all the Board members and senior managerial personnel have affirmed, for the year ended 31 March 2016, compliance with the code of conduct of the Company laid down for them.

Pune: 24 May 2016

Rajeev Jain
Managing Director

The background features a series of thin, light gray lines that originate from the top corners and converge towards the center, creating a funnel-like effect. At the bottom, these lines intersect to form a dense, grid-like pattern that tapers off as it moves upwards.

Standalone Financial Statements

Independent Auditors' Report

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

Report on the standalone financial statements

1. We have audited the accompanying standalone financial statements of Bajaj Finance Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditors' responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Independent Auditors' Report (Contd.)

Report on other legal and regulatory requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by Law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at 31 March 2016 on its financial position in its standalone financial statements;
 - ii. The Company has made provision as at 31 March 2016, as required under the applicable Law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long-term derivative contracts as at 31 March 2016;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2016.

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942
Pune: 24 May 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the Members of Bajaj Finance Limited on the standalone financial statements for the year ended 31 March 2016

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Bajaj Finance Ltd. ('the Company') as of 31 March 2016 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

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

Auditors' responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the 'guidance note') and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

6. The Company's internal financial control over financial reporting 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. The Company's internal financial control over financial reporting includes those policies and procedures that
 - (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - (ii) 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
 - (iii) 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 Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942
Pune: 24 May 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the Members of Bajaj Finance Ltd. on the standalone financial statements as of and for the year ended 31 March 2016

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
(c) The title deeds of immovable properties, as disclosed in Note No. 10 on fixed assets to the financial statements, are held in the name of the Company.
2. The Company is in the business of financing and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of the investments made by it.
The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185. Therefore, the provisions of clause 3(iv) of the said Order are not applicable to the Company.
5. In our opinion, and according to the information and explanations given to us, the Company being a Non-Banking Finance Company (NBFC) registered with Reserve Bank of India, is not required to comply with the provisions of sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the product and services of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of sales tax and service tax as at 31 March 2016 which have not been deposited on account of a dispute are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount*	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Sales Tax	0.86	2005-06 to 2008-09	Additional Commissioner
	Sales tax	0.09	2005-06	Appellate Tribunal
	Sales Tax	1.54	2008-09 to 2011-12	Rajasthan Tax Board
	Sales Tax	0.70	2012-13 to July 2014	Deputy commissioner appeals
	Sales Tax	1.31	2005-06 to 2006-07	Sales Tax Appellate Tribunal
Central Excise Act 1944	Service Tax	0.76	2007-08 to 2011-12	Customs, Excise and Service Tax Appellate Tribunal
	Service Tax	0.21	2012-13	Customs, Excise and Service Tax Appellate Tribunal
	Service Tax	0.28	2013-14	Commissioner Appeals
ESIC	Employee State Insurance Corporation	4.46	1999 - 2000 to 2006 - 07	Employee State Insurance Court
	Employee State Insurance Corporation	0.68	1991 - 92 to 2002 - 03	Deputy Director Employee State Insurance Corporation

*Net of ₹ 2.84 crore deposited under protest.

Annexure B to Independent Auditors' Report (Contd.)

8. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the Balance Sheet date.
9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, related party disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has made a preferential allotment of warrants to Bajaj Finserv Ltd. (promoter) and private placement of shares to qualified institutional buyer during the year under review, as detailed in note no 3 (g) (ii) and 3 (a) of the financial statements, respectively in compliance with the requirements of section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised.
15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
16. The Company is required to, and has been registered under section 45-IA of the Reserve Bank of India Act, 1934 as a 'Loan Company'.

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942
Pune: 24 May 2016

Balance Sheet

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2016	2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	53.55	50.00
Reserves and surplus	4	7,271.06	4,749.70
Money received against share warrants	3 g. ii	102.03	-
		7,426.64	4,799.70
Non-current liabilities			
Long-term borrowings	5	25,286.97	18,273.62
Other long-term liabilities	6	447.40	135.77
Long-term provisions	7	242.94	152.08
		25,977.31	18,561.47
Current liabilities			
Current maturities of long-term borrowings	5		
Secured loans		5,444.06	3,843.20
Unsecured loans		655.18	260.05
		6,099.24	4,103.25
Short-term borrowings	8	5,638.49	4,277.83
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	32 (i)	0.11	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	32 (ii)	300.80	273.66
Other current liabilities	9	888.65	596.65
Short-term provisions	7	125.28	167.23
		13,052.57	9,418.62
Total		46,456.52	32,779.79
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		242.95	218.26
Intangible assets		44.05	30.92
		287.00	249.18
Non-current investments	11	485.15	175.09
Deferred tax assets (net)	12	280.04	212.28
Receivables under financing activity	13	24,778.55	18,119.67
Long-term loans and advances	14	99.79	88.60
		25,930.53	18,844.82
Current assets			
Current investments	11	548.92	157.20
Receivables under financing activity	13	17,977.21	13,079.78
Cash and bank balances	15	1,329.15	228.62
Short-term loans and advances	14	458.89	303.53
Other current assets	16	211.82	165.84
		20,525.99	13,934.97
Total		46,456.52	32,779.79

Statement of significant accounting policies

2

The accompanying notes are an integral part of the financial statements
In terms of our report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2016	2015
Revenue			
Revenue from operations	17	7,304.31	5,381.80
Other income	18	79.17	36.43
Total Revenue (I)		7,383.48	5,418.23
Expenses			
Employee benefits expense	19	629.63	450.73
Finance costs	20	2,926.86	2,248.30
Depreciation and amortisation	10	56.34	35.60
Loan losses and provisions	21	542.85	384.56
Other expenses	22	1,263.23	942.10
Total expenses (II)		5,418.91	4,061.29
Profit before tax (I - II)		1,964.57	1,356.94
Tax expense:			
Current tax		753.81	531.75
Deferred tax expense/(credit)		(67.76)	(73.12)
Tax adjustments of earlier years		-	0.44
Total Tax expense		686.05	459.07
Profit for the year		1,278.52	897.87
Earnings per share:	23		
(Nominal value per share ₹ 10/-)			
Basic (₹)		242.30	179.94
Diluted (₹)		238.83	177.70
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements
In terms of our report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Cash Flow Statement

Particulars	(₹ In Crore)	
	for the year ended 31 March	
	2016	2015
A. Cash flow from operating activities		
Profit before tax	1,964.57	1,356.94
Adjustments for:		
Depreciation and amortisation	56.34	35.60
Amortisation of premium on Government securities	0.87	0.08
Finance costs	2,926.86	2,248.30
Provision for doubtful debts and advances, net	163.46	202.03
Marked to Market losses on investments	0.93	0.26
	3,148.46	2,486.27
Less: Investment income/(loss) included above		
Interest on Government securities	40.08	9.55
Loss on sale of tangible assets, net	(0.25)	(0.24)
	39.83	9.31
Cash from operations	5,073.20	3,833.90
Changes in working capital:		
Increase/(decrease) in trade payables	27.25	59.05
Increase/(decrease) in short-term provisions	(0.44)	10.12
Increase/(decrease) in long-term provisions	8.74	-
Increase/(decrease) in other current liabilities	74.75	39.87
Increase/(decrease) in other long-term liabilities	16.59	32.17
(Increase)/decrease in long-term loans and advances	(3.67)	(0.54)
(Increase)/decrease in short-term loans and advances	(156.58)	(145.93)
(Increase)/decrease in other current assets	(41.38)	(81.88)
	(74.74)	(87.14)
	4,998.46	3,746.76
Taxes paid (net of refunds)	(739.58)	(490.90)
Finance costs paid	(2,415.61)	(2,014.52)
	(3,155.19)	(2,505.42)
	1,843.27	1,241.34
(Increase)/decrease in receivables under financing activity, current	(4,977.55)	(4,121.23)
(Increase)/decrease in receivables under financing activity, non-current	(6,658.88)	(4,267.25)
	(11,636.43)	(8,388.48)
Net cash generated from operations	(9,793.16)	(7,147.14)
Carried forward	(9,793.16)	(7,147.14)

Cash Flow Statement (Contd.)

		(₹ In Crore)	
		for the year ended 31 March	
Particulars		2016	2015
	Brought forward	(9,793.16)	(7,147.14)
B. Cash flow from investing activities			
Capital expenditure		(95.25)	(65.87)
Sale proceeds of assets/adjustments to gross block		0.84	0.72
(Increase)/decrease in investments		(703.58)	(304.46)
Investment income			
Interest on Government securities		34.42	4.19
Net cash from investing activities		(763.57)	(365.42)
C. Cash flow from financing activities			
Dividends paid		(190.52)	(80.09)
Dividend distribution tax		(39.40)	(13.63)
Increase/(decrease) in long-term borrowings		7,013.35	7,795.86
Increase/(decrease) in short-term borrowings		1,360.66	(1,072.77)
Increase/(decrease) in current maturities of long-term debts		1,995.99	304.20
Increase/(decrease) in share capital		3.55	0.25
Increase/(decrease) in money received against share warrants		102.03	-
Increase/(decrease) in share premium, net		1,410.54	19.37
Net cash from financing activities		11,656.20	6,953.19
Net increase/(decrease) in cash and cash equivalents		1,099.47	(559.37)
Cash and cash equivalents at the beginning of the year		227.76	787.13
Cash and cash equivalents at the end of the year		1,327.23	227.76

In terms of our report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Notes to financial statements for the year ended 31 March 2016

1 General information

The Company is a registered non-banking finance company engaged in the business of providing finance. The Company is registered with the Reserve Bank of India as a Non-Banking Finance Company (NBFC) with effect from 5 March 1998, with Registration No.A-13.00243. The Company primarily deals in the financing of two and three wheelers, consumer durables, small business loans, personal loan cross-sell, mortgage loans and loan against securities etc. The RBI vide its letter dated 7 October 2010, has re-classified the Company as a 'Loan Company' from 'Asset Finance Company'.

2 Statement of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies' Act, 1956 shall continue to apply. The Ministry of Corporate Affairs (MCA) has notified Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016. Accordingly, these financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956, Companies (Accounting Standards) Rules, 2006, the other relevant provisions of the Companies Act, 2013 and Reserve Bank of India Regulations in relation to Non-Banking Finance Companies to the extent applicable to the Company.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of its assets and liabilities.

A) System of Accounting

- (i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- (ii) Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- (iii) The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

B) Fixed Assets, Depreciation and Amortisation

- (I) (i) Tangible assets are carried at cost of acquisition. Cost of acquisition includes all expenses incurred to bring the asset into a state ready to be put to its intended use.
- (ii) Depreciation on tangible assets
 - (a) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets, except buildings which is determined on written down value method.
 - (b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

2 Statement of significant accounting policies (Contd.)

- (iii) Depreciation on leasehold improvements is provided for on straight line method over the primary period of lease of premises.
- (iv) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- (v) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

Nature of assets	Useful life as per Schedule II	Useful life adopted by the Company
Motor vehicles	8 years	4 years

(II) Intangible assets and amortisation thereof

Intangible assets, representing specialised software etc. are recognised at cost and carried net of amortisation, consistent with the criteria specified in Accounting Standard - 26 'Intangible Assets' as prescribed by Companies (Accounting Standards) Rules, 2006. Intangible assets are amortised systematically over the useful life of the assets. Accordingly, most software cost are generally amortised as an intangible equally over a period of sixty months unless it has a shorter life.

- C)** An assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

D) Investments

- (i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short-term/current investments and are carried at their cost or market value/net realizable value, whichever is lower. Investments maturing within 3 months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.
- (ii) Investments other than short-term/current investments are carried at their cost of acquisition. Long-term investments maturing within 12 months from the close of the year (i.e. current maturities) are reclassified as current investments. Provision for diminution in value of investments, if any, is made if, in the opinion of the Management, such diminution is other than temporary.
- (iii) Long-term fixed income securities are stated at cost less amortisation of premium/discount as the case may be. {refer E (ii) (c) below}

E) Income from

(i) Financing Activity

Interest, finance charges, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments such as interest subsidy and finance agreements entered into with borrowers, as the case may be, except in the case of delinquent assets provided for where income is recognised only when realised and, interest subsidy income, where income is recognised when right to receive payment is established.

(ii) Investment

- (a) Dividend is accrued when the right to receive is established i.e. when declared by the investee entity.
- (b) Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

2 Statement of significant accounting policies (Contd.)

- (c) In order to reflect the contracted yield as interest income, the premium/discount on fixed income securities is amortised with reference to the 'yield to maturity' prevailing on acquisition.

(iii) Income from assignment

- a) In case of assignment of loans, the loans assigned are de-recognised when all the rights, title, future receivables and interest thereof alongwith all the risks and rewards of ownership are transferred to the purchasers of assigned loans. On de-recognition, loss arising is recognised upfront, however premium is amortised based on receivables over the remaining tenure of loans.
- b) Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of non-performing assets wherein interest income is recognised on receipt basis as per NBFC prudential norms.
- c) Servicing fee received is accounted for based on the underlying deal structure of the transaction as per the agreement.

(iv) Other Income

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

F) Receivables under financing activity

- (i) Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year but net of amount written off.
- (ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets and delinquent assets not yet NPAs as considered necessary including by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India (RBI) Regulations/Guidelines.
- (iii) A general provision, as required by RBI Regulations, is also made by the Company on the standard assets outstanding which is disclosed under 'long-term provisions' in Note No. 7 to the financial statements.

G) Borrowing costs

All borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

H) Employee Benefits

- (i) Gratuity: Payment for present liability of future payment of gratuity is being fully made to the approved gratuity fund viz. Bajaj Auto Ltd. gratuity fund trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in Plan Assets managed by LIC and BALICL as compared to actuarial liability determined using the projected unit credit method are recognised as a liability.
- (ii) Superannuation: Defined Contribution to superannuation fund is being made as per the scheme of the Company.
- (iii) Provident fund contributions are made to Bajaj Auto Ltd. provident fund trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the Company and recognised as an expense. Shortfall in fund assets over present obligation determined using the projected unit credit method by an appointed actuary is recognised as a liability.
- (iv) Privilege Leave: Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability using the projected unit credit method is recognised at the actuarially determined value by an appointed actuary.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

2 Statement of significant accounting policies (Contd.)

(v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government provident fund authority.

I) Taxation

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act 1961. Deferred tax resulting from timing differences between book profits and tax profits is accounted for at the current rate of tax or the substantively enacted rate of tax to the extent the timing differences are expected to crystallise, in case of Deferred tax liabilities with reasonable certainty and in case of deferred tax assets with reasonable certainty that there would be adequate future taxable income against which deferred tax assets can be realised. However, deferred tax asset arising on account of unabsorbed depreciation and business losses are recognised only if there is virtual certainty supported by convincing evidence that there would be adequate future taxable income against which the same can be realised/set off.

J) 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 realizable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When 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.

K) Employee Stock Option Scheme

The Company operates its Employee Stock Option Scheme through a trust formed for the purpose. Equity shares are issued to the trust on the basis of the Company's expectation of the options being exercised by employees. Cost of benefit, if any, is recognised as an expense by the Company. The balance equity shares not exercised and held by the trust are disclosed as a reduction from the share capital and securities premium account with an equivalent adjustment to the subscription loan advanced to the Trust. – See Note No. 29

L) Operating leases

As a lessee: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease.

3 Share Capital

Particulars	(₹ In Crore)	
	As at 31 March 2016	2015
Authorised		
75,000,000 (75,000,000) equity shares of ₹ 10 each	75.00	75.00
Issued		
53,872,190 (50,147,259) equity shares of ₹ 10 each	53.87	50.15
Subscribed and paid up:		
53,872,190 (50,147,259) equity shares of ₹ 10 each fully called up and paid up	53.87	50.15
Less: 322,674 (146,861) equity shares of ₹ 10 each held in a Trust for employees under ESOP Scheme (See footnote 'g' below)	0.32	0.15
	53.55	50.00

Notes to financial statements for the year ended 31 March 2016 (Contd.)

3 Share Capital (Contd.)

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year (Subscribed and Paid up)	50,147,259	50.15	50,142,334	50.14
Add: Issued during the year - Employee Stock Option Plan	450,063	0.45	4,925	0.01
Add: Issued during the year to eligible Qualified Institutional Buyers @	3,274,853	3.27	-	-
Add: Issue of shares on Right basis (₹ 150, Previous Year- Nil) *	15	-	-	-
	53,872,190	53.87	50,147,259	50.15
Less: Equity shares held in trust for employees under ESOP scheme (See footnote 'g' below)	322,674	0.32	146,861	0.15
Outstanding at the end of the year	53,549,516	53.55	50,000,398	50.00

* The Company during the year 2012-13 had issued equity shares on right basis of which 859 shares were held in abeyance pending adjudication of title/claim from respective shareholders. Of these, 15 shares were allotted during the year at a premium of ₹ 1,090 per share.

@ On 11 June 2015, the Company allotted 3,274,853 equity shares to the eligible Qualified Institutional Buyers at a price of ₹ 4,275 per equity share of ₹ 10 face value (inclusive of premium ₹ 4,265 per share) aggregating approx. ₹ 1,400 crore, in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The subject shares were listed on NSE and BSE w.e.f. 15 June 2015. As the shares were allotted before the record date for dividend for FY2014-15, dividend @ ₹ 18 per share amounting to ₹ 5.89 crore was paid on aforesaid shares.

b) Terms/rights/restrictions attached to equity shares

- (i) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting and interim dividend declared by the Board of Directors 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.
 - (ii) Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, equity shares held by Bajaj Finserv Ltd., i.e. 30,856,613 equity shares are restricted from transfer upto 5 June 2017 in connection with allotment of 925,000 warrants allotted to Bajaj Finserv Ltd..
- c) The funds received upon allotment of warrants and qualified institutional buyers of equity shares have been utilised for meeting funding requirements of the business activities of the Company as per the objects of the issue.
- d) The Board of Directors in its meeting held on 9 March 2016 declared an interim dividend of ₹ 18 per share.

e) Shares held by Holding Company (Face value ₹ 10)

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finserv Ltd. *	30,856,613	30.86	30,856,613	30.86

* An associate of Bajaj Holdings and Investments Ltd.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

3 Share Capital (Contd.)

f) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Ltd.*	30,856,613	57.28%	30,856,613	61.53%

* An associate of Bajaj Holdings and Investments Ltd.

g) Shares reserved for issue

i Under Employee Stock Option Plan

2,507,116 (2,507,116) equity shares (i.e. 5% of the subscribed and paid up equity share capital) have been approved/ reserved for issue under Employee Stock Option Plan, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI guidelines), of which 2,084,180 (1,890,680) equity shares have been granted as per the scheme and 1,241,988 (791,925) thereof have been issued and allotted to BFL Employee welfare trust (ESOP trust), upto 31 March 2016. 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 amounting to 322,674 (as at 31 March 2015 – 146,861) have been reduced against the share capital of the Company as if the trust is administered by the Company itself. The securities premium related to the unexercised equity shares held by the trust as at the close of the year aggregating ₹ 448,741,587 (as at 31 March 2015 – ₹ 103,110,017) has also been reduced from securities premium account and adjusted against the loans outstanding from the trust. See Note No. 29 for further details.

Dividends declared by the Company do not accrete to 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.

ii For warrant conversion

925,000 warrants convertible into equivalent number of equity shares of ₹ 10 each have been issued and allotted to Bajaj Finserv Ltd. (promoter) on 2 June 2015. 25% of the issue price amounting to ₹ 102.03 crore has been received on subscription of warrants, entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

4 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Share Premium		
Balance as at the beginning of the year	1,926.88	1,926.21
Add: Received during the year:		
On issue of shares under Employee Stock Option Plan	59.66	0.67
On issue of shares under qualified institutional buyers	1,396.72	-
On issue of Right shares held in abeyance (₹ 16,350, Previous year- Nil)	-	-
Less: Share issue expenses as per section 52 of the Companies Act, 2013	11.28	-
	3,371.98	1,926.88
Less: Premium on unexercised equity shares held in trust for employees under the ESOP scheme [See Note No. 3 (g)]	44.87	10.31
Balance as at the end of the year	3,327.11	1,916.57
Capital Reserve		
Amount previously received on forfeited equity shares re-issued (₹ 5,000, previous year ₹ 5,000)		
Reserve Fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	669.75	484.75
Add: Set aside during the year	256.00	185.00
Balance as at the end of the year	925.75	669.75
General Reserve		
Balance as at the beginning of the year	473.60	383.60
Add: Set aside during the year	128.00	90.00
Balance as at the end of the year	601.60	473.60
Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	5.75	3.65
Add: Set aside during the year	-	2.10
Balance as at the end of the year	5.75	5.75
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	1,684.03	1,171.91
Profit for the year	1,278.52	897.87
	2,962.55	2,069.78
Less: Appropriations:		
Transfer to Reserve Fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	256.00	185.00
Transfer to Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	-	2.10
Transfer to General Reserve	128.00	90.00
Final dividend to qualified institutional buyers [See Note No. 3 (a)]	5.89	-
Tax on final dividend to qualified institutional buyers and ESOP Trust	1.28	-
Proposed dividend	37.71	90.27
Provision for tax on dividend	7.68	18.38
Interim dividend	96.97	-
Tax on interim dividend	19.74	-
Adjustment of dividend to ESOP Trust (See Note No. 3 (g))	(1.57)	-
Total appropriations	551.70	385.75
Balance as at the end of the year	2,410.85	1,684.03
	7,271.06	4,749.70

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings

Particulars	(₹ In Crore)			
	Non-current		Current Maturity	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
A) Secured				
Privately placed redeemable non-convertible debentures/bonds secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and/or Company's office at Unit No. 806 admeasuring 2280 sq. ft. 8th Floor, Block, A of Wing Delta, Raheja Towers, Anna Salai, Mount Road, Chennai - 600 002 and book debts/loan receivables under financing activity as stated in the respective information memorandum	10,844.40	7,164.10	3,096.20	1,701.00
From Banks, against hypothecation of assets under finance, book debts and other receivables	11,836.61	9,284.47	2,347.86	2,142.20
Total (A)	22,681.01	16,448.57	5,444.06	3,843.20
B) Unsecured				
Privately placed redeemable non-convertible debentures	-	-	113.00	50.00
Privately placed Subordinated (Tier II) redeemable non-convertible debentures of ₹ 0.10 crore each	1,278.30	988.30	-	-
Term loans from banks	100.00	175.00	75.00	-
Fixed deposits	1,227.66	661.75	467.18	210.05
Total (B)	2,605.96	1,825.05	655.18	260.05
Total (A+B)	25,286.97	18,273.62	6,099.24	4,103.25

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings (Contd.)

c) Details of privately placed secured redeemable non-convertible debentures

(₹ In Crore)

Date of Maturity	Repayment schedule	of face value		Non-current		Current Maturity	
		1 Crore(₹)	0.10 Crore(₹)	As at 31 March		As at 31 March	
				2016	2015	2016	2015
Mar-26	Bullet repayment	-	171.00	171.00	-	-	-
Oct-25	Bullet repayment	-	5.00	5.00	-	-	-
Aug-25	Bullet repayment	-	90.00	90.00	-	-	-
Apr-25	Bullet repayment	-	170.00	170.00	-	-	-
Nov-24	Bullet repayment	-	100.00	100.00	100.00	-	-
Apr-24	Bullet repayment	-	165.00	165.00	-	-	-
Apr-23	Bullet repayment	-	165.00	165.00	-	-	-
Oct-22	Bullet repayment	-	8.00	8.00	-	-	-
Aug-21	Bullet repayment	-	2.00	2.00	-	-	-
Jul-21	Bullet repayment	-	3.50	3.50	-	-	-
Mar-21	Bullet repayment	-	186.20	186.20	-	-	-
Feb-21	Bullet repayment	-	20.00	20.00	-	-	-
Jan-21	Bullet repayment	-	52.00	52.00	-	-	-
Dec-20	Bullet repayment	-	25.00	25.00	-	-	-
Sep-20	Bullet repayment	-	57.00	57.00	-	-	-
Aug-20	Bullet repayment	-	15.00	15.00	-	-	-
Jun-20	Bullet repayment	-	10.00	10.00	-	-	-
Apr-20	Bullet repayment	-	835.00	835.00*	-	-	-
Mar-20	Bullet repayment	-	50.00	50.00*	25.00	-	-
Dec-19	Bullet repayment	-	125.00	125.00*	125.00*	-	-
Nov-19	Bullet repayment	-	15.00	15.00	15.00	-	-
Oct-19	Bullet repayment	-	191.00	191.00*	180.00*	-	-
Sep-19	Bullet repayment	-	128.00	128.00*	-	-	-
Aug-19	Bullet repayment	-	152.50	152.50*	72.50*	-	-
Jul-19	Bullet repayment	-	149.00	149.00*	145.00*	-	-
Jun-19	Bullet repayment	-	24.00	24.00	-	-	-
May-19	Bullet repayment	-	130.50	130.50	-	-	-
Apr-19	Bullet repayment	-	547.70	547.70*	45.00	-	-
Mar-19	Bullet repayment	-	965.00	965.00*	-	-	-
Feb-19	Bullet repayment	-	77.00	77.00	-	-	-
Jan-19	Bullet repayment	-	100.00	100.00	50.00	-	-
Dec-18	Bullet repayment	-	84.00	84.00	-	-	-
Nov-18	Bullet repayment	-	58.00	58.00	-	-	-
Oct-18	Bullet repayment	-	102.00	102.00	-	-	-
Aug-18	Bullet repayment	-	401.00	401.00	-	-	-
Jul-18	Bullet repayment	-	157.90	157.90	-	-	-

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings (Contd.)

c) Details of privately placed secured redeemable non-convertible debentures (Contd.)

(₹ In Crore)

Date of Maturity	Repayment schedule	of face value		Non-current		Current Maturity	
		1 Crore(₹)	0.10 Crore(₹)	As at 31 March		As at 31 March	
				2016	2015	2016	2015
Jun-18	Bullet repayment	-	436.80	436.80*	-	-	-
May-18	Bullet repayment	-	209.00	209.00*	159.00*	-	-
Apr-18	Bullet repayment	-	651.80	651.80*	267.00*	-	-
Mar-18	Bullet repayment	-	181.50	181.50	181.50	-	-
Feb-18	Bullet repayment	-	29.10	29.10	29.10	-	-
Jan-18	Bullet repayment	595.00	96.50	691.50*	691.50*	-	-
Dec-17	Bullet repayment	-	199.90	199.90	49.90	-	-
Nov-17	Bullet repayment	-	388.00	388.00	388.00	-	-
Oct-17	Bullet repayment	125.00	332.80	457.80*	457.80*	-	-
Sep-17	Bullet repayment	-	261.60	261.60	261.60	-	-
Aug-17	Bullet repayment	-	445.20	445.20	191.40	-	-
Jul-17	Bullet repayment	-	76.60	76.60	5.00	-	-
Jun-17	Bullet repayment	-	548.50	548.50	300.00	-	-
May-17	Bullet repayment	-	88.20	88.20	5.30	-	-
Apr-17	Bullet repayment	-	641.60	641.60*	361.30*	-	-
Mar-17	Bullet repayment	-	100.80	-	100.80	100.80	-
Feb-17	Bullet repayment	-	61.90	-	61.90	61.90	-
Jan-17	Bullet repayment	-	352.00	-	352.00*	352.00*	-
Dec-16	Bullet repayment	-	129.00	-	129.00	129.00	-
Nov-16	Bullet repayment	-	188.60	-	150.60	188.60	-
Oct-16	Bullet repayment	-	725.00	-	725.00*	725.00*	-
Sep-16	Bullet repayment	-	264.90	-	264.90	264.90	-
Aug-16	Bullet repayment	-	775.00	-	775.00*	775.00*	-
Jul-16	Bullet repayment	-	40.00	-	40.00	40.00	-
May-16	Bullet repayment	-	110.00	-	110.00	110.00	-
Apr-16	Bullet repayment	-	349.00	-	349.00	349.00	-
Jan-16	Bullet repayment	-	125.00	-	-	-	125.00
Dec-15	Bullet repayment	-	85.00	-	-	-	85.00
Nov-15	Bullet repayment	-	250.00	-	-	-	250.00
Oct-15	Bullet repayment	-	100.00	-	-	-	100.00
Jul-15	Bullet repayment	-	50.00	-	-	-	50.00
Jun-15	Bullet repayment	-	5.70	-	-	-	5.70
May-15	Bullet repayment	-	210.20	-	-	-	210.20
Apr-15	Bullet repayment	-	875.10	-	-	-	875.10
				10,844.40	7,164.10	3,096.20	1,701.00

Note

As on 31 March 2016 Secured Zero Coupon Bonds aggregating ₹ 5,368.60 crore were issued at a premium.

* Related parties are current holders of ₹ 895 crore of the referenced issue (previous year ₹ 425 crore). See Note No. 31 for disclosures.

Interest rates range from 8.5% p.a. to 10.08% p.a. as at 31 March 2016. For Zero Coupon Bonds, the interest rate is on XIRR basis.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings (Contd.)

D) Terms of repayment of bank loans - secured

(₹ In Crore)

Date of Maturity	Repayment schedule	Non-current		Current Maturity	
		As at 31 March		As at 31 March	
		2016	2015	2016	2015
Mar-21	Bullet repayment	200.00	-	-	-
Dec-20	Bullet repayment	100.00	-	-	-
Oct-20	Bullet repayment	150.00	-	-	-
Sep-20	Bullet repayment	200.00	-	-	-
	2 semi-annual payment of ₹ 150 crore starting Sep-20	300.00	-	-	-
Aug-20	Bullet repayment	100.00	-	-	-
Jun-20	Bullet repayment	400.00	-	-	-
	2 semi-annual payment of ₹ 75 crore starting Jun-20	150.00	-	-	-
May-20	Bullet repayment	100.00	-	-	-
	2 semi-annual payment of ₹ 50 crore starting May-20	100.00	-	-	-
Mar-20	Bullet repayment	300.00	300.00	-	-
Feb-20	Bullet repayment	100.00	100.00	-	-
Jan-20	Bullet repayment	100.00	-	-	-
Dec-19	Bullet repayment	300.00	200.00	-	-
	2 annual payment of ₹ 25 crore starting Dec-19	50.00	-	-	-
Nov-19	Bullet repayment	100.00	-	-	-
Oct-19	Bullet repayment	100.00	-	-	-
Sep-19	Bullet repayment	100.00	-	-	-
	2 annual payment of ₹ 25 crore starting Sep-19	50.00	-	-	-
	2 semi-annual payment of ₹ 75 crore starting Sep-19	150.00	-	-	-
	4 semi-annual payment of ₹ 25 crore starting Sep-19	100.00	-	-	-
Aug-19	Bullet repayment	100.00	-	-	-
	4 semi-annual payment of ₹ 50 crore starting Jul-19	200.00	-	-	-
	2 semi-annual payment of ₹ 50 crore starting Jul-19	100.00	-	-	-
	4 semi-annual payment of ₹ 100 crore starting Jun-19	400.00	-	-	-
	8 quarterly payment of ₹ 18.75 crore starting Jun-19	150.00	-	-	-
	4 quarterly payment of ₹ 87.5 crore starting Jun-19	350.00	350.00	-	-
	2 semi-annual payment of ₹ 50 crore starting Jun-19	100.00	-	-	-
	2 semi-annual payment of ₹ 125 crore starting May-19	250.00	-	-	-
	4 semi-annual payment of ₹ 87.5 crore starting May-19	350.00	-	-	-
Mar-19	Bullet repayment	50.00	-	-	-
	4 semi-annual payment of ₹ 37.5 crore starting Mar-19	150.00	-	-	-
	4 quarterly payment of ₹ 62.5 crore starting Mar-19	250.00	250.00	-	-
Jan-19	Bullet repayment	100.00	-	-	-
Dec-18	Bullet repayment	400.00	200.00	-	-
	4 quarterly payment of ₹ 25 crore starting Dec-18	100.00	100.00	-	-

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings (Contd.)

D) Terms of repayment of bank loans - secured (Contd.)

(₹ In Crore)

Date of Maturity	Repayment schedule	Non-current		Current Maturity	
		As at 31 March		As at 31 March	
		2016	2015	2016	2015
	4 quarterly payment of ₹ 75 crore starting Sep-18	300.00	300.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Sep-18	100.00	100.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Aug-18	100.00	100.00	-	-
Jun-18	Bullet repayment	100.00	100.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Jun-18	100.00	100.00	-	-
	4 quarterly payment of ₹ 62.50 crore starting Jun-18	250.00	250.00	-	-
	4 quarterly payment of ₹ 50 crore starting May-18	200.00	200.00	-	-
	4 semi-annual payment of ₹ 50 crore starting Apr-18	200.00	200.00	-	-
	4 quarterly payment of ₹ 25 crore starting Apr-18	100.00	100.00	-	-
Apr-18	Bullet repayment	100.00	-	-	-
Mar-18	Bullet repayment	200.00	200.00	-	-
	4 quarterly payment of ₹ 25 crore starting Mar-18	100.00	100.00	-	-
	4 semi-annual payment of ₹ 12.5 crore starting Mar-18	50.00	50.00	-	-
Feb-18	Bullet repayment	100.00	100.00	-	-
Jan-18	Bullet repayment	250.00	250.00	-	-
Dec-17	Bullet repayment	300.00	300.00	-	-
	4 semi-annual payment of ₹ 125 crore starting Dec-17	500.00	500.00	-	-
	4 quarterly payment of ₹ 100 crore starting Dec-17	400.00	400.00	-	-
	4 semi-annual payment of ₹ 187.50 crore starting Sep-17	750.00	750.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Aug-17	100.00	100.00	-	-
	4 semi-annual payment of ₹ 62.50 crore starting Jun-17	250.00	250.00	-	-
	4 semi-annual payment of ₹ 25 crore starting May-17	100.00	100.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Mar-17	75.00	100.00	25.00	-
Oct-17	Bullet repayment	100.00	100.00	-	-
Aug-17	Bullet repayment	150.00	150.00	-	-
Jul-17	Bullet repayment	100.00	100.00	-	-
Jun-17	Bullet repayment	235.00	235.00	-	-
May-17	Bullet repayment	50.00	50.00	250.00	-
Mar-17	Bullet repayment	-	250.00	-	-
Dec-16	Bullet repayment	-	400.00	400.00	-
Nov-16	Bullet repayment	-	300.00	300.00	-
Aug-16	Bullet repayment	-	150.00	150.00	-
Jul-16	Bullet repayment	-	400.00	400.00	-
Jun-16	Bullet repayment	-	50.00	50.00	-
May-16	Bullet repayment	-	50.00	50.00	-
	4 quarterly payment of ₹ 50 crore starting Mar-16	-	150.00	150.00	50.00

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings (Contd.)

D) Terms of repayment of bank loans - secured (Contd.)

(₹ In Crore)

Date of Maturity	Repayment schedule	Non-current		Current Maturity	
		As at 31 March		As at 31 March	
		2016	2015	2016	2015
	16 quarterly payment of ₹ 6.25 crore starting Feb-16	68.75	93.75	25.00	6.25
	7 quarterly payment of ₹ 36.4286 crore starting Feb-16	72.86	218.58	145.72	36.42
	7 quarterly payment of ₹ 15 crore starting Dec-15	15.00	75.00	60.00	30.00
Nov-15	Bullet repayment	-	-	-	150.00
	7 quarterly payment of ₹ 20 crore starting Nov-15	20.00	100.00	80.00	40.00
Oct-15	Bullet repayment	-	-	-	50.00
Sep-15	Bullet repayment	-	-	-	50.00
	7 quarterly payment of ₹ 14.2857 crore starting Aug-15	-	57.14	57.14	42.86
Jul-15	Bullet repayment	-	-	-	175.00
Jun-15	Bullet repayment	-	-	-	325.00
May-15	Bullet repayment	-	-	-	300.00
Apr-15	Bullet repayment	-	-	-	350.00
	3 semi-annual payments of ₹ 33.3334 crore starting Mar-15	-	-	-	66.67
	4 quarterly payments of ₹ 25 crore starting Feb-15	-	-	-	75.00
	3 annual payments of ₹ 100 crore starting Jun-14	-	100.00	100.00	100.00
	5 semi-annual payment of ₹ 30 crore starting May-14	-	30.00	30.00	60.00
	5 semi-annual payments of ₹ 10 crore starting Mar-14	-	-	-	20.00
	5 semi-annual payments of ₹ 20 crore starting Feb-14	-	-	-	40.00
	3 annual payments of ₹ 100 crore starting Aug-13	-	-	-	100.00
	16 quarterly payment of ₹ 18.75 crore starting May-13	-	75.00	75.00	75.00
		11,836.61	9,284.47	2,347.86	2,142.20

Note: Interest rates range from 9.20% p.a.p.m. to 9.95% p.a.p.m. as at 31 March 2016.

E) Details of privately placed unsecured redeemable non-convertible debentures issued at a face value of ₹ 0.10 crore

(₹ In Crore)

Date of Maturity	Current Maturity	
	As at 31 March	
	2016	2015
Mar-17	13.00	-
Aug-16	100.00	-
Mar-16	-	50.00
	113.00	50.00

Note
As at 31 March 2016 Current Unsecured Zero Coupon Bonds aggregating ₹ 113 crore were issued at a premium. Interest rates range from 8.56% p.a. to 8.85% p.a. on a XIRR basis as at 31 March 2016.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings (Contd.)

F) Details of privately placed unsecured redeemable non-convertible debentures - subordinated debt issued at face value of ₹ 0.10 crore

(₹ In Crore)

Date of Maturity	Non-current	
	As at 31 March	
	2016	2015
Nov-25	250.00	-
Oct-25	40.00	-
Sep-24	452.50	452.50
Apr-23	50.00	50.00
Jan-23	49.70*	49.70*
Aug-22	157.40	157.40
May-21	50.00	50.00
Oct-20	36.20*	36.20*
Sep-20	27.50	27.50
Jul-20	50.00	50.00
Jun-20	50.00*	50.00*
Apr-20	65.00	65.00
	1,278.30	988.30

Note

Interest rates range from 8.94% p.a. to 10.21% p.a. as at 31 March 2016.

* Related parties are current holders of ₹ 2.50 crore of the referenced issue (previous year ₹ 2.50 crore). See Note No. 31 for disclosures.

G) Terms of repayment of bank loans - unsecured

(₹ In Crore)

Date of Maturity	Repayment schedule	Non-current		Current Maturity	
		As at 31 March		As at 31 March	
		2016	2015	2016	2015
Jun-17	Bullet repayment	100.00	100.00	-	-
Nov-16	Bullet repayment	-	75.00	75.00	-
		100.00	175.00	75.00	-

Note: Interest rate at 9.50% p.a.p.m as at 31 March 2016.

H) Terms of repayment of fixed deposits

(₹ In Crore)

Maturing upto	Non-current		Current Maturity	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Mar-21	130.05	-	-	-
Mar-20	31.82	8.16	-	-
Mar-19	454.57	6.17	-	-
Mar-18	611.22	259.06	-	-
Mar-17	-	388.36	467.18	210.05
	1,227.66	661.75	467.18	210.05

Note

Interest rates range from 7 % p.a.to 10.25% p.a. as at 31 March 2016.

Repayment is on completion of fixed term ranging from 6 months to 60 months.

Includes fixed deposits accepted from related parties aggregating ₹ 58.48 crore (Previous year ₹ 13.61 crore). See Note No. 31 for disclosures.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

6 Other long-term liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Trade payables	44.19	32.21
Others:		
Security deposits	21.50	17.11
Other payables	4.51	4.29
Interest accrued but not due	377.20*	82.16*
	447.40	135.77

* Includes payables to related party ₹ 1.96 crore (previous year ₹ 0.01 crore).

7 Provisions

Particulars	(₹ In Crore)			
	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Provision for employee benefits:				
Gratuity	-	-	2.42	2.15
Privilege leave entitlements	-	-	15.46	16.17
	-	-	17.88	18.32
Other provisions:				
Proposed dividend (See (i) below)	-	-	37.71	90.27
Tax on proposed dividend	-	-	7.68	18.38
General provision on standard assets	181.52	136.17	-	-
Provision for restructured standard assets	52.68	8.78	-	-
Provision for interest sacrifice on re-structured assets	-	7.13	-	-
Provision retained on sale of non-performing assets	8.74	-	-	-
Provision for tax (net of advance tax ₹ 691.80 crore, PY ₹ 491.49 crore)	-	-	62.01	40.26
	242.94	152.08	107.40	148.91
	242.94	152.08	125.28	167.23

(i) During the year ended 31 March 2016, an interim dividend of ₹ 18/- per share was declared by the Board of Directors. Final dividend proposed for distribution to equity shareholders was ₹ 7/- per share (previous year ₹ 18/- per share).

Notes to financial statements for the year ended 31 March 2016 (Contd.)

8 Short-term borrowings

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
A) Secured		
From Banks, against hypothecation of assets under finance, book debts and other receivables:		
Cash credit and demand loans	1,880.08	2,002.69
Overdraft facility from banks	239.97	239.87
Collateralised borrowing and lending obligation, against Government Securities held by the Company	200.00	-
Total (A)	2,320.05	2,242.56
B) Unsecured		
From banks:		
Overdraft facility	642.38	28.37
Term loans	500.00	500.00
Fixed deposits	548.45	111.67
	1,690.83	640.04
Borrowings by issue of commercial papers	1,627.61	1,395.23
Total (B)	3,318.44	2,035.27
Total (A+B)	5,638.49	4,277.83

Terms of repayment of secured collateralised borrowing and lending obligation

Date of maturity	(₹ In Crore)	
	As at 31 March	
	2016	2015
Apr-16	200.00	-
	200.00	-

Note: Interest rate at 7.30% p.a.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

8 Short-term borrowings (Contd.)

Terms of repayment of unsecured short-term loans

Date of maturity	(₹ In Crore)	
	As at 31 March	
	2016	2015
Apr-16	500.00	–
Apr-15	–	500.00
	500.00	500.00

Note: Interest rate stood at 9.65% p.a.p.m as at 31 March 2016

Terms of repayment of commercial papers

Date of maturity	(₹ In Crore)	
	As at 31 March	
	2016	2015
Nov-16	95.12	–
Aug-16	48.43	–
May-16	1,186.07	–
Apr-16	297.99	–
Feb-16	–	186.47
Nov-15	–	9.49
Oct-15	–	89.68
Aug-15	–	82.21
Jun-15	–	491.44
May-15	–	486.00
Apr-15	–	49.94
	1,627.61	1,395.23

Note

Interest rates range from 8.20% p.a. to 9.00% p.a. as at 31 March 2016.

Face value of commercial papers as at 31 March 2016 aggregates ₹ 1,650 crore (previous year ₹ 1,431.30 crore).

Notes to financial statements for the year ended 31 March 2016 (Contd.)

8 Short-term borrowings (Contd.)

Terms of repayment of Fixed Deposits

Date of maturity	(₹ In Crore)	
	As at 31 March	
	2016	2015
Mar-17	26.54	-
Feb-17	58.29	-
Jan-17	12.48	-
Dec-16	24.91	-
Nov-16	13.35	-
Oct-16	208.67*	-
Sep-16	100.52	-
Aug-16	75.19	-
Jul-16	10.49	-
Jun-16	4.40	-
May-16	6.94	-
Apr-16	6.67	-
Mar-16	-	6.03
Feb-16	-	46.13
Jan-16	-	0.61
Dec-15	-	0.40
Nov-15	-	0.68
Oct-15	-	50.35
Sep-15	-	1.75
Aug-15	-	0.41
Jul-15	-	0.47
Jun-15	-	0.38
May-15	-	0.60
Apr-15	-	3.86
	548.45	111.67

Note

Interest rates range from 8.4% p.a. to 9.50 % p.a. as at 31 March 2016.

* Related parties are current holders of ₹ 100 crore of the referenced issue (previous year- Nil). See Note No. 31 for disclosures.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

9 Other Current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Interest accrued but not due *	708.85	492.63
Interest accrued and due (₹ 39,967)		0.01
Income received in advance	0.12	0.01
Unclaimed dividend	1.81	0.77
Investor Education and Protection Fund (₹ Nil, PY ₹ 4,682: Since paid)	-	
Others:		
Statutory Dues	72.79	25.42
Security deposits	0.63	0.80
Employee benefits payable **	66.20	40.69
Other/miscellaneous payables+	38.25	36.32
	888.65	596.65

Note

* Includes payable to related parties aggregating ₹ 4.18 crore (Previous year ₹ 1.27 crore).

** Includes payable to related parties aggregating ₹ 3.03 crore (Previous year ₹ 2.28 crore).

+ Includes payable to related parties aggregating ₹ 0.91 crore (Previous year ₹ 1.08 crore).

Notes to financial statements for the year ended 31 March 2016 (Contd.)

10 Fixed assets

(₹ In Crore)									
Particulars	Gross block at cost			As at 31 March 2016	Depreciation and amortisation			Net block	
	As at 31 March 2015	Additions	Deductions/ adjustments		As at 31 March 2015	Deductions/ adjustments	For the Year	As at 31 March 2016	As at 31 March 2016
A) Tangible assets (b)									
Leasehold improvements	21.67	14.52	-	36.19	5.56	-	9.06	14.62	21.57
Other assets:									
Land freehold (d)	2.26	-	-	2.26	-	-	-	-	2.26
Building (a)	158.18	0.32	-	158.50	28.31	-	6.37	34.68	123.82
Computers	54.71	25.37	1.80	78.28	35.17	1.78	13.35	46.74	31.54
Office equipments	28.96	9.40	0.38	37.98	9.72	0.25	7.57	17.04	20.94
Furniture and fixtures	35.77	13.96	0.96	48.77	10.80	0.60	4.97	15.17	33.60
Vehicles	11.14	7.33	1.92	16.55	4.87	1.34	3.80	7.33	9.22
Total (A)	312.69	70.90	5.06	378.53	94.43	3.97	45.12	135.58	242.95
B) Intangible assets									
Specialised software (c)	30.92	24.35	11.22 e)	44.05	-	-	-	-	44.05
Total (B)	30.92	24.35	11.22	44.05	-	-	-	-	44.05

Previous year fixed assets schedule

(₹ In Crore)									
Particulars	Gross block at cost			As at 31 March 2015	Depreciation and amortisation			Net block	
	As at 31 March 2014	Additions	Deductions/ adjustments		As at 31 March 2014	Depreciation written back (f)	Deductions/ adjustments	For the Year (b)	As at 31 March 2015
A) Tangible assets (b)									
Assets relating to erstwhile leasing:									
Plant and Machinery	17.64	-	17.64	-	17.64	-	17.64	-	-
Leasehold improvements	9.22	12.45	-	21.67	1.43	-	-	4.13	5.56
Other assets:									
Land freehold (d)	2.26	-	-	2.26	-	-	-	-	2.26
Building (a)	157.72	0.62	0.16	158.18	21.65	-	-	6.66	28.31
Computers	45.22	10.88	1.39	54.71	28.76	5.38	0.74	12.53	35.17
Office equipments	19.74	9.34	0.12	28.96	4.53	2.48	0.02	7.69	9.72
Furniture and Fixtures	23.69	12.67	0.59	35.77	10.46	3.85	1.12	5.31	10.80
Vehicles	9.29	3.04	1.19	11.14	3.47	1.99	0.61	4.00	4.87
Total (A)	284.78	49.00	21.09	312.69	87.94	13.70	20.13	40.32	94.43
B) Intangible assets									
Specialised software (c)	23.03	16.87	8.98 e)	30.92	-	-	-	-	-
Total (B)	23.03	16.87	8.98	30.92	-	-	-	-	30.92

a) Includes cost of shares in co-operative society ₹ 250.

b) See Note No. 2 (B) (I).

c) See Note No. 2 (B) (II).

d) Represents share in undivided portion of land, on purchase of office premises.

e) Amount amortized as expense.

f) Effective 1 April 2014, the Company changed the method of computing depreciation on all assets except buildings from Written Down Value to Straight Line Method. The impact of this change in accounting policy has been calculated retrospectively from the date of addition of the asset and consequently the opening carrying value has been restated by writing back the excess depreciation aggregating ₹ 13.70 crore to the Statement of Profit and Loss in the previous year.

g) Depreciation and amortization, recognised in the Statement of Profit and Loss:

For the year ended 31 March		
	2016	2015
Depreciation	45.12	40.32
Amortisation of intangible assets	11.22	8.98
	56.34	49.30
Less: Write back due to change in policy	-	(13.70)
	56.34	35.60
	56.34	35.60

Notes to financial statements for the year ended 31 March 2016 (Contd.)

11 Investments

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(A) In Government and Trust securities				
Other than trade				
Quoted				
Long-term				
8.27% Government of India Stock, 2020 of the face value of ₹ 25 crore	25.44	25.44	-	-
8.27% Government of India Stock, 2020 of the face value of ₹ 60 crore	-	-	-	61.46
8.28% Government of India Stock, 2027 of the face value of ₹ 25 crore	26.06	26.06	-	-
8.28% Government of India Stock, 2027 of the face value of ₹ 35 crore	35.60	-	-	-
8.40% Government of India Stock, 2024 of the face value of ₹ 15 crore	15.60	15.60	-	-
8.40% Government of India Stock, 2024 of the face value of ₹ 85 crore	87.76	-	-	-
8.60% Government of India Stock, 2028 of the face value of ₹ 75 crore	80.01	80.01	-	-
8.60% Government of India Stock, 2028 of the face value of ₹ 10 crore	10.58	-	-	-
8.60% Government of India Stock, 2028 of the face value of ₹ 50 crore	-	-	-	53.47
8.60% Government of India Stock, 2028 of the face value of ₹ 45 crore	-	-	48.06	-
8.83% Government of India Stock, 2023 of the face value of ₹ 40 crore	-	-	-	42.63
8.83% Government of India Stock, 2023 of the face value of ₹ 30 crore	-	-	31.97	-
7.88% Government of India Stock, 2030 of the face value of ₹ 10 crore	10.06	-	-	-
8.15% Government of India Stock, 2026 of the face value of ₹ 10 crore	9.97	-	-	-
8.38% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	10.01	-	-	-
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 15 crore	15.02	-	-	-
8.67% Karnataka State Development Loan, 2026 of the face value of ₹ 8.94 crore	8.95	-	-	-
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	20.81	-	-	-
7.59% Government of India Stock, 2029 of the face value of ₹ 20 crore	-	-	19.93	-
7.72% Government of India Stock, 2025 of the face value of ₹ 40 crore	-	-	40.43	-
7.88% Government of India Stock, 2030 of the face value of ₹ 30 crore	-	-	30.25	-
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	-	-	21.26	-
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	24.87	-	-	-
8.35% Government of India Stock, 2022 of the face value of ₹ 25 crore	25.52	-	-	-
8.40% Government of India Stock, 2024 of the face value of ₹ 50 crore	51.54	-	-	-
	457.80	147.11	191.90	157.56
Less: Amortisation of premium (Refer Note No. 2 (D) (iii))	(0.65)	(0.02)	-	(0.10)
Less: Marked to market losses on investments	-	-	(1.19)	(0.26)
	457.15	147.09	190.71	157.20
Short-term				
Treasury Bills - 182 day TB 30062016	-	-	98.21	-
Total (A)	457.15	147.09	288.92	157.20

Notes to financial statements for the year ended 31 March 2016 (Contd.)

11 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(B) In Mutual Funds				
Unquoted				
395,353 (-) HDFC Cash Management Fund -Savings plan - Direct plan- Growth	-	-	125.00	-
338,607 (-) Reliance Liquid Fund - Treasury plan - Institutional Growth	-	-	125.00	-
3,131,880 (-) Sundaram Liquid Money Fund-Direct	-	-	10.00	-
Total (B)	-	-	260.00	-
(C) In fully paid equity shares				
Trade				
Unquoted				
Long-term				
In wholly owned subsidiary				
50,000,000 (50,000,000) Shares of ₹10/- in Bajaj Housing Finance Ltd.	28.00	28.00	-	-
Other than trade				
Quoted				
Long-term				
75 (75) Shares of ₹10 each in Bajaj Holdings and Investments Ltd. (₹19,646, PY ₹19,646)			-	-
150 (150) Shares of ₹10 each in Bajaj Auto Ltd. ₹7,685, PY- ₹7,685)			-	-
Total (C)	28.00	28.00	-	-
Total (A+B+C)	485.15	175.09	548.92	157.20

Particulars	(₹ In Crore)			
	Book value		Market value	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Quoted	746.07*	304.29	750.47	304.65
Unquoted	288.00	28.00		

* At cost ₹27,331 (previous year book value ₹27,331).

Notes to financial statements for the year ended 31 March 2016 (Contd.)

12 Deferred tax assets (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
A) Deferred tax liability		
On account of timing difference in:		
Depreciation and amortisation	(13.40)	(12.73)
Other liabilities	(1.92)	-
Gross deferred tax liability Total (A)	(15.32)	(12.73)
B) Deferred tax asset		
On account of timing difference in:		
Disallowance u/s 43B of the Income Tax Act, 1961	8.19	5.60
Provision for doubtful debts	261.02	203.24
Other assets	26.15	16.17
Gross deferred tax asset Total (B)	295.36	225.01
Total (A+B)	280.04	212.28

13 Receivables under financing activity (Good unless otherwise stated)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(I) Secured				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue installments ₹ 409.53 crore) [Previous year ₹ 330 crore]	1,961.54	1,273.50	9,774.55	7,099.28
(b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	-	-	7.40	13.92
	1,961.54	1,273.50	9,781.95	7,113.20
(c) Delinquencies requiring provision	-	-	291.30	239.62
Less: Provision				
(i) Against non-performing assets (NPAs)	-	-	(224.27)*	(171.39)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	(67.03)*	(68.23)*
	-	-	-	-
Carried forward	1,961.54	1,273.50	9,781.95	7,113.20

Notes to financial statements for the year ended 31 March 2016 (Contd.)

13 Receivables under financing activity (Good unless otherwise stated) (Contd.)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought forward	1,961.54	1,273.50	9,781.95	7,113.20
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue installments ₹ 13.55 crore) [Previous year ₹ 11.44 crore]				
Good	12,833.17	11,319.42	860.79	717.21
Delinquencies requiring provision	-	-	36.67	40.20
Less: Provision:				
(i) Against non-performing assets (NPAs)	-	-	(27.17)*	(34.26)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	(9.50)*	(5.94)*
	-	-	-	-
	12,833.17	11,319.42	860.79	717.21
(iii) Infrastructure Finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue installments ₹ 30.65 crore) [Previous year ₹ 35.99 crore]				
Good	250.45	398.15	60.12	20.30
Delinquencies requiring provision	-	-	2.25	22.40
Less: Provision:				
Against non-performing assets (NPAs)	-	-	(2.25)*	(22.40)*
	-	-	-	-
	250.45	398.15	60.12	20.30
(iv) Loan against securities (secured by pledge of securities) (Includes overdue installments ₹ 1.73 crore) [Previous year ₹ 2.20 crore]	122.68	82.98	2,547.55	1,502.29
Total (I)	15,167.84	13,074.05	13,250.41	9,353.00
(II) Unsecured +				
Loans at agreement values less installments received (Includes overdue installments ₹ 155.48 crore) [Previous year ₹ 130.81 crore]				
Good	9,610.71	5,045.62	4,726.80	3,726.78
Delinquencies requiring provision	-	-	186.25	134.13
Less: Provision:				
(i) Against non-performing assets (NPAs)	-	-	(159.16)*	(111.48)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	(27.09)*	(22.65)*
	-	-	-	-
	9,610.71	5,045.62	4,726.80	3,726.78
Total (II)	9,610.71	5,045.62	4,726.80	3,726.78
Total (I + II)	24,778.55	18,119.67	17,977.21	13,079.78

* See Note No. 2 (F).

+ Includes receivables from related parties amounting to ₹ 30.93 crore (previous year ₹ 46.69 crore).

Notes to financial statements for the year ended 31 March 2016 (Contd.)

14 Loans and advances, unsecured, good (unless otherwise stated)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Capital advances	1.71	1.50	-	-
Security deposits	16.72	14.05	-	-
Advances/Security deposits to related parties	0.90	0.21	8.58	30.29
Advance tax (net of provision for taxation ₹ 1,793.83 crore, previous year ₹ 1,262.14 crore)	79.76	72.24	-	-
Advances to dealers	-	-	378.68	233.94
Advances recoverable in cash or kind:				
Unsecured considered good	0.70	0.60	71.63	39.30
Doubtful	-	-	3.56	2.34
Less: Provision	-	-	(3.56)	(2.34)
	-	-	-	-
	0.70	0.60	71.63	39.30
	99.79	88.60	458.89	303.53

15 Cash and bank balances

Particulars	Current	
	As at 31 March	
	2016	2015
Cash and cash equivalents		
Cash on hand	38.98	6.11
Cash with collecting agents	30.33	35.69
Cash equivalents:		
Bank balance in cash credit/current accounts	242.85	185.96
Certificate of deposits (maturity less than 3 months from date of acquisition)	1,015.07	-
	1,327.23	227.76
Other bank balances		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	1.92	0.86
	1.92	0.86
	1,329.15	228.62

Notes to financial statements for the year ended 31 March 2016 (Contd.)

16 Other current assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Interest receivable on investments	12.91	7.25
Other finance charges receivable	185.69	153.81
Receivables from related parties	2.88	1.10
Other receivables	10.34	3.68
	211.82	165.84

17 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Finance activity:		
a) Interest on loans including Interest Subsidy	6,547.94	4,892.27
b) Service and administration charges	408.65	227.70
	6,956.59	5,119.97
Other operating revenue:		
(i) Interest		
(a) On deposits	2.06	21.47
(b) Penal and others	179.95	138.24
	182.01	159.71
(ii) Profit on sale of current investments, net *	77.88	43.93
(iii) Bad debt recoveries	22.98	19.01
(iv) Miscellaneous charges and receipts	64.85	39.18
	347.72	261.83
	7,304.31	5,381.80

* Consequent to deployment of temporary idle funds to defray cost of borrowings, hence classified under 'Other Operating Revenue'.

18 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Interest:		
On Government and trust securities	40.08	9.55
Amortisation of premium/discount	(0.87)	(0.08)
	39.21	9.47
Dividend from non-current investment (₹ 19,313, Previous year ₹ 11,625)		
Miscellaneous Income	1.35	0.64
Provisions no longer required	31.77	8.00
Sundry credit balances appropriated	1.88	17.35
Interest on Income tax refunds, net	4.96	0.97
	79.17	36.43

Notes to financial statements for the year ended 31 March 2016 (Contd.)

19 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Employees' emoluments: (Includes Managerial remuneration)		
Salaries, wages and bonus	583.10	417.94
Contribution to provident and other funds	25.81	18.51
Staff welfare expenses	20.72	14.28
	629.63	450.73

20 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Interest expenses	2,584.85	1,845.43
Discount in respect of 'Commercial papers'	317.60	383.81
Other financing costs	24.41	19.06
	2,926.86	2,248.30

21 Loan losses and provisions

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Bad debts written off	379.39	182.53
Provision release on account of bad debts written off	(228.68)	(139.47)
Provision for standard assets	45.35	33.85
Provision for restructured standard assets	43.90	7.16
Provision for delinquencies and doubtful advances	302.89	300.49
	542.85	384.56

Notes to financial statements for the year ended 31 March 2016 (Contd.)

22 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Insurance	0.75	0.50
Rent	21.79	16.34
Commission to non-executive directors	2.27	1.59
Communication expenses	26.97	26.06
Outsourcing/back office expenses	115.38	109.08
Service tax	53.13	27.91
Travelling expenses	71.88	45.40
Information technology expenses	57.97	37.89
Marketing commission	95.62	61.34
Recovery costs	233.15	204.35
Bank charges	31.92	25.44
Rates and taxes	0.76	2.05
Auditors' remuneration*	0.53	0.50
Loss on sale of assets, net	0.25	0.24
Dealer incentive	290.21	208.28
Advertisement and publicity	75.33	35.21
Marked to market losses on investments	0.93	0.26
Expenditure towards corporate social responsibility activities**	21.36	5.80
Sundry expenses	163.03	133.86
	1,263.23	942.10

* Payment to auditor (net of service tax) and excludes fees of ₹ 0.25 crore in respect of fund raised through qualified institutional placements, adjusted against share premium

Particulars	For the year ended 31 March	
	2016	2015
As auditor:		
Audit fee	0.32	0.32
Tax audit fee	0.04	0.04
Limited review	0.06	0.06
In other capacity:		
Other services (certification fees)	0.08	0.05
Reimbursement of expenses	0.03	0.03
	0.53	0.50

Notes to financial statements for the year ended 31 March 2016 (Contd.)

22 Other expenses (Contd.)

** Corporate Social Responsibility expenditure

Gross amount to be spent by the Company under section 135 of the Companies Act, 2013, during the year ₹ 21.31 crore.

Amount spent during the year on:

(₹ In Crore)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	–	–	–
(ii) On purpose other than (i) above	21.36	–	21.36

23 Computation of Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

For the year ended 31 March

Particulars	2016	2015
A) Basic		
i) Computation of Profit (numerator):		
– Net Profit attributable to shareholders (₹ In Crore)	1,278.52	897.87
ii) Computation of weighted average number of shares (denominator):		
– Number of shares outstanding at the beginning of the year	50,000,398	49,748,753
Weighted average number of equity shares issued and outstanding during the year	2,766,377	149,851
Adjusted weighted average equity shares	52,766,775	49,898,604
EPS (basic) (₹)	242.30	179.94
B) Diluted		
i) Computation of Profit (numerator):		
– Net Profit attributable to shareholders (₹ In Crore)	1,278.52	897.87
ii) Computation of weighted average number of shares (denominator):		
Number of shares outstanding as above/at the beginning of the year	50,000,398	49,748,753
Weighted average number of equity shares issued and outstanding during the year	2,766,377	149,851
Number of options outstanding at the close of the year *	766,976	629,602
Adjusted weighted average equity shares	53,533,751	50,528,206
EPS (diluted) (₹)	238.83	177.70

* Dilutive equity shares under warrants outstanding and ESOPs.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

24 Contingent liability not provided for

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
A)		
Disputed claims against the Company not acknowledged as debts	17.34	7.77
VAT matters under appeal	6.86	6.86
ESI matters under appeal	5.14	5.14
Service tax matters under appeal	1.49	1.19
Income tax matters:		
Appeals by the Company	9.80	9.66
Appeals by the Income tax department	49.36	12.86

- The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals/defense.
- The Company has received a show cause notice from service tax authorities claiming tax on interest subsidy received from manufacturers and dealers, aggregating ₹ 309.98 crore. The Company, in line with the opinion obtained from eminent counsels, is in the process of responding to the said notice contesting the said claim.
- 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) Guarantees given on behalf of Company ₹ 3.31 crore (Previous year ₹ 2.24 crore).

25 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
A) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	19.24	6.64
B) Other commitments:		
The Company's capital commitments towards partially disbursed loans	103.55	192.28

26 Expenditure in foreign currency

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Travelling expenses	1.38	0.21
Software expenses	10.53	5.12
Hardware	1.60	—
Other expenses	1.32	1.03

27 The Company and its consolidated Group are engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with segment reporting.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

- 28** Liability for long-term employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (Revised) as prescribed by Companies (Accounting Standards) Rules, 2006, the details of which are as hereunder.

A) Gratuity

(₹ In Crore)

Particulars	2016	2015
Amount to be recognised in Balance Sheet		
present value of funded obligations	37.46	26.83
fair value of plan assets	(35.74)	(25.15)
amount not recognised as an asset (limit in para 59 (b))	0.70	0.47
Net liability	2.42	2.15
Amounts in Balance Sheet		
Liability	2.42	2.15
Assets	-	-
Net Liability/(Asset)	2.42	2.15
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	5.58	3.63
Interest on defined benefit obligation	2.50	1.81
Expected return on plan assets	(1.83)	(1.82)
Net actuarial losses/(gains) recognised in year	3.11	5.19
Effect of the limit in para 59 (b)	0.23	(1.72)
Premium allocation difference and other charges transferred	-	-
Total, included in employee benefits expense	9.59	7.09
Actual return on plan assets	2.31	2.53
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	26.83	16.39
Current service cost	5.58	3.63
Interest cost	2.50	1.81
Actuarial losses/(gain)	3.59	5.90
Benefits paid	(1.04)	(0.90)
Closing defined benefit obligation	37.46	26.83
Change in fair value of assets		
Opening fair value of plan assets	25.15	23.34
Expected return on plan assets	1.83	1.82
Actuarial gain/(losses)	0.48	0.71
Contributions by employer	9.32	0.18
Benefits paid	(1.04)	(0.90)
Closing fair value of plan assets	35.74	25.15

Notes to financial statements for the year ended 31 March 2016 (Contd.)

A) Gratuity (Contd.)

(₹ In Crore)		
Particulars	2016	2015
Summary of the actuarial assumptions		
Discount rate	7.95%	7.90%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate – senior staff	10.00%	10.00%
Salary escalation rate – junior staff	10.00%	10.00%

(₹ In Crore)		
Particulars	2016	2015
Expected contribution to fund in the next year	5.50	3.00

Category of plan assets		
	2016	2015
Insurer managed funds	100%	100%

(₹ In Crore)					
Particulars	2012	2013	2014	2015	2016
Experience adjustments					
Defined benefit obligation	6.39	9.89	16.39	26.83	37.46
Plan assets	11.45	15.97	23.34	25.15	35.74
Surplus/(deficit)	5.06	6.08	6.95	(1.67)	(1.72)
Experience adjustments on plan liabilities	0.80	0.87	2.18	1.76	3.82
Experience adjustments on plan assets	0.16	0.19	0.36	0.71	0.48

B) Compensated absences

(₹ In Crore)		
Particulars	2016	2015
Present value of funded obligations	15.46	16.17
Expense recognised in the Statement of Profit and Loss	7.61	13.78
Discount Rate (p.a.)	7.95%	7.90%
Salary escalation rate (p.a.) – Senior staff	10.00%	10.00%
Salary escalation rate (p.a.) – Junior staff	10.00%	10.00%

Notes to financial statements for the year ended 31 March 2016 (Contd.)

c) Provident fund

In case of certain employees, the provident fund contribution is made to Bajaj Auto Ltd. provident fund trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is no shortfall as of 31 March 2016. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are:

	(₹ In Crore)	
Particulars	2016	2015
Amount to be recognised in Balance Sheet		
Present value of funded obligations	131.18	92.71
Fair value of plan assets	131.18	92.71
Net liability	-	-
Amounts in Balance Sheet		
Liability	-	-
Assets	-	-
Net liability/(asset)	-	-
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	8.47	6.96
Interest on defined benefit obligation	7.71	7.07
Expected return on plan assets	(8.87)	(7.09)
Net actuarial losses/(gains) recognised in year	1.16	0.02
Total, included in employee benefits expense	8.47	6.96
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	92.71	71.84
Current service cost	8.47	6.96
Interest cost	7.71	7.07
Actuarial losses/(gain)	7.78	(0.38)
Employees contribution	18.04	13.07
Liabilities assumed on acquisition/(settled on divestiture)	3.76	0.50
Benefits paid	(7.29)	(6.35)
Closing defined benefit obligation	131.18	92.71
Change in fair value of assets		
Opening fair value of plan assets	92.71	71.84
Expected return on plan assets	8.87	7.09
Actuarial gain/(losses)	6.62	(0.39)
Employer contributions during the period	8.47	6.96
Employee contributions during the period	18.04	13.07
Assets acquired on acquisition/(distributed on divestiture)	3.76	0.50
Benefits paid	(7.29)	(6.36)
Closing fair value of plan assets	131.18	92.71

Notes to financial statements for the year ended 31 March 2016 (Contd.)

C) Provident fund (Contd.)

(₹ In Crore)

Particulars	2016	2015
Summary of the actuarial assumptions		
Discount rate	7.95%	7.90%
Expected rate of return on assets	8.88%	8.67%
Discounting rate for remaining term to maturity of investment (p.a.)	7.80%	7.95%
Average historic yield on investment (p.a.)	8.73%	8.72%
Guaranteed rate of return (p.a.)	8.75%	8.75%

(₹ In Crore)

Particulars	2016	2015
Expected contribution to fund in the next year	9.32	7.66

Category of plan assets	2016	2015
Government of India securities	49%	51%
Corporate bonds	32%	40%
Special deposit scheme	7%	9%
Others	12%	-

(₹ In Crore)

Particulars	2012	2013	2014	2015	2016
Experience adjustments					
Defined benefit obligation	37.42	51.93	71.84	92.71	131.18
Plan assets	37.42	51.93	71.84	92.71	131.18
Surplus/(deficit)	-	-	-	-	-
Experience adjustments on plan liabilities	-	0.21	0.81	(0.38)	7.78
Experience adjustments on plan assets	-	0.08	0.34	(0.39)	6.62

Notes to financial statements for the year ended 31 March 2016 (Contd.)

29 Employee stock option plan

The Board of Directors at its meeting held on 14 October 2009 approved an issue of stock options upto a maximum of 5% of the issued equity capital of the Company then aggregating 18,29,803 equity shares 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 6,77,313 equity shares under the Stock Options schemes of the Company i.e. Employee Stock Option Plan 2009.

The Remuneration and Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the stock option scheme. Under the scheme, seven grants have been made, details of which as on 31 March 2016, are given as under:

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12 Jan 10	358.70	1,32,000	-	-	1,28,250	3,750	-
21 Jul 10	542.00	3,26,750	31,724	-	2,63,089	31,937	31,724
28 Jul 11	705.15	3,76,200	69,575	-	2,63,925	42,700	69,575
16 May 12	876.10	3,59,500	85,050	64,300	1,52,225	57,925	1,49,350
15 May 13	1,380.35	3,94,930	85,640	1,50,540	80,875	77,875	2,36,180
01 Nov 13	1,353.05	19,700	-	-	4,925	14,775	-
16 Jul 14	2,196.55	2,81,600	42,550	1,97,850	26,025	15,175	2,40,400
20 May 15	4,481.55	1,93,500	-	1,80,800	-	12,700	1,80,800
Total		20,84,180	3,14,539	5,93,490	9,19,314	2,56,837	9,08,029

Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

The fair value of options used to compute pro-forma net profit and earnings per share have been 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 grant are:

Variables	12 Jan 2010	21 July 2010	28 July 2011	16 May 2012	15 May 2013	1 Nov 2013	16 July 2014	20 May 2015
1) Risk free interest rate	6.70%	7.42%	8.27%	8.36%	7.32%	8.71%	8.66%	7.76%
2) Expected life	1 -5 years	3.5-6.5 years	3.5-6.5 years	3.5-6.5 years	1-5 years	1-5 years	1 -5 years	1-5 years
3) Expected volatility	54.01%	55.38%	53.01%	49.58%	29.97%	32.83%	38.01%	34.88%
4) Dividend yield	0.62%	1.28%	1.42%	1.37%	1.09%	1.11%	0.73%	0.36%
5) Price of the underlying share in the market at the time of the option grant (₹)	358.70	542.00	705.15	876.10	1,380.35	1,353.05	2,196.55	4,481.55

Notes to financial statements for the year ended 31 March 2016 (Contd.)

29 Employee stock option plan (Contd.)

Impact of fair value method on net profit and earnings per share

Had compensation cost for the stock option plans outstanding been determined based on the fair value approach, the net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	(₹ In Crore)	
	2016	2015
Net profit (as reported)	1,278.52	897.87
Add: Stock – based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro-forma)	26.52	16.73
Net Profit (pro-forma)	1,252.00	881.14
Basic earnings per share (as reported) (₹)	242.30	179.94
Basic earnings per share (pro-forma) (₹)	237.27	176.59
Diluted earnings per share (as reported) (₹)	238.83	177.70
Diluted earnings per share (pro-forma) (₹)	233.87	174.39

30 Disclosures required by various Reserve Bank of India Regulations, to the extent applicable, pertaining to Non-Banking Financial Companies are set out in Annexure to and forming an integral part of these financial statements.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

31 Disclosure of transactions with related parties as required by Accounting Standard 18

(₹ In Crore)

		2016		2015	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries & Fellow Subsidiaries					
1. Bajaj Finserv Ltd. (Holding Company)	Dividend paid	111.08	-	49.37	-
	Contribution to equity (30,856,613 shares of ₹ 10 each)	-	(30.86)	-	(30.86)
	Preferential warrants application money	102.03	(102.03)	-	-
	Business support charges paid (PY o/s ₹ 38,930)	6.92	-	6.18	-
	Business support charges received	0.20	-	0.16	-
	Purchase of equity shares of Subsidiary-Bajaj Financial Solutions Ltd. (Name changed to Bajaj Housing Finance Ltd. w.e.f. 14 November 2014)	-	-	17.00	-
	Non-convertible debentures issued	-	(250.00)	-	(100.00)
	Interest paid on Non-convertible debentures	11.82	-	-	-
	Fixed deposits accepted	150.00	(150.00)	-	-
	Interest accrued on fixed deposits	5.62	(5.62)	-	-
2. Bajaj Housing Finance Ltd. (Subsidiary from 1 Nov 2014, Fellow Subsidiary upto 31 Oct 2014 and formerly known as Bajaj Financial Solutions Ltd.)	Purchase of equity shares	-	28.00	11.00	28.00
3. Bajaj Financial Securities Ltd. (Subsidiary from 1-Nov-14 and Fellow Subsidiary upto 31-Oct-14)	Business support charges received	-	-	0.01	-
	Fixed deposits accepted	-	(0.11)	0.11	(0.11)
	Fixed deposits repaid	-	-	0.24	-
	Interest paid on fixed deposits	-	-	0.02	-
	Interest accrued on fixed deposits	0.01	(0.02)	0.01	(0.01)
4. Bajaj Allianz Life Insurance Company Ltd. (Fellow Subsidiary)	Group life insurance expenses	1.52	0.24	1.16	-
	Insurance premium adjusted (including cancellation receipts)	262.30	8.32	228.61	17.92
	Commission income	0.02	0.28	1.45	0.52
	Certificate of deposit sold	-	-	23.29	-
	Non-convertible debentures issued	140.00	(427.50)	40.00	(182.50)
	Interest paid on non-convertible debentures	18.47	-	13.66	-
	Asset purchased	-	-	0.07	-
	Rent & maintenance expenses	0.31	(0.01)	-	-
	Security deposit for property paid	0.60	0.60	-	-
5. Bajaj Allianz General Insurance Company Ltd. (Fellow Subsidiary)	Asset/Medical/Vehicle/Travel Insurance expenses	0.49	-	0.53	-
	Insurance premium adjusted (including cancellation receipts) (o/s ₹ 33,402)	242.00	-	88.10	12.37
	Commission income	35.08	2.52	13.88	0.51
	Non-convertible debentures issued	75.00	(135.00)	25.00	(60.00)
	Interest paid on non-convertible debentures	5.81	-	3.32	-
B. Individuals controlling voting power/exercising significant influence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.06	-	0.06	-
	Commission	0.12	(0.11)	0.06	(0.05)
	Dividend paid	0.07	-	0.03	-
2. Sanjiv Bajaj (Vice Chairman)	Sitting fees	0.09	-	0.09	-
	Commission	0.18	(0.16)	0.09	(0.08)
3. Madhur Bajaj (Director)	Sitting fees	0.04	-	0.04	-
	Commission	0.08	(0.07)	0.04	(0.04)
	Dividend paid	0.07	-	0.03	-

Notes to financial statements for the year ended 31 March 2016 (Contd.)

31 Disclosure of transactions with related parties as required by Accounting Standard 18 (Contd.)

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2016		2015	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
4. Rajiv Bajaj (Director)	Sitting fees	0.03	-	0.03	-
	Commission	0.05	(0.05)	0.03	(0.03)
5. Shekhar Bajaj	Nil	-	-	-	-
6. Niraj Bajaj	Nil	-	-	-	-
C. Key Managerial Personnels and their relatives					
1. Rajeev Jain (Managing Director) (CEO till 31 March 15)	Remuneration	6.33	(3.03)	5.14	(2.28)
	ESOPs exercised-perquisite	7.10	-	2.86	-
	Medical reimbursement	0.22	-	-	-
2. Paras Chandra Chhajer (Father of Mr. Rajeev Jain)	Dividend paid (₹ 10,296, PY ₹ 4,576)	-	-	-	-
D. Enterprises over which anyone in (B) & (C) exercises significant influence					
1. Bajaj Auto Ltd.	Interest subsidy received	15.46	0.08	7.24	0.07
	Business support cost paid	11.77	(0.02)	14.34	(0.69)
	Business support cost received	0.82	-	0.91	-
	Security deposit paid	-	0.21	-	0.21
	Investment in equity shares ₹ 7,685)	-	-	-	-
	Dividend received (₹ 15,000, PY ₹ 7,500)	-	-	-	-
2. Bajaj Holdings & Investments Ltd.	Business support cost paid	2.54	-	2.54	-
	Business support charges received	0.20	-	0.16	-
	Investment in equity shares ₹ 19,646)	-	-	-	-
	Dividend received (₹ 4,313, PY ₹ 4,125)	-	-	-	-
3. Mukand Ltd.	Loan given	-	30.93	34.68	46.69
	Principal repayment received	15.76	-	16.49	-
	Income received	5.14	-	5.07	-
4. Hind Musafir Agency Ltd.	Services received	15.82	(0.49)	9.46	(0.17)
	Advance for services	-	-	-	1.60
5. Bajaj Electricals Ltd	Assets purchased	1.19	(0.01)	0.34	-
6. Jamnalal Sons Pvt. Ltd	Dividend paid (₹ 3,384, PY ₹ 1,504)	-	-	-	-
	Contribution to equity (94 shares of ₹ 10 each)	-	-	-	-
	Security deposit paid	0.09	0.09	-	-
	Rent and other expenses	0.08	-	-	-
7. Hercules Hoists Ltd.	Fixed deposits accepted	8.37	(8.37)	13.50	(13.50)
	Fixed deposits repaid	13.50	-	3.00	-
	Interest paid on fixed deposits	1.72	-	0.29	-
	Interest accrued on fixed deposits	0.50	(0.50)	1.27	(1.27)
8. Maharashtra Scooters Ltd.	Business support charges received	0.08	0.02	0.08	-
	Non convertible debentures issued	-	(80.00)	-	(80.00)
	Interest on non convertible debentures issued	7.25	-	-	-
	Contribution to equity (1,897,466 shares of ₹ 10 each)	-	(1.90)	-	(1.90)
	Dividend paid	6.83	-	3.04	-
9. Bajaj Auto Holdings Ltd	Non convertible debentures issued	-	(5.00)	-	(5.00)
	Interest on non-convertible debentures issued	0.48	-	-	-

Notes

- Transaction values are excluding taxes and duties.
- Amount in bracket denotes credit balances.
- 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 3 of the Accounting Standard-18- 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. Accordingly, disclosure have been made in respective notes to financial statements as required by schedule III to the Companies Act, 2013.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

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

Particulars	(₹ In Crore)	
	2016	2015
Principal amount due to suppliers under MSMED Act, as at the year end (Since Paid)	0.11	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	4.04	-
Interest paid to suppliers under MSMED Act (other than section 16)	-	-
Interest paid to suppliers under MSMED Act (section 16)	0.13	-
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	-	-

- ii) Trade payable includes payables to related party ₹ 0.01 crore (Previous year- Nil)
- 33** i) Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.
- ii) The Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31 March 2016 are attached herewith.
- 34** Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes 1 to 34

As per our attached report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Annexure (Forming part of the financial statements)

I Schedule to Balance Sheet

As required in terms of paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Particulars	(₹ In Crore)	
	Amount Outstanding	Amount Overdue
Liabilities Side		
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
a) Debentures: Secured (including interest accrued thereon ₹ 917.75 crore)	14,858.35	-
Unsecured (including interest accrued thereon ₹ 77.75 crore) (Other than falling within the meaning of public deposit*)	1,469.05	-
b) Deferred credits	-	-
c) Term loans (including interest accrued thereon ₹ 1.22 crore)	14,360.69	-
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	1,627.61	-
f) Public deposits* (including interest accrued thereon ₹ 87.20 crore)	2,330.49	-
g) Other loans (CBLO, Short-term Loans, cash credit and working capital demand loan-including interest accrued thereon ₹ 1.97 crore)	3,464.40	-
* Please see note 1 below		
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*	2,330.49	-
* Please see note 1 below		

Particulars	(₹ In Crore)	
	Amount Outstanding	
Asset Side		
3) Break-up of loans and advances including bills receivables (other than those included in (4) below)		
a) Secured		16,674.76
b) Unsecured		15,108.01
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		11,736.09
b) Repossessed assets		7.40
iii) Hypothecation loans counting towards asset financing activities		
a) Loans where assets have been repossessed		-
b) Loans other than (a) above		-

Annexure (Forming part of the financial statements) (Contd.)

I Schedule to Balance Sheet (Contd.)

		(₹ In Crore)
Particulars		Amount Outstanding
5) Break up of investments		
Current investments		
1. Quoted:		
i) Shares: a) Equity		-
b) Preference		-
ii) Debentures and bonds		-
iii) Units of mutual funds		-
iv) Government securities (including trust securities)		288.92
v) Others		-
2. Unquoted:		
i) Shares: a) Equity		-
b) Preference		-
ii) Debentures and bonds		-
iii) Units of mutual funds		260.00
iv) Government securities		-
v) Others		-
Long-term investments		
1. Quoted:		
i) Shares: a) Equity (₹ 27,331, PY ₹ 27,331)		-
b) Preference		-
ii) Debentures and bonds		-
iii) Units of mutual funds		-
iv) Government and trust securities		457.15
v) Others (please specify)		-
2. Unquoted:		
i) Shares: a) Equity		28.00
b) Preference		-
ii) Debentures and bonds		-
iii) Units of mutual funds		-
iv) Government securities		-
v) Others		-

6) Borrower group-wise classifications of all leased assets, stock under financing and loans and advances (Please see note 2 below)

(₹ In Crore)

Category	Amount net of provision		
	Secured	Unsecured	Total
1. Related parties**			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	12.36	12.36
c) Other related parties	-	30.93	30.93
2. Other than related parties	28,418.25	15,064.72	43,482.97
	28,418.25	15,108.01	43,526.26

Annexure (Forming part of the financial statements) (Contd.)

I Schedule to Balance Sheet (Contd.)

(₹ In Crore)

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

Category	Market value/Break up or Fair value or NAV ^{\$}	Book value (net of provisions)
1. Related parties**		
a) Subsidiaries	28.00	28.00
(b) Companies in the same group: (₹ 27,331/-)		
c) Other related parties	-	-
2. Other than related parties	1,010.47	1,006.07
	1,038.47	1,034.07

** As per Accounting Standard of ICAI (Please see Note 3)

\$ Government securities valued cost less amortisation of premium

8) Other information

(₹ In Crore)

Particulars	Amount
Gross Non-Performing Assets	
i) Gross non-performing assets	
a) Related parties	-
b) Other than related parties	538.57
Net Non-Performing Assets	
ii) Net non-performing assets	
a) Related parties	-
b) Other than related parties	122.93
iii) Assets acquired in satisfaction of debt	-

Notes

- As defined in paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in column (5) above.

Annexure (Forming part of the financial statements) (Contd.)

II Disclosure of restructured accounts as per notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated 23 January 2014 of the Reserve Bank of India

Type of restructuring		Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
Asset Classification		Standard		Sub-standard		Doubtful		Loss		Standard		Sub-standard		Doubtful		Loss	
Details																	
Restructured Accounts as on April 1 of the FY (opening figures)	No of borrowers	-	1	-	-	-	-	-	-	1	160	-	-	161	1	161	-
	Amount outstanding	-	56.56 [§]	-	-	-	-	-	-	160.60	52.40	-	-	213.00	160.60	108.96	-
	provision thereon	-	21.35	-	-	-	-	-	-	8.78	16.96	-	-	25.74	8.78	38.31	-
	No of borrowers	-	-	-	-	-	-	-	-	-	142	-	-	142	-	142	-
Fresh restructuring during the year	Amount outstanding	-	-	-	-	-	-	-	-	15.00	42.07	-	-	57.07	15.00	42.07	-
	provision thereon	-	-	-	-	-	-	-	-	43.90	6.00	-	-	49.90	43.90	6.00	-
	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Upgradations to restructured standard category during the FY	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of restructured accounts during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	(9)	9	-	-	-	(9)	9
	Amount outstanding	-	-	-	-	-	-	-	-	-	(15.06)	15.06	-	-	-	(15.06)	15.06
	provision thereon	-	-	-	-	-	-	-	-	-	(5.50)	5.50	-	-	-	(5.50)	5.50
	No of borrowers	-	(1)	-	-	-	-	-	-	-	(64)	-	-	(64)	-	(65)	-
Write-offs of restructured accounts during the FY #	Amount outstanding	-	(56.56)	-	-	-	-	-	-	-	(25.43)	-	-	(25.43) [§]	-	(81.99)	-
	provision thereon	-	(21.35)	-	-	-	-	-	-	-	(4.77)	-	-	(4.77) [*]	-	(26.12)	-
	No of borrowers	-	-	-	-	-	-	-	-	1	229	9	-	239	1	229	9
	Amount outstanding	-	-	-	-	-	-	-	-	175.60	53.98	15.06	-	244.64	175.60	53.98	15.06
Restructured Accounts as on 31 March of the FY (Closing figures)	provision thereon	-	-	-	-	-	-	-	-	52.68	12.69	5.50	-	70.87	52.68	12.69	5.50
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Represents recoveries from restructured advances

§ Represents funded interest component pursuant to CDR arrangement

@ Net roll back of 25.43 crore is after considering a write off of 1.26 crore

+ ₹ 4.77 crore comprises of additional provision amounting to ₹ 8.16 crore and a release of ₹ 3.39 crore on account of write off/collections

Annexure (Forming part of the financial statements) (Contd.)

III The disclosure as required by the revised guidelines on securitisation transactions issued by RBI on 21 August 2012 is given as under:

During the year, the Company transferred loans through direct assignment to the partner bank. The disclosure as required by the revised guidelines on securitisation transactions issued by RBI on 21 August 2012 is given as under:

Assets Transferred during FY2016

Particulars	(₹ In Crore)	
	Amount	
Gross amount of assets assigned including exposure retained by the seller		1139.77
Total amount of exposure retained by the NBFC to comply with MRR In form of On-Balance sheet retention of Assets		113.98
Total Amount of exposure retained by NBFC other than MRR In form of on-Balance Sheet retention of Assets		-
Net amount of assets transferred through direct assignment in FY2016		1025.79
The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2016		1473.08

IV As required in terms of Paragraph 9 of RBI circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated 10 November 2014

(1) Capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
(i) CRAR (%)	19.50%	17.97%
(ii) CRAR Tier I capital (%)	16.06%	14.15%
(iii) CRAR Tier II capital (%)	3.44%	3.82%
(iv) Amount of subordinated debt raised as Tier II capital	1278.30	988.30
(v) Amount raised by issue of perpetual debt instruments	-	-

Annexure (Forming part of the financial statements) (Contd.)

IV As required in terms of Paragraph 9 of RBI circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated 10 November 2014 (Contd.)

(2) Investments

(₹ In Crore)

Particulars	As at 31 March	
	2016	2015
1. Value of investments		
(i) Gross value of investments		
In India	1,035.91	332.67
Outside India	-	-
(ii) Provisions for depreciation/amortisations		
In India	1.84	0.38
Outside India	-	-
(iii) Net value of investments		
In India	1,034.07	332.29
Outside India	-	-
2. Movement of provisions held towards depreciation/amortisations on investments		
(i) Opening balance	0.38	1.26
(ii) Add: Provisions during the year	1.46	-
(iii) Less: Write off/write back of excess provisions during the year	-	0.88
(iv) Closing balance	1.84	0.38

(3) Details of assignment transactions undertaken by the NBFC

(₹ In Crore)

Particulars	As at 31 March	
	2016	2015
(i) No. of accounts	8,384	6,729
(ii) Aggregate value (net of provisions) of accounts sold, Gross Exposure	6,158.40	5,018.64
(iii) Aggregate consideration for assigned portion	4,011.05	2,985.26
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

(4) Asset Liability Management maturity pattern of certain items of assets and liabilities

(₹ In Crore)

Particulars	Upto 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits made	-	-	-	-	-	-	14.80	2.82	17.62
Advances (Receivables under Financing activity)	2,527.37	2,046.31	2,017.30	4,778.82	6,607.41	10,703.77	4,355.34	9,719.44	42,755.76
Investments	450.71	-	98.21	-	-	-	25.44	459.71	1,034.07
Borrowings (including deposits accepted)	1,386.57	1,651.92	252.44	2,131.98	6,314.82	14,198.15	9,159.72	1,929.10	37,024.70
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Annexure (Forming part of the financial statements) (Contd.)

IV As required in terms of Paragraph 9 of RBI circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated 10 November 2014 (Contd.)

(5) Exposures

a) Exposures to real estate sector

(₹ In Crore)

Category	As at 31 March	
	2016	2015
(i) Residential mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	8,651.11	5,246.60
(ii) Commercial real estate Lending secured by mortgages on commercial real estates	932.29	654.86
(iii) Investments in mortgage backed securities	-	-

b) Exposure to capital market

(₹ In Crore)

Category	As at 31 March	
	2016	2015
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	2,670.23	1,585.27
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to companies against expected equity flows/issues	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	2,670.23	1,585.27

6) Registration obtained from other financial sector regulators

Regulator	Registration No.
Insurance Regulatory and Development Authority:	
As a corporate agent for:	
Bajaj Allianz Life Insurance Company Ltd.	488 C000146046
Bajaj Allianz General Insurance Company Ltd.	BAG C000146046
Max Bupa Health Insurance Company Ltd.	ABL 5733407

Annexure (Forming part of the financial statements) (Contd.)

IV As required in terms of Paragraph 9 of RBI circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated 10 November 2014 (Contd.)

(7) Ratings assigned by credit rating agencies

(₹ In Crore)

Rating agency	Program	Rating assigned	Migration in ratings during the year	2016	2015
India Ratings	Non-Convertible Debenture	IND AAA/Stable	NIL	4,000	
	Subordinate Debt	IND AAA/Stable	NIL	1,000	
	Long-term Bank Rating	IND AAA/Stable	NIL		
	Short-term Bank rating	IND A1+	NIL	30,000	
CRISIL	Non-Convertible Debenture	CRISIL AA+/Positive	Outlook revised to Positive from Stable	9,850	7,350
	Lower Tier II Bond	CRISIL AA+/Positive	Outlook revised to Positive from Stable	700	700
	Fixed deposit	FAAA/STABLE	NIL	NA	NA
	Long-term Bank Rating	CRISIL AA+/Positive	Outlook revised to Positive from Stable	21,000	16,000
	Short-term Bank rating	CRISIL A1+	NIL		
	Subordinate Debt	CRISIL AA+/Positive	Outlook revised to Positive from Stable	2,000	1,000
	Short-term Debt	CRISIL A1+	NIL	6,500	5,500
ICRA	Non-Convertible Debenture	ICRA AA+(STABLE)	NIL	8,000	5,000
	Lower Tier II Bond	ICRA AA+(STABLE)	NIL	700	700
	Fixed deposit	MAAA(STABLE)	NIL	NA	NA
	Subordinate Debt	ICRA AA+(STABLE)	NIL	1,000	1,000
	Short-term Debt	ICRA A1+	NIL	6,500	5,500

(8) Provisions and contingencies

(₹ In Crore)

Break up of provisions and contingencies shown under the head expenditure in the Statment of Profit and Loss	For the year ended 31 March	
	2016	2015
Provision for depreciation/amortisation on investment	1.80	0.34
Provisions for NPA	74.54	128.72
Provision for income tax/deferred tax and tax adjustments of earlier years	686.05	459.07
Provision for standard assets	45.35	33.85
Other provisions and contingencies:		
Provision for restructured standard assets	43.90	7.16
Provision for delinquent receivables not yet NPA, net	6.80	32.30
Provision for interest sacrifice	(7.13)	-

Annexure (Forming part of the financial statements) (Contd.)

IV As required in terms of Paragraph 9 of RBI circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated 10 November 2014 (Contd.)

(9) Concentration of deposits, advances, exposures and NPAs

		(₹ In Crore)
Particulars		Amount
a) Concentration of deposits		
Total deposits of 20 largest depositors		884.83
Percentage of deposits of 20 largest depositors to total deposits of the Company		39.44%
b) Concentration of advances		
Total advances to 20 largest borrowers		1,994.36
Percentage of advances to 20 largest borrowers to total advances of the Company		4.66%
c) Concentration of exposures		
Total exposures to 20 largest borrowers/customers		1,994.36
Percentage of exposures to 20 largest borrowers/customers to total exposure of the Company on borrowers/customers		4.66%
d) Concentration of NPAs		
Total exposure to top 4 NPA accounts		29.74

e) Sector wise NPAs

Sector	% of gross NPAs to total advances in the sector	% of net NPAs to total advances in the sector
Agriculture & allied activities	0.00%	0.00%
MSME	0.00%	0.00%
Corporate borrowers	0.69%	0.29%
Services	0.00%	0.00%
Unsecured personal loans	1.43%	0.09%
Auto loans	4.28%	1.05%
Advances	5.36%	0.00%
Other personal loans	1.43%	0.07%
Total	1.23%	0.28%

Annexure (Forming part of the financial statements) (Contd.)

IV As required in terms of Paragraph 9 of RBI circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated 10 November 2014 (Contd.)

(10) Movement of NPAs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
(i) Net NPAs to net advances (%)	0.28%	0.45%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	484.41	279.61
(b) Additions during the year	367.58	347.18
(c) Reductions during the year	313.42	142.38
(d) Closing balance	538.57	484.41
(iii) Movement of net NPAs		
(a) Opening balance	142.53	66.46
(b) Additions during the year	95.58	110.88
(c) Reductions during the year	115.18	34.81
(d) Closing balance	122.93	142.53
(iv) Movement of provisions for NPAs (excluding provisions for standard assets)		
(a) Opening balance	341.87	213.15
(b) Provisions made during the year	272.00	236.29
(c) Write offs/write back of excess provisions	198.23	107.57
(d) Closing balance	415.64	341.87

(11) Disclosure of complaints

Particulars	Count
(a) No. of complaints pending at the beginning of the year	–
(b) No. of complaints received during the year	118
(c) No. of complaints redressed during the year	118
(d) No. of complaints pending at the end of the year	–

V The disclosure as required by RBI circular No. DNBS.CC.PD. No. 265/03.10.01/2011-2012 dated 31 March 2012

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Total gold loan portfolio	146.78	37.39
Total assets	42,755.76	31,199.45
Gold loan portfolio as % of total assets	0.34%	0.12%

VI The disclosure as required by RBI circular No. DNBS.CC.PD.No. 356 /03.10.01/2013-14 dated 16 September 2013, regarding reporting of the gold auctioned during the financial year

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Number of loan accounts	Nil	Nil
Outstanding amount	Nil	Nil
Value fetched on auctions	Nil	Nil

**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

		(Amount in ₹)
1 Name of the subsidiary	Bajaj Housing Finance Ltd.	Bajaj Financial Securities Ltd.
2 Reporting period for the subsidiary concerned, if different from the Holding company's reporting period	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
3 Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable	Not applicable
4 Share capital	500,000,000	140,000,000
5 Reserves and surplus	(252,481,602)	(18,977,101)
6 Total assets	248,089,655	121,273,909
7 Total Liabilities	571,257	251,010
8 Investments	236,501,395	113,848,884
9 Turnover	929,912	986,021
10 Profit before taxation	529,939	566,846
11 Provision for taxation	-	-
12 Profit after taxation	529,939	566,846
13 Proposed dividend	NA	NA
14 % of shareholding	100%	100%*

* Held by Bajaj Housing Finance Ltd.

Part B: Associates and Joint Ventures – Not Applicable

In terms of our report of even date
For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

The background features a series of thin, light gray lines that originate from the top corners and converge towards the bottom center, creating a funnel-like or hourglass-like shape. These lines intersect to form a fine grid pattern, particularly dense at the bottom where they meet.

Consolidated Financial Statements

Independent Auditors' Report

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

Report on the consolidated financial statements

1. We have audited the accompanying consolidated financial statements of Bajaj Finance Ltd. ('hereinafter referred to as the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31 March 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the consolidated financial statements').

Management's responsibility for the consolidated financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in

Independent Auditors' Report (Contd.)

conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on other legal and regulatory requirements

8. As required by section 143(3) of the Act, 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 maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India, 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 records of the Holding Company and its subsidiaries incorporated in India.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group is disqualified as on 31 March 2016 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 over financial reporting of the Holding Company, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at 31 March 2016 on the consolidated financial position of the Group.
 - 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 as at 31 March 2016. The Group did not have long-term derivative contracts as at 31 March 2016.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts required to be transferred to Investor Education and Protection Fund by subsidiary companies incorporated in India during the year ended 31 March 2016.

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942
Pune: 24 May 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the Members of Bajaj Finance Ltd. on the consolidated financial statements for the year ended 31 March 2016

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Bajaj Finance Ltd. (hereinafter referred to as 'the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the 'guidance note') issued by the ICAI and the standards on auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

6. The Company's internal financial control over financial reporting 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. The Company's internal financial control over financial reporting includes those policies and procedures that
 - (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - (ii) 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

Annexure A to Independent Auditors' Report (Contd.)

(iii) 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 over financial reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942
Pune: 24 May 2016

Consolidated Balance Sheet

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2016	2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	53.55	50.00
Reserves and surplus	4	7,271.18	4,749.71
Money received against share warrants	3 g. ii	102.03	-
		7,426.76	4,799.71
Non-current liabilities			
Long-term borrowings	5	25,286.86	18,273.51
Other Long-term liabilities	6	447.40	135.77
Long-term provisions	7	242.94	152.08
		25,977.20	18,561.36
Current liabilities			
Current maturities of long-term borrowings	5		
Secured loans		5,444.06	3,843.20
Unsecured loans		655.18	260.05
		6,099.24	4,103.25
Short-term borrowings	8	5,638.49	4,277.83
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	27 (i)	0.11	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	27 (ii)	300.87	273.72
Other current liabilities	9	888.65	596.67
Short-term provisions	7	125.28	167.23
		13,052.64	9,418.70
Total		46,456.60	32,779.77
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		242.95	218.26
Intangible assets		44.05	30.92
		287.00	249.18
Goodwill on consolidation		3.27	3.27
Non-current investments	11	457.15	147.09
Deferred tax assets (net)	12	280.04	212.28
Receivables under financing activity	13	24,778.55	18,119.67
Long-term loans and advances	14	99.82	89.81
Other non current assets		0.02	0.25
		25,905.85	18,821.55
Current assets			
Current investments	11	571.95	179.20
Receivables under financing activity	13	17,977.21	13,079.78
Cash and bank balances	15	1,330.85	229.83
Short-term loans and advances	14	458.89	303.55
Other current assets	16	211.85	165.86
		20,550.75	13,958.22
Total		46,456.60	32,779.77
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements
In terms of our report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Consolidated Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2016	2015
Revenue			
Revenue from operations	17	7,304.31	5,381.80
Other income	18	79.35	36.48
Total Revenue (I)		7,383.66	5,418.28
Expenses			
Employee benefits expense	19	629.63	450.73
Finance costs	20	2,926.85	2,248.27
Depreciation and amortisation	10	56.34	35.60
Loan losses and provisions	21	542.85	384.56
Other expenses	22	1,263.31	942.17
Total expenses (II)		5,418.98	4,061.33
Profit before tax (I - II)		1,964.68	1,356.95
Tax expense:			
Current tax		753.81	531.75
Deferred tax expense/(credit)		(67.76)	(73.12)
Tax adjustments of earlier years		-	0.44
Total Tax expense		686.05	459.07
Profit for the year		1,278.63	897.88
Earnings per share:	23		
(Nominal value per share ₹ 10/-)			
Basic (₹)		242.32	179.94
Diluted (₹)		238.85	177.70
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements
In terms of our report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Consolidated Cash Flow Statement

Particulars	(₹ In Crore) for the year ended
	31 March 2016
A. Cash flow from operating activities	
Profit before tax	1,964.68
Adjustments for:	
Depreciation and amortisation	56.34
Amortisation of premium on Government securities	0.87
Finance costs	2,926.85
Provision for doubtful debts and advances, net	163.46
Marked to Market losses on investments	0.93
	3,148.45
Less: Investment income/(loss) included above	
Interest on Government securities	40.08
Loss on sale of tangible assets, net	(0.25)
	39.83
Cash from operations	5,073.30
Changes in working capital:	
Increase/(decrease) in trade payables	27.26
Increase/(decrease) in short-term provisions	(0.44)
Increase/(decrease) in long-term provisions	8.74
Increase/(decrease) in other current liabilities	74.75
Increase/(decrease) in other long-term liabilities	16.59
(Increase)/decrease in long-term loans and advances	(2.55)
(Increase)/decrease in short-term loans and advances	(156.56)
(Increase)/decrease in other current assets	(41.63)
(Increase)/decrease in other non-current assets	0.23
	(73.61)
	4,999.69
Taxes paid (net of refunds)	(739.52)
Finance costs paid	(2,415.62)
	(3,155.14)
	1,844.55
(Increase)/decrease in receivables under financing activity, current	(4,977.55)
(Increase)/decrease in receivables under financing activity, non-current	(6,658.88)
	(11,636.43)
Net cash generated from operations	(9,791.88)
Carried forward	(9,791.88)

Consolidated Cash Flow Statement

		(₹ In Crore)
		for the year ended
Particulars		31 March 2016
	Brought forward	(9,791.88)
B. Cash flow from investing activities		
Capital expenditure		(95.25)
Sale proceeds of assets/adjustments to gross block		0.84
(Increase)/decrease in investments		(704.61)
Investment income:		
Interest on Government securities		34.41
Net cash from investing activities		(764.61)
C. Cash flow from financing activities		
Dividends paid		(190.52)
Dividend distribution tax		(39.40)
Increase/(decrease) in long-term borrowings		7,013.35
Increase/(decrease) in short-term borrowings		1,360.66
Increase/(decrease) in current maturities of long-term debts		1,995.99
Increase/(decrease) in share capital		3.55
Increase/(decrease) in money received against share warrants		102.03
Increase/(decrease) in share premium, net		1,410.54
Net cash from financing activities		11,656.20
Net increase/(decrease) in cash and cash equivalents		1,099.71
Cash and cash equivalents at the beginning of the year		227.81
Cash and cash equivalents at the end of the year		1,327.52

Since the previous year was the first year the Company acquired a subsidiary consequent to which the Company could not draw up a Cash Flow Statement under the Indirect method, no previous year figures have been disclosed.

In terms of our report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2016

- 1 (a) The consolidated financial statements include results of the following subsidiaries of Bajaj Finance Ltd., consolidated in accordance with AS-21 'Consolidated Financial Statements'.

Name of the Company	Country of incorporation	% Shareholding of Bajaj Finance Ltd.	Consolidated as
Bajaj Housing Finance Ltd.	India	100%	subsidiary
Bajaj Financial Securities Ltd.*	India	100%	subsidiary

* Bajaj Financial Securities Ltd. is wholly owned subsidiary of Bajaj Housing Finance Ltd.

The consolidated results of Bajaj Housing Finance Ltd. include 100% interest in Bajaj Financial Securities Ltd. as a subsidiary.

- (b) Disclosure in terms of Schedule III of the Companies Act, 2013:

(₹ In Crore)

Name of the company	Net Assets (i.e. total assets minus total liabilities)		Share in Profit or Loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Bajaj Finance Ltd.	99.67%	7,402.07	100%	1,278.52
Bajaj Housing Finance Ltd.	0.17%	12.73		0.05
Bajaj Financial Securities Ltd.	0.16%	11.96		0.06

- (c) Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements to which these consolidated financial statements are attached, which fairly present the needed disclosures.

2 I. Statement of significant accounting policies and practices

- a) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e. year ended 31 March.
- b) These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956 shall continue to apply. The Ministry of Corporate Affairs (MCA) has notified Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016. Accordingly, these consolidated financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956, Reserve Bank of India and National Housing Bank Guidelines/Regulations to the extent applicable.
- c) All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of its assets and liabilities.

II. Principles of consolidation

- a) The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

- b) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.
- c) The excess of the cost to the Parent Company of its investments in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the financial statements as goodwill.

III. Since the subsidiary viz. Bajaj Housing Finance Ltd. has not commenced business of housing finance during the year and both the subsidiaries are insignificant in context of the consolidated group, the consolidated financial statements largely reflect the results of the parent and hence other significant accounting policies followed by the group can be referred to in Note No. 2 to the stand alone financial statements of the parent, to which these consolidated financial statements are attached.

3 Share Capital

Particulars	(₹ In Crore)	
	As at 31 March 2016	2015
Authorised		
75,000,000 (75,000,000) equity shares of ₹ 10 each	75.00	75.00
Issued		
53,872,190 (50,147,259) equity shares of ₹ 10 each	53.87	50.15
Subscribed and paid up		
53,872,190 (50,147,259) equity shares of ₹ 10 each fully called up and paid up	53.87	50.15
Less: 322,674 (146,861) equity shares of ₹ 10 each held in a Trust for employees under ESOP Scheme (See footnote 'g' below)	0.32	0.15
	53.55	50.00

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year (Subscribed and Paid up)	50,147,259	50.15	50,142,334	50.14
Add: Issued during the year - Employee Stock Option Plan	450,063	0.45	4,925	0.01
Add: Issued during the year to eligible Qualified institutional buyers @	3,274,853	3.27	-	-
Add: Issue of shares on right basis (₹ 150, Previous Year- Nil) *	15	-	-	-
	53,872,190	53.87	50,147,259	50.15
Less: Equity shares held in trust for employees under ESOP scheme (See foot note 'g' below)	322,674	0.32	146,861	0.15
Outstanding at the end of the year	53,549,516	53.55	50,000,398	50.00

* The Company during the year 2012-13 had issued equity shares on right basis of which 859 shares were held in abeyance pending adjudication of title/claim from respective shareholders. Of these, 15 shares were allotted during the year at a premium of ₹ 1,090 per share.

@ On 11 June 2015, the Company allotted 3,274,853 equity shares to the eligible Qualified Institutional Buyers at a price of ₹ 4,275 per equity share of ₹ 10 face value (inclusive of premium ₹ 4,265 per share) aggregating approx. ₹ 1,400 crore, in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The subject shares were listed on NSE and BSE w.e.f. 15 June 2015. As the shares were allotted before the record date for dividend for 2014-15, dividend @ ₹ 18 per share amounting to ₹ 5.89 crore was paid on aforesaid shares.

b) Terms/rights/restrictions attached to equity shares

- i The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting and interim dividend declared by the Board of Directors is paid in Indian

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

3 Share Capital (Contd.)

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.

- ii Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, equity shares held by Bajaj Finserv Ltd., i.e. 30,856,613 equity shares are restricted from transfer upto 5 June 2017 in connection with allotment of 925,000 warrants allotted to Bajaj Finserv Ltd..
- c) The funds received upon allotment of warrants and qualified institutional buyers of equity shares have been utilised for meeting funding requirements of the business activities of the Company as per the objects of the issue.
- d) The Board of Directors in its meeting held on 9 March 2016 declared an interim dividend of ₹ 18 per share.

e) Shares held by Holding Company (Face value ₹ 10)

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finserv Ltd.*	30,856,613	30.86	30,856,613	30.86

* An associate of Bajaj Holdings and Investments Ltd.

f) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Ltd.*	30,856,613	57.28%	30,856,613	61.53%

* An associate of Bajaj Holdings and Investments Ltd.

g) Shares reserved for issue

i. Under Employee Stock Option Plan

2,507,116 (2,507,116) equity shares (i.e. 5% of the subscribed and paid up equity share capital) have been approved/ reserved for issue under Employee Stock Option Plan, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI guidelines)), of which 2,084,180 (1,890,680) equity shares have been granted as per the scheme and 1,241,988 (791,925) thereof have been issued and allotted to BFL Employee Welfare Trust (ESOP trust), upto 31 March 2016. 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 amounting to 322,674 (as at 31 March 2015 - 146,861) have been reduced against the Share capital of the Company as if the trust is administered by the Company itself. The Securities Premium related to the unexercised equity shares held by the trust as at the close of the year aggregating ₹ 448,741,587 (as at 31 March 2015 - ₹ 103,110,017) has also been reduced from securities premium account and adjusted against the loans outstanding from the Trust. See Note No. 29 to the standalone financial results of the Company for further details.

Dividends declared by the Company do not accrete to 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.

ii. For warrant conversion

925,000 warrants convertible into equivalent number of equity shares of ₹ 10/- each have been issued and allotted to Bajaj Finserv Ltd. (promoter) on 2 June 2015. 25% of the issue price amounting to ₹ 102.03 crore has been received in advance entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

4 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Share Premium		
Balance as at the beginning of the year	1,926.88	1,926.21
Add: Received during the year:		
On issue of shares under employee stock option plan	59.66	0.67
On issue of shares under qualified institutional buyers	1,396.72	-
On issue of Right shares held in abeyance (₹ 16,350, previous year- Nil)	-	-
Less: Share issue expenses as per section 52 of the Companies Act, 2013	11.28	-
	3,371.98	1,926.88
Less: Premium on unexercised equity shares held in trust for employees under the ESOP scheme (See Note No. 3 (g))	44.87	10.31
Balance as at the end of the year	3,327.11	1,916.57
Capital Reserve		
Amount previously received on forfeited equity shares re-issued (₹ 5,000, previous year ₹ 5,000)		
Reserve Fund in terms of section 451C(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	669.75	484.75
Add: Set aside during the year	256.00	185.00
Balance as at the end of the year	925.75	669.75
Reserve Fund in terms of section 29C of the National Housing Bank Act, 1987		
Balance as at the beginning of the year	-	-
Add: Set aside during the year	0.01	-
Balance as at the end of the year	0.01	-
General Reserve		
Balance as at the beginning of the year	473.60	383.60
Add: Set aside during the year	128.00	90.00
Balance as at the end of the year	601.60	473.60
Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	5.75	3.65
Add: Set aside during the year	-	2.10
Balance as at the end of the year	5.75	5.75
Surplus in the statement of profit and loss		
Balance as at the beginning of the year	1,684.04	1,171.91
Profit for the year	1,278.63	897.88
	2,962.67	2,069.79
Less: Appropriations		
Transfer to reserve fund in terms of section 451C(1) of the Reserve Bank of India Act, 1934	256.00	185.00
Transfer to reserve fund in terms of section 29C of the National Housing Bank Act, 1987	0.01	-
Transfer to infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	-	2.10
Transfer to general reserve	128.00	90.00
Final dividend to qualified institutional buyers (See Note No. 3 (a))	5.89	-
Tax on final dividend to qualified institutional buyers and ESOP Trust	1.28	-
Proposed dividend	37.71	90.27
Interim dividend	96.97	-
Tax on interim dividend	19.74	-
Provision for tax on dividend	7.68	18.38
Adjustment of dividend to ESOP Trust (See Note No. 3 (g))	(1.57)	-
Total appropriations	551.71	385.75
Balance as at the end of the year	2,410.96	1,684.04
Total	7,271.18	4,749.71

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

5 Long-term borrowings

Particulars	(₹ In Crore)			
	Non-current		Current maturity	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
A) Secured				
Privately placed redeemable non-convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and/or Company's office at Unit No. 806 admeasuring 2280 sq. ft. 8th Floor, Block, A of Wing Delta, Raheja Towers, Anna Salai, Mount Road, Chennai - 600 002 and book debts/loan receivables under financing activity as stated in the respective information memorandum.	10,844.40	7,164.10	3,096.20	1,701.00
From Banks, against hypothecation of assets under finance, book debts and other receivables	11,836.61	9,284.47	2,347.86	2,142.20
Total (A)	22,681.01	16,448.57	5,444.06	3,843.20
B) Unsecured				
Privately placed redeemable non-convertible debentures	-	-	113.00	50.00
Privately placed subordinated (Tier II) redeemable non-convertible debentures of ₹ 0.10 crore each	1,278.30	988.30	-	-
Term loans from banks	100.00	175.00	75.00	-
Fixed deposits	1,227.55	661.64	467.18	210.05
Total (B)	2,605.85	1,824.94	655.18	260.05
Total (A+B)	25,286.86	18,273.51	6,099.24	4,103.25

Note

The above borrowings represent the borrowings of the Parent Company and hence the details of the same are better visited in Note No. 5 to Standalone financial statements of the Company.

6 Other long-term liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Trade payables	44.19	32.21
Others:		
Security deposits	21.50	17.11
Other Payables	4.51	4.29
Interest accrued but not due*	377.20	82.16
	447.40	135.77

* Includes payable to related party ₹ 1.96 crore (previous year ₹ 0.01 crore).

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

7 Provisions

Particulars	(₹ In Crore)			
	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Provision for employee benefits				
Gratuity	-	-	2.42	2.15
Privilege leave entitlements	-	-	15.46	16.17
	-	-	17.88	18.32
Other provisions				
Proposed dividend (See (i) below)	-	-	37.71	90.27
Tax on proposed dividend	-	-	7.68	18.38
General provision on standard assets	181.52	136.17	-	-
Provision for restructured standard assets	52.68	8.78	-	-
Provision for interest sacrifice on re-structured assets	-	7.13	-	-
Provision retained on sale of non-performing assets	8.74	-	-	-
Provision for tax (net of advance tax ₹ 691.80 crore, PY ₹ 491.49 crore)	-	-	62.01	40.26
	242.94	152.08	107.40	148.91
	242.94	152.08	125.28	167.23

(i) During the year ended 31 March 2016, an interim dividend of ₹ 18 per share was declared by the Board of Directors. The final dividend proposed for distribution to equity shareholders was ₹ 7 per share (previous year ₹ 18 per share).

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

8 Short-term borrowings

(₹ In Crore)		
As at 31 March		
Particulars	2016	2015
A) Secured		
From Banks, against hypothecation of assets under finance, book debts and other receivables:		
Cash credit and demand loans	1,880.08	2,002.69
Overdraft facility	239.97	239.87
Other short-term loans	-	-
Collateralised borrowing and lending obligation, against Government securities held by the Company	200.00	-
Total (A)	2,320.05	2,242.56
B) Unsecured		
From banks:		
Overdraft facility	642.38	28.37
Term loans	500.00	500.00
Fixed deposits	548.45	111.67
	1,690.83	640.04
Borrowings by issue of commercial papers	1,627.61	1,395.23
Total (B)	3,318.44	2,035.27
Total (A+B)	5,638.49	4,277.83

Note

The above borrowings represent the borrowings of the Parent Company and hence the details of the same are better visited in Note No. 8 to Standalone financial statements of the Company.

9 Other Current liabilities

(₹ In Crore)		
As at 31 March		
Particulars	2016	2015
Interest accrued but not due*	708.83	492.63
Interest accrued and due (₹ 39,967)	-	0.01
Income received in advance	0.12	0.01
Unclaimed dividend	1.81	0.77
Unclaimed matured fixed deposits	-	-
Investor Education and Protection Fund (₹ Nil, PY ₹ 4,682: Since paid)	-	-
Others		
Statutory dues	72.79	25.42
Security deposits	0.63	0.80
Employee benefits payable **	66.20	40.69
Other/miscellaneous payables +	38.27	36.34
	888.65	596.67

Note

* Includes payable to related parties aggregating ₹ 4.18 crore (Previous year ₹ 1.27 crore).

** Includes payable to related parties aggregating ₹ 3.03 crore (Previous year ₹ 2.28 crore).

+ Includes payable to related parties aggregating ₹ 0.91 crore (Previous year ₹ 1.08 crore).

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

10 Fixed assets

(₹ In Crore)									
Particulars	Gross block at cost				Depreciation and amortisation			Net block	
	As at 31 March 2015	Additions	Deductions/ adjustments	As at 31 March 2016	As at 31 March 2015	Deductions/ adjustments	For the Year	As at 31 March 2016	As at 31 March 2016
A) Tangible assets (b)									
Leasehold improvements	21.67	14.52	-	36.19	5.56	-	9.06	14.62	21.57
Other assets:									
Land freehold (a)	2.26	-	-	2.26	-	-	-	-	2.26
Building (a)	158.18	0.32	-	158.50	28.31	-	6.37	34.68	123.82
Computers	54.71	25.37	1.80	78.28	35.17	1.78	13.35	46.74	31.54
Office equipments	28.96	9.40	0.38	37.98	9.72	0.25	7.57	17.04	20.94
Furniture and fixtures	35.77	13.96	0.96	48.77	10.80	0.60	4.97	15.17	33.60
Vehicles	11.14	7.33	1.92	16.55	4.87	1.34	3.80	7.33	9.22
Total (A)	312.69	70.90	5.06	378.53	94.43	3.97	45.12	135.58	242.95
B) Intangible assets									
Specialised software (b)	30.92	24.35	11.22(b)	44.05	-	-	-	-	44.05
Total (B)	30.92	24.35	11.22	44.05	-	-	-	-	44.05

Fixed assets Schedule of Previous year

(₹ In Crore)										
Particulars	Gross block at cost				Depreciation and amortisation				Net block	
	As at 31 March 2014	Additions	Deductions/ adjustments	As at 31 March 2015	As at 31 March 2014	Depreciation written back (c)	Deductions/ adjustments	For the Year	As at 31 March 2015	As at 31 March 2015
A) Tangible assets (b)										
Assets relating to erstwhile leasing:										
Plant and Machinery	17.64	-	17.64	-	17.64	-	17.64	-	-	-
Leasehold improvements	9.22	12.45	-	21.67	1.43	-	-	4.13	5.56	16.11
Other assets:										
Land freehold (a)	2.26	-	-	2.26	-	-	-	-	-	2.26
Building (a)	157.72	0.62	0.16	158.18	21.65	-	-	6.66	28.31	129.87
Computers	42.27	9.45	2.26	49.46	28.06	5.38	1.82	12.53	33.39	16.07
Office equipments	19.74	9.34	0.12	28.96	4.53	2.48	0.02	7.69	9.72	19.24
Furniture and Fixtures	26.64	14.10	(0.28)	41.02	11.16	3.85	0.04	5.31	12.58	28.44
Vehicles	9.29	3.04	1.19	11.14	3.47	1.99	0.61	4.00	4.87	6.27
Total (A)	284.78	49.00	21.09	312.69	87.94	13.70	20.13	40.32	94.43	218.26
B) Intangible assets										
Specialised software (b)	23.03	16.87	8.98 (b)	30.92	-	-	-	-	-	30.92
Total (B)	23.03	16.87	8.98	30.92	-	-	-	-	-	30.92

a) Represents share in undivided portion of land, on purchase of office premises and includes cost of shares in co-operative society ₹ 250.

b) Amount amortised as expense.

c) Effective 1 April 2014:

(i) The Company changed the method of computing depreciation on all assets except buildings from Written Down Value to Straight Line Method. The impact of this change in accounting policy has been calculated retrospectively from the date of addition of the asset and consequently the opening carrying value has been restated by writing back the excess depreciation aggregating ₹ 13.70 crore to the Statement of Profit and Loss.

(ii) Thereupon, consequent to Schedule II of the Companies Act, 2013 becoming effective from 1 April 2014, depreciation has been computed over the revised useful life of the asset in the manner specified in Schedule II. As a result of change in the estimate the charge on account of depreciation for the year is higher by ₹ 7.50 crore.

(iii) Depreciation and amortisation, recognised in the Statement of Profit and Loss:

Particulars	For the year ended	
	2016	2015
Depreciation	45.12	40.32
Amortisation of intangible assets	11.22	8.98
	56.34	49.30
Less: Write back due to change in policy	-	(13.70)
	56.34	35.60

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

11 Investments

(₹ In Crore)				
Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(A) In Government and Trust securities				
Other than trade				
Quoted				
Long-term				
8.27% Government of India Stock, 2020 of the face value of ₹ 25 crore	25.44	25.44	-	-
8.27% Government of India Stock, 2020 of the face value of ₹ 60 crore	-	-	-	61.46
8.28% Government of India Stock, 2027 of the face value of ₹ 25 crore	26.06	26.06	-	-
8.28% Government of India Stock, 2027 of the face value of ₹ 35 crore	35.60	-	-	-
8.40% Government of India Stock, 2024 of the face value of ₹ 15 crore	15.60	15.60	-	-
8.40% Government of India Stock, 2024 of the face value of ₹ 85 crore	87.76	-	-	-
8.60% Government of India Stock, 2028 of the face value of ₹ 75 crore	80.01	80.01	-	-
8.60% Government of India Stock, 2028 of the face value of ₹ 10 crore	10.58	-	-	-
8.60% Government of India Stock, 2028 of the face value of ₹ 50 crore	-	-	-	53.47
8.60% Government of India Stock, 2028 of the face value of ₹ 45 crore	-	-	48.06	-
8.83% Government of India Stock, 2023 of the face value of ₹ 40 crore	-	-	-	42.63
8.83% Government of India Stock, 2023 of the face value of ₹ 30 crore	-	-	31.97	-
7.88% Government of India Stock, 2030 of the face value of ₹ 10 crore	10.06	-	-	-
8.15% Government of India Stock, 2026 of the face value of ₹ 10 crore	9.97	-	-	-
8.38% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	10.01	-	-	-
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 15 crore	15.02	-	-	-
8.67% Karnataka State Development Loan, 2026 of the face value of ₹ 8.94 crore	8.95	-	-	-
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	20.81	-	-	-
7.59% Government of India Stock, 2029 of the face value of ₹ 20 crore	-	-	19.93	-
7.72% Government of India Stock, 2025 of the face value of ₹ 40 crore	-	-	40.43	-
7.88% Government of India Stock, 2030 of the face value of ₹ 30 crore	-	-	30.25	-
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	-	-	21.26	-
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	24.87	-	-	-
8.35% Government of India Stock, 2022 of the face value of ₹ 25 crore	25.52	-	-	-
8.40% Government of India Stock, 2024 of the face value of ₹ 50 crore	51.54	-	-	-
	457.80	147.11	191.90	157.56
Less: Amortisation of premium (Refer Note No. 2 (D) (iii) to standalone financial statements)	(0.65)	(0.02)	-	(0.10)
Less: Marked to market losses on investments	-	-	(1.19)	(0.26)
	457.15	147.09	190.71	157.20
Short-term				
Treasury Bills - 182 day TB 30062016	-	-	98.21	-
Total (A)	457.15	147.09	288.92	157.20
(B) In mutual funds				
Unquoted				
395,353 (-) HDFC Cash Management Fund -Savings plan - Direct plan- Growth	-	-	125.00	-
338,607 (-) Reliance Liquid Fund - Treasury plan - Institutional Growth	-	-	125.00	-
3,131,880 (-) Sundaram Liquid Money Fund-Direct	-	-	10.00	-
79,301 (101,780) IDFC Money Manager Fund Treasury Plan C - Growth - Defunt	-	-	0.10	0.13
73,867 (73,867) IDFC Money Manager Fund Treasury Plan C - Growth - Direct	-	-	0.55	0.55
418358 (418358) Birla Sun Life Savings Fund - Growth - Direct Plan	-	-	11.00	11.00
564,818 (566,569) ICICI Prudential Flexible Income - Regular Plan - Growth	-	-	9.83	9.86
57,112 (17,680) ICICI Prudential Flexible Income - Direct Plan - Growth	-	-	1.55	0.46
Total (B)	-	-	283.03	22.00
Total (A+B)	457.15	147.09	571.95	179.20

(₹ In Crore)

Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Quoted	746.07 *	304.29	750.47	304.65
Unquoted	283.03	22.00	-	-

* At cost ₹ 27,331 (previous year book value ₹ 27,331).

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

12 Deferred tax assets (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
A) Deferred tax liability		
On account of timing difference in:		
Depreciation and amortisation	(13.40)	(12.73)
Other liabilities	(1.92)	-
Gross deferred tax liability Total (A)	(15.32)	(12.73)
B) Deferred tax asset		
On account of timing difference in:		
Disallowance u/s 43B of the Income Tax Act, 1961	8.19	5.60
Provision for doubtful debts	261.02	203.24
Other assets	26.15	16.17
Gross deferred tax asset Total (B)	295.36	225.01
Total (A+B)	280.04	212.28

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

13 Receivables under financing activity
(Good unless otherwise stated)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(I) Secured				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue installments ₹ 409.53 crore) [Previous year ₹ 330 crore]	1,961.54	1,273.50	9,774.55	7,099.28
(b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	-	-	7.40	13.92
	1,961.54	1,273.50	9,781.95	7,113.20
(c) Delinquencies requiring provision	-	-	291.30	239.62
Less: Provision:				
(i) Against non-performing assets (NPAs)	-	-	(224.27)	(171.39)
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	(67.03)	(68.23)
	-	-	-	-
	1,961.54	1,273.50	9,781.95	7,113.20
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue installments ₹ 13.55 crore) [Previous year ₹ 11.44 crore]				
Good	12,833.17	11,319.42	860.79	717.21
Delinquencies requiring provision	-	-	36.67	40.20
Less: Provision:				
(i) Against non-performing assets (NPAs)	-	-	(27.51)	(34.26)
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	(9.16)	(5.94)
	-	-	-	-
	12,833.17	11,319.42	860.79	717.21
(iii) Infrastructure Finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue installments ₹ 30.65 crore) [Previous year ₹ 35.99 crore]				
Good	250.45	398.15	60.12	20.30
Delinquencies requiring provision	-	-	2.25	22.40
Less: Provision:				
Against non-performing assets (NPAs)	-	-	(2.25)	(22.40)
	-	-	-	-
	250.45	398.15	60.12	20.30
(iv) Loan against securities (secured by pledge of securities) (Includes overdue installments ₹ 1.73 crore) [Previous year ₹ 2.20 crore]	122.68	82.98	2,547.55	1,502.29
Total (I)	15,167.84	13,074.05	13,250.41	9,353.00

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

13 Receivables under financing activity
(Good unless otherwise stated) (Contd.)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(II) Unsecured +				
Loans at agreement values less installments received (Includes overdue installments ₹ 155.48 crore) [Previous year ₹ 130.81 crore]				
Good	9,610.71	5,045.62	4,726.80	3,726.78
Delinquencies requiring provision	-	-	186.25	134.13
Less: Provision:				
(i) Against non-performing assets (NPAs)	-	-	(159.16)	(111.48)
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	(27.09)	(22.65)
	-	-	-	-
	9,610.71	5,045.62	4,726.80	3,726.78
Total (II)	9,610.71	5,045.62	4,726.80	3,726.78
Total (I + II)	24,778.55	18,119.67	17,977.21	13,079.78

+ Includes receivables from related parties amounting to ₹ 30.93 crore (previous year ₹ 46.69 crore).

14 Loans and advances, unsecured, good (unless otherwise stated)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Capital advances	1.71	1.50	-	-
Security deposits	16.72	15.17	-	-
Advances/Security deposits to related parties	0.90	0.21	8.58	30.29
Advance tax (net of provision for taxation ₹ 1,793.83 crore, PY ₹ 1,262.14 crore)	79.79	72.33	-	-
Advances to dealers	-	-	378.68	233.94
Advances recoverable in cash or kind:				
Unsecured considered good	0.70	0.60	71.63	39.32
Doubtful	-	-	3.56	2.34
Less: Provision	-	-	(3.56)	(2.34)
	-	-	-	-
	0.70	0.60	71.63	39.32
	99.82	89.81	458.89	303.55

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

15 Cash and bank balances

Particulars	(₹ In Crore)	
	Current	
	As at 31 March	
	2016	2015
Cash and cash equivalents		
Cash on hand	38.98	6.16
Cash with collecting agents	30.33	35.69
Cash equivalents:		
Bank balance in cash credit/current accounts	243.14	185.96
Certificates of deposits (maturity less than 3 months from date of acquisition)	1,015.07	-
	1,327.52	227.81
Other bank balances		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	1.92	0.86
Deposit with banks	1.41	1.16
	3.33	2.02
	1,330.85	229.83

16 Other current assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Interest receivable on investments	12.94	7.27
Other finance charges receivable	185.69	153.81
Receivables from related parties	2.88	1.10
Other receivables	10.34	3.68
	211.85	165.86

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

17 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Finance activity:		
a) Interest on loans including interest subsidy	6,547.94	4,892.27
b) Service and administration charges	408.65	227.70
	6,956.59	5,119.97
Other operating revenue:		
i) Interest		
a) On deposits	2.06	21.47
b) Penal and others	179.95	138.24
	182.01	159.71
ii) Profit on sale of current investments, net*	77.88	43.93
iii) Bad debt recoveries	22.98	19.01
iv) Miscellaneous charges and receipts	64.85	39.18
	347.72	261.83
	7,304.31	5,381.80

* Consequent to deployment of temporary idle funds to defray cost of borrowings, hence classified under 'other operating revenue'.

18 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Interest		
On Government and trust securities, current investments	40.08	9.55
Amortisation of premium/discount	(0.87)	(0.08)
	39.21	9.47
Dividend from non current investment (₹ 19,313, Previous year ₹ 11,625)		
Miscellaneous Income	1.37	0.66
Provisions no longer required	31.78	8.00
Sundry credit balances appropriated	1.88	17.35
Interest on Income tax refunds, net	4.96	0.97
Net gain/(loss) on sale of investments	0.02	0.01
Interest accrued on fixed deposits	0.12	0.02
Profit on sale of assets	0.01	-
	79.35	36.48

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

19 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Employees' emoluments: (Includes managerial remuneration):		
Salaries, wages and bonus	583.10	417.94
Contribution to provident and other funds	25.81	18.51
Staff welfare expenses	20.72	14.28
	629.63	450.73

20 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Interest expenses	2,584.84	1,845.40
Discount in respect of 'Commercial papers'	317.60	383.81
Other financing costs	24.41	19.06
	2,926.85	2,248.27

21 Loan losses and provisions

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Bad debts written off	379.39	182.53
Provision release on account of bad debts written off	(228.68)	(139.47)
Provision for standard assets	45.35	33.85
Provision for restructured standard assets	43.90	7.16
Provision for delinquencies and doubtful advances	302.89	300.49
	542.85	384.56

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

22 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Insurance	0.75	0.50
Rent	21.79	16.34
Commission to non-executive directors	2.27	1.59
Communication expenses	26.97	26.06
Outsourcing/back office expenses	115.38	109.08
Service tax	53.13	27.91
Travelling expenses	71.88	45.40
Information technology expenses	57.97	37.89
Marketing commission	95.62	61.34
Recovery costs	233.15	204.35
Bank charges	31.92	25.44
Rates and taxes	0.76	2.05
Auditors' remuneration *	0.55	0.51
Loss on sale of assets, net	0.25	0.26
Advertisement and Publicity	75.33	35.21
Dealer incentive	290.21	208.28
Marked to market losses on investments	0.93	0.26
Expenditure towards corporate social responsibility activities **	21.36	5.80
Sundry expenses	163.09	133.90
	1,263.31	942.17

* **Payment to auditor (net of service tax) and excludes fees of ₹ 0.25 crore in respect of fund raised through qualified institutional placements, adjusted against share premium**

As auditor:

Audit fee	0.33	0.33
Tax audit fee	0.04	0.04
Limited review	0.06	0.06
In other capacity:		
Other services (certification fees)	0.09	0.05
Reimbursement of expenses	0.03	0.03
	0.55	0.51

** Corporate social responsibility expenditure:

Gross amount to be spent by the Company under section 135 of the Companies Act, 2013, during the year ₹ 21.31 crore.

Amount spent during the year on:

Particulars	(₹ In Crore)		
	For the year ended 31 March		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	21.36	-	21.36

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

23 Computation of Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Particulars	For the year ended 31 March	
	2016	2015
A) Basic		
i) Computation of Profit (numerator):		
- Net Profit attributable to shareholders (₹ In Crore)	1,278.63	897.88
ii) Computation of weighted average number of shares (Denominator):		
- Number of shares outstanding at the beginning of the year	50,000,398	49,748,753
Weighted average number of equity shares issued and outstanding during the year	2,766,377	149,851
Adjusted weighted average equity shares	52,766,775	49,898,604
EPS (basic) (₹)	242.32	179.94
B) Diluted		
i) Computation of Profit (numerator):		
- Net Profit attributable to shareholders (₹ In Crore)	1,278.63	897.88
ii) Computation of weighted average number of shares (Denominator):		
- Number of shares outstanding as above/at the beginning of the year	50,000,398	49,748,753
Weighted average number of equity shares issued and outstanding during the year	2,766,377	149,851
Number of options outstanding at the close of the year*	766,976	629,602
Adjusted weighted average equity shares	53,533,751	50,528,206
EPS (diluted) (₹)	238.85	177.70

* Dilutive equity shares under warrants outstanding and ESOPs.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

24 Contingent liability not provided for

(₹ In Crore)		
Particulars	As at 31 March	
	2016	2015
A)		
Disputed claims against the Company not acknowledged as debts	17.34	7.77
VAT matters under appeal	6.86	6.86
ESI matters under appeal	5.14	5.14
Service tax matters under appeal	1.49	1.19
Income tax matters:		
– Appeals by the Company	9.80	9.66
– Appeals by the Income Tax department	49.36	12.86
i) The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals/defense.		
ii) The Company has received a show cause notice from service tax authorities claiming tax on interest subsidy received from manufacturers and dealers, aggregating ₹ 309.98 crore. The Company, in line with the opinion obtained from eminent counsels, is in the process of responding to the said notice contesting the said claim.		
iii) 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) Guarantees given on behalf of Company ₹ 3.31 crore (Previous year ₹ 2.24 crore).		

25 Capital and other commitments

(₹ In Crore)		
Particulars	As at 31 March	
	2016	2015
A) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	19.24	6.64
B) Other commitments:		
The Company's capital commitments towards partially disbursed loans	103.55	192.28

26 Disclosures of transactions with related parties as required by Accounting Standard-18 are given in the annexure forming part of these consolidated financial statements.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

- 27** i) Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year-end are furnished in Note No. 32 (i) to the standalone financial statements of the Parent Company.
- ii) Trade payable includes payables to related party ₹ 0.01 crore (Previous year- Nil)
- 28** i) The Company and it's consolidated Group are engaged primarily in the business of financing and accordingly, there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting standards) Rules, 2006, dealing with Segment Reporting.
- ii) Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

Signatures to Notes 1 to 28

As per our attached report of even date

For Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S. Venkatesh
Partner
Membership Number: 037942

Pune: 24 May 2016

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

Annexure: Disclosure of transactions with related parties as required by Accounting Standard-18

		(₹ In Crore)			
		2016		2015	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries & Fellow Subsidiaries					
1. Bajaj Finserv Ltd. (Holding Company)	Dividend paid	111.08	-	49.37	-
	Contribution to equity (30,856,613 shares of ₹ 10 each)	-	(30.86)	-	(30.86)
	Preferential warrants application money	102.03	(102.03)	-	-
	Business support charges paid (PY o/s ₹ 38,930)	6.92	-	6.18	-
	Business support charges received	0.20	-	0.16	-
	Non-convertible debentures issued	-	(250.00)	-	(100.00)
	Interest paid on non-convertible debentures	11.82	-	-	-
	Fixed deposits accepted	150.00	(150.00)	-	-
	Interest accrued on fixed deposits	5.62	(5.62)	-	-
2. Bajaj Allianz Life Insurance Company Ltd. (Fellow Subsidiary)	Group life insurance expenses	1.52	0.24	1.16	-
	Insurance premium adjusted (including cancellation receipts)	262.30	8.32	228.61	17.92
	Commission income	0.02	0.28	1.45	0.52
	Certificate of deposit sold	-	-	23.29	-
	Non-convertible debentures issued	140.00	(427.50)	40.00	(182.50)
	Interest paid on non convertible debentures	18.47	-	13.66	-
	Asset purchased	-	-	0.07	-
	Rent & maintenance expenses	0.31	(0.01)	-	-
	Security deposit for property paid	0.60	0.60	-	-
3. Bajaj Allianz General Insurance Company Ltd. (Fellow Subsidiary)	Asset/Medical/Vehicle/Travel Insurance expenses	0.49	-	0.53	-
	Insurance premium adjusted (including cancellation receipts) (O/s ₹ 33,402)	242.00	-	88.10	12.37
	Commission income	35.08	2.52	13.88	0.51
	Non convertible debentures issued	75.00	(135.00)	25.00	(60.00)
	Interest paid on non convertible debentures	5.81	-	3.32	-
B. Individuals controlling voting power/exercising significant influence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.06	-	0.06	-
	Commission	0.12	(0.11)	0.06	(0.05)
	Dividend paid	0.07	-	0.03	-
2. Sanjiv Bajaj (Vice Chairman)	Sitting fees	0.09	-	0.09	-
	Commission	0.18	(0.16)	0.09	(0.08)
3. Madhur Bajaj (Director)	Sitting fees	0.04	-	0.04	-
	Commission	0.08	(0.07)	0.04	(0.04)
	Dividend paid	0.07	-	0.03	-
4. Rajiv Bajaj (Director)	Sitting fees	0.03	-	0.03	-
	Commission	0.05	(0.05)	0.03	(0.03)
5. Shekhar Bajaj	Nil	-	-	-	-
6. Niraj Bajaj	Nil	-	-	-	-

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

Annexure: Disclosure of transactions with related parties as required by Accounting Standard-18

(₹ In Crore)

		2016		2015	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
C. Key Managerial Personnels and their relatives					
1. Rajeev Jain (Managing Director) (CEO till 31 March 2015)	Remuneration	6.33	(3.03)	5.14	(2.28)
	ESOPs exercised-perquisite	7.10	-	2.86	-
	Medical reimbursement	0.22	-	-	-
2. Paras Chandra Chhajer (Father of Mr. Rajeev Jain)	Dividend paid (₹10,296, PY ₹4,576)		-		-
D. Enterprises over which anyone in (B) & (C) exercises significant influence					
1. Bajaj Auto Ltd.	Interest subsidy received	15.46	0.08	7.24	0.07
	Business support cost paid	11.77	(0.02)	14.34	(0.69)
	Business support cost received	0.82	-	0.91	-
	Security deposit paid	-	0.21	-	0.21
	Investment in equity shares ₹7,685)	-		-	
	Dividend received (₹15,000, PY ₹7,500)		-		
2. Bajaj Holdings & Investments Ltd.	Business support cost paid	2.54	-	2.54	-
	Business support charges received	0.20	-	0.16	-
	Investment in equity shares ₹19,646)	-		-	
	Dividend received (₹4,313, PY ₹4,125)		-		-
3. Mukand Ltd.	Loan given	-	30.93	34.68	46.69
	Principal repayment received	15.76	-	16.49	-
	Income received	5.14	-	5.07	-
4. Hind Musafir Agency Ltd.	Services received	15.82	(0.49)	9.46	(0.17)
	Advance for services	-	-	-	1.60
5. Bajaj Electricals Ltd	Assets purchased	1.19	(0.01)	0.34	-
6. Jamnalal Sons Pvt. Ltd	Dividend paid (₹3,384 PY ₹1,504)		-		-
	Contribution to equity (94 shares of ₹10 each)	-		-	
	Security deposit paid	0.09	0.09	-	-
	Rent and other expenses	0.08	-	-	-
7. Hercules Hoists Ltd.	Fixed deposits accepted	8.37	(8.37)	13.50	(13.50)
	Fixed deposits repaid	13.50	-	3.00	-
	Interest paid on fixed deposits	1.72	-	0.29	-
	Interest accrued on fixed deposits	0.50	(0.50)	1.27	(1.27)
8. Maharashtra Scooters Ltd.	Business support charges received	0.08	0.02	0.08	-
	Non-convertible debentures issued	-	(80.00)	-	(80.00)
	Interest on non-convertible debentures issued	7.25	-	-	-
	Contribution to equity (18,97,466 shares of ₹10 each)	-	(1.90)	-	(1.90)
	Dividend paid	6.83	-	3.04	-
9. Bajaj Auto Holdings Ltd	Non-convertible debentures issued	-	(5.00)	-	(5.00)
	Interest on non-convertible debentures issued	0.48	-	-	-

Note

- Transaction values are excluding taxes and duties.
- Amount in bracket denotes credit balances.
- 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 transaction 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 3 of the Accounting Standard-18- 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. Accordingly disclosure have been made in respective notes to financial statements as required by schedule III to the Companies Act, 2013.

Business Responsibility Report

Section A	General information about the Company	
1	Corporate Identification Number	L65910MH1987PLC042961
2	Name of the Company	Bajaj Finance Limited
3	Registered address	Akurdi, Pune – 411 035
4	Website	www.bajajfinserv.in/finance
5	Email ID	investor.service@bajajfinserv.in
6	Financial year reported	1 April 2015 – 31 March 2016
7	Sector(s) that the Company is engagement in	Non-Banking Finance Services
8	3 key products/services manufactured/ provided by the Company	1. Consumer Lending 2. SME Lending 3. Commercial Lending 4. Rural Lending 5. Fixed Deposits 6. Value Added Services
9	Total number of locations where business activity is undertaken by the Company	330 offices across India
10	Markets served by the Company	India
Section B	Financial details of the Company	
1	Paid up capital (INR)	53.87 crore
2	Total turnover (INR)	7,383.48 crore
3	Total profit after tax (INR)	1,278.52 crore
4	Total spending on CSR as percentage of PAT (%)	Refer Annual Report on CSR activities annexed to Directors' Report
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities annexed to Directors' Report
Section C	Other details	
1	Other information	Included in this Report
Section D	BR information	
1	Details of Director/s responsible for BR	DIN: 01550158 Name: Rajeev Jain Designation: Managing Director
2	Details of the BR head	DIN: Not Applicable Name: Sandeep Jain Designation: Chief Financial Officer Telephone number: (020)30186015 Email ID: sandeep.jain@bajajfinserv.in
3	Principle-wise BR policy/policies	Included in this Report
4	Governance related to BR	Included in this Report
Section E	Principle-wise performance	
1	Principle-wise performance	Included in this Report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 100 listed entities based on market capitalisation on the BSE and NSE are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report for FY2016. This report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

Bajaj Finance Limited ('BFL', 'the Company') presents its first BRR in line with the NVGs and the BRR requirement of SEBI. This BRR presents key initiatives undertaken by the Company, driven on the triple bottom line aspects. The business responsibility performance of the Company is assessed annually by BFL's Board of Directors.

BFL is one of the most diversified non-bank finance company in India which operates in six broad categories namely (i) Consumer Lending, (ii) SME Lending, (iii) Commercial Lending, (iv) Rural Lending, (v) Fixed Deposits and (vi) Value Added Services. BFL is a leading financier of consumer durables and two-wheelers in India. The Company has an extensive geographic presence with 330 offices across the country, many being in rural locations.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

BFL practices its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities and it is ingrained into its practices across the organisation. The processes and systems designed are meant to practice these core values of ethics, transparency and accountability.

As the organisation grew in size and business, BFL released its 'Code of Conduct' (CoC) in FY2013 to systematically strengthen its core values amongst its business practices and employees. CoC is communicated to its employees through various mediums to enable understanding, adherence and implementation. The CoC is signed by each employee annually.

BFL has zero tolerance towards non-compliance of its CoC policy. The CoC broadly covers good working norms, cultural norms and integrity norms. It includes 'disciplinary action policy' and 'whistle blower policy' which allows employees to escalate grievances of any nature including, harassment and fraud, unethical behaviour, violation, which is monitored through an independent audit function which reports to the Audit Committee on a regular basis. BFL's CoC also includes commitment to health, safety and the environment; eliminating waste and conserving resources.

A separate CoC pertains to the Company's directors and Senior Management. It states that 'directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment'. A declaration of the directors' and Senior Management's affirmation to the CoC is communicated to all stakeholders by the Managing Director, through the Annual Report.

No stakeholder complaint linked to CoC adherence was received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Considering the nature of business of BFL- a non-banking finance company, it does not have any goods and raw material utilisation as part of its products and services. BFL however engages with a sizable rural population by designing products and services that would enhance their life and livelihood. Some initiatives are given below:

1. BFL finances *solar water heaters* through EMI schemes across its rural markets. Solar equipment financing promotes environment friendly renewable energy.

2. BFL offers financing to *registered traders of agricultural produce market committee (APMC)* through its Micro, Small and Medium Enterprise focus. This product allows APMC traders to have access to loans during the farming season, enabling them to sustain their businesses and has a positive impact on their livelihood.
3. BFL also finances *dairy equipment and submersible water pump sets* through EMI schemes across its rural markets. Some of the other products it finances include milking machine, high range freezer, domestic water pump set, etc. This offering enables farmers to enhance productivity through use of machines.

Principle 3: Businesses should promote the well-being of all

BFL believes 'happy customers start with a happy employee'. BFL is dedicated to create a thriving, safe and inclusive workplace for its employees. To achieve this, BFL drives various employee engagement initiatives. BFL has developed seven core competencies under its 'Our Way' philosophy, which forms the backbone of its culture and is propagated to attract and retain talent.

BFL is an equal opportunity employer. It had 7,394 fulltime employees at the end of the reporting year out of which 282 are women. The number of new hires for the reporting year is 3,650. BFL adheres to the Apprentice (Amendment) Act, 1973 and 1986, currently applicable only in western region states. The Company hired 44 apprentices during the reporting year. BFL employees are not part of any employee association. BFL has no complaints relating to child labour, forced labour, involuntary labour or unresolved sexual harassment at the end of the reporting year.

During FY2016, BFL launched its own rural training centre in Rajgurunagar, a rural market within Pune district, to equip its rural employees with the requisite functional and technical skills.

The 'ILLUME' e-learning program of the Company is a structured digital training tool to conduct online training for its employees based on function, role and competency development requirements.

Learning and Development (L&D) classroom focuses on leadership competency development based on 'Our way' philosophy. BFL trained 5,088 people - a total of 7,695 days of offline training and 72,560 hours of learning hours during reporting year.

BFL conducts annual employee satisfaction survey (ESAT) in partnership with AON Hewitt. The employee engagement activities are further derived from the annual ESAT feedback. The employee engagement program includes many activities and events such as mini marathons, walkathons, annual health check-ups, annual blood donation drives, family day, cricket tournament etc. BFL has a flagship program called 'Pure Life' with the purpose of creating and supporting health awareness amongst its employees.

BFL's HR system 'Your Care' is an automated cloud based platform where employees can raise any kind of grievance, complaints and queries, which are automatically assigned, attended and closed through the platform.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

BFL has always believed in aligning business practices with societal needs and expectations. The Company, through its unique EMI financing for consumer electronics, two and three wheelers financing, personal loans and rural lending vertical, enables economically weaker sections of society to meet their life and livelihood needs.

BFL is an equal opportunity employer. It practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

In line with affirmative action, during the reporting year BFL recruited 3,650 new employees, of which 96 (approximately 3.0%) belong to socially weaker sections of the society, such as scheduled castes and scheduled tribes.

Principle 5: Businesses should respect and promote human rights

BFL is dedicated to preserving the human rights of all its internal and external stakeholders, and ensures compliance with all applicable laws pertaining to human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment

BFL gives equal importance to protect the environment while conducting its business operations. BFL's Code of Conduct includes respecting the environment, eliminating waste and conserving resources as working norms. All employees sign the code of conduct annually.

BFL is not a physical resource intensive business. Environmental impacts of the organisation are mainly in conduct of operations in its offices. Some of the environment friendly initiatives are as under:

- e-waste policy- handing e-waste to certified handlers for proper disposal
- maximum life utilisation of hardware
- shutting off ACs after 7 pm
- shuttle services between offices in Pune
- designing offices to facilitate maximum natural light utilisation
- rain water harvesting at Bajaj Finserv House, Pune
- Reverse Osmosis (RO) plants
- Video conference facilities in top 25 cities which facilitates face to face interaction to reduce travel.

BFL is constantly re-engineering its processes to reduce consumption of paper by using digital infrastructure. Currently, 40% of BFL digital infrastructure is cloud based with service providers such as Amazon and Microsoft. Future plans include transitioning maximum load to cloud to enhance energy efficiency and added data security. BFL has moved from thick files to thin files. No papers are being used at Board meetings: MeetX – a web based tool is used to upload, review and collate documents related to Board meetings.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

BFL keenly participates in putting forward its views on the setting of new industry standards or regulatory developments pertaining to the non-banking finance industry. While making recommendations, BFL attempts to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

The CSR philosophy of BFL has been formulated under the vision and principles of the Company's Founding Father, late Shri Jamanalaji Bajaj, who believed in creating shared value through fair and equitable business functioning. BFL believes that *'majority of expenditures under CSR are converted to "investments in resource creation" for use over generations.'*

For more information, refer to the Report on CSR activities as contained in the Annual Report for FY2016.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

BFL is a customer centric business organisation. As part of customer service initiatives, BFL maintains five primary channels for service delivery:

- Call centre: Call centre helps resolve customer complaints in real time. It also tracks and monitor call flow pattern and performance.
- Web portal: Customised web portal acts as a complete self-service tool and allows a customer to view all loan details, related statements and documents. The web portal includes facilities such as foreclosure, part prepayment and payment of overdue instalments using internet banking.
- Email: Customers can also contact BFL through a dedicated email channel.
- Bi-directional SMS and interactive voice recorder: Customers can send SMS or contact the Company on interactive voice recorder for routine queries.
- Customer service executives: Each of BFL branches have a customer service executive to service walk-in customers.

As a practice, BFL runs quarterly customer service survey via emailed questionnaire. This is conducted to seek Customer Satisfaction (CSAT) on its processes and service deliveries. BFL is in process to replace its current CSAT framework with Net Promoter Score (NPS), which is accepted to be a more effective tool industry-wide.

BFL is committed to resolve a majority of queries within 48 working hours for all emails marked to 'grievanceredressalteam@bajajfinserv.in'. The Company is constantly simplifying its processes by reducing handoffs, increasing empowerment and strengthening necessary checks and balances to ensure consistent delivery. All customer service processes followed by BFL are CMMi level 3 certified, which ensure that the processes are standardised and consistent.

BFL has a strong technology orientation and has been a leader in technology adoption. The organisation uses technology to enhance customer service and streamline back-office operations. Disaster Recovery (DR) data centres have been set up to ensure business continuity for customer acquisition, loan processing and servicing.

BFL provides service in multiple languages for transparency and better understanding. BFL engages with its customers through various channels, which include physical and digital mediums.