
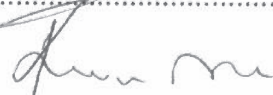
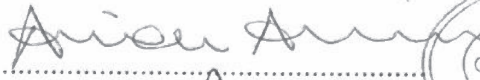




FORM A

1.	Name of the Company	Bajaj Finserv Limited
2.	Annual financial statements for the year ended	31 March 2013
3.	Type of audit observation	<p>Unqualified for Stand alone financial statements.</p> <p>Matter of Emphasis for consolidated financial statements as per Para 8 of the Auditor's Report , which is as per the directive of The Institute of Chartered Accountants of India vide its announcement dated 17th May 2012, is as given below:-</p> <p>" We draw your attention to Note 4B(m)(ii) to the consolidated financial statements, which described deferment of the liability by Bajaj Allianz General Insurance Company Limited on dismantling of the Indian Motor Third Party Insurance Pool to the extent of Rs.119.89 Crore (Previous year Rs. 239.77 crores) pursuant to the exercise of the option for the accounting treatment for the same prescribed under paragraph 3 (b) of the Insurance Regulatory and Development Authority Order no. IRDA/F & A/ORD/MTAP/070/03/2012 dated 22 March 2012. Our opinion is not qualified in respect of this matter "</p>
4.	Frequency of observation	Appearing for the first time for the financial period from 1 April 2012 to 31 March 2013.
5.	<p>Sanjiv Bajaj Managing Director</p> <p>Kevin D'sa CFO & President (Business Development)</p> <p>Auditor of the Company Dalal & Shah</p> <p>Nanoo Pamnani Audit Committee Chairman</p>	    





Bajaj Finserv Limited

Regd. Office:
Bajaj Auto Limited Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035

NOTICE

Notice is hereby given that the sixth annual general meeting of the shareholders of Bajaj Finserv Ltd. will be held on Thursday, 18 July 2013 at 4.15 p.m. at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 to transact the following business:

1. To consider and adopt the audited Balance Sheet as at 31 March 2013 and the Statement of Profit and Loss for the year ended 31 March 2013 and the directors' and auditors' reports thereon.
2. To declare a dividend.
3. To appoint a director in place of D J Balaji Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of S H Khan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors of the Company for the period commencing from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

By order of the Board of Directors
for Bajaj Finserv Ltd.

A handwritten signature in black ink that reads 'Sonal R Tiwari'.

Sonal R Tiwari
Company Secretary
Date: 15 May 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Brief details of the retiring directors, who are being re-appointed, are annexed hereto as per the requirements of clause 49 of the listing agreement.
3. The register of members and share transfer books of the Company will remain closed from Saturday, 6 July 2013 to Thursday, 18 July 2013, both days inclusive.
4. Dividend on equity shares, if declared, at the annual general meeting, will be credited/dispatched between 23 July 2013 and 25 July 2013 as under:
 - a) to all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on Friday, 5 July 2013, and
 - b) to all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company/share transfer agent (i.e. Karvy Computershare Pvt Ltd.) before the close of business hours on Friday, 5 July 2013.
5. Members holding shares in physical form are advised to furnish, on or before 5 July 2013, particulars of their bank account, if changed, and change in address to the share transfer agent (i.e. Karvy Computershare Pvt. Ltd.) of the Company.

Beneficial owners holding shares in electronic form are requested to notify any change in address, bank particulars, NECS particulars etc. to their respective depository participants and make sure that such changes are recorded by them correctly on or before 5 July 2013.
6. Dividend will be preferably paid through NECS, wherever the facility is available. Where dividend payments are made through NECS, intimations regarding such remittances would be sent separately to the shareholders. In cases where the dividends cannot be paid through NECS, the same will be paid by account payee/not negotiable instruments.
7. The Company has been maintaining, inter alia, the following statutory registers at its registered office at Akurdi, Pune, which are open for inspection of members and others as prescribed in the respective sections of the Companies Act, 1956 as specified below:
 - i) Register of contracts with companies and firms in which directors are interested under section 301 of the Companies Act, 1956 on all working days during business hours.
 - ii) Register of directors' shareholdings under section 307 of the Companies Act, 1956 on all working days during business hours during the period beginning fourteen days before the date of annual general meeting and ending three days after the date of its conclusion.
8. Corporate members are requested to send in advance duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend and vote at the annual general meeting.
9. Members/Proxies are requested to bring their attendance slips along with the copies of annual reports to the Meeting.
10. For security reasons, no article/baggage will be allowed at the venue of the meeting.
11. To receive faster communication of all shareholder communications, including annual reports, the shareholders are requested to kindly register/update their email address with their respective depository participant where shares are held in electronic form. If, however, shares are held in physical form, shareholders are advised to register their email address with Karvy Computershare Pvt. Ltd., Hyderabad.

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Item No. 3 of the Notice

D J Balaji Rao

As regards re-appointment of D J Balaji Rao referred to in item no. 3 of the notice, following necessary disclosures are made for the information of the shareholders:

D. J. Balaji Rao (born on December 15, 1939), holds a B.E. Degree in Mechanical Engineering and Associate Member of Indian Institution of Industrial Engineering (AMIIIE). He attended the advanced management programme at the European Institute of Business Administration (INSEAD) at Fountainbleu, France in 1990.

He pursued his career as an Industrial Engineer for about 8 years before joining erstwhile ICICI Ltd. (since merged with ICICI Bank Ltd.) in 1970. After wide ranging responsibilities in different locations, he reached the position of Deputy Managing Director. He subsequently took over as the Vice Chairman and Managing Director of SCICI Ltd., in August 1996. With the merger of SCICI Ltd. with ICICI Ltd., he moved to Infrastructure Development Finance Co. Ltd. (IDFC), as its first Managing Director, which he served till his superannuation in January 2000. He has served with distinction on the Boards of many leading companies, including Bajaj Auto Ltd., Ashok Leyland, MICO, Wipro and Bharat Forge.

His directorships/committee positions are as under:-

Directorships

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.
3M India Ltd.
Ashok Leyland Ltd.
CMI-FPE Ltd.
Graphite India Ltd.
Hinduja Foundries Ltd.
JSW Energy Ltd.

Board Chairmanship

3M India Ltd.

Committee Chairmanships

Bajaj Auto Ltd.
3M India Ltd.
Hinduja Foundries Ltd.
CMI-FPE Ltd.

Committee positions

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Ashok Leyland Ltd.
3M India Ltd.
JSW Energy Ltd.

Shareholding in the Company: Nil

The Board commends the resolution for your approval.

None of the directors, except D J Balaji Rao is concerned or interested in the said resolution.

Item No. 4 of the Notice

S H Khan

As regards re-appointment of S H Khan referred to in item no. 4 of the notice, following necessary disclosures are made for the information of the shareholders:

S H Khan, born in 1938, is the former Chairman and Managing Director of Industrial Development Bank of India (IDBI). He holds a Master's Degree in Commerce and is a university Gold Medalist. He is an alumnus of International Management Development Institute, Lausanne.

His professional career spanning over 37 years includes initial five years with the Reserve Bank of India (RBI) and the remaining with IDBI, which he served in various positions, including as its Chairman and Managing Director for about five years. During his tenure as Chairman, IDBI recorded impressive growth in its operations and profits. He was instrumental in expanding its activities into several new areas like merchant banking, commercial banking, asset management and stock broking. He was also involved in the promotion of certain important institutions like National Stock Exchange of India Ltd, National Securities Depository Ltd. and Credit Analysis and Research Ltd. and served as their non-executive Chairman for several years.

During his official career S H Khan served on the Boards of a number of important institutions, including Unit Trust of India, Life Insurance Corporation of India, General Insurance Corporation, IFCL, Exim Bank, SIDBI, Air India and Indian Airlines. S H Khan also served as a Member on several Committees set up by the Government of India/Reserve Bank of India to study issues relating to the financial sector in the country. Currently, he serves as an independent Director on the Boards of several Indian companies, including ITC Ltd., Bajaj Auto Ltd. and IDFC Ltd.

His directorships/committee positions are as under:-

Directorships

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Holdings & Investment Ltd.
Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Infrastructure Development Finance Company Ltd.
ITC Ltd.
JM Financial Asset Reconstruction Company Pvt. Ltd.

Committee Chairmanships

Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Infrastructure Development Finance Company Ltd.

Committee positions

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Holdings & Investment Ltd.

Shareholding in the Company: Nil

The Board commends the resolution for your approval.

None of the directors, except S H Khan is concerned or interested in the said resolution.

By order of the Board of Directors
for Bajaj Finserv Ltd.



Sonal R Tiwari
Company Secretary
Date: 15 May 2013



Bajaj Finserv Limited

Regd. Office:
Bajaj Auto Limited Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035

PROXY

I/We of
..... in the district ofbeing member/s of
BAJAJ FINSERV LTD. hereby appoint.....
of in the district ofor failing him
..... of.....in the district of.....
as my/our proxy to vote for me/us on my/our behalf at the sixth annual general meeting of the Company to be held
on Thursday, 18 July 2013 at 4.15 p.m. and any adjournment thereof.

Signed this day of2013.

Folio No.
DP ID No.
Client ID No.

₹ 1
Revenue
Stamp

Signature.....

Email Id:

NOTE:

The proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.

Members who have multiple folios/demat accounts with different joint-holders may use copies of this proxy form.

— — — — — ✂ — — — — — ✂ — — — — —



Bajaj Finserv Limited

Regd. Office:
Bajaj Auto Limited Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035

ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting hall)

I hereby record my presence at the SIXTH ANNUAL GENERAL MEETING of the Company on Thursday, 18 July 2013 at 4.15 p.m. at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune- 411035.

No.

Folio No or Client ID and DP ID

Full Name of the * Shareholder/Proxy
(in block letters)

*Strike out whichever is not applicable

Signature of *Shareholder/Proxy

E-mail ID:

NOTE:

Members who have multiple folios/demat accounts with different joint-holders may use copies of this attendance slip.





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Board of Directors

Rahul Bajaj
Chairman

Nanoo Pamnani
Vice Chairman

Sanjiv Bajaj
Managing Director

Madhur Bajaj

Rajiv Bajaj

D J Balaji Rao

S H Khan

Naresh Chandra

Management

Sanjiv Bajaj
Managing Director

Ranjit Gupta
President
(Insurance)

Kevin D'sa
CFO and President
(Business Development)

S Sreenivasan
President (Finance)

V Rajagopalan
President (Legal)

Rajeev Jain
CEO, Bajaj Finance Ltd.

V Philip
MD and CEO, Bajaj Allianz Life
Insurance Company Ltd.

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

Anand Gore
CEO, Infrastructure Finance

Company Secretary

Sonal R Tiwari

Auditors

Dalal & Shah
Chartered Accountants

Bankers

Citibank N A
HDFC Bank

**Registered under the
Companies Act, 1956**

Registered Office

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

Corporate Office

Survey No. 208/1-B, 6th Floor,
Behind Weikfield IT Park,
Off Pune-Ahmednagar Road,
Viman Nagar, Pune-411 014.

Management Team



Sanjiv Bajaj
Managing Director



Kevin D'sa
CFO & President
(Business Development)



Ranjit Gupta
President (Insurance)



S Sreenivasan
President (Finance)



Rajeev Jain
CEO, Bajaj Finance Ltd.



V Philip
MD & CEO,
Bajaj Allianz Life
Insurance Company Ltd.



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



V Rajagopalan
President (Legal)



Anand Gore
CEO, Infrastructure
Finance



Chairman's Letter

Dear Shareholder,

As you know, Bajaj Finserv is the financial services arm of the Bajaj group, and is the holding company under which there are three key businesses: (i) lending through Bajaj Finance Ltd. (BFL), earlier Bajaj Auto Finance, which is a listed company; (ii) life insurance, under Bajaj Allianz Life Insurance Company Ltd., or BALIC; and (iii) general insurance, under Bajaj Allianz General Insurance Company Ltd., or BAGIC.

In addition, there is a wholly owned subsidiary called Bajaj Financial Solutions Ltd. (Bajaj Finsol), which offers financial products and advises clients on financial and wealth management; and there are wind-farm assets in Maharashtra with an installed capacity of 65.2 MW.

FY2013 was yet another very difficult year for the economy. In this challenging environment, the Company has performed well. Consolidated gross revenue grew by 9% to ₹ 15,814 crore, consolidated total income grew by 30% to ₹ 5,075 crore and consolidated profit after tax grew by 18% to ₹ 1,574 crore.

Let me briefly share with you the key achievements of your Company in FY2013 under BFL, BALIC and BAGIC.

Lending: Bajaj Finance Ltd. (BFL)

Despite difficulties in the economy, BFL has done exceptionally well and, under adversity, actually bettered its performance vis-à-vis the previous year. Here are some key facts:

- BFL's total income increased by 43% to ₹ 3,111 crore in FY2013.
- Profit before tax grew by 45% to ₹ 872 crore.
- Profit after tax rose by 46% to ₹ 591 crore.
- Loan deployment was up by 23% to ₹ 19,367 crore.
- BFL ended the year with net non-performing assets (net NPA) accounting for only 0.19% of its total loan book, which is among the lowest in the industry.
- Capital adequacy as on 31 March 2013 stood at 21.95%, which was well above the RBI norms.
- It successfully raised capital to the tune of ₹ 744 crore through an oversubscribed rights issue in February 2013. This additional capital will give BFL extra headroom to generate further growth over the next couple of years.

Life Insurance: BALIC

- New business premiums for the industry as a whole have been dropping in the last two years – by 10% in FY2012 and then again by 6% in FY2013. In such an environment, BALIC has done well. After suffering a drop in new business premium to the tune of 22% in FY2012, it has turned around by registering a growth of 10% in FY2013 to ₹ 2,988 crore.
- Within the private sector, BALIC's market share of new business was 9.7% in FY2013.
- BALIC was at fourth position among the private life insurers on new business premiums for FY2013.
- Renewal premium reduced by 18% to ₹ 3,905 crore in FY2013.
- BALIC's gross premium written in FY2013 was 8% lower than the previous year, and stood at ₹ 6,893 crore.
- Shareholders' profit for FY2013 was ₹ 1,286 crore – 1.9% lower than the previous year.
- As on 31 March 2013, total assets under management were ₹ 38,003 crore, compared to ₹ 39,433 crore a year earlier.
- Including accumulated profits of ₹ 3,636 crore as on 31 March 2013, the shareholders' net worth was ₹ 4,844 crore, versus ₹ 3,561 crore a year ago.
- BALIC's solvency ratio was 643% as on 31 March 2013 – which is significantly higher than the minimum regulatory requirement of 150%.

The major challenges for the life insurance business involve (i) re-designing traditional and linked products in line with the new IRDA regulations, (ii) improving persistency of policies, (iii) increasing productivity of the sales force, improving the quality of agents, and presenting insurance agency as an attractive long-term career, and (iv) rationalising the cost structure while growing the business.

General Insurance: BAGIC

The general insurance industry grew by 19% for FY2013. BAGIC's gross written premiums (GWP) grew by almost 22% to ₹ 4,063 crore in FY2013.

- BAGIC accounted for a market share 6.4%, excluding specialised insurers.
- Excluding premiums from the Motor Third Party Pool, net earned premium for FY2013 grew by 23% to ₹ 2,709 crore.
- Profit before tax for FY2013 was ₹ 421 crore – up from ₹ 194 crore in the previous year.
- Profit after tax was ₹ 295 crore – versus ₹ 124 crore in FY2012.
- The return on average equity for FY2013 was 26.7% – which was 12.9 percentage points higher than in the previous year.
- BAGIC's combined ratio, which signifies the profitability of the general insurance business, remained among the best in the market. This emphasises the Company's strong underwriting and claims management skills.
- BAGIC's solvency margin was at 179%. This was well above the normal regulatory requirement of 150%.
- The Company's cash and investments as on 31 March 2013 stood at ₹ 5,845 crore versus ₹ 4,758 crore in the previous year.

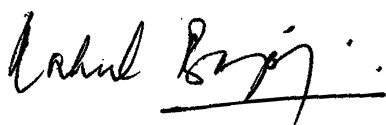
There is clear challenge going forward. The slowdown in sales of motor vehicles thanks to tardy GDP growth, if it continues, can have a detrimental effect on the industry and BAGIC.

On balance, FY2013 has been a good year for your Company. I do believe that there could be challenges in FY2014 on account of continuing economic and political uncertainties in what is a general election year. The life insurance business will have to work even harder to generate profits. So, too, general insurance. And BFL will need to be even more adroit at managing its business while charting its growth path.

All this will take great managerial skills, unswerving focus and dedicated teamwork. The good news is that BFL, BALIC and BAGIC have these qualities in abundance. Therefore, I exhort them to rise above the challenges and deliver still better results in FY2014.

Thank you for your support.

Yours sincerely,



Rahul Bajaj
Chairman

Management Discussion and Analysis

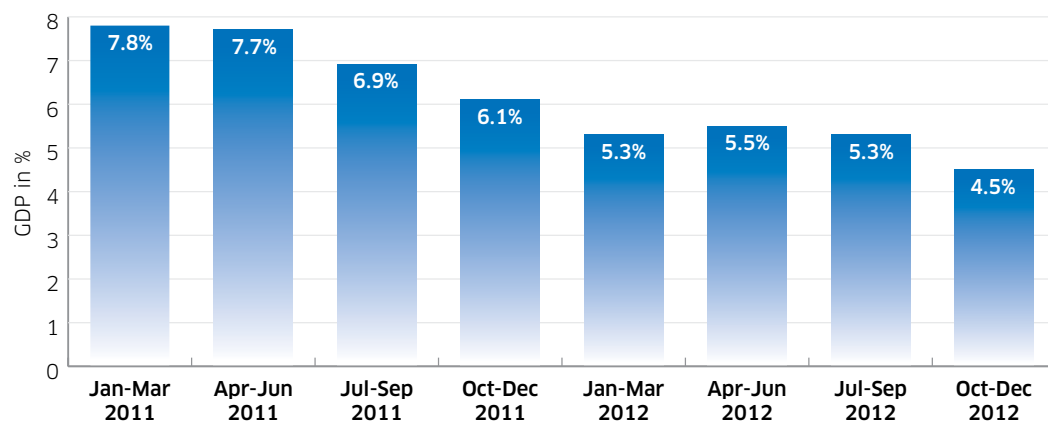
Bajaj Finserv Ltd. ('Bajaj Finserv' or 'the Company') is essentially a holding company with business interest spread across the financial services sector. It is registered as a systemically important non deposit taking Non Banking Finance Company.

Bajaj Finserv operates in the retail lending space through its subsidiary, Bajaj Finance Ltd, where-in it holds 61.99% stake. It also participates in the Life and General Insurance business along with its joint venture partner Allianz SE where-in Bajaj Finserv holds a 74% stake each in Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd.

In addition, Bajaj Finserv has wind-farm assets, comprising 138 windmills in Maharashtra with an installed capacity of 65.2 MW.

First, a brief overview of the economy. FY2013 has been yet another very difficult year. Nothing shows this better than Chart A, which plots quarter-on-quarter real GDP growth from January-March 2011 up to October-December 2012. From 7.8% in January-March 2011, growth fell to 5.3% in January-March 2012. It continued falling. As of October-December 2012, growth is down to 4.5%. Although the final numbers haven't been released, it is unlikely that GDP growth for FY2013 will be much above 5%, may be a bit lower. India has not seen such poor performance for a long time.

Chart A: Going down....India's GDP Growth



That is not all. There have been serious political uncertainties. Decision-making, which had briefly come to the fore, is again on the back burner. Despite two recent cuts announced by the Reserve Bank of India (RBI) of 25 basis points each, interest rates remain high; as does inflation. Infrastructure growth has almost ground to a halt. Well above what it should safely be, the current account deficit is being sustained by portfolio investments, with their own uncertainties. Though the Government has taken action in reducing the fiscal deficit, it still remains high. And the investment climate is worse than what has been seen in a decade.

All these factors have created very challenging times for any business in the financial sector. Having said this, it is time to move on to the main businesses of Bajaj Finserv, namely Lending and Protection.

Lending

Bajaj Finance Ltd. (BFL)

With assets under management of over ₹ 17,500 crore, BFL is one of the leading, diversified NBFCs in the country delivering excellent results. Highlights for FY2013 are given below.

- Total income: up 43% to ₹ 3,111 crore
- Profit before tax: up 45% to ₹ 872 crore
- Profit after tax: up 46% to ₹ 591 crore
- Deployment: up 23% to ₹ 19,367 crore
- Assets under management: up 34% to ₹ 17,517 crore
- Receivables under financing: up 36% to ₹ 16,744 crore
- Net non-performing assets (net NPA) of 0.19%, among the lowest in the industry
- Capital adequacy as on 31 March 2013: 21.95%, well above the RBI norms

Bajaj Finance continues to focus on three broad categories: (i) consumer finance, (ii) SME finance, and (iii) commercial lending.

The quality of Bajaj Finance's loan book continued to remain strong despite a tough economic environment with net non-performing assets remaining at 0.19% demonstrating strong credit quality. BFL continued to strengthen its provisioning standards, and is the most prudent among NBFCs. In the current year, it further strengthened provisioning, and took an accelerated provisioning impact of ₹ 16.71 crore. By remaining focused on customer segments that it understands well, the Company expects to maintain its credit quality in the coming years.

As on 31 March 2013, BFL's total borrowings stood at ₹ 13,133 crore. As earlier, it maintained strong Asset Liability Management (ALM) across maturities in FY2013. In the course of the fiscal year, BFL raised capital to the tune of ₹ 831 crore mainly by way of conversion of warrants (₹ 85 crore) and a rights issue (₹ 744 crore) taking its capital adequacy to a healthy 21.95% as on 31 March 2013. The Company is now well capitalised to fuel its growth targets for the next few years.

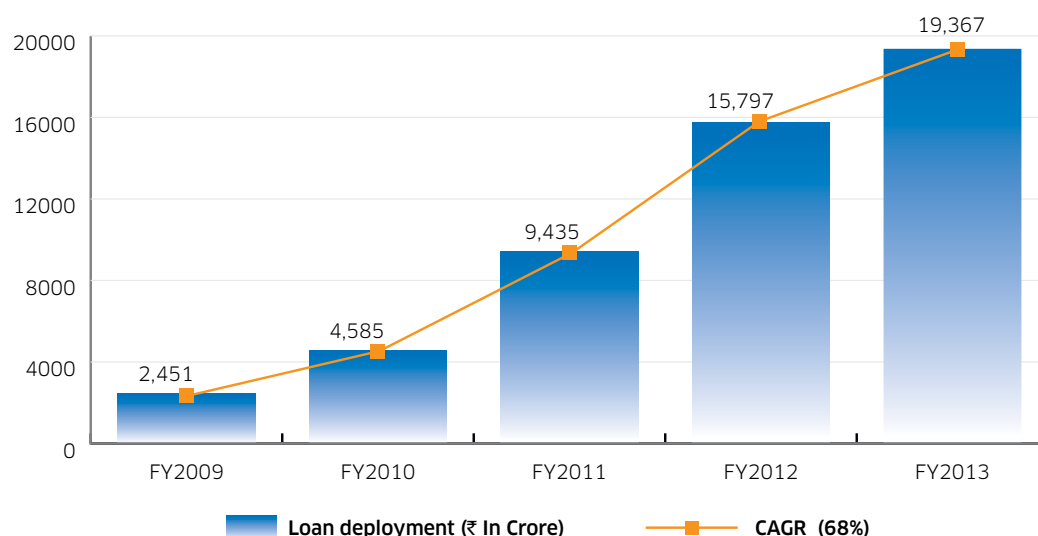
Deployment snapshot

Table 1 gives the deployment mix for FY2013 compared to FY2012, while Chart B plots BFL's loan deployment over the last five years.

Table 1: BFL's deployment mix

Deployment	(₹ In Crore)		
	FY2012	FY2013	Change
Consumer finance	7,040	9,783	39%
SME finance	4,411	6,573	49%
Commercial lending	4,346	3,011	(31%)
Total	15,797	19,367	23%

Chart B: BFL's Loan deployment



Receivables under finance

Table 2 gives the data of BFL's receivables under finance.

Table 2: BFL's receivables under finance

Receivable under finance	(₹ In Crore)		
	FY2012	FY2013	Change
Consumer finance	4,979	7,070	42%
SME finance	5,001	7,764	55%
Commercial lending	2,303	1,910	(17%)
Total	12,283	16,744	36%

Business update

Consumer finance

In FY2013, Bajaj Finance continued to remain the largest two-wheeler lender in the country. It operates at 578 Bajaj Auto dealerships as well as at over 2,130 of the sub-dealers across the country.

The Company continued to successfully operate the Direct Cash Collection model in rural and semi-urban markets for customers with no banking habits, where they could repay the loan taken, by using a cash repayment mode. During the year the Company launched a new product, "Kisan Mitra" for farmers, where repayments of instalments are synchronised to realisations from crops.

Present in the top 91 cities of the country, BFL continued to be the largest consumer durables lender in India. Consumer durable financing deployments grew by 42% to ₹ 5,065 crore in FY2013. the Company acquired over 1.9 million new customers, and is currently present in over 4,500 points of sale across the country.

BFL has a unique and innovative product offering called the EMI (Existing Member Identification) card for its existing consumer durable customers. The card entitles a customer

to obtain a loan for incremental consumer durables with the facility to 'Swipe, Sign and Go', so long as the earlier loans and payment performance have remained good. Today, the number of EMI cards in force exceed 1 million.

BFL has extended the existing 'Zero per cent' interest offering for consumer durables to financing lifestyle products like furniture, home furnishings, fitness equipment, luxury watches, and so on. FY2013 was the first year of this launch. It saw over 37,000 disbursements across over 1,000 retailer stores spread among 25 locations.

SME finance

The Loan Against Property and Home Loans business is present in the top 39 cities and 28 cities of India respectively. It focuses on the super affluent class – high net worth small business and self-employed and salaried customers – and offers loans against the mortgage of retail, residential or commercial premises and home loans. A new product offering called Flexisaver, introduced in the last fiscal year, has been well accepted and attracted over 150 affluent customers. This offering gives such customers the flexibility to 'draw when they want' and 'pay when they want'.

BFL also offers unsecured Working Capital Loans to carefully chosen affluent small business customers, doctors and other professionals. It has operations in the top 58 cities across India.

Commercial finance

Present in the top 23 cities in India, Construction Equipment business focuses on financing small, mid-sized and large contractors for their construction equipment needs. It is an asset backed financing business collateralised by construction equipment assets. After building a book size of ₹ 922 crore until last year, the Company took a conscious decision to slow down this business, given the problems that are facing infrastructure and construction in India. Its strategy was proven right since the condition of this portfolio showed signs of stress throughout the year. BFL concentrated on maintaining the quality of its portfolio during FY2013 and fresh deployments during the year were ₹ 349 crore.

As touched upon earlier, the infrastructure sector is currently passing through a very difficult phase. In such an environment, BFL has been selective in lending in this sector. During the year no new loans were approved. It has taken a prudent approach to continue reviewing this area very carefully and is focused on a wait and watch policy and on maintaining the quality of its portfolio. In FY2013, BFL deployed ₹ 179 crore, and ended the year with a receivable book of ₹ 439 crore.



Business Loans



Consumer Durable Finance



Personal Loans

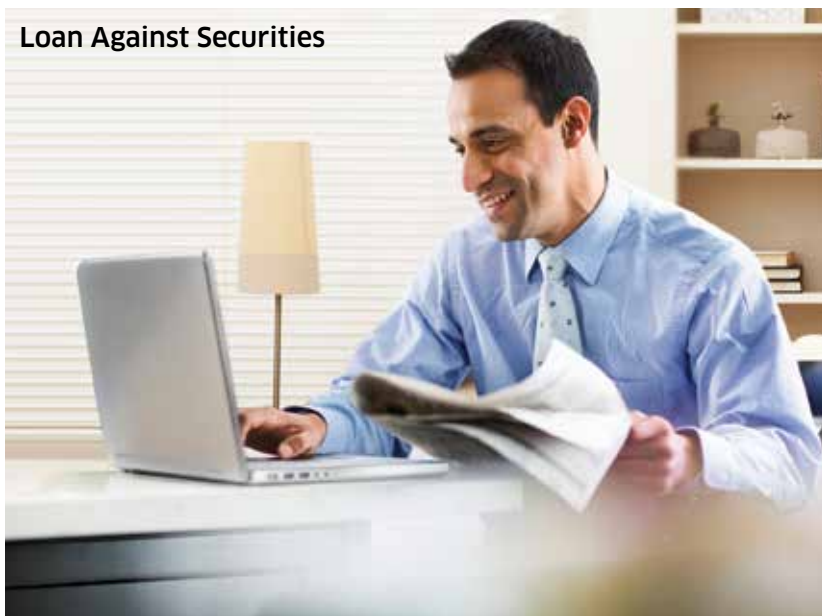


Mortgages

24 products across 12 businesses
make Bajaj Finance Limited India's
most diversified Non-Banking
Finance Company (NBFC)



Construction Equipment Finance



Loan Against Securities

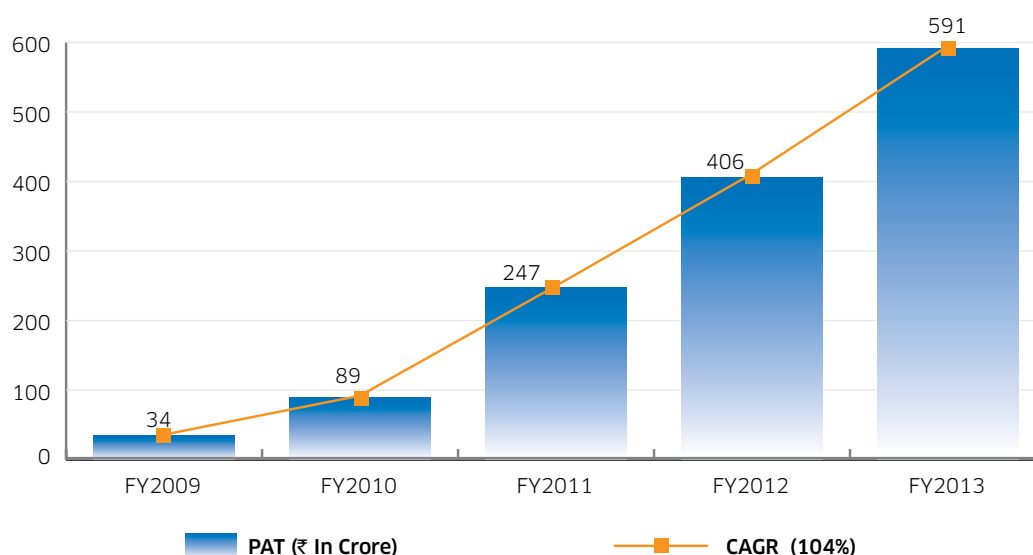
Financial performance

Table 3 gives the Company's financial performance for FY2013 vis-à-vis the previous year. Chart C plots profit after tax over the last five years.

Table 3: BFL's financials

	FY2012	FY2013	Change
(₹ In Crore)			
Total income	2,172	3,111	43%
Interest and finance charges	746	1,205	62%
Net interest income	1,426	1,906	34%
Salary cost	190	245	29%
Marketing and other commissions	97	83	(14%)
Dealer incentives	64	100	56%
Recovery costs	89	120	35%
Loan loss and provisions	154	182	18%
Depreciation	12	15	25%
Other expenses	218	289	33%
Profit before tax (PBT)	602	872	45%
Profit after tax (PAT)	406	591	46%
Earnings per share (EPS) basic, (₹)	107.72	135.69	26%
Earnings per share (EPS) diluted, (₹)	107.20	134.74	26%
Book value per share, (₹)	492.16	676.41	41%

Chart C: BFL's PAT



Rights issue

In order to finance its growth targets over the next few years, BFL raised further capital by way of a rights issue – offering its existing shareholders 3 shares for every 19 shares held in February 2013. The issue which was oversubscribed 1.16 times, enabled the BFL to raise ₹ 744 crore. The shares were allotted and have been listed on the stock exchanges.

Protection

Bajaj Allianz Life Insurance Company Ltd. (BALIC)

The Life Insurance Market

As financial savings as a percentage of GDP fell from 10.1% in FY2009 to 8% in FY2012, low-risk alternatives like bank deposits became more attractive. Moreover, the significant regulatory changes brought about by the IRDA regarding unit-linked products from September 2010 caused insurers to fundamentally reorient their product mix and distribution channels. These two factors have led to a fall in the growth rate of new business in life insurance over the last few years. The performance of the industry in terms of new business (including single premium) is highlighted in Table 4.

Table 4: New business premiums including single premiums and growth Rates

(₹ In Crore)

	FY2009	FY2010	FY2011	FY2012	FY2013
New business premiums					
BALIC	4,491	4,451	3,466	2,718	2,988
Private sector	34,152	38,372	39,386	32,080	30,765
Life Insurance Corp of India (LIC)	53,179	71,522	87,012	81,862	76,246
Industry	87,331	109,894	126,398	113,942	107,011
Growth rates					
BALIC	(33%)	(1%)	(22%)	(22%)	10%
Private sector	1%	12%	3%	(19%)	(4%)
Life Insurance Corp of India (LIC)	(11%)	34%	22%	(6%)	(7%)
Industry	(7%)	26%	15%	(10%)	(6%)

Source: IRDA, annual report 2011-12 and IRDA, New Business Report, March 2013

As Table 4 shows, new business premiums for the industry as a whole have been dropping in the last two years – by 10% in FY2012 and again by 6% in FY2013. In such an environment, BALIC has done well. After suffering a drop in new business premium to the tune of 22% in FY2012, it has turned around by registering a growth of 10% in FY2013.

As retail investors continued to shy away from risky investments like equities, unit-linked insurance products – some of which have equity exposure – struggled to grow. Consequently, there has been a shift in the industry's business towards traditional products. Insurers are realising the need to focus on long-term drivers of the business such as improving persistency of policies, increasing the quality and productivity of agents and rationalising the cost structure.

Group premium (single and non-single) has contributed to 49% of overall new business premium in FY2013 (versus 44% in FY2012). Table 5 gives the data.

Table 5: New business premiums in FY2013

(₹ In Crore)

	BALIC	Private sector	LIC	Industry
Individual single premium	330	2,750	13,944	16,694
Individual non-single premium	1,193	17,574	27,776	45,350
Group single premium	686	6,122	32,234	38,356
Group non-single premium	779	4,319	2,292	6,611
Total	2,988	30,765	76,246	107,011

Business performance

- New business premium grew by 10% in FY2013 – to ₹ 2,988 crore versus ₹ 2,718 crore in the previous year.
- Within the private sector, BALIC's market share of new business was 9.7% in FY2013.
- BALIC was at fourth position among the private life insurers on new business premiums for FY2013.
- Renewal premium reduced by 18% – from ₹ 4,766 crore in FY2012 to ₹ 3,905 crore in FY2013.
- Consequently, BALIC's gross premium written in FY2013 was ₹ 6,893 crore, which was 8% lower than it was in FY2012.

After the implementation of the revised unit-linked guidelines of September 2010, and the subsequent lacklustre performance of equity assets in general, BALIC's product mix has veered away from a predominantly unit-linked portfolio to one with significantly a greater traditional product component. Traditional premiums accounted for 81% of overall new business premiums in FY2013 compared to 69% in FY2012. Table 6 gives the change in the product mix of BALIC over the last few years.

Table 6: Product mix of BALIC in terms of new business

	FY2009	FY2010	FY2011	FY2012	FY2013
Unit-linked	93%	84%	58%	31%	19%
Traditional	7%	16%	42%	69%	81%

During FY2013, BALIC witnessed growth in institutional channels such as bancassurance, corporate division, and micro and mass markets channels. Corporate agents other than banks recorded de-growth. The individual agency channel accounted for 37.8% of new business in FY2013 compared to 43.5% in FY2012.



Motor Insurance



Health Insurance



Travel Insurance



Life Insurance



Home Insurance

Ranked amongst the
top two private general
insurers and amongst
the top five life
insurers in India



Financial performance

BALIC's financial performance in FY2013 and FY2012 is summarised in Table 7.

Table 7: Financial performance of BALIC

	(₹ In Crore)	
	FY2012	FY2013
Gross written premium	7,484	6,893
New business premium	2,718	2,988
Renewal premium	4,766	3,905
Annualised Premium Earning (APE)*	1,938	2,074
Policyholders surplus/(deficit) (after transfer to Shareholder)	26	30
Shareholders profit/(loss)**	1,311	1,286
Profit/(loss)	1,247	1,231

Notes: * Annualised Premium Earning (APE) = 10% of Single Premium and 100% of First Premium. ** Shareholders' profit for the year is ₹ 1,286 crore. This comprises (i) the current year's shareholders' profit of ₹ 368 crore, (ii) distribution of surplus from policyholders' account to shareholders of ₹ 833 crore, and (iii) ₹ 85 crore on account of release from the 'Reserve for lapsed unit linked policies unlikely to be revived'.

BALIC posted a shareholders' profit after tax of ₹ 1,286 crore. Of this, Bajaj Finserv's share stood at ₹ 952 crore. The previous year's figures were ₹ 1,311 crore and ₹ 970 crore respectively.

Investments

As on 31 March 2013, BALIC's Policyholder Assets Under Management (AUM) stood at ₹ 33,315 crore, which included unit linked funds of ₹ 24,497 crore. The AUM of unit-linked funds have decreased by 18% – from ₹ 29,984 crore as on 31 March 2012. Having said so, its needs stating that BALIC's unit-linked funds have performed well, with many of its funds generating returns that are in line with the benchmark.

Given in Table 8 is some of BALIC's major fund performance versus benchmark for the last two financial years.

Table 8: Returns on unit-linked funds, FY2013

	(₹ In Crore)	
	Absolute Returns	
Fund Name	FY2012	FY2013
Equity Gain Fund	(4.0%)	4.4%
Equity Plus Fund	(0.6%)	7.2%
Equity Growth Fund	(0.3%)	7.5%
Equity Fund	(9.8%)	7.2%
Equity Index Fund	(8.7%)	8.7%
Equity Index Fund II	(9.3%)	6.8%
Asset Allocation Fund	1.6%	5.7%
CNX Nifty Index	(9.2%)	7.3%
Crisil Balanced Fund Index	(3.2%)	7.6%

Note: * These funds contributed around 65% of total unit-linked AUM of BALIC (previous year 72%)

The traditional portfolios are carefully managed, keeping in mind the regulatory asset allocation requirements and the duration of the policy liabilities. Yield on non-unit linked instruments invested in FY2013 was 9%, versus 8.6% in the previous year.

Including shareholders' funds, the total AUM as on 31 March 2013 stood at ₹ 38,003 crore, versus ₹ 39,433 crore on 31 March 2012.

Capital and capital adequacy

- The total capital infused in BALIC by shareholders was ₹ 1,211 crore as on 31 March 2013. This remained unchanged during the year.
- Including accumulated profits of ₹ 3,636 crore as on 31 March 2013, the shareholders' net worth was ₹ 4,844 crore. For the previous year, the accumulated profits were ₹ 2,350 crore, and the shareholders' net worth was ₹ 3,561 crore.
- BALIC's solvency ratio was 643% as on 31 March 2013 – which is well in excess of the minimum regulatory requirement of 150%.

Bajaj Allianz General Insurance Company Ltd. (BAGIC)

The General Insurance Market

Since the entry of private sector companies in general insurance from 2000, the industry has grown from four public sector companies to 27–17 private sector companies, the four public sector entities, four specialised health insurance companies, plus the Agricultural Insurance Corporation and the Export Credit and Guarantee Corporation.

Gross direct premiums of the industry, excluding the specialised insurers, have grown from ₹ 14,870 crore in FY2003 to ₹ 62,927 crore in FY2013 with a 10-year CAGR of 15.5%.

Nevertheless, penetration of general insurance remains very small in relation to other emerging markets let aside developed markets. As per the IRDA annual report, 2011-12, as of December 2011 the general insurance penetration in India was 0.7% of GDP – only a slight increase from 0.62% recorded in 2003. The low penetration indicates potential to make general insurance available to larger segments of the population. The challenge before insurers is to find ways of reaching out to the uninsured and under insured in a profitable manner.

The general insurance industry posted a growth of 19% for FY2013. The industry and BAGIC's growth rates are shown below in Table 9.

Table 9: Gross direct premium written in India

	(₹ In Crore)				
	FY2009	FY2010	FY2011	FY2012	FY2013
Bajaj Allianz	2,619	2,482	2,870	3,287	4,001
Private sector	12,321	13,977	17,425	22,395	27,927
Public sector	19,107	21,839	26,417	30,539	35,001
Industry	31,428	35,816	43,842	52,934	62,927
Growth rates					
Bajaj Allianz	10%	(5%)	16%	15%	22%
Private sector	12%	13%	25%	29%	25%
Public sector	7%	14%	21%	16%	15%
Industry	9%	14%	22%	21%	19%

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

The IRDA, which regulates the sector in India, had disbanded the Indian Motor Third Party Insurance Pool (IMTPIP) with effect from 1 April 2012. IRDA had provided insurers with an option of absorbing their share of losses altogether or to amortise these over three years. BAGIC had chosen the option of amortising the losses over three years. As a consequence, provisions were made for losses amounting to ₹ 120 crore during FY2013. The balance amount of ₹ 120 crore will be absorbed in FY2014.

In replacement of the IMTPIP, the IRDA notified a new Declined Insurance Pool for covering losses arising out of mandatory third party insurance of commercial vehicles, with effect from 1 April 2012. The major features of the Declined Pool are:

- It applies only to pure standalone third party insurance risks of commercial vehicles, and not to all third party risks of such vehicles under the erstwhile IMTPIP.
- The ceding company has to retain 20% of the risk on its books, cede 10% to GIC as per the obligatory cessions in force, and cede the balance 70% to the Declined Pool.
- Each company has the option to retain such business in its books; only risks which do not meet pre-determined underwriting criteria may be ceded to the Pool.
- Each company is required to write a minimum 'quota' of the statutory third party insurance determined as the average of the insurer's aggregate market share from all lines of business and its market share from Motor business.
- Only companies which have a shortfall in writing their minimum 'quota' will share in the losses of the Pool.

As compared to the IMTPIP, the Declined Insurance Pool is much smaller in size. Only companies which do not meet their quota need to share in the losses from the Declined Pool, compared to a situation under the IMTPIP where all companies had to bear the losses in proportion to their market share.

BAGIC wrote ₹ 96 crore of standalone commercial vehicles third party premiums as against approximately ₹ 101 crore of such business it was required to write. Thus, the shortfall of ₹ 5 crore may have to be accepted from the Declined Risk Pool. the Company has already made a provision of ₹ 5.5 crore towards its expected share of losses from the Declined Risk Pool.

The decision of the IRDA to index future annual increases in Motor Third Party premium is a much needed move which has paved the way for reducing the mounting pool losses for the industry. From 1 April 2013, the IRDA has increased the Motor Third Party premium rates by up to 20%.

Business performance

- Gross Written Premiums (GWP) for FY2013, excluding premiums from the Declined Risk Pool/IMTPIP, grew by almost 22% – from ₹ 3,338 crore in FY2012 to ₹ 4,063 crore in FY2013.
- BAGIC accounted for a market share 6.4%, excluding specialised insurers.
- The net earned premium for FY2013, excluding premiums from the Motor Third Party Pool, was ₹ 2,709 crore – an increase of 23% over the previous year.
- During FY2013, BAGIC sold 6.5 million policies, compared to 5.9 million in FY2012.
- In the course of FY2013, there were 583,117 reported claims, versus 547,464 a year earlier.

Business mix and channel performance

BAGIC's focus continues to be on retail business, where it has strengths in distribution and claims handling. The business mix is given in Table 10.

Table 10: BAGIC's business mix

Line of business	FY2009	FY2010	FY2011	FY2012	FY2013
Motor	60%	58%	59%	58%	59%
Health	13%	12%	12%	13%	15%
Fire	13%	14%	13%	10%	10%
Engineering	5%	4%	4%	4%	4%
Marine	3%	3%	3%	3%	2%
Others	6%	9%	9%	12%	10%
Total	100%	100%	100%	100%	100%

The channel-wise contribution to BAGIC's GWP is given in Table 11.

Table 11: Gross Written Premium (GWP) from the different channels

Channel-mix	FY2009	FY2010	FY2011	FY2012	FY2013
Agency and motor	45.2%	53.0%	57.3%	57.2%	58.9%
Bancassurance	18.5%	17.3%	14.0%	13.9%	11.1%
Brokers	18.3%	12.4%	9.4%	9.3%	9.4%
Direct	14.2%	15.0%	14.9%	15.1%	16.0%
Others	3.8%	2.3%	4.4%	4.5%	4.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Retail channels like agency and bancassurance continue to be the mainstay of BAGIC's channel mix, contributing to over 70.9% of the business. BAGIC's online sales channel, which offers 24x7 ease of buying, has grown substantially during FY2013 and is ideally suited for off-the-shelf retail products like Motor and Health.

Financial performance

BAGIC's financial performance for FY2013 is summarised in Table 12.

Table 12: Financial performance of BAGIC

	FY2012	FY2013
(₹ In Crore)		
Gross written premium	3,338	4,063
Net written premium	2,196	3,156
Underwriting result before Motor Pool losses	86	180
Motor Pool losses	(264)	(235)
Profit before tax	194	421
Profit after tax	124	295

- Before considering share of losses from the Declined Risk Pool/IMTPIP, BAGIC recorded an underwriting profit of ₹ 180 crore in FY2013, versus ₹ 86 crore in the previous year.
- After considering the share of losses from the Declined Risk Pool/IMTPIP, the Company's underwriting loss was ₹ 55 crore in FY2013, compared to a loss of ₹ 178 crore in FY2012.
- Profit before tax for FY2013 was ₹ 421 crore – versus ₹ 194 crore in the previous year.
- Profit after tax for FY2013 was ₹ 295 crore – compared to ₹ 124 crore recorded in the previous year.
- The return on average equity for FY2013 was 26.7% – as against 13.8% in the previous year.
- The combined ratio, which signifies the profitability of the general insurance business, stood at 93.4% in FY2013, versus 96.1% in FY2012. This excludes losses from the Motor Pool.
- Including the effect of Declined Risk Pool/IMTPIP losses, the combined ratio improved from 107.2% in FY2012 to 101.9% in FY2013.
- The low combined ratio, which is consistently among the best in the market, is a vindication of the Company's strong underwriting and claims management skills.

Capital and solvency

Total capital including share premium stood at ₹ 277 crore as on 31 March 2013. No new capital was needed in FY2013.

BAGIC's solvency margin was at 179% – well above the normal regulatory requirement of 150%, let aside the relaxed limit of 140%.

BAGIC has the best utilisation of capital in the private sector, as measured by the ratio of GWP to capital infused and GWP to shareholders' equity. The shareholders' equity of BAGIC stood at ₹ 1,255 crore as on 31 March 2013, compared to ₹ 959 crore a year earlier.

Investments

The Company's cash and investments as on 31 March 2013 stood at ₹ 5,845 crore versus ₹ 4,758 crore in the previous year.

Wealth Management

Bajaj Financial Solutions Ltd. (Bajaj Finsol)

Having received its Association of Mutual Funds in India (AMFI) registration in 2009, Bajaj Finsol applied to the IRDA in August 2010 for a corporate agency license to distribute insurance products of BALIC. IRDA approval was received in February 2011, and the license is valid for three years.

After getting the license, the business was launched in Aurangabad, Chandigarh, Ludhiana and Pune in February 2011. The clients are required to pay up-front fees for availing the financial planning services of the Company. The concept of paying fees for financial planning advisory services for a holistic financial plan was a key-element of this business model.

However, because of adverse macro-economic conditions during last two years, this business model failed to make an impact through 4 branches. Due to factors like high inflation, low GDP growth, subdued market conditions etc., financial service sector struggled for growth. Bajaj Finsol too was not an exception to this.

Total investment in Bajaj Finsol stands at ₹ 39 crore as on 31 March 2013. Considering the accumulated losses and uncertain gestation period, by way of prudence, Bajaj Finserv has impaired its investments in Bajaj Finsol by ₹ 27 crore.



Creating innovative
financial products for
various life cycle needs



**BAJAJ
FINSERV**

**WEALTH
MANAGEMENT**

Wind Energy

Bajaj Finserv has 138 wind mills in Maharashtra with total installed capacity of 65.2 MW. All 138 windmills have been registered with REC registry of India through Maharashtra Energy Development Agency (MEDA) and are eligible for Renewable Energy Certificates (REC).

During FY2013 the project generated net wind energy of 88.8 million units of electricity, versus 95 million units in FY2012. The electricity generated in FY2013 was valued at ₹ 61 crore, compared to ₹ 55 crore in FY2012. The wind energy generated was predominantly sold to Bajaj Auto Ltd., to cater to power consumption requirements of its establishments at Akurdi, Chakan and Waluj. Surplus units were sold to third parties. Bajaj Finserv generated an income of ₹ 13 crore through sale of Renewable Energy Certificates.

Financials

Standalone

The standalone results of Bajaj Finserv Ltd. are given in Table 13 below.

Table 13: Standalone Results of Bajaj Finserv

	(₹ In Crore)	
	FY2012	FY2013
A. Income from Wind-farm activity	84	73
Administrative expenses	14	18
Depreciation	–	–
Profit from Wind-farm activity	70	55
B. Income from Investment and Others	60	79
Other expenses	22	28
Profit before exceptional item and tax	108	106
Less : Provision for diminution in value of investment	–	27
Profit before tax	108	79
Tax expense	31	28
Profit after tax	77	51

Rights issue

To meet Company's different requirements, Bajaj Finserv during FY2013 raised ₹ 938.5 crore of equity by way of a rights issue – offering its existing shareholders 1 share for every 10 shares held. The equity shares with face value of ₹ 5 each were issued at a premium of ₹ 645 per share. These shares are allotted and have been listed on the stock exchanges.

Consolidated financials

The consolidated results are given in Table 14. These include its subsidiaries, associates and joint ventures, in accordance with the accounting standards issued by The Institute of Chartered Accountants of India.

Table 14: Summarised consolidated results of Bajaj Finserv

(₹ In Crore)

Segment revenue			Segment results-profit/(loss) from each segment		
	FY2012	FY2013		FY2012	FY2013
Insurance	10,926	11,270	Insurance	1,544	1,765
Windmill	84	73	Windmill	70	55
Retail finance	2,172	3,111	Retail finance	572	843
Investments and others	122	157	Investments and others	40	45
	13,304	14,611	Profit before tax	2,226	2,708
Less : Inter-segment	29	40	Tax expense	336	494
			Minority interest	552	640
Total	13,275	14,571	Profit after tax	1,338	1,574

Cautionary Statement

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

Corporate Governance

The commitment of Bajaj Group to the highest standards of good corporate governance practices predates SEBI and clause 49 of the listing agreements. Transparency, fairness, disclosure and accountability are the main thrust to the working of the Bajaj Group. Bajaj Finserv Ltd. ('BFS' or 'the Company' or 'Bajaj Finserv') maintains the same tradition and commitment.

Given below are the Company's corporate governance policies and practices for 2012-13. As will be seen, Bajaj Finserv's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of clause 49 of the listing agreement.

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 executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management.

Composition

As on 31 March 2013, the Board of the Company consisted of eight directors, of whom one was executive (Managing Director), four were non-executive independent and 3 were non-executive and non-independent. The Board has no institutional nominee directors.

The Company has a non-executive chairman.

According to clause 49, if the non-executive chairman is a promoter, at least one half of the Board of the Company should consist of independent directors. As Table 1 shows, this provision is met at Bajaj Finserv.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2012-13

Name of director	Category	Meetings attended	Whether attended last AGM
Rahul Bajaj	Chairman, non-executive	6/6	Yes
Nanoo Pamnani	Vice Chairman (Non-executive and independent)	6/6	Yes
Madhur Bajaj	Non-executive	6/6	Yes
Rajiv Bajaj	Non-executive	6/6	Yes
Sanjiv Bajaj	Managing Director, executive	6/6	Yes
D J Balaji Rao	Non-executive, independent	6/6	Yes
S H Khan	Non-executive, independent	6/6	Yes
Naresh Chandra	Non-executive, independent	5/6	Yes

Non-executive directors' compensation

As fixed by the Board of Directors at its meeting held on 30 January 2008, a sitting fee of ₹ 20,000 per meeting is paid to non-executive directors, including independent directors, for every meeting of the Board or committees of the Board attended after 20 February 2008.

The shareholders 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 the directors (other than the Managing Director and whole-time directors) as may be decided by the Board of directors in respect of the profits of the Company for each year for a period commencing from 20 February 2013 upto 31 March 2017.

In terms of the approvals given by the Board and shareholders, commission is paid to non-executive directors (independent and non-independent) at the rate of ₹ 25,000 per meeting of Board and committee meetings attended by them, subject to the aggregate being within the overall ceiling of one percent of the net profits.

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

Board procedures

During 2012-13, the Board of Directors met six times: on 16 May 2012, 17 July 2012, 17 September 2012, 19 October 2012, 15 January 2013 and 20 March 2013. The gap between any two meetings has been less than four months.

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. 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 management to the Board of the Company is far ahead of the list mandated under clause 49 of the listing agreement.

Pursuant to the requirement under the NBFC regulations, the following information is also being placed before the Board at regular intervals:

- i. Progress made in putting in place a progressive risk management system, and risk management policy and strategy followed.
- ii. Conformity with the prescribed corporate governance standards.
- iii. Minutes of Risk Management Committee and Asset Liability Management Committee meetings.

Directorships and memberships of Board committees

Table 2: Number of directorships/committee positions of directors as on 31 March 2013

Name of director	Directorships		Committee positions	
	In listed companies	In unlisted public limited companies	As Chairman	As Member
Rahul Bajaj	4	2	–	–
Rajiv Bajaj	4	1	–	1
Sanjiv Bajaj	6	4	1	5
Nanoo Pamnani	4	–	5	2
Madhur Bajaj	6	–	–	–
D J Balaji Rao	10	–	4	6
S H Khan	5	2	4	5
Naresh Chandra	11	1	1	9

Notes: Private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded for the above purposes. Only audit committee and shareholders' grievance committee are considered for the purpose of committee positions as per listing agreement.

None of the directors was a member in more than 10 committees, nor a chairman in more than 5 committees across all companies, in which he was a director.

Review of legal compliance reports

During the year, the Board periodically reviewed 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 Board at its meeting on 30 January 2008 laid down a code of conduct for all directors and senior management of the Company, which has been posted on the Company's website www.bajajfinserv.in.

All directors and senior management personnel have affirmed compliance with the code for 2012-13. A declaration to this effect signed by the Managing Director is given in this annual report.

Audit committee

Constitution and composition

With a view to complying with various requirements under the Companies Act, 1956 and clause 49 of the listing agreement, the Company set up its audit committee on 30 January 2008. The Company has been reviewing 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, 1956, clause 49 of the listing agreement and NBFC regulations.

The committee consisted of the following members as on 31 March 2013:

1. Nanoo Pamnani, Chairman
2. S H Khan
3. D J Balaji Rao
4. Naresh Chandra

All members of the audit committee are independent, non-executive directors and are 'financially literate' as required by clause 49. Moreover, the audit committee has members who have 'accounting or related financial management expertise'.

Meetings, attendance and topics discussed

During 2012-13, the audit committee met four times: 16 May 2012, 17 July 2012, 19 October 2012 and 15 January 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, internal audit functions and the statutory auditor of the Company, and those executives who were considered necessary for providing inputs to the committee. The Company Secretary acted as the secretary to the audit committee.

The terms of reference of the audit committee are extensive and go beyond what is mandated in clause 49 of the listing agreement, section 292A of the Companies Act, 1956 and under NBFC regulations.

Table 3: Composition of the audit committee and attendance record of members for 2012-13

Name of director	Category	Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	4/4
D J Balaji Rao	Non-executive, independent	4/4
S H Khan	Non-executive, independent	4/4
Naresh Chandra	Non-executive, independent	3/4

Subsidiary companies

During the year, the audit committee reviewed the financial statements (in particular, the investments made) of each unlisted subsidiary company, viz., Bajaj Allianz General Insurance Company Ltd., Bajaj Allianz Life Insurance Company Ltd., Bajaj Financial Solutions Ltd. and Bajaj Financial Securities Ltd., to the extent applicable. Minutes of the Board meetings of these subsidiary companies were regularly placed before the Board of the Company. So too was a statement of significant transactions and arrangements entered into by these subsidiary companies, as applicable.

Disclosures

A summary statement of transactions with related parties was placed periodically before the audit committee during the year. 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.

The Board has laid down procedures to inform it of the Company's risk assessment and minimisation procedures. These are periodically reviewed to ensure that management identifies and controls risks through a properly defined framework.

There were no preferential issues etc. during the year. The Company raised ₹ 938.52 crore by way of Rights Issue of equity shares during the year.

Remuneration and Nomination Committee

Bajaj Finserv constituted the remuneration committee of the Board on 30 January 2008. Subsequently, the Board of Directors at its meeting held on 15 January 2009, extended the terms of reference of the said committee to include nomination functions and restyled the said committee as 'Remuneration and Nomination Committee'.

The Board of Directors at its meeting held on 12 January 2010 extended the terms of reference of this Committee to ensure 'Fit and Proper' status of proposed/existing directors as required under the RBI Guidelines on Corporate Governance.

The committee consisted of the following members as on 31 March 2013:

1. S H Khan, Chairman
2. D J Balaji Rao
3. Nanoo Pamnani
4. Rahul Bajaj
5. Naresh Chandra

During the year under review, the committee was not required to meet. However, the committee at its meeting held on 15 May 2013 noted that D J Balaji Rao and S H Khan were due for retirement by rotation at the ensuing annual general meeting. The committee recommended for the consideration of the Board the re-appointment of these directors, who are due for re-appointment at the ensuing annual general meeting of the Company and ascertained and ensured their 'Fit and Proper' status. All the members of this committee except Naresh Chandra attended this meeting.

Remuneration of directors

Pecuniary relationship or transactions of non-executive directors

During the year under review, there were no pecuniary relationships and transactions of any non-executive director with the Company.

The register of contracts is maintained by the Company under section 301 of the Companies Act, 1956. The register is signed by all the directors present at the respective Board meetings.

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

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 as approved by the Board at its meeting held on 30 January 2008 and as amended on 24 March 2010 have been put on the Company's web-site www.bajajfinserv.in

Non-executive directors

Non-executive directors are paid sitting fees and commission as earlier stated in this report. Table 4 gives details of the remuneration paid or payable to directors during the year 2012-13.

Managing Director

During the year under review, the Company has paid remuneration to Sanjiv Bajaj, Managing Director of the Company as given at Table 4.

Managing Director is entitled to superannuation benefits payable in the form of an annuity from an approved life insurance company which forms part of the perquisites allowed to him. No pension is paid by the Company.

Remuneration to directors during the year

The Company currently has no stock option plans for any of its directors and hence it does not form a part of the remuneration package payable to any executive and/or non-executive director. During the year under review, none of the directors was paid any performance-linked incentive.

In 2012-13, the Company did not advance any loans to any of the non-executive directors and/or Managing Director. Table 4 gives details of the remuneration paid or payable to directors during 2012-13.

Table 4: Remuneration paid/payable to directors during 2012-13

(Amount In ₹)

Name of director	Relationship with other directors	Sitting fees	Salary and perquisites	Commission	Total
Rahul Bajaj	Father of Rajiv Bajaj and Sanjiv Bajaj	120,000	–	150,000	270,000
Madhur Bajaj	–	140,000	–	175,000	315,000
Rajiv Bajaj	Son of Rahul Bajaj, brother of Sanjiv Bajaj	140,000	–	175,000	315,000
Sanjiv Bajaj	Son of Rahul Bajaj, brother of Rajiv Bajaj	–	9,536,706	19,800,000	29,336,706
D J Balaji Rao	–	200,000	–	250,000	450,000
S H Khan	–	200,000	–	250,000	450,000
Nanoo Pamnani	–	240,000	–	300,000	540,000
Naresh Chandra	–	160,000	–	200,000	360,000

Notes: Salary and perquisites include all elements of remuneration i.e. salary, allowances and benefits. No bonus, pension or incentive is paid to any of the directors. The Company has not issued any stock options to any of the directors. The term of Managing Director does not exceed five years.

Shares held by non-executive directors

The non-executive directors who held shares in the Company as on 31 March 2013 are:

Name of director	Number of shares held as on 31 March 2013
Rahul Bajaj	1,563,632
Madhur Bajaj	933,716
Rajiv Bajaj	3,450

Management

Management discussion and analysis

This is given as a separate chapter in the annual report.

Disclosure of material transactions

Under clause 49, senior management is required to make periodical 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. Provision regarding the above has been adhered to during the year.

Compliances regarding insider trading

Comprehensive guidelines in accordance with the SEBI regulations in this regard are in place. The code of conduct and corporate disclosure practices framed by the Company has helped in ensuring compliance with the requirements.

Shareholders

Appointment and/or re-appointment of directors

According to the statute, at least two-third of the Board should consist of directors liable to retire by rotation. Of these, one-third is required to retire every year and, if eligible, may seek re-appointment by the shareholders. Six out of eight directors of Bajaj Finserv Ltd. as on 31 March 2013 were retiring directors. This year, the retiring directors are D J Balaji Rao and S H Khan who, being eligible, have offered their candidature for re-appointment. Their candidature has been recommended by the Remuneration and Nomination Committee for approval by the Board, which in turn has recommended the same for approval by the shareholders.

Brief profiles of the retiring directors are given in the notice being issued to the shareholders for the ensuing annual general meeting of the Company.

Communication to shareholders

Quarterly, half yearly and annual financial results are published in numerous leading dailies along with the official press release. The Company also sends the half-yearly financial results, along with a detailed write-up, to each household of shareholders.

The Company has its own website, www.bajajfinserv.in which contains all important public domain information, including presentations made to the media, analysts and institutional investors. The website also contains information on matters such as dividend history, answers to Frequently Asked Questions (FAQs) by the various shareholder categories, details of the corporate contact persons and share transfer agent of the Company. All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

Ministry of Corporate Affairs as a 'Green Initiative in the Corporate Governance' has issued a circular no 17/2011 on 21 April 2011, permitting companies to service delivery of documents electronically on the registered members'/shareholders' email addresses under section 53 of the Companies Act, 1956. The Company is accordingly proposing to send documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form will continue to get the same in physical form, upon request.

The Company also files the following information, statements, reports on the website as specified by SEBI:

- Full version of the annual report including the Balance Sheet, Statement of Profit and Loss, directors' report, corporate governance report, auditors' report, cash flow statements, half-yearly financial statements and quarterly financial statements.
- Shareholding pattern.

Information on general body meetings

During the previous three years, the annual general meetings (AGM) of the Company has been held at the registered office of the Company on the following dates and time:-

3rd AGM	21 July 2010 at 3.30 p.m.
4th AGM	13 July 2011 at 3.30 p.m.
5th AGM	17 July 2012 at 4.15 p.m.

Details of special resolution(s) passed during the previous three AGMs and resolution(s) passed through postal ballot during the previous year

No special resolution was passed at the general meetings held during the years 2010 and 2011.

At the fifth AGM held on 17 July 2012, special resolutions were passed regarding the following:

- i) Approval of re-appointment and remuneration of Sanjiv Bajaj as the Managing Director of the Company for a five year term commencing from 1 April 2012.
- ii) Payment of commission to non-executive directors of the Company, not exceeding the limit of one percent of the net profits of the Company as provided under section 309 of the Companies Act, 1956 for a period commencing from 20 February 2013 to 31 March 2017.
- iii) Approval under section 372A for increasing the limit from ₹ 2,000 crore to ₹ 3,000 crore with regard to inter company loans and investment.
- iv) Approval for raising of equity funds upto ₹ 1,000 crore.

During the previous year, the Company has not adopted postal ballot for passing any resolution by the shareholders.

Material disclosure of related party transactions

There were no material transactions entered into with related parties, during the period under review, which had any potential conflict with the interests of the Company.

Details of capital market non-compliance, if any

There was no non-compliance by the Company of any legal requirements; nor has there been any penalty, stricture imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

Shareholders' and investors' grievance committee

The Board of Directors of the Company constituted its Shareholders' and Investors' Grievance Committee (SIGC) in its meeting held on 30 January 2008. This committee has been constituted to specifically look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends etc. In addition, the committee also looks into matters that can facilitate better investor services and relations. The committee regularly kept the Board of Directors apprised on all the major developments on investors' issues through various reports and statements furnished to the Board from time to time throughout the year.

The committee consisted of the following directors (of whom the Chairman is an independent director) as on 31 March 2013:

1. Nanoo Pamnani, Chairman
2. Rajiv Bajaj
3. Sanjiv Bajaj

The committee met on 20 March 2013 to, inter alia, review the status of investors' services rendered. The secretarial auditors as well as the Company Secretary (who is also the compliance officer) were also present. All the members of this committee attended the meeting. The committee expressed its whole-hearted satisfaction on the overall status of compliance and actions taken on various matters.

Pursuant to circular issued by SEBI in December 2010 for dealing with physical unclaimed shares, the Company, after sending three reminders to the concerned shareholders, has already opened a demat account with HDFC Bank titled 'Bajaj Finserv Ltd. unclaimed suspense account' to which all the unclaimed shares stand transferred in terms of the said circular.

More details on this subject have been furnished in the chapter on General Shareholder Information.

CEO/CFO certification

The CEO and CFO have certified to the Board with regard to the financial statements and other matters as required by clause 49 of the listing agreement. The certificate is contained in this annual report.

Report on corporate governance

This chapter, read together with the information given in the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance during 2012-13.

Auditors' certificate on corporate governance

The Company has obtained the certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the listing agreement. This report is annexed to the directors' report, and will be sent to the stock exchanges along with the annual return to be filed by the Company.

Compliance of mandatory and non-mandatory requirements under clause 49

Mandatory

The Company has complied with all the mandatory requirements of clause 49 of the listing agreement.

Non-mandatory

The Company has also complied with most of the non-mandatory requirements as under:

1. The Board

The non-executive Chairman has an office at the Company's premises. None of the independent directors of the Company has tenures exceeding a period of 9 (nine) years on the Board.

2. Remuneration committee

The Company has a remuneration committee known as 'Remuneration and Nomination Committee'. A detailed note on this committee is provided in the annual report.

3. Shareholder rights

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

4. Audit qualifications

There are no qualifications in the financial statements of the Company for the year 2012-13.

5. Whistle blower policy

The Company has a whistle blower policy to enable its 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 employees, who avail of the mechanism. This also provides for direct access to the Chairman of the audit committee in exceptional cases. The policy has been appropriately communicated to the employees within the organisation.

General Shareholder Information

Annual General Meeting

Date	18 July 2013
Time	4.15 p.m.
Venue	Registered office of the Company at Bajaj Auto Ltd. Complex Mumbai - Pune Road, Akurdi, Pune - 411 035.

Financial calendar

Audited annual results for year ending 31 March	May
Mailing of annual reports	June
Annual general meeting	July
Unaudited first quarter financial results	July
Unaudited second quarter financial results	October
Unaudited third quarter financial results	January

Dividend

The Board of Directors of the Company has proposed a dividend of ₹ 1.50 per equity share (30 per cent) for the financial year 2012-13, subject to approval by the shareholders at the annual general meeting. Dividend paid in the previous year was also ₹ 1.50 per equity share (30 percent).

Dates of book closure

The register of members and share transfer books of the Company will remain closed from Saturday, 6 July 2013 to Thursday, 18 July 2013, both days inclusive.

Date of dividend payment

Dividend on equity shares, if declared, at the annual general meeting, will be credited/dispensed between 23 July 2013 and 25 July 2013 as under:

- to all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the end-of-the-day on Friday, 5 July 2013, and
- to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfers agent (i.e. Karvy Computershare Pvt. Ltd.) on or before the closing hours on Friday, 5 July 2013.

Payment of dividend

Dividend will be paid by account payee/non-negotiable instruments or through the National Electronic Clearing Service (NECS), as notified by the SEBI through the stock exchanges. In view of the significant advantages and the convenience, the Company will continue to pay

dividend through NECS in all major cities to cover maximum number of shareholders, as per applicable guidelines. Shareholders are advised to refer to the notice of the annual general meeting for details of action required to be taken by them in this regard. For additional details or clarifications, shareholders are welcome to contact the registered office of the Company.

Securities and Exchange Board of India (SEBI) vide its circular No. CIR/MRD/DP/10/2013 dated 21 March 2013 has stipulated that all listed companies shall use approved electronic mode of payment viz., ECS, NECS, NEFT etc., for the purpose of making payments to the shareholders.

All the shareholders are requested to immediately update their Bank Account No. with 9-digit MICR Code (either Bank Account No. or 9-digit MICR No. or both), if the same has not been updated with the Company's share transfer agent or the depository participant, as the case may be.

Capital raising through rights equity issue

Information on capital raising through rights equity issue has been provided in the directors' report.

Unclaimed dividends

The shareholders who have not encashed their dividend warrants for the years 2007-08 onwards are requested to claim the amount from Karvy Computershare Pvt. Ltd./registered office of the Company.

As per section 205 of the Companies Act, 1956, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called 'the Investor Education and Protection Fund' set up by the Central Government. No claims shall lie against the fund or the Company in respect of the amount so transferred.

Further, the Ministry of Corporate Affairs (MCA) vide its notification dated 10 May 2012 prescribed the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 which mandates all the companies to file the particulars of all the unclaimed and unpaid amounts through eForm 5 INV on the web portal of MCA and subsequently also upload the data on the website of the Company. The Company has accordingly filed the necessary forms on 31 July 2012 and on 17 October 2012 for the financial year ended 31 March 2011 and 31 March 2012 respectively. The details of unclaimed dividends for the financial years 2007-08 to 2010-11 have been uploaded on the Company's web site on www.bajajfinserv.in

Share transfer agent

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

Share transfer system

Share transfers received by the Company and the share transfer agent 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 was 1,048,691 shares during 2012-13 versus 64,023 shares during 2011-12.

Dematerialisation of shares

During 2012-13, 1,521,968 shares were dematerialised compared to 286,521 during 2011-12. Shares held in physical and electronic mode as on 31 March 2013 is given in Table 1.

Table 1: Shares held in physical and electronic mode

	Position as on 31 March 2013		Position as on 31 March 2012		Net change during 2012-13	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	%
Physical	9,856,147	6.19	10,551,250	7.29	(695,103)	(1.10)
Demat:						
NSDL	146,089,662	91.81	131,579,998	90.95	14,509,664	0.87
CDSL	3,176,543	2.00	2,552,262	1.76	624,281	0.23
Sub total	149,266,205	93.81	134,132,260	92.71	15,133,945	1.10
Total	159,122,352	100.00	144,683,510	100.00	14,438,842	-

Global Depository Receipts (GDRs)

The Company issued and allotted Global Depository Receipts (GDRs) on 3 April 2008 to the shareholders of BHIL (formerly BAL) pursuant to the scheme of demerger sanctioned by the Hon'ble High Court vide its order dated 18 December 2007 and the underlying shares against each GDR were issued in the name of the overseas depository i.e. Deutsche Bank Trust Company Americas. The Company has entered into a deposit agreement with Deutsche Bank Trust Company Americas on 21 August 2008 in respect of these GDRs.

Stock code

1. BSE, Mumbai	532978
2. National Stock Exchange	BAJAJFINSV
3. ISIN for depositories (NSDL and CDSL)	INE918I01018
4. Bloomberg	BJFIN IN
5. Reuters	BJFS.BO

Listing on stock exchanges

The shares of the Company, including the equity shares issued by way of rights issue during the year under review, are currently listed on the following stock exchanges:

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

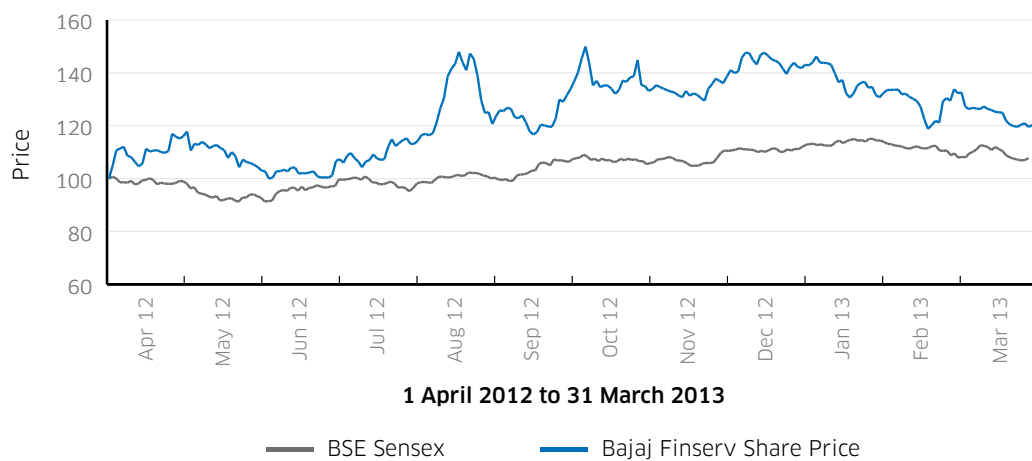
During 2012-13, the listing fees payable to these stock exchanges have been paid in full.

Market price data

**Table 2 : Monthly highs and lows of Bajaj Finserv Ltd. shares during 2012-2013
(₹ vis-à-vis BSE Sensex)**

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 12	779.85	610.00	779.70	518.45	17,318.81
May 12	765.00	654.00	764.60	653.55	16,218.53
Jun 12	689.70	630.00	690.00	630.00	17,429.98
Jul 12	754.50	661.00	755.50	661.25	17,236.18
Aug 12	953.70	733.00	952.45	733.00	17,429.56
Sep 12	884.80	732.95	887.40	732.75	18,762.74
Oct 12	979.40	833.20	983.95	822.95	18,505.38
Nov 12	895.00	821.00	895.00	820.00	19,339.90
Dec 12	967.35	870.10	968.00	873.55	19,426.71
Jan 13	940.00	826.05	938.40	824.95	19,894.98
Feb 13	920.00	747.00	874.00	749.05	18,861.54
Mar 13	824.10	756.20	826.45	757.95	18,835.77

Bajaj Finserv Limited vs BSE Sensex, indexed to 100 on 1 April 2012



Distribution of shareholding

Table 3 gives details about the pattern of shareholdings among various categories as on 31 March 2013 and 31 March 2012, while Table 4 gives the data according to size classes as on 31 March 2013.

Table 3: Distribution of shareholding across categories as on 31 March 2013

Categories	31 March 2013		31 March 2012	
	No. of Shares	% to total capital	No. of Shares	% to total capital
Promoters	93,703,259	58.89	85,182,790	58.87
Friends and associates of promoters	15,741,201	9.89	15,318,659	10.59
GDRs *	47,869	0.03	58,869	0.04
Foreign Institutional Investors	17,556,988	11.03	14,310,412	9.89
Public Financial Institutions	5,075,207	3.19	5,348,613	3.69
Mutual Funds	1,715,750	1.08	2,223,720	1.54
Nationalised and other banks	105,092	0.07	38,086	0.03
NRIs and OCBs	750,787	0.47	687,403	0.48
Others	24,426,199	15.35	21,514,958	14.87
Total	159,122,352	100.00	144,683,510	100.00

*Under the deposit agreement, the depository exercises the voting rights on the shares underlying the GDRs as directed by the promoters of the Company.

Table 4: Distribution of shareholding according to size class as on 31 March 2013

No. of shares	No. of shareholders		Shares held in each class	
	Number	%	Number	%
1 to 500	48,565	91.20	2,763,596	1.74
501 to 1000	1,711	3.21	1,224,096	0.77
1001 to 5000	2,108	3.96	4,546,482	2.86
5001 to 10000	402	0.75	2,716,663	1.71
10001 to 100000	349	0.66	9,551,469	6.00
100001 and above	117	0.22	138,320,046	86.92
Total	53,252	100.00	159,122,352	100.00

Shareholders' and investors' grievances

The Board of Directors of the Company currently has a Shareholders' and Investors' Grievance Committee consisting of three directors to specifically look into the shareholders'/investors' complaints on various matters. Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non receipt of dividend by warrants as well as through electronic clearing service, non receipt of annual report, non receipt of transferred shares and change of address and/or bank particulars. There was no pending issue to be addressed or resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning 21 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors and no action remained to be taken at the Company's end.

Opening of demat suspense account with HDFC Bank

In accordance with the provisions contained in clause 5A of the listing agreement with the Stock Exchanges, as amended by SEBI vide circular dated 16 December 2010, the Company was required to send three reminders at the registered addresses of the shareholders whose shares were lying "Undelivered/Unclaimed" with the Company, requesting for the correct particulars to dispatch such share certificates. If no response was received, the shares were required to be transferred to an "Unclaimed Share Suspense Account", which shall be maintained by the Company in an electronic form. As and when any shareholder approaches at a later date, the Company shall deliver the shares to him/her from the said account, after proper verification/identification. Further, voting rights on such shares are to remain frozen till the rightful owner claims the shares.

Accordingly, during the previous year, the Company sent three reminders to these shareholders, followed by opening of the said suspense account with HDFC Bank.

After completing the necessary formalities, 17,947 shares held by 100 shareholders were transferred to the said suspense account in April 2012. The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in clause 5A of the listing agreement. The summary of this account for the year 2012-13 is as follows:

Sr.No.	Particulars	No. of shareholders	Outstanding shares
i.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 1 April 2012	100	17,947
ii.	No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	Nil	Nil
iii.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	Nil	Nil
iv.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. 31 March 2013	100	17,947

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form will be sent by the share transfer agent of the Company upon such request. Nomination facility for shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

Address for correspondence

Investors and shareholders can correspond with the share transfer agent or at registered office of the Company at the following address:

Karvy Computershare Pvt. Ltd.

Plot No.17 to 24, Vittalrao Nagar
Near Image Hospital
Madhapur
Hyderabad 500 081

Contact persons

M S Madhusudhan
Mohd.Mohsinuddin
Tel No.: (040) 44655000
Fax No.: (040) 44655024
E-mail: mohsin.mohd@karvy.com
Website: www.karvy.com

Bajaj Finserv Ltd.

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

Compliance Officer

Sonal R Tiwari
Tel No.: (020) 66107458, 27472851
Fax No.: (020) 27407380
E-mail: investors@bajajfinserv.in
Website: www.bajajfinserv.in

Directors' Report

The directors present their sixth annual report and the audited statements of accounts for the year ended 31 March 2013.

Financial results

The financial results of the Company are elaborated in the annexed Management Discussion and Analysis Report.

The highlights of the **Standalone Financial Results** are as under:

	2013	2012
	(₹ In Crore)	
Total revenue	152.25	144.18
Gross profit before interest and depreciation	107.44	109.26
Depreciation	1.28	1.56
Profit before exceptional item and tax	106.16	107.70
Exceptional item- Provision for diminution in value of investment	(27.00)	—
Profit before tax	79.16	107.70
Tax expense	28.32	31.13
Profit after tax	50.84	76.57
Profit available for appropriation	200.65	194.48
Transfer to Reserve fund under section 45-IC (1) of the Reserve Bank of India Act, 1934	10.17	15.31
Transfer to General reserve	5.08	7.66
Proposed dividend	23.87	21.70
Balance carried to Balance Sheet	161.53	149.81
Earnings per share (₹)	3.3	5.2

The highlights of the **Consolidated Financial Results** are as under:

	2013	2012
	(₹ In Crore)	
Gross Revenue:		
i) Gross written premium		
a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	6,892.70	7,483.80
b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	4,109.39	3,675.89
ii) Gross income-Bajaj Finance Ltd.	3,111.37	2,171.91
iii) Income from windpower generation-Bajaj Finserv Ltd.	73.38	84.37
iv) Investment income (excluding accretions on unit-linked Investment)	1,548.72	1,048.33
v) Others	77.97	62.11
Total	15,813.53	14,526.41

	(₹ In Crore)	
	2013	2012
Revenue from operations and other income	4,157.41	2,835.65
Amount transferred from the policyholders' account	917.48	1,069.13
Total revenue	5,074.89	3,904.78
Profit before tax	2,708.11	2,226.22
Tax expense	493.94	336.47
Profit after tax	2,214.17	1,889.75
Minority interest	640.53	551.98
Profit for the year	1,573.64	1,337.77
Earnings per share (₹)	103.00	90.60

Capital raising through rights equity issue

To meet Company's different requirements, the Company during the year under review, pursuant to the applicable Board, shareholders and statutory approvals raised ₹ 938.52 crore of equity by way of a rights issue. 14,438,842 equity shares of the face value of ₹ 5 each were issued at a premium of ₹ 645 per share by way of a rights issue to the existing shareholders in the ratio of 1:10. After the issue, the paid equity share capital of the Company has increased from ₹ 72.34 crore to ₹ 79.56 crore. Allotment of the shares was done on 17 October 2012 and these shares commenced trading on BSE and NSE w.e.f. 22 October 2012.

Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of ₹ 1.50 per share (30 per cent) for the year ended 31 March 2013 on the expanded capital of the Company after the rights issue referred to above. The amount of dividend and the tax thereon to the extent applicable aggregates to ₹ 23.87 crore.

Dividend paid for the year ended 31 March 2012 was also ₹ 1.50 per share (30 per cent). The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 21.70 crore.

Registration as a Systemically Important Non-Deposit taking NBFC

Your Company has been registered on 30 October 2009 by Reserve Bank of India as a Non-Banking Financial Institution (non-deposit taking). In terms of provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, your Company is categorised as a 'systemically important non-deposit taking non-banking financial company'. The Company does not hold nor does it accept deposits from the public.

Operations

Detailed information on the operations of the different business lines of the Company are covered in the Management Discussion and Analysis Report.

Conservation of energy

The Company, is engaged in wind farm activities in addition to its financial services activities, hence the subject of conservation of energy is applicable to the Company only with regard to its wind farm business. Information on this is contained in the Management Discussion and Analysis Report.

Foreign exchange earning and outgo

Total foreign exchange earned by the Company was ₹ 0.25 crore during the year under review, as against ₹ 0.19 crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 1.92 crore, as against ₹ 0.88 crore during the previous year.

Subsidiaries and joint venture

Following are the companies, which are the subsidiary and joint venture companies of the Company as at 31 March 2013:

Name of the company	% Shareholding of Bajaj Finserv Ltd. as on 31 March 2013	Status
Bajaj Allianz Life Insurance Company Ltd.	74%	Subsidiary
Bajaj Allianz General Insurance Company Ltd.	74%	Subsidiary
Bajaj Financial Solutions Ltd.	100%	Subsidiary
Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Financial Solutions Ltd.)	100%	Subsidiary
Bajaj Finance Ltd.	61.99%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.	50%	Joint venture

Detailed information on the operations of each subsidiary of the Company is covered in the Management Discussion and Analysis Report.

Bajaj Financial Solutions Ltd. and Bajaj Financial Securities Ltd. were formed with a main objective of promoting Bajaj Finserv Ltd.'s wealth management services. In view of the accumulated losses and the uncertain gestation period, by way of prudence, the Company has made a provision of ₹ 27 crore towards diminution in the value of investment in these two companies.

Corporate Social Responsibility

During the year 2012-13, Bajaj Group continued its Corporate Social Responsibility initiatives in various fields. Activities in this area are set out in greater detail in the annexed Corporate Social Responsibility Report.

Directors

D J Balaji Rao and S H Khan retire from the Board by rotation this year and being eligible, offer themselves for re-appointment.

Directors' responsibility statement

As required by sub-section (2AA) of section 217 of the Companies Act, 1956, directors state:

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors had 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 or loss of the Company for that period;

- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a going concern basis.

Presentation of financial results

The financial results of the Company for the year ended 31 March 2013 as in the previous year have been disclosed as per the revised Schedule VI to the Companies Act, 1956, pursuant to notification dated 28 February 2011 issued by the Ministry of Corporate Affairs.

Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries and joint venture and as prepared in compliance with the accounting standards and listing agreement as prescribed by SEBI.

Information in aggregate for each subsidiary company is disclosed separately in the consolidated Balance Sheet.

Statutory disclosures

The Company having complied with the necessary conditions is eligible for an exemption from the Central Government under section 212(8) of the Companies Act, 1956 with regard to attaching of the Balance Sheet, Profit and Loss Account and other documents of five subsidiaries of the Company for the year 2012-13 as general exemption is now available under Ministry of Corporate Affairs General circular no. 2/2011 dated 8 February 2011. The summary of the key financials of the Company's subsidiaries is included in this annual report.

The annual accounts of the subsidiary companies and the related detailed information will be made available to the members of the Company and its subsidiary companies, seeking such information at any point of time. The annual accounts of the subsidiary companies will be kept for inspection by any member of the Company at its registered office and also at the registered office of the concerned subsidiary company.

As required under the provisions of sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of the employees are set out in an Annexure to the directors' report. As per provisions of section 219(1) (b) (iv) of the said Act, these particulars will be made available to any shareholder on request.

The Company, being by and large a financial services company, there are no particulars regarding technology absorption required to be given under section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the report of Board of directors) Rules, 1988 for the year under review. Particulars required to be given relating to conservation of energy in its wind energy generation business and foreign exchange earning and outgo have been set out separately in this report.

Directors' responsibility statement as required by section 217(2AA) of the Companies Act, 1956 appears in a preceding paragraph.

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

Disclosures as prescribed by Non-Banking Financial (Non-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 the year 2012-13 is attached to the Balance Sheet.

Corporate governance

Pursuant to clause 49 of the listing agreement with stock exchanges, 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 the year 2012-13. A declaration to this effect signed by the Managing Director/CEO of the Company is contained in this annual report.

The Managing Director/CEO and CFO have certified to the Board with regard to the financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is contained in this annual report.

Secretarial standards of ICSI

Secretarial standards issued by the Institute of Company Secretaries of India (ICSI) from time to time are currently recommendatory in nature. Your Company is, however, complying with the same.

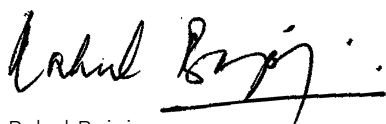
Auditors' report

The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

Auditors

The members are requested to appoint Messrs Dalal & Shah, Chartered Accountants, as auditors for the period from the conclusion of the ensuing annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

On behalf of the Board of Directors,



Rahul Bajaj
Chairman
15 May 2013

Annexure 1

Auditors' certificate regarding compliance of conditions of Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by Bajaj Finserv Ltd., for the year ended 31 March 2013, as stipulated in clause 49 of the listing agreements of the said Company with stock exchanges in India.

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 (as stipulated in clause 49 of the listing agreement), 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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
Firm Registration Number: 102021W
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Annexure 2

Declaration by Chief Executive Officer (CEO)

I, Sanjiv Bajaj, Managing Director of Bajaj Finserv Ltd. hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended 31 March 2013 compliance with the code of conduct of the Company laid down for them.

Sanjiv Bajaj
Managing Director
Pune: 15 May 2013

Annexure 3

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

We, Sanjiv Bajaj, Managing Director and Kevin D'sa, CFO and President (Business Development) of Bajaj Finserv Ltd., certify to the Board:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2013 and that to the best of our knowledge and belief;
 - these statements do not contain any materially untrue statement nor omit any material fact or contain statements that might be misleading, and
 - these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations;
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sanjiv Bajaj
Managing Director
Pune: 15 May 2013

Kevin D'sa
CFO and President (Business Development)

Report on Corporate Social Responsibility (CSR)

The 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 laid the foundation for ethical, value-based and transparent functioning.

The core elements of CSR activities include ethical functioning, respect for all stake-holders, protection of human rights and care for the environment.

The Bajaj Group generally implements the above initiatives through its employees, welfare funds and Group NGOs/Trusts/Charitable Bodies operating at various locations in the country. It also enlists the help of non-group NGOs, local authorities, business associations, social and philanthropic organisations of repute and civil society, wherever deemed necessary.

In this backdrop, some of the major initiatives taken up through the Bajaj Group Trusts during the year under review are summarised below:

1. Jamnalal Bajaj Foundation (JBF-Foundation)

Jamnalal Bajaj Foundation was established in 1976 for promoting Gandhian constructive programmes and assisting constructive workers, who devoted themselves to the national cause.

Awards

The Foundation gives four awards annually - each of the value of ₹ 5 lakh. Of these, three are given to individuals in India for outstanding contribution in the fields of constructive work on Gandhian lines, application of science and technology for rural development and uplift and welfare of women and children. The fourth one is an international award - given to individuals other than Indian citizens from foreign countries for their contribution to the promotion of Gandhian values outside India.

Other charitable activities

The Foundation has given donation to various Institutions/NGOs from time to time for strengthening their various community welfare activities and charitable objects of welfare of general public utility based on Gandhian philosophy and ideals. Special mention must be made for the project undertaken by Foundation of providing financial assistance to widows of farmers of Vidarbha region, who had committed suicide.

2. Janakidevi Bajaj Gram Vikas Sanstha (JBGVS)

Rural and urban development activities

The group continued with its rural development activities in Pune, Aurangabad and Wardha districts of Maharashtra and Sikar district of Rajasthan through JBGVS. JBGVS aims at integrated development of 75 villages, to be carried out by the villagers themselves and under their own leadership by forging partnership with Government, local institutions and NGOs. In the process, JBGVS acts as a catalyst to make this positive transformation happen within a stipulated time-frame.

On completing 25 glorious years of service for the community and social development of rural areas, JBGVS celebrated 2012 as the Silver Jubilee year by organising various programmes, like clean house competition, healthy baby competition, blood donation camp, bal melava, health check-up camp for senior citizens etc. in the villages covered by JBGVS.

The events and progress made during the last 25 dedicated years were presented to the members of the Board of Directors, senior officials of the group and others on 15 January 2013. Two booklets viz. Integrated Rural Development Model of JBGVS and a souvenir illustrating the journey over 25 years were released at the hands of Rahul Bajaj and Jamshyd Godrej.

To commemorate the occasion, a cultural programme was also held at JBGVS in which Madhur Bajaj was the chief guest and in which trustees, sarpanches and prominent personalities were present and felicitated.

During the year, JBGVS implemented several programmes to strengthen primary education, primary health care, improving socio-economic condition and environmental development. The programmes touched the lives of 28,000 people, comprising people from Scheduled Caste, Scheduled Tribe, Nomadic Tribes and Other Backward Class. JBGVS programmes covered 65% people from economically weak and socially backward communities.

Primary education

Primary education has been the major area of intervention in the villages. Support has been provided for infrastructure development of primary schools and anganwadis (pre-primary schools) by repairing school rooms and providing furniture and equipment. Three user-friendly sanitation complexes have been constructed in partnership with FICCI Ladies Organisation, Mumbai and local Gram Panchayat. Special efforts were taken to check malnutrition by conducting awareness and training programmes for mothers on importance of breast feeding, nutritious food using local materials, special check-up camps etc. Non-formal educational programmes for children in primary schools were organised involving secondary school students from the villages. These programmes are aimed at generating interest of children in education. In the year under review, JBGVS installed 4 E-learning units in the schools that changed the face of education in the rural areas. Through various short training programmes, teachers and parents were motivated to actually participate and improve the quality of education. Special programmes on health-related issues and HIV/AIDS were organised for adolescent boys and girls in the schools.

Primary health care

JBGVS attaches a lot of importance to its community health initiatives and follows the philosophy 'Prevention is better than cure'. The programmes, i.e. mother and child health care (MCH), health check-up camps, mobile clinic service, hygiene and sanitation programmes etc. were organised with the help from village level JBGVS-trained health workers. JBGVS has also been partnering with Government in strengthening National Rural Health Mission (NRHM) at the grass-root level by supporting check-up camps organised for pregnant mothers by PHCs. During the year, JBGVS organised 135 health check-up camps benefitting 4,155 people in all the project areas. In Aurangabad, six health check-up camps were organised for BPL families in association with Kamalnayan Bajaj Hospital. 305 patients were examined in these camps. The idea was to screen and detect complicated cases and provide them free treatment at Kamalnayan Bajaj Hospital. In Wardha, JBGVS has been working in partnership with Vinoba Bhave Hospital, which provides free treatment to the villagers. In total, 550 patients have benefitted under these programmes. During the year, 30 HIV/AIDS awareness programmes were organised, in which 1,250 women participated. There was no polio or severe malnourished case in these villages.

Economic development

Agriculture is the main occupation in the villages, where JBGVS works. Programmes, like soil testing, demonstration plots for improved variety of seeds and fertilisers, improved agricultural practices, natural farming, promotion of horticulture etc. were implemented in all the project areas. Various types of farm and non-farm based vocational training programmes i.e. dairy, poultry, goatry, two wheeler repairing, fashion designing etc. were organised. In Wardha, JBGVS has been working in partnership with Ministry of Small and Medium Enterprises (MSME) for conducting vocational training programmes.

JBGVS has been working in partnership with Rotary Club of Poona North for implementation of Kamdhenu cow project.

Cows distributed	100
Copartners	100
Total milk yield (October 2012- March 2013)	99,000 ltrs
Total Income generated (6 months)	₹ 17.82 lakh

In Kasi ka bas village of Sikar district, a revolving fund of ₹ 1.24 lakh created by JBGVS has helped 32 SHGs to get ₹ 19.23 lakh loan from bank to start income generation activities like goatry, dairy, small enterprises, etc.

Environmental development

Wardha is one of the drought-prone districts of Maharashtra. During summer, drinking water becomes scarce and women have to travel long distance to fetch water. Last year JBGVS completed water conservation work in 5 villages of Wardha district by deepening of nullah. The ponds created on these nullahs helped in increasing water storage in the wells downstream. This solved the drinking water problem of these 5 villages. Villagers are now very happy. After a survey, it has been decided to carry on similar work in 102 water scarce villages in coming months.

No.of nullah treated	5
Quantum of water stored	59 TCM
No.of villages benefitted	5
No.of families benefitted	2,600

Social development

Local leadership plays an important role in the development of villages. JBGVS organised various types of leadership development programmes for local youth, women, adolescent girls and boys etc. The Government invited JBGVS to train the newly elected women members of Gram Panchayats in Maval and Khed blocks of Pune district. JBGVS supported sports competitions and procurement of sports equipments. Support was also provided to promote local cultures and celebrate various festivals. 31 new Self Help Groups (SHG) consisting of 380 women were formed and they were motivated to take up village development activities, in addition to their regular savings and credit programmes.

Urban development

Samaj Seva Kendra (SSK) is the urban development wing of JBGVS. It has a total membership of 1,057 families. SSK provides facilities for social, education, cultural and economic development to the residents of Akurdi, Nigdi and adjoining areas. During the year, various types of programmes like pre-primary class, balbhavan, literacy, tailoring, yoga, karate, tabala and harmonium, classical and western dance, senior citizen programmes etc. were carried out. A senior citizens' club with over 100 members has also been started. Various special programmes, like medical check-up, study tour etc. are being organised for them. Summer camp for school children got very good response. 374 children attended summer camps in two batches. The library has 67 members and 659 books on subjects ranging from stories, novels, tailoring, nutrition, health care, autobiographies etc. A few vocational training programmes, like beauty parlour, basic tailoring, fashion designing and mobile handset repairing were also conducted. About 100 youth mostly women were benefitted from these programmes. It has been decided to start a Samaj Kalyan Kendra at Aurangabad and Sikar.

3. Group trusts for colleges

Shiksha Mandal

It was founded by Late Shri Jamnalal Bajaj in 1914 with the strong conviction that sound education was essential for our nation's development. Initially a school, from the 1940s, it transformed itself into an institution for higher education.

Presently, it consists of 7 institutions with student strength of 8,500 and 274 teachers. At Wardha, it has a Commerce college, a Science College, an Engineering Polytechnic, a degree and diploma institution in Agriculture and a College of Rural Services. It runs a Commerce College at Nagpur. Its mission is to provide high quality education at a low cost and to instill nationalistic and humane values in its students.

Its Agriculture College, Engineering Polytechnic and Science College enjoy good rating by external agencies. Its Agriculture Diploma course consistently delivers an over 90% result.

It has well developed infrastructure and a positive work culture. All its colleges, barring the one at Nagpur, run in a single shift to encourage greater student-teacher interaction and extra-curricular activities. It has over 700 computers with extensive internet access.

During the year under review, its Science College had the distinction of being awarded a ₹ 1 crore "Star College" grant by the Department of Biotechnology, the only college in Vidarbha to have been so chosen.

In 1937, Shiksha Mandal had the privilege of hosting India's first Education conference, which was presided over by Gandhiji. To commemorate its 75th Anniversary, a seminar was held in which Prof. Mushirul Hasan, ex-Vice Chancellor of Jamia Millia, Dr. Krishna Kumar, ex-Director of NCERT and Prof. Anil Sadgopal, Founder of the Hoshangabad Science Experiment participated.

15 of its students appeared in merit lists of the University. Its students excel at sports. 24 of them represented the state and 93 represented the University. 3 of them won medals at the national level. Its students are very active in extra-curricular activities. This year, one student from the Polytechnic has made it to the national level in a technical contest.

For meritorious students, free-ships are also provided by Shiksha Mandal. Thus, no meritorious student is denied admission due to inability to pay fees.

Shiksha Mandal, not only focuses on the academic and personal development of students, but also works on making them employable. It runs successful guidance programs for Chartered Accountancy, Company Secretaryship and competitive exams for jobs in banks.

Shiksha Mandal is connected to the community it operates in. It has been running a Community Polytechnic since 1984, where school drop-outs are trained, at Wardha and 5 village centres, in technical trades. It has been involved in a number of national level agricultural programs.

In 2012-13, its colleges received over ₹ 3 crore funding from the University Grant Commission for various facilities including Library, Girls' Hostel etc. A ₹ 20 lakh grant was sanctioned by AICTE for up-gradation of its engineering laboratories.

Its annual non-recurring expenditure now exceeds ₹ 5 crore. This is funded by Bajaj group trusts, external agencies and internal accruals. The Bajaj group trusts have donated to Shiksha Mandal around ₹ 19 crore in the last 5 years.

Bajaj Science Centre

In academic year 2012-13, 403 students from 27 different schools of Wardha benefited from the Bajaj Science Education Centre. In addition, 106 students were coached at the Centre for various competitive examinations. 880 students appeared for Entrance examination held on 4 March 2013, for the 218 fresh intake capacity of the Centre, which reflects the recognition of its quality.

The Centre conducted crash courses of practicals of standard X students. These courses are mainly organised for the students from villages, who cannot come on regular basis. 86 students benefited from this program.

It also conducted a four day workshop for 32 Science and Mathematics teachers of Wardha city. Some teachers from outside Wardha also participated.

Achievements of its students included winning of many prestigious awards. The culture of appearing for competitive examinations is growing in Wardha, due to consistent efforts of Bajaj Science Centre.

Institute of Gandhian Studies (Gandhi Vichar Parishad)

Institute of Gandhian Studies (Gandhi Vichar Parishad), Wardha founded in memory of Late Shri Jamnalal Bajaj completed 25 years of service in October 2012. During the year 2012-13, the Institute organised (a) Post Graduate Diploma Course in Gandhian Thought (University Recognised) for students from different parts of India and abroad (b) Orientation Camp Classes on Gandhian Thought for Medical Students (c) University Students' Camps at the local, regional and national level (d) International Non-violence Day and related programmes (e) Annual Ravindra Varma Memorial Lecture (f) Silver Jubilee Seminar on Gandhi, Development and Sustainability (g) Short Term Course on Gandhian Thought (h) National Seminar on Child Labour (i) Inter Religious Study Course on Methods, Training and Practices for Purification and Path to Perfection. (j) Special training programme for Gandhi International, France (k) publications and other programmes.

4. Marathwada Medical and Research Institute (MMRI) – a trust

Bajaj group is giving substantial support to this trust, which runs Kamalnayan Bajaj Hospital and Kamalnayan Bajaj Nursing College for B.Sc. Nursing degree course.

Kamalnayan Bajaj Hospital

MMRI has established Kamalnayan Bajaj Hospital, located at Aurangabad in Marathwada region of Maharashtra and is providing super speciality and tertiary care medical facilities, not available elsewhere in this region. The hospital has expanded its capacity to 250 beds and major part of the expansion has been for general category patients. It has cancer treatment facilities, including Linac Accelerator and Brachy therapy, a new generation 128 slice dual source CT scan and MRI of 1.5 Tesla, new generation Siemens Cath Lab for heart patients, latest ophthalmology equipment and other advanced facilities including open heart surgeries and organ transplantation (Kidney). Hospital also provides non-surgical treatment of Kidney. The hospital has been providing annually relief for close to 55,000 patients on OPD basis and close to 7,000 patients, who are admitted to hospital for various treatments. It also has an intensive care unit and a cardiac care unit, with a capacity of 30 beds and generally with an occupancy rate of more than 95%.

The hospital also runs a programme of providing relief to Below Poverty Line (BPL) and Economically Weaker Sections (EWS) of the society with free/subsidised treatment. During the year under review, hospital with the help of an NGO has conducted camps in 182 villages of the district of Aurangabad, where more than 9,414 patients have been checked and given free treatment and medicines and out of these, 1,867 patients needing further treatment at hospital were treated totally free as in-patients at the hospital at a cost of ₹ 1.20 crore.

Kamalnayan Bajaj Nursing College (KBNC)

Kamalnayan Bajaj Nursing College (KBNC) was established in 2010 by MMRI Trust. KBNC is offering basic B.Sc Nursing 4 years degree programme with an annual in-take of 50 students. KBNC is affiliated to Maharashtra University of Health Sciences, Nashik and Indian Nursing Council.

KBNC has excellent infrastructure facilities of international standard with state-of-art Laboratories and Library with computer Lab having free internet access, hostel for boys and girls, with an investment of over ₹ 10 crore.

KBNC has well qualified and well groomed teaching staff with high profile degrees in nursing and management. KBNC has plans to start P.B.B.Sc (N) and M.Sc (N) programme and research centre for allied health sciences and short term training programmes for health-care professionals.

KBNC offers seven types of scholarships with support from Government of Maharashtra and Social Welfare Office and MUHS, Nashik.

5. Fuji Guruji Memorial Trust

Fuji Guruji Memorial Trust has established Bauddha Mandir, Vishwa Shanti Stupa at Wardha for promotion of thoughts and teachings of Lord Buddha, Mahatma Gandhi and other preachers preaching same or similar ideology and to propagate the message of world peace, love, non-violence and equality of all religions. It has also established Bal Sanskar Kendras for the benefit and upliftment of poor children below the age of six years from small villages of Wardha district.

6. Kamalnayan Bajaj Charitable Trust

Kamalnayan Bajaj Charitable Trust runs Gitai Mandir, Pujya Jamnalal Bajaj Exhibition and Vinoba Darshan Complex, Audio-video Hall at Wardha. It also runs a library with literature and books on Mahatma Gandhi, Vinoba Bhave, Pujya Jamnalal Bajaj, Smt Jankidevi Bajaj and other freedom fighters.

7. Jamnalal Bajaj Seva Trust

Soon after the demise of Jamnalalji in 1942, as per his wishes, the first charitable trust, Jamnalal Bajaj Seva Trust was established, with an initial corpus of ₹ 5 lakh.

In 1960, at the suggestion of Acharya Vinoba Bhave, the trust purchased about 400 acres of land on the outskirts of Bangalore to establish an International Sarvodaya Centre-Vishwanedam for promoting agriculture, dairy development, rural development and training local women and youth for self-employment.

The trust has also been contributing its share to the promotion of art and culture through Kamalnayan Bajaj Hall and Art Gallery. Exhibition, handicrafts display as well as corporate meetings, conferences and seminars are common activities inside the Kamalnayan Bajaj Hall. The art gallery is used to display the artistic works of painters and sculptors. The art gallery also provides an opportunity to budding artists to showcase their talents.

The trust continued running 6 Balwadis i.e. Bal Sanskar Kendra in rural areas for poor children below six years of age.

“Hamaara Sapna” project initiated by the trust endeavors to uplift the slum residents of South Mumbai. The project involves imparting skill training along with overall knowledge and hands-on experience to foster a better tomorrow.

General

The Group has about 40 Public Charitable Trusts, which are also engaged in many topical and socially relevant CSR activities and initiatives by donating to worthy organisations. Narrative above is not exhaustive, but only illustrative to give a glimpse of the importance being given by the Group towards its Social Responsibilities.

Refer web links

<http://www.bajajelectricals.com/beyond-profits.aspx>

<http://www.jamnalalbajajfoundation.org/>

<http://www.narishakti.org/>

<http://www.shikshamandal.org/>

Contact: csr@bajajauto.co.in for more information.



Consolidated Financial Statements

Independent Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of **Bajaj Finserv Ltd.**

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Bajaj Finserv Ltd. ("the Company") and its subsidiaries and its jointly controlled entity; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at 31 March 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's responsibility for the consolidated financial statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements 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. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards 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.
4. 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under section 211(3C) of the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

8. We draw your attention to Note 4B(m)(ii) to the financial statements, which describes deferment of the liability by Bajaj Allianz General Insurance Company Ltd. on dismantling of the Indian Motor Third Party Insurance Pool to the extent of ₹ 119.89 crore (previous year ₹ 239.77 crore) pursuant to the exercise of the option for the accounting treatment for the same prescribed under paragraph 3 (b) of Insurance Regulatory and Development Authority Order no. IRDA/F&A/ORD/MTAP/070/03/2012 dated 22 March 2012. Our opinion is not qualified in respect of this matter.

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

Other matters

9. The financial statements of one subsidiary included in the consolidated financial statements, which constitute (all figures before inter-company elimination) total assets of ₹ 39,929.97 crore and net assets of ₹ 4,844.07 crore as at 31 March 2013, total revenue of ₹ 7,860.71 crore, net profit of ₹ 1,285.64 crore and net cash flows amounting to ₹ 227.06 crore for the year then ended have been audited by us jointly along with other auditors.
10. We did not audit the financial statements of one subsidiary and one jointly controlled entity included in the consolidated financial statements, which constitute (all figures before inter-company elimination) total assets of ₹ 6,567.65 crore and net assets of ₹ 1,260.38 crore as at 31 March 2013, total revenue of ₹ 3,485.63 crore, net profit of ₹ 297.04 crore and net cash flows amounting to ₹ 40.89 crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Consolidated Balance Sheet as at 31 March

Particulars	Note No.	(₹ In Crore)	
		2013	2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	79.56	72.34
Reserves and surplus	6	7,723.53	5,027.79
Fair value change account		(1.61)	(1.12)
		7,801.48	5,099.01
Fund for future appropriations	7	174.06	229.08
Minority interest		2,898.92	1,982.76
Non-current liabilities			
Long-term borrowings	8	7,360.58	6,382.86
Deferred tax liabilities (net)		8.82	7.95
Linked liabilities		1,708.15	2,239.88
Other long-term liabilities	9	42.77	32.57
Policy liabilities		8,043.37	5,129.85
Long-term provisions	10	83.91	40.23
		17,247.60	13,833.34
Current liabilities			
Short-term borrowings	11	2,080.14	2,794.56
Trade payables	12	4,562.96	3,775.92
Linked liabilities		22,788.43	27,743.95
Other current liabilities	12	5,029.00	1,749.98
Policy liabilities		725.16	524.01
Short-term provisions	10	2,071.13	1,729.71
		37,256.82	38,318.13
Total		65,378.88	59,462.32
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	754.96	604.41
Intangible assets	13	23.88	18.32
Capital work-in-progress		1.79	18.01
		780.63	640.74
Goodwill on consolidation of subsidiary/associates		429.03	195.05
Non-current investments	14	9,249.25	6,634.92
Policyholders' investments		8,162.20	5,241.66
Assets held to cover linked liabilities		3,295.22	3,466.00
Deferred tax assets (net)		131.22	106.84
Long-term loans and advances	15	214.70	222.07
Receivables under financing activity	16	9,548.19	6,569.21
Other non-current assets	18	871.70	352.70
		32,682.14	23,429.19
Current assets			
Current investments	14	686.65	1,038.25
Policyholders' investments		607.25	591.28
Assets held to cover linked liabilities		21,201.36	26,517.82
Assets held to cover discontinued funds		48.98	15.64
Receivables under financing activity	16	7,195.45	5,713.88
Trade receivables	17	353.02	271.33
Cash and bank balances	19	1,603.14	1,046.60
Short-term loans and advances	15	371.05	297.84
Other current assets	18	629.84	540.49
		32,696.74	36,033.13
Total		65,378.88	59,462.32

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

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Nanoo Pamnani
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director

Madhur Bajaj
Rajiv Bajaj
D J Balaji Rao
S H Khan

Directors

Consolidated Statement of Profit and Loss for the year ended 31 March

		(₹ In Crore)	
Particulars	Note No.	2013	2012
Revenue from operations	20	3,821.09	2,714.62
Other income	21	2.46	1.73
Operating result from general insurance business	22	333.86	119.30
Amount transferred from the policyholders' account		917.48	1,069.13
Total revenue (I)		5,074.89	3,904.78
Expenses:			
Contribution to the policyholders' fund		2.35	2.85
Employee benefits expense	23	334.28	264.70
Loan losses and provisions	24	181.75	154.38
Finance costs	25	1,203.58	744.10
Depreciation		17.27	14.12
Other expenses	26	627.55	498.41
Total expenses (II)		2,366.78	1,678.56
Profit before tax (I - II)		2,708.11	2,226.22
Tax expense			
Current tax		516.44	336.43
Share of current tax of joint venture		1.00	0.75
Deferred tax		(23.45)	(0.79)
Share of deferred tax of joint venture		(0.05)	(0.09)
Period period tax adjustment		—	0.17
Total tax expense		493.94	336.47
Profit after tax		2,214.17	1,889.75
Minority interest		640.53	551.98
Profit for the year		1,573.64	1,337.77
Basic and diluted Earnings per share (In ₹)	27	103.0	90.6
(Nominal value per share ₹ 5)			

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

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Nanoo Pamnani
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director

Madhur Bajaj
Rajiv Bajaj
D J Balaji Rao
S H Khan

Directors

Notes to consolidated financial statements for the year ended 31 March 2013

- 1 (a) The Consolidated Financial Statements include results of the following Subsidiaries, Associates and Joint Ventures of Bajaj Finserv Ltd., consolidated in accordance with AS-21 "Consolidated Financial Statements", AS-23 "Accounting for Investment in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interests in Joint Ventures".

Name of the company	Country of incorporation	% Shareholding of Bajaj Finserv Ltd.	Consolidated as
Bajaj Allianz General Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Allianz Life Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Financial Solutions Ltd.*	India	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.	India	50%	Joint venture
Bajaj Finance Ltd.	India	61.99%	Subsidiary

* The consolidated financial results of Bajaj Financial Solutions Ltd. include 100% interest in Bajaj Financial Securities Ltd. as a subsidiary.

- (b) These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These 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 and the RBI guidelines/regulations to the extent applicable.
- All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Companies Act, 1956.
- (c) Considering that the accounts of the two insurance companies have been prepared in accordance with and in the manner prescribed by the regulations of the Insurance Regulatory and Development Authority and the lack of homogeneity of the business, the financial statements of the insurance companies have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard AS-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- 2 Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosures.
- 3 No adjustments have been made to the financial statements of the two insurance subsidiaries on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of Bajaj Finserv Ltd. and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.
- 4 **Significant accounting policies followed by subsidiaries, joint ventures and associates, to the extent, different and unique from the parent.** (The accounting policies of the parent are best viewed in its independent financial statements, Note 2).

A. Bajaj Allianz Life Insurance Company Ltd.

Significant accounting policies followed by the company

Basis of preparation

The accompanying financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, in compliance with the Accounting Standards ('AS') prescribed in the Companies Act, 1956 and Rules there under, to the extent applicable, and in accordance with the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('the Regulations'), Insurance Regulatory and Development Authority Act, 1999, various circulars issued by IRDA and the practices prevailing in the insurance industry in India. The accounting policies have been consistently applied by the Company.

Use of estimates

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 the current and future periods.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (Contd.)

a) Revenue recognition

Revenues are recognised as under. However, recognition is postponed where ultimate collectability lacks reasonable certainty.

Premium income

Premium is recognised as income when due. For linked business, premium is recognised when the associated units are allotted.

Premium on lapsed policies is recognised as income when such policies are reinstated.

In case of linked business, top up premiums paid by policyholders are unitised and considered as single premium. This premium is recognised when associated units are allotted.

Commission received on reinsurance ceded is recognised as income in the period in which reinsurance premium is ceded.

Income earned on investments

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive dividend is established.

Premium or discount on acquisition, as the case may be, in respect of debt securities, pertaining to non-linked investments is amortised over the period of maturity/holding and offset against interest income.

The realised gains or loss on equity shares and mutual fund units for other than linked business is the difference between the net sale consideration and the weighted average cost in the books of the Company.

Profit/loss on sale/redemption of such securities other than linked investments is recognised on trade/redemption date and includes effects of accumulated fair value changes, as applicable and previously recognised, for specific investments sold/redeemed during the year. Cost of security is determined on weighted average cost basis.

The realised gains or losses on the debt securities for other than linked business is the difference between the net sale consideration and the amortised cost computed on weighted average basis as on the date of sale.

The realised gain or loss on securities held for linked business is the difference between the net sale consideration and the weighted average cost as on the date of sale.

Fund management charges, policy/fund administration charges and cost of insurance are accounted for on accrual basis in accordance with terms and conditions described in the issued policies.

b) Reinsurance premium

Reinsurance premium ceded is accounted in accordance with the treaty with reinsurers.

c) Benefits paid (including claims)

Death and surrender claims are accounted for on receipt of intimation. Maturity claims are accounted when due for payment. Reinsurance recoveries are accounted for in the same period as the related claims and netted off against the claim expense incurred.

Repudiated claims disputed before judicial authorities are provided for based on the best judgment of the management considering the facts and evidence in respect of each such claim.

Withdrawals under unit linked policies are accounted in respective schemes when the associated units are cancelled.

Surrender charges recovered are netted off against the claim expense incurred.

d) Acquisition costs

Acquisition costs such as commission, policy issue expenses etc. are costs that vary with and are primarily relatable to the acquisition of new and renewal insurance contracts. Such costs are expensed in the year in which they are incurred. Additional first year commission is accounted for on an accrual basis, after considering estimated lapsations. claw back in future, if any, for the first year commission paid, is accounted for in the year in which it is recovered.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (Contd.)

e) Liability for life policies

- (i) The Company provides for liabilities in respect of all "in force" policies and "lapsed policies" that are likely to be revived in future, based on actuarial valuation done by the Appointed Actuary as per gross premium method in accordance with accepted actuarial practices, requirements of IRDA and the Institute of Actuaries of India.
- (ii) Accordingly, liabilities in respect of unit linked policies which have lapsed and are not likely to be revived, are shown as a separate item under the head "funds for future appropriations", until expiry of the revival period. This is as per IRDA circular No. 041/IRDA/ACTL/MAR-2006 dated 29 March 2006.
- (iii) Linked liabilities comprise unit liability representing the fund value of policies and non-unit liability for meeting insurance claims and expenses etc. This is based on an actuarial valuation carried out by the Appointed Actuary.

Actuarial policies and assumptions are given in 28 A 1 below.

f) Investments

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended and circulars/notifications issued by IRDA from time to time.

Investments are recorded on trade date at cost, which includes brokerage, fees and related taxes, if any and excludes pre-acquisition interest, if any.

i) Classification

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to dispose of within twelve months from Balance Sheet date are classified as short-term investments. Investments other than short term are classified as long-term investments.

Investments are specifically procured and held for policyholders and shareholders independently and the income relating to these investments is recognised in the Revenue Account and Profit and Loss Account respectively.

ii) Valuation – Shareholders' investments and non-linked Policyholders' investments

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount over the period held to maturity/sale. Investment in security receipts and loans are valued at cost.

Listed equity shares and mutual fund units are stated at fair value, in accordance with IRDA Investment (Amendment) Regulations 2001. Fair value for listed equity shares is the lower of the last quoted closing price on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Fair value for mutual fund units is the per unit net asset value on the Balance Sheet date declared by respective mutual fund. Unrealised gains/losses on changes in fair values of listed equity shares and mutual funds are taken to the fair value change account and carried forward in the Balance Sheet.

iii) Valuation – linked business

Listed equity shares are valued at fair value, being the last quoted closing price on the NSE. In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE. Unlisted shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment.

Investments in security receipts, loans and Venture Capital funds are valued at cost.

Government securities are valued at prices obtained from Credit Rating Information Services of India Ltd. (CRISIL).

Corporate bonds and debentures are valued on the basis of CRISIL Bond Valuer.

Treasury bills, Certificate of Deposits and Commercial Papers are valued at cost plus accretion using the Straight Line Method.

Mutual fund units have been valued at the last available per unit Net Asset Value declared by the respective mutual fund.

iv) Valuation – discontinued fund

Listed equity shares are valued at fair value, being the last quoted closing price on the NSE. In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE. Unlisted shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (Contd.)

Government securities are valued at prices obtained from Credit Rating Information Services of India Ltd. (CRISIL).

Corporate bonds and debentures are valued on the basis of CRISIL Bond Valuer.

Treasury bills, Certificate of Deposits and Commercial Papers are valued at cost plus accretion using the Straight Line Method.

Mutual fund units have been valued at the last available per unit Net Asset Value declared by the respective mutual fund.

v) Transfer of investments

Transfer of investments from Shareholders' fund to the Policyholders' fund is at book value or market price; whichever is lower.

Transfer of debt securities is at lower of amortised cost or market price.

Inter fund transfer of Treasury Bills, Certificate of Deposits and Commercial Papers between unit linked funds is done at cost plus accretion. Inter fund transfer of loans is done at cost. All other transfer of investments between unit linked funds is done at prevailing price.

g) Loans

Loans are stated at historical cost, net of provision for impairment, if any.

h) Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition includes incidental expenses relating to acquisition and installation. In respect of liabilities incurred in acquisition of fixed assets in foreign exchange, the net gain or loss arising on conversion/settlement is charged to Revenue account.

Intangible assets comprising software are stated at cost less amortisation.

Depreciation/amortisation is provided on Straight Line Method (SLM) with reference to the management's assessment of the estimated useful life of the assets or the rates specified by the Schedule XIV of the Companies Act, 1956, whichever is higher.

Depreciation/amortisation is provided at the following rates:

Asset class	Rate of depreciation/ amortisation (SLM)	Rate of depreciation as per Sch. XIV (SLM)
Intangibles - Computer software	33.33% p.a.	16.21% p.a.
Leasehold improvements	Over the balance period of lease	Over the balance period of lease
Buildings	2.00% p.a.	1.63% p.a.
Electrical fittings	6.33% p.a.	4.75% p.a.
Furniture and fittings	6.33% p.a.	6.33% p.a.
Information technology equipment	33.33% p.a.	16.21% p.a.
Air conditioner	10.00% p.a.	4.75% p.a.
Vehicles	20.00% p.a.	7.07% p.a.
Office equipment	25.00% p.a.	4.75% p.a.

The Company provides pro rata depreciation from the month in which the asset is acquired/first put to use and upto the month in which the asset is sold/discarded.

Assets costing individually less than ₹ 5,000 are charged off as revenue expenses. Assets costing ₹ 5,000 and above, upto ₹ 20,000, are fully depreciated in the year of acquisition.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (Contd.)

Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognised if such recoverable amount of the asset is less than its carrying amount. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

i) Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

j) Service tax

Service tax liability on premium and charges is setoff against available service tax credits from service tax payments made for insurance auxiliary and other eligible services. Unutilised credits, if any, are carried forward under "Advances and other assets" for adjustments/setoff in subsequent periods, after creating a provision based on estimated realisation of the unutilised credit. Such provisions are subsequently reversed only on reasonable certainty that the credits will be utilised in future periods.

B. Bajaj Allianz General Insurance Company Ltd.

Significant accounting policies followed by the Company

Basis of preparation of Financial Statements

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles followed in India under the historical cost convention and accrual basis of accounting and in accordance with the statutory requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('The Regulations') and orders and directions issued by the IRDA in this behalf, the Companies Act, 1956 ('The Act') to the extent applicable and comply with the notified accounting standards issued by Companies Accounting Standard Rules, 2006 (to the extent applicable) and current practices prevailing in the insurance industry.

Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in 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 may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

a. Revenue recognition

i) Premium

Premium (net of service tax), including reinstatement premium, on direct business and reinsurance accepted, is recognised as income over the contract period or the period of risk, whichever is appropriate, on a gross basis. Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur.

ii) Interest/dividend income

Interest income is recognised on accrual basis and dividend income is recognised when the right to receive the dividend is established.

iii) Premium/discount on purchase of investments

Premium or discount on acquisition, as the case may be, in respect of fixed income securities, is amortised/accreted on constant yield to maturity basis over the period of maturity/holding.

iv) Profit/loss on sale of securities

Profit or loss on sale/redemption of securities is recognised on trade date basis and includes effects of accumulated fair value changes, previously recognised and credited to Fair value reserve, for specific investments sold/redeemed during the year.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (Contd.)

v) Commission on reinsurance ceded

Commission received on reinsurance ceded is recognised as income in the period in which reinsurance premium is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by Reinsurer.

b. Reinsurance ceded

Reinsurance cost, in respect of proportional reinsurance ceded, is accrued at policy inception. Non-proportional reinsurance cost is recognised when incurred and due. Any subsequent revision to, refunds or cancellations of premiums are recognised in the year in which they occur.

c. Reinsurance accepted

Reinsurance inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

d. Acquisition costs

Acquisition costs, defined as costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts viz., commission, policy issue expenses etc., are expensed in the year in which they are incurred.

e. Premium received in advance

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the Balance Sheet date.

f. Reserve for unexpired risk

Represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of marine hull business and 50% in case of other businesses based on net premium written during the year as required by section 64 V(1)(ii)(b) of the Insurance Act, 1938. (Also refer clause m.).

g. Premium deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. Premium deficiency is calculated by line of business. The Company considers maintenance costs as relevant direct costs incurred for ensuring claim handling operations.

h. Claims incurred

Claims are recognised as and when reported. Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) are charged to the respective revenue account when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognised at the time of sale. Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, as anticipated and estimated by the management in light of past experience and subsequently modified for changes, as appropriate. Amounts received/receivable from the reinsurers/coinsurers, under the terms of the reinsurance and coinsurance arrangements respectively, are recognised together with the recognition of the claim.

i. IBNR and IBNER (Claims incurred but not reported and claims incurred but not enough reported)

IBNR represents that amount of all claims that may have been incurred prior to the end of the current accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims incurred but not enough reported (IBNER). The said liability is determined based on actuarial principles by the Appointed Actuary. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Actuary to be appropriate, in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDA and, accordingly, the liability determined is certified as adequate by the Actuary.

j. Income from Investments and other income

Income earned from investments and fixed deposits with banks, gain or loss on sale of investments and other income is allocated to the revenue accounts and the Profit and Loss Account on the basis of funds available from insurance operations and shareholders funds and are further allocated to the lines of business in proportion of their respective Gross Written Premium.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (Contd.)

k. Fixed assets and depreciation/amortisation

Fixed assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation. Assets costing up to ₹ 20,000 are depreciated fully in the year of acquisition.

Depreciation on other assets are provided on Straight Line Method ('SLM') with reference to the management's assessment of the estimated useful life of the assets or at the rates and in the manner specified by the Schedule XIV of the Companies Act, 1956 whichever is higher, as follows:

	Depreciation rates as per books(SLM)	Depreciation rates as per Sch XIV(SLM)
Information technology equipment	33.33%	16.21%
Computer software (Intangibles)	33.33%	16.21%
Vehicles	20.00%	7.07%
Office equipment	25.00%	4.75%
Furniture and fixtures	6.33%	6.33%
Building	2.00%	1.63%
Air conditioner (part of office equipments)	10.00%	4.75%
Electrical fittings (part of furniture and fittings)	33.33%	4.75%
Leasehold improvements	33.33%	—
Free Hold Improvements on investment properties leased out	33.33%	—

The Company provides pro rata depreciation from/to the month in which the asset is acquired or put to use/disposed off as appropriate.

Impairment of assets

- (i) The carrying amounts of all assets are reviewed by the Company at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's, net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the management.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life, if any.

I. Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges, transaction taxes as applicable, etc. and excludes pre-acquisition interest, if any.

Classification:

Investments maturing within twelve months from Balance Sheet date and investments made with the specific intention to dispose off within twelve months from Balance Sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

Valuation:

Debt securities

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount on constant yield to maturity basis in the revenue accounts and Profit and Loss Account over the period held to maturity/holding.

The realised gain or loss on the securities is the difference between the sale consideration and the amortised cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (Contd.)

Equities (listed and actively traded)

Listed and actively traded securities are stated at the lower of the last quoted closing prices on the National Stock Exchange of India Ltd. or the Bombay Stock Exchange Ltd. Unrealised gains or losses are credited/debited to the Fair value change account.

The realised gain or loss on the listed and actively traded equities is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the Fair value previously taken to the Fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

Mutual fund units

Mutual fund units are stated at their Net Asset Value ('NAV') at the Balance Sheet date. Unrealised gains or losses are credited/debited to the Fair value change account.

The realised gain or loss on the mutual fund units is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the Fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

Fair value change account

Fair value change account represents unrealised gains or losses in respect of investments in equity securities, derivative instruments and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Unrealised loss on listed and actively traded investments held for long term are not considered to be of a permanent nature and hence not considered as impaired. However, the Company, at each Balance Sheet date, assesses investments for any impairment and necessary provisions are made for the same where required.

Real estate – investment property

Investment property is measured at historical cost less accumulated depreciation and impairment loss, if any.

m. Contributions to Terrorism and Third Party Insurance Pools

i) Terrorism pool

In accordance with the requirements of IRDA, the Company, together with other insurance companies, participates in the Terrorism pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ('TAC') are ceded at 100% of the terrorism premium collected to the Terrorism pool, subject to conditions and an overall limit of ₹ 10 billion (previous year ₹ 7.5 billion) per location/compound.

In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism pool has been recorded only up to 31 December 2012.

The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses, up to the above date, has been carried forward to the subsequent accounting period as 'Unexpired risk reserve' for subsequent risks, if any, to be borne by the Company.

ii) The Indian Motor Third Party Insurance Pool ('IMTPIP')

In accordance with the directions of IRDA, the Company, together with other direct general insurance companies, participated in the Indian Motor Third Party Insurance Pool ('IMTPIP'). The IMTPIP was administered by the General Insurance Corporation of India ('GIC'). The IMTPIP covered reinsurance of the entire third party risks of specified commercial motor vehicles (specified risks). Amounts collected as premium in respect of specified risks were ceded at 100% of such premium, to the IMTPIP. The terms of the IMTPIP were covered by the provisions of a multi lateral reinsurance arrangement, executed by all direct insurers licensed to carry on motor insurance business with effect from 1 April 2007.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (Contd.)

As per the directions of the IRDA and the terms of the agreement between participant companies:

- a) The General Insurance Corporation of India ('GIC') participated in the pooled business at such percentage of the motor business that was ceded to it by all insurers as statutory reinsurance cessions under section 101A of the Insurance Act, 1938. For the financial year ended 31 March 2012, the share of GIC was fixed at 10% (previous year 10%) by the Insurance Regulatory Development Authority ('IRDA').
- b) The business remaining after such cession to GIC was shared among all general insurers writing motor insurance business in the proportion that their gross direct general insurance premium in India from all classes of general insurance underwritten by them in that financial year bore to the aggregate gross direct general insurance premium from all classes of general insurance business written by all participant companies. Such share of business was computed by GIC and was applicable to all insurance companies, who were members of the IMTPIP.

The Company's share of premiums, claims, reinsurance commissions and expenses of the Pool was recorded as inward reinsurance business, based on the returns submitted by GIC, under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous revenue account. Accordingly, such share has been recorded by the Company up to 31 March 2012. Unexpired risks reserve of ₹ 176.53 crore as on 31 March 2012 has been released during the current financial year and incurred claim has been accounted on this earned premium at 145% as stipulated by Pool authority.

IRDA vide Orders IRDA/NL/ORD/MPL/277/12/2011 dated December 23, 2011, IRDA/NL/ORD/MPL/003/01/2012 dated 3 January 2012 directed the dismantling of the IMTPIP and advised recognition of actuarially estimated liabilities relating to IMTPIP for all underwriting years commencing from 1 April 2007 and ending with 31 March 2012. Further, IRDA, vide Order No IRDA/F&A/ORD/MTPP/070/03-2012 dated 22 March 2012, amongst other things, provided an option to insurers for a deferred absorption of the transitional liability on straight line basis, subject to the conditions listed in the said Order. In terms of the aforesaid order, the Company has carried forward the transitional liability of ₹ 239.77 crore for the underwriting years 2009-10, 2010-11 and 2011-12, which has to be absorbed equally over two financial years 2012-13 and 2013-14. Accordingly Company has accounted deferred loss of ₹ 119.89 crore during financial year ended 31 March 2013. As a result carried forward loss now reduced to ₹ 119.88 crore which will be absorbed in 2013-14.

iii) The Indian Motor Third Party Declined Risk Insurance Pool ('IMTPDRIP')

After dismantling of the Motor Pool, IRDA has formed a Declined Risk Insurance Pool with effect from 1 April 2012 vide order IRDA/NL/ORD/MPL/277/12/2011. The Indian Motor Third Party Declined Risk Insurance Pool (DR Pool), administered by the GIC, is an arrangement among all the existing general insurers to share in the stand alone third party liability of commercial vehicles i.e. Act only policies. Any business relating to Act only policies of commercial vehicles which does not fall within the underwriting parameters of respective insurer shall be ceded to the DR Pool. The premium to the extent of 20% in respect of specified risks is to be retained by the Company, 10% is to be ceded to GIC under obligatory cession and residual 70% is to be ceded to the DR Pool. The Company has to underwrite a minimum percentage as prescribed of Act only commercial vehicle third party insurance. DR pool shall be extinguished at the end of every underwriting year on a clean cut basis by transferring the risk at par to the members who have not fulfilled their mandatory obligation.

Accordingly GIC has circulated the settlement statement up to 31 December 2012 stating the details of premium ceded to the pool, shortfall of obligation and share of the Company in the DR Pool premium. The Company has recorded its share of premiums and claims as inward reinsurance business, based on the returns submitted by the GIC, under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous revenue account. Accordingly, such share has been recorded by the Company up to 31 December 2012 and for the period from 1 January 2013 to 31 March 2013 the losses from the pool of ₹ 1.50 crore are provided based on the management's estimate and recorded net under claims incurred.

n. Contributions to funds

The Company provides for contribution to Solatium and Environment relief funds as per the requirement of regulations/circulars.

o. Service tax

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilised credits, if any, are carried forward under "Advances and other assets" for adjustments in subsequent periods. However, where there is significant uncertainty around the recoverability of the unutilised credits the same are provided for as doubtful of recovery. Service tax paid for eligible input services not recoverable by way of credits are recognised in the revenue account as expenses forming a separate line item.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

B. Bajaj Allianz General Insurance Company Ltd. (Contd.)

p. Provisions and contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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.

C. Bajaj Allianz Financial Distributors Ltd.

Background

Bajaj Allianz Financial Distributors Ltd. is a Joint Venture between Bajaj Finserv Ltd. and Allianz, SE incorporated on 16 March 2007 with an objective to engage in the business of distribution of variety of financial products and services such as mutual funds, personal loans, credit cards and home loans and providing manpower and recruitment support services under the name of Bajaj Allianz Staffing Solutions, a division of Bajaj Allianz Financial Distributors Ltd.

Significant accounting policies followed by the Company

Accounting assumptions

The financial statements are prepared under the historical cost convention, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 ('the Rules') and in conformity with accounting principles generally accepted in India ('Indian GAAP') as applicable, and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

Use of estimate

The presentation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions to be made that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated.

a) Revenue recognition

Income from distribution of financial products operations includes brokerage and commission on sale of mutual fund units, life and general insurance policies, personal loans, receipts from mutual funds which is recognised when due, on completion of transaction.

Income from manpower and recruitment support services are recognised on the basis of contractual service agreement entered.

Brokerage and commission on sale of mutual fund units and life and general insurance policies is recognised net of service tax.

b) Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current/short term or long-term based on the Management's intention at the time of purchase. Long term Investments are carried at cost less any permanent diminution in value, determined separately for each individual investment. Current/short term Investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

c) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

D. Bajaj Finance Ltd.

Significant accounting policies followed by the company

a. Fixed assets, depreciation and amortisation

I) (i) Fixed assets are carried at cost of acquisition

(ii) Depreciation

- (a) Depreciation on own assets is being provided on "Written Down Value method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the year is being provided for on a pro-rata basis with reference to the month of addition.
- (b) Depreciation on assets sold during the year is being provided for, at their respective rates up to the month in which such asset is sold.

II) On intangible assets and amortisation thereof:

Intangible assets, representing specialised software etc, are recognised consistent with the criteria specified in Accounting Standard - 26 "Intangible Assets" as prescribed by Companies (Accounting Standards) Rules, 2006. The same is amortised as an expense over a period of 60 months, being the estimated useful life of the software.

b. Income from:

(I) Assets under finance:

The Company has accrued finance charges and service charges in terms of contractual commitments with borrowers detailed in the finance agreements entered into with hirers except in the case of non-performing assets.

(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.
- 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) Other income:

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

c. 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 as considered necessary. Further, the Company has enhanced its provisioning norms 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 Regulations/Guidelines.
- (iii) A general provision is also made by the Company on the standard assets outstanding and disclosed under "Long term provisions" in the financial statements as required.

E. Bajaj Financial Solutions Ltd.

Background

Bajaj Financial Solutions Ltd. was incorporated, as wholly owned subsidiary of Bajaj Finserv Ltd., on 13 June 2008 with the main object of undertaking, inter alia, financial advisory, distribution of all kinds of financial products and to act as corporate agent under the provisions of IRDA Act, 1999.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

E. Bajaj Financial Solutions Ltd. (Contd.)

Significant accounting policies followed by the company

a) Revenue recognition

Income from financial advisory service charges is recognised net of service tax when due.

Commission on sale of life and general insurance policies is recognised net of service tax on due basis.

Profit/loss on sale/redemption of investments is recognised on the contract date.

b) Fixed assets, depreciation and amortisation

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss if any thereon. Depreciation is charged using the Straight Line Method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of schedule XIV of the Companies Act, 1956, whichever is higher.

Estimated useful life of the assets is as under:

Assets	Estimated useful life
Furniture and fixtures - Leased premises	5 years
Furniture and fixtures - other premises	10 years
Communication equipments	5 years
Electric Installation	3 years
IT Installation	3 years
Customised and licensed softwares	3 years
Office equipment	5 years
Vehicles	5 years

Depreciation is charged from the month in which new assets are put to use. Depreciation on assets sold, discarded or demolished during the year is being provided at their rates upto the month in which such assets are sold, discarded or demolished.

Individual assets/group of similar assets costing less than ₹ 5,000 has been depreciated in full in the year of purchase.

F. Bajaj Financial Securities Ltd.

Background

Bajaj Financial Securities Ltd. was incorporated, as a wholly owned subsidiary of Bajaj Financial Solutions Ltd., on 7 April 2010 with the main object of undertaking, inter alia, stock/share broking business and to act as Depository Participant, within the provisions of Securities and Exchange Board of India Act, 1992 and relevant rules and regulations.

Significant accounting policies followed by the company

a. Revenue recognition

Income from broking operations includes brokerage on purchase/sale of listed securities, which is recognised when due, on trade date of transaction. Brokerage on purchase/sale of listed tradable securities is recognised net of service tax and other taxes, levies etc. Commission from Asset Management Companies is recognised on accrual basis, net of service tax.

Profit/loss on sale/redemption of investments is recognised on the contract date.

Interest on fixed deposits is recognised when due.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

5 Share capital

	2013	2012
Authorised:		
200,000,000 (150,000,000) equity shares of ₹ 5 each	100.00	75.00
Issued, subscribed and fully paid-up shares:		
159,122,352 (144,683,510) equity shares of ₹ 5 each	79.56	72.34
	79.56	72.34

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

	31 March 2013		31 March 2012	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity Shares				
At the beginning of the year	144,683,510	72.34	144,683,510	72.34
Issued during the year	14,438,842	7.22	–	–
Outstanding at the end of the year	159,122,352	79.56	144,683,510	72.34

b. Further, of the above:-

101,183,510 equity shares were allotted as fully paid up pursuant to the scheme of arrangement for demerger of erstwhile Bajaj Auto Ltd. (now Bajaj Holdings & Investment Ltd.) by the Company on 3 April 2008.

1,805,071 equity shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 47,869 (58,869)

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Details of shareholders holding more than 5% shares in the Company

	31 March 2013		31 March 2012	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	56,649,211	39.15%
Jamnalal Sons Pvt. Ltd.	15,106,424	9.49%	13,733,114	9.49%

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

5 Share capital (Contd.)

e. Utilisation of funds raised on issue of equity shares

₹ In Crore

Amount receivable from rights issue - as per letter of offer	940.44
Less: Amount not received on shares kept in abeyance	1.92
Amount received from rights issue - (A)	938.52
Deployment of rights issue proceeds:	
(a) Investment in Bajaj Finance Ltd. - conversion of warrants	63.96
(b) Investment in Bajaj Finance Ltd. - subscription to rights issue	478.67
(c) Share issue expenses	3.16
(d) General corporate purposes - investment in mutual funds	185.36
Total deployment of rights issue proceeds - (B)	731.15
Balance amount to be utilised (A-B)	207.37
Interim utilisation of balance rights issue proceeds:	
(a) Investment in debentures	101.02
(b) Investment in money market instruments and mutual funds	106.35
Total	207.37

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

6 Reserves and surplus

	(₹ In Crore)	
	2013	2012
Securities premium account		
Balance as per the last financial statements	907.66	907.66
Add: Received during the year	931.31	–
Less: Share issue expenses, net of service tax availed	3.02	–
Closing balance	1,835.95	907.66
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as per the last financial statements	167.26	102.25
Add: Adjustment because of change in shareholding in subsidiary	2.24	–
Add: Transferred from surplus in Statement of Profit and Loss	83.94	65.01
Closing balance	253.44	167.26
Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		
Balance as per the last financial statements	0.09	–
Add: Transferred from surplus in Statement of Profit and Loss	1.18	0.09
Closing balance	1.27	0.09
General reserve		
Balance as per the last financial statements	1,398.05	1,306.44
Add: Adjustment because of change in reserves of subsidiary	211.11	58.95
Add: Transferred from surplus in Statement of Profit and Loss	42.27	32.66
Closing balance	1,651.43	1,398.05
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	2,554.73	1,336.42
Add: Adjustment because of change in shareholding in subsidiary	4.33	–
Profit for the year	1,573.64	1,337.77
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	83.94	65.01
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	1.18	0.09
Transfer to General reserve	42.27	32.66
Proposed dividend	23.87	21.70
Total appropriations	151.26	119.46
Balance in the Statement of Profit and Loss	3,981.44	2,554.73
	7,723.53	5,027.79

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

7 Fund for future appropriations in policyholders' account

	(₹ In Crore)	
	2013	2012
Premiums earned - net		
(a) Premium	6,892.70	7,483.80
(b) Reinsurance ceded	(57.64)	(50.18)
(c) Reinsurance accepted	—	—
Sub-total	6,835.06	7,433.62
Income from investment		
(a) Interest, dividend and rent - gross	1,353.21	1,106.58
(b) Profit on sale/redemption of investments	3,744.89	1,446.53
(c) Loss on sale/redemption of investments	(1,371.79)	(697.96)
(d) Transfer/gain on revaluation/change in fair value	(897.10)	(2,092.88)
(e) Other investment income	196.56	198.28
Other income	16.98	8.79
Contribution from the shareholders' account	2.35	2.85
Sub-total	3,045.10	(27.81)
Total (A)	9,880.16	7,405.81
Commission	280.42	388.27
Operating expenses related to insurance business	1,600.30	1,406.28
Provision for income tax	169.28	185.62
Total (B)	2,050.00	1,980.17
Benefits paid (Net)	9,303.77	5,494.58
Interim bonuses paid	3.17	1.25
Change in valuation of liability against life policies in force		
(a) Gross	3,114.66	1,809.20
(b) Fund reserve	(5,487.25)	(2,900.34)
(c) Reserve for discontinuance fund	33.35	15.64
(d) Amount ceded in reinsurance	—	—
(e) Amount accepted in reinsurance	—	—
Total (C)	6,967.70	4,420.33
Surplus/(deficit) (D) = (A) - (B) - (C)	862.46	1,005.31
Opening balance of funds for future appropriation	229.08	292.90
Less: Transfer to shareholders' account	917.48	1,069.13
Closing balance of funds for future appropriation	174.06	229.08

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

8 Long-term borrowings*

	(₹ In Crore)			
	Non-current portion		Current maturities	
	2013	2012	2013	2012
Secured				
Privately placed redeemable non convertible debentures	2,201.90	2,103.90	1,630.00	430.00
From banks, against hypothecation of assets under finance, book debts and other receivables	4,365.00	3,592.00	1,555.00	100.00
	6,566.90	5,695.90	3,185.00	530.00
Amount disclosed under the head "other current liabilities" [See note 12]	—	—	(3,185.00)	(530.00)
	6,566.90	5,695.90	—	—
Unsecured				
Privately placed redeemable non convertible debentures	310.00	407.80	364.80	168.00
Privately placed Sub-ordinated (Tier II) Redeemable Non Convertible Debentures of ₹ 10 lakh each	483.30	278.70	—	—
Term loans from banks	—	—	—	325.00
Fixed deposits	0.38	0.46	0.21	1.01
	793.68	686.96	365.01	494.01
Amount disclosed under the head "other current liabilities" [See note 12]	—	—	(365.01)	(494.01)
	793.68	686.96	—	—
	7,360.58	6,382.86	—	—

* For details and terms of repayment refer note 28 C. 3

9 Other long-term liabilities

	(₹ In Crore)	
	2013	2012
Trade payables	22.71	19.80
Share of trade payables of joint venture	0.03	0.03
Security deposits	15.91	10.27
Others	4.12	2.47
	42.77	32.57

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

10 Provisions

	(₹ In Crore)			
	Long-term		Short-term	
	2013	2012	2013	2012
Provision for employee benefits				
Provision for gratuity	3.05	1.51	–	4.18
Share of provision for gratuity of joint venture	1.21	0.87	0.15	0.01
Provision for compensated absences	–	–	43.78	33.78
Share of provision for compensated absences of joint venture	–	–	1.90	1.35
Provision for long term service awards	15.04	5.60	5.96	1.67
	19.30	7.98	51.79	40.99
Other provisions				
Fair value change account	–	–	5.17	5.58
Reserve for unexpired risk	–	–	1,779.14	1,500.32
Premium deficiency	–	–	2.64	0.63
General provision on standard assets	57.48	32.25	0.25	0.31
Provision for interest sacrifice on re-structured assets	7.13	–	–	–
Provision for tax (net of tax paid in advance)	–	–	205.93	158.85
Share of provision for tax (net of tax paid in advance) of joint venture	–	–	2.34	1.33
Proposed dividend	–	–	23.87	21.70
	64.61	32.25	2,019.34	1,688.72
	83.91	40.23	2,071.13	1,729.71

11 Short-term borrowings *

	(₹ In Crore)	
	2013	2012
Secured		
From banks, against hypothecation of assets under finance, book debts and other receivables		
Cash credit and WCDL	748.58	1,374.55
	748.58	1,374.55
Unsecured		
Overdraft facility from banks	24.56	0.01
Short-term loans from banks	250.00	500.00
Short term borrowings by issue of Commercial Papers	1,057.00	920.00
	1,331.56	1,420.01
	2,080.14	2,794.56

* For details and terms of repayment refer note 28 C. 4

Notes to financial consolidated statements for the year ended 31 March 2013 (Contd.)

12 Current liabilities

	(₹ In Crore)	
	2013	2012
Trade payables		
Share of other dues of joint venture	0.03	–
Other than dues to micro and small enterprises	461.02	485.06
	461.05	485.06
Outstanding claims	2,821.53	2,459.70
Agents' balances	263.03	322.41
Balances due to other insurance companies	291.04	54.12
Claims settled but not paid	64.55	40.17
Unallocated premiums	86.31	117.18
Premium and other deposits	70.62	72.89
Due to policyholders/insured	504.83	224.39
	4,562.96	3,775.92
Other current liabilities		
Current maturities of long-term borrowings [See note 8]		
Secured	3,185.00	530.00
Unsecured	365.01	494.01
Premiums received in advance	146.41	130.03
Solatium fund	1.62	1.95
Unsettled investment contract payable	209.93	49.11
Interest accrued but not due	311.42	153.80
Interest accrued and due	0.17	1.01
Income received in advance	0.83	1.61
Security deposits	5.77	8.58
Unclaimed dividend	0.73	0.56
Unclaimed matured fixed deposits	–	0.08
Book overdraft	564.29	212.39
Directors' remuneration and commission payable	2.13	2.15
Share of employee benefits payable of joint venture	0.39	0.33
Employee benefits payable	107.13	88.89
Share of taxes payable of joint venture	0.87	0.70
Taxes payable	43.01	33.12
Share of other payables of joint venture	1.29	2.35
Other payables	83.00	39.31
	5,029.00	1,749.98
	9,591.96	5,525.90

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

13 Fixed assets (tangible and intangible assets)

(₹ In Crore)

Particulars	Gross block			As at 31 Mar 13	Depreciation			As at 31 Mar 13	Net block	
	As at 31 Mar 12	Additions	Deductions/ adjustments		As at 31 Mar 12	Deductions/ adjustments	For the year		As at 31 Mar 13	As at 31 Mar 12
Tangible assets:										
Land freehold	13.02	–	–	13.02	–	–	–	–	13.02	13.02
Buildings	512.98	162.41	–	675.39	28.41	–	15.46	43.87	631.52	484.57
Lease hold improvements	75.50	4.81	5.57	74.74	72.67	4.22	2.67	71.12	3.62	2.83
Freehold improvements	2.46	–	–	2.46	1.24	–	0.47	1.71	0.75	1.22
Information technology equipment	251.96	18.05	5.18	264.83	224.95	5.11	20.41	240.25	24.58	27.01
Electric installations	0.07	–	–	0.07	0.03	–	0.02	0.05	0.02	0.04
Office equipment	52.63	4.17	2.05	54.75	37.25	1.75	4.49	39.99	14.76	15.38
Furniture and fixtures	84.30	13.59	5.32	92.57	46.87	4.66	9.02	51.23	41.34	37.43
Electric fittings	2.67	0.64	–	3.31	0.50	–	0.18	0.68	2.63	2.17
Vehicles	10.24	5.02	2.17	13.09	3.69	1.38	2.25	4.56	8.53	6.55
Wind energy generators	283.72	–	–	283.72	269.53	–	–	269.53	14.19	14.19
Plant and machinery	17.64	–	–	17.64	17.64	–	–	17.64	–	–
Total	1,307.19	208.69	20.29	1,495.59	702.78	17.12	54.97	740.63	754.96	604.41
Share of fixed assets of joint ventures	0.15	–	–	0.15	0.12	0.01	–	0.11	0.04	0.03
Previous year total	1,126.56	195.05	14.42	1,307.19	657.11	12.28	57.95	702.78	604.41	
Share of fixed assets of joint ventures - previous year	0.15	–	–	0.15	0.12	–	–	0.12	0.03	
Intangible assets:										
Computer softwares	40.23	14.55	4.42	50.36	21.91	–	4.57	26.48	23.88	18.32
Share of fixed assets of joint ventures	–	–	–	–	–	–	–	–	–	–
Previous year total	27.69	15.65	3.11	40.23	18.97	–	2.94	21.91	18.32	
Share of fixed assets of joint ventures - previous year	–	–	–	–	–	–	–	–	–	

14 Investments

(₹ In Crore)

	Non-current portion		Current maturities	
	2013	2012	2013	2012
In Government and Trust Securities	3,854.81	3,039.68	155.93	29.78
In Equity Shares				
Others	–	1.88	37.46	1.25
In Debentures, Bonds and Secured Premium Notes	4,642.79	3,111.71	132.11	195.71
In Bonds	72.39	95.60	110.59	615.61
In Mutual Fund Units	275.00	–	56.11	33.90
Share of joint ventures	3.35	0.35	–	–
In Certificate of Deposits	–	–	46.66	–
In Fixed Deposits with banks	400.91	385.70	145.79	150.00
In Other Investments	–	–	2.00	12.00
	9,249.25	6,634.92	686.65	1,038.25

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

15 Loans and advances

(₹ In Crore)

	Long-term		Short-term	
	2013	2012	2013	2012
Capital advances	6.54	8.23	–	–
Security deposits	42.95	39.11	11.70	1.73
Share of security deposits of joint venture	0.04	0.03	–	–
Policy loans	22.52	16.34	1.62	0.74
Advances recoverable in cash or kind				
Secured considered good	12.74	1.39	20.28	15.24
Unsecured considered good	18.46	17.52	294.94	256.00
Doubtful	0.88	–	1.27	4.23
	32.08	18.91	316.49	275.47
Provision for doubtful advances	0.88	–	1.27	4.23
	31.20	18.91	315.22	271.24
Other loans and advances				
Prepaid Expenses	0.36	0.13	16.47	16.08
VAT refund receivable	0.85	0.69	–	–
CENVAT credit receivable	0.18	0.13	24.76	7.32
Share of CENVAT credit receivable of joint venture	–	–	0.05	0.08
Advance income-tax (net of provision for tax)	105.57	135.64	0.01	0.01
Share of advance income-tax (net of provision for tax) of joint venture	4.28	2.84	–	–
Share of others advances of joint venture	–	–	0.34	0.22
Other advances	0.21	0.02	0.88	0.42
	111.45	139.45	42.51	24.13
	214.70	222.07	371.05	297.84

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

16 Receivables under financing activity

(Good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
(I) Secured:				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. (includes overdue instalments ₹ 189.75 crore) [previous year ₹ 205.45 crore]	1,583.78	1,423.19	4,415.23	3,498.83
(b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	—	—	13.97	9.13
	1,583.78	1,423.19	4,429.20	3,507.96
(c) Overdue instalments under finance agreements considered doubtful	—	—	116.81	87.51
Less: Provision:				
(i) Against NPAs	—	—	(100.87)*	(76.09)*
(ii) Against loss estimation of delinquent assets not yet NPAs	—	—	(15.94)*	(11.42)*
	—	—	—	—
	1,583.78	1,423.19	4,429.20	3,507.96
(ii) Against equitable mortgage of immovable property under finance agreements (includes overdue instalments ₹ 1.05 crore) [previous year ₹ 0.41 crore]				
Good	5,610.85	3,463.09	181.45	142.32
Doubtful	—	—	1.13*	0.20*
Less: Provision:				
(i) Against NPAs	—	—	(1.13)*	(0.20)*
(ii) Against loss estimation of delinquent assets not yet NPAs	—	—	—*	—*
	—	—	—	—
	5,610.85	3,463.09	181.45	142.32
(iii) Infrastructure finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets	304.04	374.95	134.50	358.45
(iv) Loan against shares (secured by pledge of shares)	26.30	42.12	622.66	387.41
Total (I)	7,524.97	5,303.35	5,367.81	4,396.14
(II) Unsecured:+				
(i) Loans at agreement values less instalments received (includes overdue instalments ₹ 64.54 crore) [previous year ₹ 69.51 crore]				
Good	2,023.22	1,265.86	1,827.64	1,317.74
Doubtful	—	—	66.28	60.13
Less: Provision:				
(i) Against NPAs	—	—	(52.67)*	(52.66)*
(ii) Against loss estimation of delinquent assets not yet NPAs	—	—	(13.61)*	(7.47)*
	—	—	—	—
	2,023.22	1,265.86	1,827.64	1,317.74
(ii) Receivables under loan assignments	—	—	—	—
Total (II)	2,023.22	1,265.86	1,827.64	1,317.74
Total (I + II)	9,548.19	6,569.21	7,195.45	5,713.88

* See note 4 D. c.

+ Includes receivables from related parties amounting to ₹ 33.93 crore (previous year ₹ 45.87 crore)

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

17 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
Outstanding for a period exceeding six months from the date they are due for payment	0.46	—	—	5.30
Share of trade receivables, Others, Good of joint venture	—	—	0.48	0.27
Others, Good	0.05	—	62.21	96.09
Outstanding premiums	—	—	290.33	170.23
	0.51	—	353.02	271.89
Provision for doubtful receivable	0.51	—	—	0.56
	—	—	353.02	271.33
Amount disclosed under the head “other non-current assets” [See note 18]	—	—	—	—
	—	—	353.02	271.33

18 Other assets

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
Long term trade receivables [See note 17]	—	—	—	—
Non-current bank balances [See note 19]	663.61	350.78	—	—
	663.61	350.78	—	—
Interest receivable on investments	204.95	—	542.88	454.12
Investments redemption proceeds receivable	—	—	1.00	—
Credit receivable for windpower generated	—	—	4.78	2.70
REC receivable	—	—	6.70	5.54
Other finance charges receivable	—	—	61.19	34.63
Others	—	—	13.02	43.09
Share of other assets of joint venture	3.14	1.92	0.27	0.41
	871.70	352.70	629.84	540.49

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

19 Cash and bank balances

			(₹ In Crore)	
	Non-current		Current	
	2013	2012	2013	2012
Cash and cash equivalents				
Balances with banks:				
In current accounts	–	–	753.67	314.92
Share of current accounts of joint venture	–	–	1.15	2.84
Earmarked balances with bank	–	–	0.69	0.69
Cash on hand	–	–	111.70	113.41
Cash equivalents				
Cheques/drafts on hand	–	–	217.51	272.32
Deposits with original maturity of less than three months	–	–	35.46	10.80
Certificate of Deposits with maturity of less than three months from date of acquisition	–	–	268.82	–
	–	–	1,389.00	714.98
Other bank balances				
In unclaimed dividend account	–	–	0.19	0.16
Deposits with residual maturity for more than 12 months	663.61	350.78	–	–
Deposits with residual maturity for less than 12 months	–	–	213.95	331.46
	663.61	350.78	214.14	331.62
Amount disclosed under non-current assets [See note 18]	(663.61)	(350.78)	–	–
	–	–	1,603.14	1,046.60

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

20 Revenue from operations

	(₹ In Crore)	
	2013	2012
Windfarm activity:		
Income from power generation	60.55	54.65
Income from Renewable Energy Certificates (REC)	12.83	28.94
Others	–	0.78
	73.38	84.37
Investment activity:		
Interest:		
Financial charges from assets under finance and secured loans	2,180.93	1,499.33
Interest on loans	668.30	428.91
Interest income on		
Bank deposits	0.66	0.08
Long-term investments	105.20	95.14
Others	483.03	319.35
Share of interest of joint venture	0.08	–
Amortisation of (premium)/discount on acquisition of fixed income securities on		
Long-term investments	(0.70)	(2.37)
Current investments	4.24	–
	3,441.74	2,340.44
Other financial services:		
Service and administration charges	75.56	68.02
Sundry credit balances appropriated	4.01	2.11
Bad debt recoveries	25.10	26.29
Profit on sale of investments, net	54.26	36.77
Surplus on redemption of securities, net	–	4.52
Provision for diminution in value of investment written back, net	0.09	–
Income from advisory business	0.22	0.28
Share of manpower and recruitment services of joint venture	71.16	58.00
Share of brokerage of joint venture	5.66	3.29
Miscellaneous income	69.91	90.53
	3,747.71	2,630.25
	3,821.09	2,714.62

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

21 Other income

		(₹ In Crore)	
		2013	2012
Interest - others		0.29	–
Miscellaneous receipts		2.16	1.69
Provision no longer required		0.01	0.04
		2.46	1.73

22 Operating result from general insurance business

(Revenue account for the year ended 31 March 2013)

		(₹ In Crore)	
		2013	2012
Premiums earned - (net)	1	2,924.33	2,474.68
Profit/(loss) on sale/redemption of investments (net)		(3.67)	(0.73)
Other income - miscellaneous income		10.88	9.43
Provision no longer required written back		–	–
Amortisation of discount/(premium)		9.97	9.90
Exchange rate difference gain		–	–
Interest, dividend and rent-gross		376.49	281.47
	2	393.67	300.07
	1+2	3,318.00	2,774.75
Claims incurred (net)		2,118.15	1,907.95
Commission		99.10	74.71
Contribution to solatium fund		(2.05)	1.95
Change in premium deficiency		2.00	0.32
Operating expenses related to insurance business		766.94	670.52
	3	2,984.14	2,655.45
Operating profit/(loss) from general insurance business	1+2-3	333.86	119.30
Balance carried to the Statement of Profit and Loss		333.86	119.30

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

23 Employee benefits expense

	(₹ In Crore)	
	2013	2012
Salaries, wages and bonus to employees	241.54	189.48
Share of salaries, wages and bonus to employees of joint venture	65.14	56.43
Remuneration to whole time director	2.64	2.64
Contribution to provident and other funds	10.32	8.96
Share of contribution to provident and other funds of joint venture	5.09	0.22
Staff welfare expenses	9.15	6.69
Share of staff welfare expenses of joint venture	0.40	0.28
	334.28	264.70

24 Loan losses and provisions

	(₹ In Crore)	
	2013	2012
Bad debts written off	116.28	148.31
Provision release on account of bad debts written off	(75.17)	(80.83)
Provision for standard assets	25.23	13.35
Provision for interest sacrifice on re-structured assets	7.13	—
Provision for non performing assets	108.28	73.55
	181.75	154.38

25 Finance costs

	(₹ In Crore)	
	2013	2012
Interest expense	952.16	559.13
Discount in respect of "Commercial Papers"	241.55	175.96
Others	9.87	9.01
	1,203.58	744.10

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

26 Other expenses

	(₹ In Crore)	
	2013	2012
Repairs to buildings	1.08	0.48
Repairs to machinery - windmill	7.63	7.28
Repairs to others	0.12	0.02
Energy generation expenses	8.89	4.80
Rent	7.56	6.46
Share of rent of joint venture	0.12	–
REC registration, issuance and brokerage charges	0.39	0.31
Rates and taxes	0.86	1.12
Payment to auditor	0.44	0.43
Share of payment to auditor of joint venture	0.03	0.02
Directors' fees and travelling expenses	0.12	0.13
Commission to non executive directors	1.40	1.04
Loss on sale of assets	0.11	–
Travelling (including foreign travel) expenses	28.95	21.03
Share of travelling (including foreign travel) expenses of joint venture	2.29	2.05
Business support service expenses	3.81	1.47
Miscellaneous expenses	260.58	201.73
Share of miscellaneous expenses of joint venture	0.93	0.24
Marketing commission	82.18	96.46
Recovery commission	119.58	89.11
Dealer incentive	100.48	64.23
	627.55	498.41

27 Earnings Per Share (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

	2013	2012
Profit for the year	1,573.64	1,337.77
Number of shares before rights issue (Nos)	144,683,510	144,683,510
Adjustment factor for bonus element	1.02	1.02
Weighted average number of shares before rights issue (Nos)	80,459,887	147,577,180
Number of shares after rights issue (Nos)	159,122,352	–
Weighted average number of shares after rights issue (Nos)	72,367,974	–
Weighted average number of shares outstanding during the year (Nos)	152,827,861	147,577,180
Earnings per share (Basic and Diluted) ₹	103.0	90.6
Face value per share ₹	5.0	5.0

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

28 Notes pertaining to Subsidiaries, joint ventures and associates, to the extent required to fairly present the needed disclosures. The figures disclosed in this note are at full value and not the proportionate share of the parent company.

A. Bajaj Allianz Life Insurance Company Ltd.

1. Actuarial valuation

Liabilities for life insurance policies are determined by the Appointed Actuary in accordance with the IRDA regulations and relevant guidance notes issued by the Institute of Actuaries of India.

Non-linked business is reserved using the prospective gross premium method of valuation. The non-linked business is predominantly participating and the reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received, together with associated bonus rates. Regular premium participating business has been reserved using an interest rate of 7.50% per annum, which is same as last year's assumption.

Single premium participating business has been reserved using an interest rate of 6.25% per annum, which is the same as used in valuation as at 31 March 2012. The discount rate is determined after having regard to the yield likely to be obtained on relevant matching assets.

Assumptions as to the future bonus rates are set to be consistent with the interest rate assumptions. Provision has been made for bonus distribution in respect of business in force at the valuation date on a basis considered appropriate by the Appointed Actuary having taken into account the reasonable expectations of policyholders.

The non-linked non-par business written under Invest Plus and Invest Plus Premier has been reserved using an interest rate of 8.25% and the Guaranteed Investment Return (GIR) consistent with the interest rate assumption.

Linked business has been reserved using the unit price of the respective unit funds plus a non unit reserve to allow for the cost of insurance and any expenses and commissions in excess of future charges.

Mortality assumptions are based on the published IALM (1994-1996) Ultimate Mortality Table with adjustment to reflect expected experience and with an allowance for adverse deviation.

Assumptions for morbidity and for the incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table CIBT 93 (Critical Illness Base Table for year 93).

The reserve is sufficient to allow for any adverse lapse experience. Further it has been ensured that for each policy the reserve is sufficient to pay the minimum guaranteed surrender value.

Commission has been allowed for at the Company's table rates with an allowance for service tax. Maintenance expenses have been allowed for in accordance with pricing assumptions, which have been duly validated by the actual experience of the Company during the last one year. An additional reserve has been included to allow for the possible adverse deviations in experience in excess of offsetting adjustments in bonus rates and to allow for the contingency of closure to new business as is required by guidance notes (APS1) issued by the Institute of Actuaries of India.

The reserve for the group term business has been calculated having regard to the unearned gross premium and expenses already incurred. The group non-linked non-par savings business has been valued having regard to the accrued account value of the members of the group schemes.

Provision has been made for the possible revival of the lapsed policies, which have lapsed before the valuation date, having regard to the experience of the Company. As per IRDA circular No: 041/IRDA/ACTL/MAR-2006 dated 29 March 2006, a reserve for lapsed unit linked policies not likely to be revived is held as a separate item under the head "Funds for future appropriations" which is applicable for the products launched before 1 September 2010.

As per the IRDA (Treatment of Discontinued Linked Insurance Policies) Regulations, 2010, a segregated fund called "Discontinued policy fund" is maintained for the discontinued policies of the products which are launched on or after 1 September 2010. The fund value as at the date of discontinuance after deducting the discontinuance charges as applicable by said regulations is credited to the discontinued fund.

Provision has been made for the Incurred But Not Reported death claims (IBNR) based on the Company's past experience of delay in reporting the event of deaths.

Where minimum surrender value is guaranteed, the minimum reserve under those policies has been set as the guaranteed surrender value. In all other cases the minimum reserve has been set to zero.

The Appointed Actuary is satisfied that the nature and extent of reinsurance arrangements require no additional reserve to be set aside. All reserves have been calculated using gross exposure and gross office premiums.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

A. Bajaj Allianz Life Insurance Company Ltd. (Contd.)

2. Claims

- (a) Claims settled, undisputed and remaining unpaid for a period of more than six months at year-end amount to ₹ 50.44 crore (previous year: ₹ 15.56 crore).
- (b) Disclosure of unclaimed amounts of policyholders as required vide circular No. IRDA/F & I/CIR/CMP/174/11/2010 dated 4 November 2010 is as follows:

(₹ In Crore)

	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholder^	Sum due to the insured/policyholders on maturity or otherwise	Cheques issued but not encashed by the policyholder/insured*	Current year total
0 - 30 days	113.61	23.88	51.42	188.91
01 - 06 months	16.99	29.52	23.07	69.58
07 - 12 months	6.77	11.16	73.56	91.49
13 - 18 months	2.34	18.49	10.92	31.75
19 - 24 months	1.06	3.90	6.68	11.64
25 - 30 months	1.35	2.63	5.38	9.36
31 - 36 months	0.92	0.22	3.42	4.56
Beyond 36 months	0.60	1.00	13.86	15.46
Total amount	143.64	90.80	188.31	422.75

(₹ In Crore)

	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholder^	Sum due to the insured/policyholders on maturity or otherwise	Cheques issued but not encashed by the policyholder/insured*	Previous year total
0 - 30 days	50.58	12.50	12.32	75.40
01 - 06 months	12.80	21.53	13.16	47.49
07 - 12 months	4.29	3.87	7.87	16.03
13 - 18 months	1.90	1.82	5.21	8.93
19 - 24 months	1.01	0.21	3.58	4.80
25 - 30 months	0.26	1.10	5.27	6.63
31 - 36 months	0.62	–	1.15	1.77
Beyond 36 months	0.48	–	6.64	7.12
Total amount	71.94	41.03	55.20	168.17

* represents cheques, exceeding the validity period, issued to policyholders.

^ Includes all title open cases (Individual and Group).

3. Expenses attributable to shareholders are charged to the Shareholders' account.
4. The shareholders of the Company, in their Extra Ordinary General Meeting held on 7 May 2010 have authorised the Board of Directors of the Company to decide on the transfer of amounts from the Shareholders' account to the Policyholders' account to make good the deficit, if any, in the Policyholders' funds in respect of any financial year, which shall be subject to the approval of the shareholders of the Company at the ensuing annual general meeting of the respective years.
5. Reinsurance is in place on lives where cover is in excess of the Company's retention limit and this has been reflected in the accounts.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

B. Bajaj Allianz General Insurance Company Ltd.

1. The Appointed Actuary has certified to the Company that actuarial estimates for IBNR (including IBNER) have been determined using actuarial principles. In the determination, the Guidance Notes issued by the Institute of Actuaries of India with the concurrence of the Authority and any directions issued by the Authority in this behalf have been followed. Where sufficient data is available, the actuary has chosen to adopt the chain ladder method. The chain ladder method has accordingly been applied to motor, fire, marine, engineering, personal accident, workmen's compensation and health. These constitute 99.5% (Previous year 99.4%) of the Company's total net written business excluding Third Party premium of commercial vehicle business. For liability line of business and commercial vehicle TP business, the expected ultimate loss ratio method has been used to arrive at the estimate of IBNR. For aviation line of business, a flat IBNR of ₹ 1 crore has been adopted, as adopted last year.

Net IBNR reserves have been arrived at on the basis of actuarial estimates based on the claim data, after allowance for reinsurance recoveries

2. Contribution to Environment fund

The Company has collected an amount of ₹ 0.64 crore (previous year - ₹ 0.70 crore) towards Environment fund from public liability policies. The Company has paid all the funds collected towards Environment fund up to 28 February 2013 to United India Insurance Company, the implementing agency for the fund. The balance payable has been disclosed under the head current liabilities

3. IRDA has vide circular no. IRDA/F&I/CIR/CMP/174/11/2010 advised all insurers to disclose under Current liabilities an amount due to policyholders/insured on accounts of claims settled but not paid (except under litigation), excess collection of the premium/tax which is refundable and cheques issued but not encashed by policy holders/insured. Age wise analysis of the amount due to policy holders/insured is disclosed as below:

(₹ In Crore)

Ageing	Upto 6 months	7 To 12 months	13 To 18 months	19 To 24 months	25 To 30 mmonths	31 To 36 months	Beyond 36 months
Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholders	6.45	—	—	—	—	—	—
Sum due to the insured/policyholders on maturity or otherwise	—	—	—	—	—	—	—
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far	0.41	—	—	—	—	—	—
Cheques issued but not encashed by the policyholder/insured*	1.07	1.70	2.69	2.24	4.68	1.18	3.56

* Does not include cheques issued to policyholders and appearing in bank reconciliation as on 31 March 2013.

C. Bajaj Finance Ltd.

1. Employee Stock Option Plan:

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the issued equity capital of the Company aggregating to 1,829,803 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 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, four grants have been made, details of which as on 31 March 2013, are given as under:

Grant date	Exercise price (In ₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12 Jan 10	358.70	132,000	40,687	31,750	55,813	3,750	72,437
21 Jul 10	542.00	326,750	67,621	142,750	90,255	26,124	210,371
28 July 11	705.15	376,200	58,075	272,325	38,975	6,825	330,400
16 May 12	876.10	359,500	—	359,500	—	—	359,500
		1,194,450	166,383	806,325	185,043	36,699	972,708

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

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 proforma 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	16 May 2012	28 July 2011	21 July 2010	12 Jan 2010
1) Risk free interest rate	8.36%	8.27%	7.42%	6.70%
2) Expected life	3.5-6.5 years	3.5-6.5 years	3.5-6.5 years	1-5 years
3) Expected volatility	49.58%	53.01%	55.38%	54.01%
4) Dividend yield	1.37%	1.42%	1.28%	0.62%
5) Price of the underlying share in the market at the time of the option grant (₹)	876.10	705.15	542.00	358.70

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 fair value approach, the net profit and earnings per share would have been as per the pro-forma amounts indicated below:

	2013	2012
	(₹ In Crore)	
Net profit (as reported)	591.31	406.44
Add: Stock - based employee compensation expense included in net income	—	—
Less: Stock based compensation expense determined under fair value based method (pro forma)	12.85	7.57
Net profit (pro forma)	578.46	398.87
Basic earnings per share (as reported)	135.69	107.72
Basic earnings per share (pro forma)	132.75	105.71
Diluted earnings per share (as reported)	134.74	107.20
Diluted earnings per share (pro forma)	131.81	105.20

2. During the year, the Company transferred assets through direct assignment of cash flows and the underlying securities to 2 banks. 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 FY2013	Amount
	(₹ In Crore)
1. Gross amount of assets assigned including exposure retained by the seller	398.52
2. Total amount of exposure retained by the NBFC to comply with MRR	
— In form of on-Balance Sheet retention of assets	39.85
3. Total amount of exposure retained by NBFC other than MRR	
— In form of on-Balance Sheet retention of Assets	39.85
4. Net amount of assets transferred through direct assignment in FY2013	318.82
5. The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2013	773.06

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

3. Details and terms of repayment of long-term borrowings

a) Details of privately placed secured redeemable non convertible debentures:

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 0.10 crore	Non-current	
				2013	2012
Jan 18	Bullet repayment	595.00	—	595.00*	—
Oct 17	Bullet repayment	125.00	—	125.00*	—
Nov 15	Bullet repayment	250.00	—	250.00	250.00
Oct 15	Bullet repayment	100.00	—	100.00	25.00
Jul 15	Bullet repayment	50.00	—	50.00	50.00
Jun 15	Bullet repayment	—	5.70	5.70	5.70
May 15	Bullet repayment	—	50.00	50.00	—
Apr 15	Bullet repayment	—	203.20	203.20	9.20
Mar 15	Bullet repayment	—	149.00	149.00	99.00
Feb 15	Bullet repayment	—	13.00	13.00	13.00
Oct 14	Bullet repayment	225.00	—	225.00*	—
Sep 14	Bullet repayment	215.00	—	215.00*	—
Aug 14	Bullet repayment	300.00	—	300.00*	—
Apr 14	Bullet repayment	—	61.00	61.00	47.00
Mar 14	Bullet repayment	—	—	—	4.00
Nov 13	Bullet repayment	—	—	—	73.00
Nov 13	Bullet repayment	—	—	—	203.00
Oct 13	Bullet repayment	—	—	—	188.00
Sep 13	Bullet repayment	—	—	—	41.00
Sep 13	Bullet repayment	—	—	—	130.00
Aug 13	Bullet repayment	—	—	—	46.80
Aug 13	Bullet repayment	—	—	—	110.00
Jul 13	Bullet repayment	—	—	—	496.00
Jun 13	Bullet repayment	—	—	—	60.00
Jun 13	Bullet repayment	—	—	—	25.00
May 13	Bullet repayment	—	—	—	25.00
May 13	Bullet repayment	—	—	—	176.20
Apr 13	Bullet repayment	—	—	—	52.00
				2,341.90	2,128.90

Note:

Of the total Non Current Secured Zero Coupon Bonds issued, ₹ 881.90 crore, were issued at a premium and ₹ 201 crore were issued at a discount.

* Related parties are current holders of ₹ 140 crore of the mentioned issue (previous year ₹ 25 crore).

Interest rates range from 8.70% p.a. to 10.05% p.a. as at 31 March 2013.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

b) Terms of repayment of bank loans - secured:

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Non-current	
		2013	2012
Dec 15	Bullet repayment	50.00	—
Nov 15	Bullet repayment	100.00	—
Oct 15	Bullet repayment	50.00	—
Sep 15	Bullet repayment	50.00	—
Jul 15	Bullet repayment	75.00	—
Jun 15	Bullet repayment	325.00	—
May 15	Bullet repayment	250.00	—
Apr 15	Bullet repayment	350.00	—
	3 semi annual payment of ₹ 16.667 crore starting Mar 15	50.00	—
Mar 15	Bullet repayment	150.00	50.00
	4 quarterly payment of ₹ 25 crore starting Feb 15	100.00	—
Jan 15	Bullet repayment	400.00	400.00
Dec 14	Bullet repayment	400.00	250.00
Nov 14	Bullet repayment	100.00	100.00
Oct 14	Bullet repayment	250.00	250.00
Sep 14	Bullet repayment	150.00	150.00
Aug 14	Bullet repayment	50.00	50.00
	4 quarterly payment of ₹ 25 crore starting Jul 14	100.00	—
	3 annual payment of ₹ 73.334 crore starting Jun 14	220.00	—
Jun 14	Bullet repayment	100.00	—
	4 quarterly payment of ₹ 12.5 crore starting Jun 14	50.00	50.00
	12 quarterly payment of ₹ 6.75 crore starting May 14	81.00	—
	5 semi annual payment of ₹ 30 crore starting May 14	150.00	—
	5 semi annual payment of ₹ 10 crore starting Mar 14	40.00	50.00
	5 semi annual payment of ₹ 20 crore starting Feb 14	80.00	100.00
	4 quarterly payment of ₹ 50 crore starting Jan 14	150.00	200.00
	4 quarterly payment of ₹ 25 crore starting Dec 13	50.00	100.00
	4 quarterly payment of ₹ 50 crore starting Dec 13	100.00	200.00
Dec 13	Bullet repayment	—	200.00
Nov 13	Bullet repayment	—	50.00
Oct 13	Bullet repayment	—	100.00
Sep 13	Bullet repayment	—	400.00
	3 annual payment of ₹ 100 crore starting Aug 13	200.00	300.00
Jul 13	Bullet repayment	—	400.00
	16 quarterly payment of ₹ 12 crore starting May 13	144.00	192.00
		4,365.00	3,592.00

Interest rates range from 10.20% p.a. to 10.65% p.a. as at 31 March 2013.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

c) Details of privately placed unsecured redeemable non convertible debentures:

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 0.10 crore	Non-current	
				2013	2012
Jan 15	Bullet repayment	–	37.00	37.00	37.00
Oct 14	Bullet repayment	10.00	–	10.00	–
Jun 14	Bullet repayment	6.00	–	6.00	6.00
Apr 14	Bullet repayment	200.00	57.00	257.00	–
Feb 14	Bullet repayment	–	–	–	11.00
Dec 13	Bullet repayment	–	–	–	15.00
Nov 13	Bullet repayment	–	–	–	10.00
Aug 13	Bullet repayment	–	–	–	13.00
Jul 13	Bullet repayment	–	–	–	21.00
Jun 13	Bullet repayment	–	–	–	90.00
Jun 13	Bullet repayment	–	–	–	9.60
May 13	Bullet repayment	–	–	–	7.70
May 13	Bullet repayment	–	–	–	150.00
Apr 13	Bullet repayment	–	–	–	37.50
				310.00	407.80

Of the total Non Current Unsecured Zero Coupon Bonds issued, ₹ 109.80 crore were issued at a premium and ₹ 52 crore were issued at a discount. Interest rates range from 9.22% p.a. to 10.45% p.a. as at 31 March 2013.

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

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Non-current	
		2013	2012
Jan 23	Bullet repayment	49.70*	–
Aug 22	Bullet repayment	157.40	–
May 21	Bullet repayment	50.00	50.00
Oct 20	Bullet repayment	36.20*	36.20
Sep 20	Bullet repayment	27.50	27.50
Jul 20	Bullet repayment	50.00	50.00
Jun 20	Bullet repayment	50.00*	50.00
Apr 20	Bullet repayment	65.00	65.00
		485.80	278.70

* Related parties are current holders of ₹ 2.50 crore of the mentioned issue (previous year Nil). Interest rates range from 9.45% p.a. to 10.21% p.a. as at 31 March 2013.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of short-term borrowings

Terms of repayment of unsecured short-term loans:

Date of maturity	(₹ In Crore)	
	2013	2012
Apr 13	250.00	—
Apr 12	—	500.00
	250.00	500.00

Interest rate is 10.25% p.a. as at 31 March 2013.

Terms of repayment of commercial papers:

Date of maturity	(₹ In Crore)	
	2013	2012
Jan 14	25.00	—
Oct 13	60.00	—
Sep 13	60.00	—
Aug 13	196.00	—
Jul 13	205.00	—
Jun 13	156.00	—
May 13	130.00	—
Apr 13	225.00	—
Mar 13	—	8.00
Dec 12	—	25.00
Nov 12	—	52.00
Oct 12	—	50.00
Sep 12	—	10.00
Aug 12	—	185.00
Jul 12	—	315.00
May 12	—	100.00
Apr 12	—	175.00
	1,057.00	920.00

Interest rates range from 9.20% p.a. to 10.30% p.a. as at 31 March 2013.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

29 Contingent liabilities

	2013	2012
		(₹ In Crore)
a. Claims against the Company not acknowledged as debts	15.92	14.94
b. Taxes, duties and other sums due	48.23	50.99
c. Claims, under policies, not acknowledged as debts	18.98	11.38

30 Capital and other commitments

	2013	2012
		(₹ In Crore)
Capital commitments, net of capital advances	34.49	118.72

31 Cash flow statement

Due to the different methods of computing cash flows adopted by two of the subsidiaries carrying on the business of insurance, which is mandated by the Insurance Regulatory and Development Authority, consolidated cash flows for the year could be better viewed when summarised as follows:

	2013	2012
From operating activities	(6,921.67)	(3,848.57)
From investing activities	2,952.71	(887.31)
From financing activities	4,592.48	3,803.09
Net change	623.52	(932.79)
Cash and cash flow equivalents at the beginning of the year	772.35	1,705.14
Cash and cash flow equivalents at the end of the year**	1,395.87	772.35
**Cash and cash flow equivalents at the end of the year		
Cash and bank balance as per note 19	1,389.00	714.98
Other bank balances as per note 19	877.56	682.24
Cash and bank balances for unit linked business	6.87	103.57
Less: fixed deposits having maturity more than 3 months	877.56	728.44
	1,395.87	772.35

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

32 Disclosure of transactions with related parties as required by the Accounting Standard-18

(₹ In Crore)

		2013		2012	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
A. Holding company, subsidiaries and fellow subsidiaries:					
Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra - group transactions.					
B. Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party - holds 39.16% shares of Bajaj Finserv Ltd.)	Purchase of shares by BHIL (62,314,214 shares of ₹ 5 each) (previous year 56,649,211 shares of ₹ 5 each)	2.84	(31.16)	0.33	(28.32)
	Dividend paid	8.50	–	7.00	–
	Business support services received	0.27	–	0.51	–
	Business support services rendered	1.42	–	1.17	–
	Purchase of investments	5.09	–	–	–
	Insurance premium received	0.01	–	–	–
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to equity (1,200,000 shares of ₹ 10 each)	–	1.20	–	1.20
	Services received	0.23	–	0.16	(0.02)
	Billable expenses incurred on behalf	0.45	–	1.75	(0.05)
	Rental income	0.24	–	0.27	–
	Insurance premium received	1.51	–	0.21	–
	Premium received as an agent	157.23	–	78.18	–
	Insurance claim paid	1.10	–	0.06	–
	Unallocated premium	–	0.12	–	0.01
	Manpower supply charges	138.36	0.19	91.55	(0.05)
	Insurance commission paid/payable	11.00	0.72	5.81	0.19
	Other expenses paid	–	–	0.02	–
Allianz SE	Contribution to equity of BALICL including premium	–	(1,099.13)	–	(1,099.13)
	Contribution to equity of BAGICL including premium	–	(195.27)	–	(195.27)
	Billable expenses incurred on behalf of Allianz SE	0.01	–	0.71	–
	Software consultancy fees	–	–	1.47	(1.50)
	Reimbursement of revenue expenses paid	0.08	0.01	0.06	–
	Reimbursement of revenue expenses received	0.01	–	–	–
Allianz Cornhill Information Services Pvt. Ltd.	Insurance premium received	0.53	–	–	–
	Insurance claims paid	0.16	–	–	–
Allianz CP General Ins Co. Ltd.	Reinsurance premium received/receivable	–	–	0.04	–
	Claims paid/payable	54.81	–	2.23	–
	Billable expenses incurred on behalf	0.01	(0.01)	–	–
Allianz SE Reinsurance, branch Asia Pacific	Reinsurance premium paid/payable	54.98	(8.77)	96.44	1.57
	Commission on reinsurance received/receivable	10.35	0.93	19.40	0.46
	Claims recovery on reinsurance	26.32	3.37	45.53	4.34
	Reinsurance profit commission receivable	4.47	–	0.41	–
	Portfolio premium withdrawal	17.21	–	17.88	–
	Portfolio claims withdrawal	52.78	–	55.02	–
	Portfolio premium entry	3.22	–	15.68	–
	Portfolio claims entry	9.87	–	48.26	–
	CAT XOL premium paid/payable	5.33	–	22.85	–
Allianz Marine and Aviation Versicherungs AG	Reinsurance premium paid/payable	–	–	0.04	0.07

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2013		2012	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Allianz Insurance Management Asia Pacific Pte.	Billable expenses incurred	–	(0.02)	0.12	(0.02)
	Reimbursement received of revenue expenditure	0.05	0.19	0.15	0.18
	Paid towards revenue expenditure	–	–	0.13	–
Allianz Managed Operations & Services SE	Paid towards opus revenue expenditure	3.23	(1.88)	1.62	(1.30)
	Income from software consultancy	1.55	(1.55)	–	–
	Billable expenses incurred on behalf	0.25	–	0.15	–
Allianz Hongkong-	Reinsurance premium paid/payable	0.01	0.01	0.02	0.01
Name changed from Allianz China	Commission on reinsurance received/receivable	0.01	–	0.01	–
Allianz Ins Co of Singapore - PTE	Reinsurance premium paid/payable	7.86	0.29	1.03	–
	Commission on reinsurance received/receivable	0.96	–	0.09	–
	Claim recovery on reinsurance	0.06	–	0.09	–
Euler Hermes Deutschland	Reinsurance premium paid/payable	6.59	1.96	10.11	1.92
[Formerly known as Euler Hermes Cr Insurance (S) Ltd.]	Commission on reinsurance received/receivable	1.11	–	1.95	–
	Claims recovery on reinsurance	3.48	–	2.13	–
	Billable expenses incurred on behalf of Euler Hermes	1.96	(0.03)	1.08	(0.22)
Allianz SE India Liaison Office	Expenditure incurred on behalf of Allianz Liaison Office	–	–	0.15	–
	Deposits for rent premises	–	–	–	–
IDS GmbH Ltd.	Remuneration for IDS services	0.32	(0.07)	0.38	(0.06)
Allianz Investment Management Singapore Pte. Ltd.	Data provision charges	3.19	(0.72)	3.19	–
	Investment management	0.32	–	0.47	–
Allianz Insurance Co Lanka Ltd.	Billable expenses incurred on behalf	–	–	0.01	(0.01)
	Reinsurance premium received/receivable	–	–	0.33	–
	Commision paid/payable	–	–	0.07	–
Allianz Belgium	Reinsurance premium paid/payable	21.94	0.08	18.08	0.53
	Commission on reinsurance received/receivable	0.27	–	0.19	–
	Claim recovery on reinsurance	4.74	–	69.60	–
Allianz Global Corporate & Speciality AG, US	Reinsurance premium paid/payable	–	–	0.70	(0.25)
	Commission on reinsurance received/receivable	–	–	0.13	–
	Claims recovery on reinsurance	–	–	3.35	–
Allianz Global Corporate & Speciality AG, Canada	Reinsurance premium paid/payable	0.01	0.01	0.01	–
	Commission on reinsurance received/receivable	0.01	–	0.01	–
Allianz Global Corporate & Speciality AG, UK	Reinsurance premium paid/payable	4.41	1.05	2.89	0.13
	Commission on reinsurance received/receivable	0.51	–	0.45	–
	Claims recovery on reinsurance	0.28	–	0.13	–
	Reinsurance premium received/receivable	0.52	–	–	–
	Commission on reinsurance premium	0.04	–	–	–
Allianz Global Corporate & Speciality AG, Netherlands	Reinsurance premium paid/payable	0.15	0.10	0.05	0.08
	Commission on reinsurance received/receivable	0.06	–	0.04	–
Allianz Global Corporate & Speciality AG, Italy	Reinsurance premium paid/payable	0.13	–	0.08	0.08
	Commission on reinsurance received/receivable	0.06	–	0.06	–
	Claims recovery on reinsurance	0.04	–	–	–

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2013		2012	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Allianz Global Corporate & Speciality AG, Australia	Reinsurance premium paid/payable	0.07	–	0.04	–
	Commission on reinsurance received/receivable	0.01	–	0.01	–
Allianz Global Corporate & Speciality AG, Switzerland	Reinsurance premium paid/payable	0.24	0.10	4.71	0.19
	Commission on reinsurance received/receivable	0.08	–	0.27	–
Allianz Global Corporate & Speciality AG, Denmark - Nordic Region	Reinsurance premium paid/payable	0.45	0.38	0.44	–
	Commission on reinsurance received/receivable	0.07	–	0.06	–
Insurance Joint Stock Company Allianz Russia	Reinsurance premium paid/payable	0.02	0.01	0.02	–
	Commission on reinsurance received/receivable	0.01	–	0.01	–
Allianz Global Corporate & Speciality AG - Munich	Reinsurance premium paid/payable	49.72	26.42	25.46	14.51
	Commission on reinsurance received/receivable	4.23	–	2.77	–
	Claims recovery on reinsurance	9.49	–	7.11	–
Allianz Elementar Versicherungs - Austria	Reinsurance premium paid/payable	0.02	–	0.07	–
	Commission on reinsurance received/receivable	0.02	–	0.03	–
Allianz Global Corporate & Speciality - France	Reinsurance premium paid/payable	9.91	5.65	6.37	1.58
	Commission on reinsurance received/receivable	1.00	–	0.67	–
	Claims recovery on reinsurance	4.32	–	1.14	–
AGA International S.A	Reinsurance premium paid/payable	0.13	–	–	–
	Commission on reinsurance received/receivable	0.06	–	–	–
Allianz Risk Transfer AG	Reinsurance premium paid/payable	6.22	–	–	–
	Commission on reinsurance received/receivable	0.24	–	–	–
PT Asuransi Allianz Life Indonesia	Billable expenses incurred on behalf	–	–	0.02	(0.02)
Allianz Risk Consultants, LLC	Risk survey fee	–	–	0.08	–
Allianz Services (UK) Ltd.	Billable expenses incurred on behalf	–	–	0.01	–
Allianz Global Corporate & Speciality AG Singapore	Billable expenses incurred on behalf	0.31	–	0.03	–
	Risk survey fee	0.18	(0.04)	–	–
AGA Assistance (India) Pvt. Ltd.	Insurance claims paid	5.95	–	3.68	–
Allianz Insurance Co. Egypt (Non-life)	Reinsurance premium received/receivable	–	–	–	–
	Claims paid/payable	0.84	–	–	–
Allianz China General Insurance Company Ltd.	Billable expenses incurred on behalf	0.01	(0.01)	–	–
AGA Services (India) Pvt. Ltd.	Insurance claims paid	0.44	–	–	–
	Travel assistance fees	1.17	–	–	–
Euler Hermes Services India Pvt. Ltd.	Credit risk assessment fees paid	1.57	–	–	–
M/s. AGCS Marine Insurance Company	Reinsurance premium paid/payable	0.50	0.06	0.54	0.08
	Commission on reinsurance premium	0.13	–	0.10	–
	Claims recovery on reinsurance	0.39	–	1.07	–
M/s. Allianz Global Risks US Insurance Company	Reinsurance premium paid/payable	1.15	0.02	0.16	0.33
	Commission on reinsurance premium	0.16	–	0.03	–
	Claims recovery on reinsurance	0.37	–	2.28	–

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

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

(₹ In Crore)

		2013		2012	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
C. Individuals controlling voting power/exercising significant influence and their relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.02	–	0.02	–
	Commission	0.06	(0.06)	0.02	(0.02)
Madhur Bajaj	Sitting fees	0.02	–	0.01	–
	Commission	0.05	(0.05)	0.02	(0.02)
Rajiv Bajaj (Non-executive Director)	Sitting fees	0.02	–	0.02	–
	Commission	0.05	(0.05)	0.02	(0.02)
Niraj Bajaj	Nil	–	–	–	–
Shekhar Bajaj	Nil	–	–	–	–
Sanjiv Bajaj (Managing Director)	Remuneration	0.96	–	0.97	–
(Also key management personnel)	Sitting fees	0.01	–	0.01	–
	Commission	2.06	(2.06)	1.99	(1.99)
Tapan Singhel	Remuneration	1.15	–	–	–
D. Key management personnel and their relatives:					
V Philip (CEO - BALICL)	Remuneration	1.84	–	2.18	–
Hemant Kaul (CEO - BAGICL)	Remuneration	2.03	–	2.76	–
Rajeev Jain (CEO - BFL)	Remuneration	3.02	(1.16)	2.68	(1.02)
	ESOPs exercised	4.51	–	–	–
Nanoo Pamnani (Vice Chairman - BFL)	Commission	0.82	(0.82)	0.69	(0.69)
	Sitting fees and expenses	0.03	–	0.04	–
Arpit Agarwal (CEO - Bajaj Financial Solutions Ltd.)	Remuneration	1.92	–	2.21	–
Sanjay Asher (Director-Bajaj Allianz Life Insurance Co. Ltd.)	Sitting fees	0.01	–	0.01	–
Manu Tandon (Director-Bajaj Allianz Life Insurance Co. Ltd.)	Sitting fees	0.01	–	0.01	–
Suraj Mehta (Director-Bajaj Allianz Life Insurance Co. Ltd.)	Sitting fees	0.01	–	0.01	–
S H Khan (Director-Bajaj Allianz Life Insurance Co. Ltd.)	Sitting fees	0.01	–	0.02	–
E. Enterprises over which anyone in (c) and (d) exercises significant influence:					
Bajaj Auto Ltd.	Sale of windpower	27.44	–	24.38	–
	Css recovery reimbursed	1.17	–	–	–
	Business support services received	3.71	0.03	1.72	0.42
	Business support services rendered	8.56	0.91	6.15	1.24
	Aviation charges paid	1.62	–	3.01	–
	Interest subsidy	4.07	0.21	5.74	–
	Investment purchased	–	–	73.71	–
	Investment sold	–	–	26.06	–
	Insurance premium received by BAGICL/BALICL	9.82	(0.01)	30.22	–
	Insurance claims paid by BAGICL/BALICL	4.86	–	4.77	–
	Other expenses	0.10	–	0.36	–
	Unallocated premium	–	4.81	–	2.34
Bajaj Electricals Ltd.	Purchases	–	0.01	0.01	0.01
	Insurance claims paid	3.32	–	1.70	–
	Insurance premium received	8.10	–	13.02	–
	Unallocated premium	–	0.04	–	0.01

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2013		2012	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Bajaj International Ltd.	Other debits	0.02	–	0.01	–
Hind Musafir Agency Ltd.	Services received	10.58	1.24	3.66	0.29
	Commission on travel expenses	0.06	0.02	0.06	–
	Insurance premium received	0.01	–	0.01	–
	Other expenses paid/payable	0.06	0.01	0.07	0.02
Mukand Ltd.	Sale of windpower	13.72	1.16	11.88	1.12
	Insurance premium received	2.37	–	3.27	–
	Insurance claims paid	2.75	–	2.41	–
	Unallocated premium	–	0.08	–	0.02
	Rent and other expenses paid	0.03	–	–	–
	Security deposit paid	4.00	4.00	–	–
	Interest received	5.70	–	3.47	–
	Loan given	–	33.93	42.50	45.87
	Principal repayment received	11.94	–	6.52	–
Mukand Engineers Ltd.	Insurance premium received	0.44	–	0.27	–
	Insurance claims paid	0.06	–	0.28	–
	Unallocated premium	–	–	–	0.01
Mukund Bekaert Wire Industries Pvt. Ltd.	Insurance premium received	–	–	0.14	–
	Insurance claims paid	–	–	0.02	–
	Unallocated premium	–	–	–	0.01

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.

Notes to consolidated financial statements for the year ended 31 March 2013 (Contd.)

33 Deferred taxes

	(₹ In Crore)
	2013
	2012
Liabilities	25.46
Assets	147.86
Net	(122.40)

34 Additional financial information

Statement of additional financial information, directed to be disclosed as a condition put forth by the Ministry of Corporate Affairs for grant of exemption from the applicability of section 212(1) of the Companies Act, 1956, is given below:

Financial information of subsidiaries for the year ended 31 March 2013

	Bajaj Allianz General Insurance Co. Ltd.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Finance Ltd.	Bajaj Financial Solutions Ltd. (Consolidated)
a Paid up share capital	110.23	150.71	49.78	39.00
b Share premium	166.62	1,059.95	1,898.50	–
Other reserves	978.46	3,633.41	1,418.76	(25.07)
c Total assets	1,255.31	38,337.38	17,821.17	14.56
d Total liabilities	1,255.31	38,337.38	17,821.17	14.56
e Investments*	4,713.08	4,687.81	5.26	11.09
f Turnover/Operating result	422.77	433.25	3,111.37	1.07
Transfer from policyholders' account	–	917.48	–	–
g Profit before tax	421.54	1,343.57	871.60	(7.43)
h Provision for tax	126.46	57.93	280.29	–
i Profit after tax	295.08	1,285.64	591.31	(7.43)
j Proposed dividend	–	–	74.67	–

* For details of investments refer note 14.

35 Previous year figures

Previous year figures have been reclassified to conform to this year's classification.

36 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Nanoo Pamnani
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director

Madhur Bajaj
Rajiv Bajaj
D J Balaji Rao
S H Khan

Directors



Standalone Financial Statements

Independent Auditors' Report

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

Report on the financial statements

1. We have audited the accompanying financial statements of Bajaj Finserv Ltd. (the "Company"), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's responsibility for the financial statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

7. As required by 'the Companies (Auditors' Report) Order, 2003', as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 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 a statement on the matters specified in paragraphs 4 and 5 of the Order.

Independent Auditors' Report (Contd.)

8. As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Annexure to Independent Auditors' Report

Referred to in paragraph [7] of the Independent Auditors' Report of even date to the members of Bajaj Finserv Ltd. on the financial statements for the year ended 31 March 2013

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 3 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) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. The Company is in the business of wind power generation and investments, and consequently, does not hold any inventory. Therefore, the provisions of clause 4(ii) of the said Order are not applicable to the Company.
3. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii)[(b),(c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5 lakh in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the Company.
9. (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, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty 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, the particulars of dues of income tax and sales tax as at 31 March 2013 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
Income Tax	Additional demand on the basis on Assessment Order received.	7.07	AY2008-09	CIT(A)
Sales Tax	Additional demand on the basis on Assessment Order received.	0.29	2008-09	JCST

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

Annexure to Independent Auditors' Report (Contd.)

11. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the Balance Sheet date, the provisions of clause 4(xi) of the Order are not applicable to the Company.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
13. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under section 49 of the Act.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the Company.
16. The Company has not raised any term loans. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
17. The Company has not raised any loans on short term basis. Accordingly, the provisions of clause 4(xvii) of the Order are not applicable to the Company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
19. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. We have verified the end use of moneys raised by rights issue and the same has been disclosed in the note 3(e) in the notes to accounts of the financial statements.
21. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Balance Sheet as at 31 March

		(₹ In Crore)	
Particulars	Note No.	2013	2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	79.56	72.34
Reserves and surplus	4	2,327.95	1,372.69
		2,407.51	1,445.03
Non-current liabilities			
Deferred tax liabilities (net)	5	8.82	7.95
Other long-term liabilities	6	2.65	0.43
Long-term provisions	7	1.44	1.34
		12.91	9.72
Current liabilities			
Trade payables	8	2.37	1.30
Other current liabilities	8	4.68	5.93
Short-term provisions	7	53.98	42.53
		61.03	49.76
Total		2,481.45	1,504.51
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	69.63	71.35
Capital work-in-progress		0.27	–
		69.90	71.35
Non-current investments	10	2,201.56	1,348.88
Long-term loans and advances	11	24.21	18.82
		2,295.67	1,439.05
Current assets			
Current investments	10	165.16	52.14
Trade receivables	12	1.63	1.94
Cash and bank balances	14	2.11	2.54
Short-term loans and advances	11	3.47	0.60
Other current assets	13	13.41	8.24
		185.78	65.46
Total		2,481.45	1,504.51

Summary of significant accounting policies followed by the Company
The accompanying notes are an integral part of the financial statements
In terms of our report of even date

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Sonal R Tiwari
Company Secretary

2

Rahul Bajaj
Nanoo Pamnani
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director

Madhur Bajaj
Rajiv Bajaj
D J Balaji Rao
S H Khan

Directors

Statement of Profit and Loss for the year ended 31 March

Particulars	Note No.	(₹ In Crore)	
		2013	2012
Revenue from operations	15	141.47	135.77
Other income	16	10.78	8.41
Total revenue (I)		152.25	144.18
Expenses:			
Employee benefits expense	17	12.95	10.79
Depreciation		1.28	1.56
Other expenses	18	31.86	24.13
Total expenses (II)		46.09	36.48
Profit before exceptional items and tax (I - II)		106.16	107.70
Exceptional item			
Provision for diminution in the value of investment	19	(27.00)	–
Profit before tax		79.16	107.70
Tax expense			
Current tax		27.45	31.85
Deferred tax		0.87	(0.72)
Total tax expense		28.32	31.13
Profit after tax		50.84	76.57
Basic and diluted Earnings per share (₹)	20	3.3	5.2
(Nominal value per share ₹ 5)			

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Nanoo Pamnani
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director

Madhur Bajaj
Rajiv Bajaj
D J Balaji Rao
S H Khan

Directors

Cash Flow Statement

(₹ In Crore)

Particulars	2013	2012
I. Operating activities		
Profit before tax	79.16	107.70
Adjustments:		
Add:		
i) Depreciation	1.28	1.56
ii) Provision for diminution in value of investment in Bajaj Financial Solutions Ltd.	27.00	–
iii) Loss on sale of assets	0.02	0.04
iv) Amortisation of (premium)/discount on acquisition of fixed income securities	(1.48)	4.78
	26.82	6.38
	105.98	114.08
Change in assets and liabilities		
i) Trade receivables	0.31	(0.64)
ii) Loans and advances and other assets	(12.00)	(5.05)
iii) Other bank balances	(0.03)	(0.05)
iv) Liabilities and provisions	2.30	0.75
	(9.42)	(4.99)
(Increase)/decrease in investments, net*	(29.52)	132.21
Net cash from operating activities before income tax	67.04	241.30
Income tax paid	(19.64)	(39.64)
Net cash from operating activities	47.40	201.66
Carried forward	47.40	201.66

Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	2013	2012
Brought forward	47.40	201.66
II. Investing activities		
i) Capital expenditure	(0.28)	(1.30)
ii) Sales proceeds of assets	0.43	0.08
iii) (Increase)/decrease in investment in subsidiaries*	(542.63)	(340.64)
iv) (Increase)/decrease in other investments, net*	(419.07)	135.48
Net cash from investing activities	(961.55)	(206.38)
III. Financing activities		
i) Dividend paid	(21.67)	(18.04)
ii) Rights issue proceeds (net of expenses)	935.36	—
Net cash from financing activities	913.69	(18.04)
Net change in cash and cash equivalents	(0.46)	(22.76)
Cash and cash equivalents as at 1 April 2012	2.38	25.14
[Opening balance]		
Cash and cash equivalents as at 31 March 2013	1.92	2.38
[Closing balance]		
	—	—

* As Company is an investment company, interest earned and dividend received are considered as part of cash flow from operating activities. Purchase and sale of investment has been classified into operating and investing activity based on the intention of management at the time of purchase of securities.

In terms of our report of even date

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Nanoo Pamnani
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director

Madhur Bajaj
Rajiv Bajaj
D J Balaji Rao
S H Khan

} Directors

Notes to financial statements for the year ended 31 March 2013

- 1** The Company is primarily engaged in the business of promoting financial services such as finance, insurance, wealth management etc. through its investments in subsidiaries and joint ventures. The Company is also engaged in the business of generating power through wind turbines. Since investments dominate the composition of assets and revenue, the Company was registered on 30 October 2009 by RBI as a Non-Banking Financial Institution (non-deposit taking). However, the Company has obtained an exemption from RBI vide its letter dated 8 March 2010 on the compliance with the norms in respect 'concentration of investments' prescribed in para 18(1) of the Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The said exemption has been renewed vide its letter dated 27 June 2012 for one more year.

2 Summary of significant accounting policies followed by the Company

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. These 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 and the RBI guidelines/regulations to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Companies Act, 1956.

1) 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 prepared under the Historical cost convention. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- iii) Estimates and Assumptions used in the preparation of the financial statements and disclosures are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date.

2) Revenue recognition:

a) Income:

The Company recognises income (including rent etc.) on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

- (1) a) Interest income is accrued over the period of the loan. However, where a loan is classified as a non-performing asset, as per the prudential norms prescribed by RBI to the extent applicable to the Company as a NBFC and guidelines framed by the management, interest thereon is recognised only when it is actually received.
 - b) Income from debentures and bonds is accrued over the maturity of the security, net of amortisation of premium/discount, thereby recognizing the implicit yield to maturity, with reference to the coupon dates, where applicable. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the applicable prudential norms prescribed for NBFCs by the Reserve Bank of India to the extent applicable to the Company and the guidelines framed by the management.
- (2) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- (3) Profit/loss on sale of investments is recognised on the contract date.

b) Wind farm income:

Income from windpower generation is recognised on acceptance by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) of units generated and after giving allowance for wheeling and transmission losses. Simultaneously, relevant entitlements for generating green energy are recognised.

3) Fixed assets and depreciation

(A) Fixed assets

Fixed assets except freehold land are carried at cost of acquisition or construction cost including pre-operative expenses, less accumulated depreciation and amortisation. Freehold land is carried at cost of acquisition.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

2 Summary of significant accounting policies followed by the Company (Contd.)

(B) Depreciation and amortisation:

(a) Leasehold land:

Premium on leasehold land is amortised over the period of lease.

(b) On other Fixed assets

Depreciation is provided at the rates specified in Schedule XIV of the Companies Act, 1956 or at rates computed with reference to the economic life of the assets where the estimated economic life is shorter than the life inferred by the Schedule XIV rates.

- i. Depreciation on additions is being provided on prorata basis from the month of such additions.
- ii. Depreciation on assets sold, discarded or demolished during the year is being provided at their rates upto the month in which such assets are sold, discarded or demolished.

4) Investments

- a) Fixed income securities remaining with the Company on vesting of the strategic investment undertakings of erstwhile Bajaj Auto Ltd., are carried at their fair market values as at 1 April 2007 where the carrying costs of such investments were higher on that date, less amortisation of premium/discount thereafter, as the case may be.
- b) Current investments representing fixed income securities with a maturity less than 1 year and those intended to be held for a period less than 1 year from the date on which the investment is made are stated at cost adjusted for amortisation and diminution with reference to realisable value, as necessary.
- c) Other fixed income securities, other than current, are carried at cost, less amortisation of premium/discount, as the case may be, and provision for diminution, if any, as considered necessary.
- d) Investments other than fixed income securities (Eg. equity, mutual funds etc.) are valued at cost of acquisition, less provision for diminution as necessary where they are intended to be held for a long term, else current investments are valued at lower of cost or realisable value.
- e) Investments with maturity of less than 3 months from the date of acquisition are classified as cash and cash equivalents.
- f) Investments other than current investments, made by the Company are intended to be held for long-term, hence diminutions in value of quoted investments are generally not considered to be of a permanent nature.
- g) The management has laid out guidelines for the purpose of assessing likely impairments in investments and for making provisions based on given criteria. Appropriate provisions are accordingly made, which in the opinion of the management are considered adequate and also considering the prudential norms specified by the Reserve Bank of India, applicable to the Company in this behalf.

5) Employee benefits

a) Privilege leave entitlements

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 is recognised at the actuarially determined value by an appointed actuary.

b) Gratuity

Payment for present liability of future payment of gratuity is being made to approved Gratuity Fund, which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the actuarial liability is recognised as a liability.

c) Superannuation

Defined contribution to Superannuation fund is being made as per the scheme of the Company.

d) Defined Provident Fund contribution

is made to Government Provident Fund Authority.

e) Defined contribution to Employees Pension Scheme 1995

is made to Government Provident Fund Authority.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

2 Summary of significant accounting policies followed by the Company (Contd.)

6) Taxation

- Provision for tax is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income Tax Act, 1961.
- Deferred tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystallise with reasonable certainty. However, in case of deferred tax assets (representing unabsorbed depreciation or carried forward losses) are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred tax is recognised on adjustments to revenue reserves to the extent the adjustments are allowable as deductions in determination of taxable income and they would reverse out in future periods.

7) Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3 Share capital

	(₹ In Crore)	
	2013	2012
Authorised:		
200,000,000 (150,000,000) equity shares of ₹ 5 each	100.00	75.00
Issued, subscribed and fully paid-up shares:		
159,122,352 (144,683,510) equity shares of ₹ 5 each	79.56	72.34
	79.56	72.34

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

	31 March 2013		31 March 2012	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity Shares				
At the beginning of the year	144,683,510	72.34	144,683,510	72.34
Issued during the year	14,438,842	7.22	–	–
Outstanding at the end of the year	159,122,352	79.56	144,683,510	72.34

b. Further, of the above:-

101,183,510 equity shares were allotted as fully paid up pursuant to the scheme of arrangement for demerger of erstwhile Bajaj Auto Ltd. (now Bajaj Holdings & Investment Ltd.) by the Company on 3 April 2008.

1,805,071 equity shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 47,869 (58,869)

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

3 Share capital (Contd.)

d. Details of shareholders holding more than 5% shares in the Company

	31 March 2013		31 March 2012	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	56,649,211	39.15%
Jamnalal Sons Pvt. Ltd.	15,106,424	9.49%	13,733,114	9.49%

e. Utilisation of funds raised on issue of equity shares

₹ In Crore

Amount receivable from rights issue - as per letter of offer	940.44
Less: Amount not received on shares kept in abeyance	1.92
Amount received from rights issue - (A)	938.52
Deployment of rights issue proceeds:	
(a) Investment in Bajaj Finance Ltd. - conversion of warrants	63.96
(b) Investment in Bajaj Finance Ltd. - subscription to rights issue	478.67
(c) Share issue expenses	3.16
(d) General corporate purposes - investment in mutual funds	185.36
Total deployment of rights issue proceeds - (B)	731.15
Balance amount to be utilised (A-B)	207.37
Interim utilisation of balance rights issue proceeds:	
(a) Investment in debentures	101.02
(b) Investment in money market instruments and mutual funds	106.35
Total	207.37

Notes to financial statements for the year ended 31 March 2013 (Contd.)

4 Reserves and surplus

	(₹ In Crore)	
	2013	2012
Securities premium account		
Balance as per the last financial statements	–	–
Add: Received during the year	931.31	–
Less: Share issue expenses, net of service tax availed	3.02	–
Closing balance	928.29	–
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as per the last financial statements	68.06	52.75
Add: Transferred from surplus in Statement of Profit and Loss	10.17	15.31
Closing balance	78.23	68.06
General reserve		
Balance as per the last financial statements	1,154.82	1,147.16
Add: Transferred from surplus in Statement of Profit and Loss	5.08	7.66
Closing balance	1,159.90	1,154.82
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	149.81	117.91
Profit for the year	50.84	76.57
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	10.17	15.31
Transfer to General reserve	5.08	7.66
Proposed dividend	23.87	21.70
Total appropriations	39.12	44.67
Balance in the Statement of Profit and Loss	161.53	149.81
	2,327.95	1,372.69

Notes to financial statements for the year ended 31 March 2013 (Contd.)

5 Deferred tax liabilities (net)

	(₹ In Crore)	
	2013	2012
Deferred tax liability		
On account of timing difference in		
Depreciation	10.25	9.24
Amortisation of discount on acquisition of fixed income securities	0.08	–
Gross deferred tax liability	10.33	9.24
Deferred tax asset		
On account of timing difference in		
Provision for privilege leave etc.	0.15	0.08
Amortisation of premium/discount on acquisition of fixed income securities	0.87	0.76
Adjustments on account of gratuity provisions	0.49	0.44
Provision for diminution in value of investments in terms of scheme of arrangement	–	0.01
Gross deferred tax asset	1.51	1.29
	8.82	7.95

6 Other long-term liabilities

	(₹ In Crore)	
	2013	2012
Security deposits	1.87	–
Employee benefits payable	0.78	0.43
	2.65	0.43

7 Provisions

	(₹ In Crore)			
	Long-term		Short-term	
	2013	2012	2013	2012
Provision for employee benefits [See note 26]				
Provision for gratuity	1.44	1.34	–	–
Provision for compensated absences	–	–	0.43	0.24
	1.44	1.34	0.43	0.24
Other provisions				
Provision for tax (net of tax paid in advance)	–	–	29.68	20.59
Proposed dividend*	–	–	23.87	21.70
	–	–	53.55	42.29
	1.44	1.34	53.98	42.53

*Dividend per equity share proposed and recognised as distribution to equity shareholders, for the year ended 31 March 2013 and 2012 amounts to ₹ 1.50 for both the years.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

8 Current liabilities

	(₹ In Crore)	
	2013	2012
Trade payables		
Other than dues to micro and small enterprises*	2.37	1.30
	2.37	1.30
Other current liabilities		
Security deposits	—	1.71
Unclaimed dividend	0.19	0.16
Directors' remuneration and commission payable	2.13	2.15
Employee benefits payable	1.88	1.49
Taxes payable	0.40	0.34
Other payables	0.08	0.08
	4.68	5.93
	7.05	7.23

*In absence of any information on earlier requests to the vendors with regards to their registration (filing of Memorandum) under "The Micro, Small and Medium Enterprises Development Act, 2006. (27 of 2006)" and in view of the terms of payments not exceeding 45 days, which has been promptly paid, no liability exists at the close of the year and hence no disclosures have been made in this regard.

9 Fixed assets (tangible assets)

	Gross block (a)				Depreciation			Net block		
	As at 31 Mar 12	Additions	Deductions/ adjustments	As at 31 Mar 13	As at 31 Mar 12	Deductions/ adjustments	For the year (a)	As at 31 Mar 13	As at 31 Mar 13	As at 31 Mar 12
Land Freehold (c)	10.76	—	—	10.76	—	—	—	—	10.76	10.76
Buildings (b)	45.49	—	—	45.49	4.44	—	0.76	5.20	40.29	41.05
Computers	0.96	0.01	—	0.97	0.44	—	0.16	0.60	0.37	0.52
Electric fittings	0.47	—	—	0.47	0.05	—	0.02	0.07	0.40	0.42
Furniture	1.56	—	—	1.56	0.28	—	0.09	0.37	1.19	1.28
Office equipment	1.53	—	—	1.53	0.21	—	0.09	0.30	1.23	1.32
Vehicles	2.14	—	0.47	1.67	0.33	0.02	0.16	0.47	1.20	1.81
Wind energy generators	283.72	—	—	283.72	269.53	—	—	269.53	14.19	14.19
Total	346.63	0.01	0.47	346.17	275.28	0.02	1.28	276.54	69.63	71.35
Previous year total	345.56	1.30	0.23	346.63	273.83	0.11	1.56	275.28	71.35	

(a) Refer note 2 clause 3(A) and (B) of summary of significant accounting policies.

(b) Includes office premises given on lease ₹ 8.25 crore, depreciation for the year ₹ 0.13 crore (previous year ₹ 0.13 crore), accumulated depreciation ₹ 1.70 crore (previous year ₹ 1.57 crore), net block ₹ 6.55 crore (previous year ₹ 6.68 crore).

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore and cost of shares therein ₹ 2000/-.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

10 Investments

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2013	2012	2013	2012
(A) Long Term Investments:					
In Fully Paid Equity Shares:					
Trade:					
In Subsidiary Company:					
Quoted:					
30,856,613 (25,195,089) Shares of ₹ 10 each in Bajaj Finance Ltd.		1,502.62	938.67	—	—
Unquoted:					
111,524,660 Shares of ₹ 10 each in Bajaj Allianz Life Insurance Co Ltd.		111.52	111.52	—	—
81,568,165 Shares of ₹ 10 each in Bajaj Allianz General Insurance Co Ltd.		81.57	81.57	—	—
39,000,000 Shares of ₹ 10 each in Bajaj Financial Solutions Ltd.		39.00	39.00	—	—
Less: Provision for diminution in the value of investment		27.00	—	—	—
		12.00	39.00	—	—
		205.09	232.09	—	—
In Joint Venture:					
Unquoted:					
1,200,000 Shares of ₹ 10 each in Bajaj Allianz Financial Distributors Ltd.		1.20	1.20	—	—
In Warrants:					
Trade:					
In Subsidiary Company:					
Unquoted:					
Partly Paid:					
— (1,310,000) Warrants of ₹ 651/- each of Bajaj Finance Ltd., Formerly Bajaj Auto Finance Ltd. - ₹ 162.75/- paid up		—	21.32	—	—
In Debentures:					
Fully paid:					
Others					
Quoted:					
500 Zero Percent Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Ltd. -Series J-041		50.00	—	—	—
Carried over		50.00	—	—	—
Carried over		1,708.91	1,193.28	—	—

Notes to financial statements for the year ended 31 March 2013 (Contd.)

10 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2013	2012	2013	2012
	Brought over	1,708.91	1,193.28	—	—
In Debentures: (Contd.)					
Fully paid: (Contd.)					
Others: (Contd.)					
Quoted: (Contd.)					
	Brought over	50.00	—	—	—
100	Zero Percent Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Housing Development Finance Corporation Ltd. - Series I-009	11.92	—	—	—
—	(50)7.76% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Ltd. Series T-56	—	—	—	5.26
—	(150)7.99% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Ltd.	—	—	—	15.35
100	9.56% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Ltd.	10.83	—	—	—
50	9.57% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Ltd.	5.13	—	—	—
50	9.70% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Ltd.	5.40	—	—	—
250	9.80% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of LIC Housing Finance Ltd.	26.84	—	—	—
100	Zero Percent Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Mahindra & Mahindra Financial Services Ltd.	8.22	—	—	—
300	11.45% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Reliance Industries Ltd.	—	35.20	35.20	—
250	10.90% Secured Redeemable Non Convertible Debentures of ₹ 1,000,000 each of Reliance Gas Transportation Infrastructure Ltd. - Series PPD1	—	28.57	28.57	—
50	Zero Percent Secured Non Convertible Redeemable Bonds of ₹ 1,000,000 each of Sundaram Finance Ltd.- Series L-1	4.06	—	—	—
100	9.99% Secured Non Convertible Redeemable Bonds of ₹ 1,000,000 each of Sundaram Finance Ltd. - Series L-24	10.48	—	—	—
100	9.30% Secured Non Convertible Redeemable Bonds of ₹ 1,000,000 each of Tata Sons Ltd.	10.11	—	—	—
	Carried over	142.99	63.77	63.77	20.61
	Carried over	1,708.91	1,193.28	—	—

Notes to financial statements for the year ended 31 March 2013 (Contd.)

10 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2013	2012	2013	2012
	Brought over	1,708.91	1,193.28	—	—
In Debentures: (Contd.)					
Fully paid: (Contd.)					
Others: (Contd.)					
Quoted: (Contd.)					
	Brought over	142.99	63.77	63.77	20.61
	Less: Amortisation of premium/(discount) on acquisition	(2.27)	3.76	6.20	0.34
		145.26	60.01	57.57	20.27
In Bonds:					
Fully paid:					
Others					
Quoted:					
	— (50)11.30% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of ACC Ltd.	—	5.87	—	—
	— (100)7.40% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Air Port Authority of India Ltd.- Series S-1	—	—	—	10.35
100	8.75% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Axis Bank Ltd.- Series S-11, Opt - II	10.51	10.51	—	—
50	10.10% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Axis Bank Ltd. - Series S-15	5.59	5.59	—	—
250	10.75% Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Bharat Forge Ltd.	26.19	26.19	—	—
	— (50)9.25% Unsecured Redeemable Taxable Non Convertible Bonds of ₹ 1,000,000 each of EXIM Bank Ltd.	—	—	—	5.65
	— (10)6.98% Taxable Secured Redeemable Non Convertible Bonds of ₹ 1,000,000 each of Indian Railway Finance Corporation Ltd. - Series 44JJ (net of provision for diminution amounting to ₹ Nil - previous year ₹ 0.09 crore)	—	—	—	0.91
150	8.50% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 61 of ₹ 1,000,000 each of Power Finance Corporation Ltd.	16.01	16.01	—	—
50	8.78% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 61 of ₹ 1,000,000 each of Power Finance Corporation Ltd.- (S-XXXI-A)	5.39	5.39	—	—
100	8.95% Unsecured Redeemable Non Convertible Non Cumulative Taxable Bonds in the nature of Debentures Series 64 of ₹ 1,000,000 each of Power Finance Corporation Ltd.	10.63	10.63	—	—
	Carried over	74.32	80.19	—	16.91
	Carried over	1,854.17	1,253.29	57.57	20.27

Notes to financial statements for the year ended 31 March 2013 (Contd.)

10 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2013	2012	2013	2012
	Brought over	1,854.17	1,253.29	57.57	20.27
In Bonds: (Contd.)					
Fully paid: (Contd.)					
Others: (Contd.)					
Quoted: (Contd.)					
	Brought over	74.32	80.19	—	16.91
150	11.50% Secured Non Convertible Redeemable Bonds of ₹ 1,000,000 each of Rural Electrification Corporation Ltd. Series 87 C O III	—	17.73	17.73	—
		74.32	97.92	17.73	16.91
	Less: Amortisation of premium/(discount) on acquisition	1.93	2.33	1.82	0.54
		72.39	95.59	15.91	16.37
In Mutual Fund Units:					
Unquoted:					
9,505,287.792	(-)Birla Sun life Income Plus-Direct Growth	50.00	—	—	—
37,467,777.711	(-)IDFC-Dynamic Bond Fund-Plan B-Growth	50.00	—	—	—
15,247,544.535	(-)Kotak Bond Scheme Plan A-Growth	50.00	—	—	—
16,585,288.186	(-)Reliance Dynamic Bond Fund-Growth	25.00	—	—	—
16,010,451.623	(-)Reliance Dynamic Bond Fund - Direct -Growth	25.00	—	—	—
35,581,617.113	(-)SBI Dynamic Bond Fund-Growth	50.00	—	—	—
25,000,000.000	(-) Birla Sun Life Fixed Term Plan Series GA Growth -518 Days	25.00	—	—	—
		275.00	—	—	—
Total (A)		2,201.56	1,348.88	73.48	36.64
(B) Current Investments:					
In Certificate of Deposit:					
Unquoted:					
2,500	(-)Certificate of Deposit of ₹ 100,000 each of Corporation Bank -17-02-2014	—	—	22.97	—
2,500	(-)Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala -03-12-2013	—	—	23.45	—
		—	—	46.42	—
	Add: Amortisation of premium/discount on acquisition	—	—	0.24	—
	Carried over	—	—	46.66	—

Notes to financial statements for the year ended 31 March 2013 (Contd.)

10 Investments (Contd.)

		(₹ In Crore)			
		Non-current portion		Current maturities	
		2013	2012	2013	2012
	Brought over	–	–	46.66	–
In Mutual Fund Units:					
Unquoted:					
6,328,881.030	(-)Birla Sun life Short Term Fund-Growth	–	–	26.52	–
	– (977,788.404) ICICI Prudential Institutional Liquid Plan -Super Institutional Growth	–	–	–	15.50
129,850.595	(-)IDFC Cash Fund Direct - Growth	–	–	18.50	–
		–	–	45.02	15.50
Total (B)		–	–	91.68	15.50
Total (A+B)		2,201.56	1,348.88	165.16	52.14
Aggregate provision for diminution in value of investments		27.00	–	–	0.09

		₹ In Crore			
		Book Value as at		Market Value as at	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Quoted*	1,793.75	1,130.91*	3,831.45	2,237.13
	Unquoted	572.97	270.11		
	Total	2,366.72	1,401.02		

Notes to Investments

- *Quoted Investments for which quotations are not available have been included in market value at the face value/paid up value, whichever is lower, except in case of Debentures and Bonds, where the Net Present Value at current yield to Maturity have been considered.
- Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long term, hence diminution in the value of quoted investments are not considered to be of a permanent nature. On an assessment of the non-performing investments (quoted and unquoted) and keeping in mind the relevant provisioning norms applicable to the Company as a NBFC and the guidelines adopted by the management, provision of ₹27 crore has been determined during the year ended 31 March 2013.
- Refer note 2 clause 4 for accounting policy and valuation principles for investments.

11 Loans and advances

(Unsecured, good, unless stated otherwise)

		(₹ In Crore)			
		Long-term		Short-term	
		2013	2012	2013	2012
	Security deposits*	4.34	0.38	3.00	–
	Loan and advances to related parties [See note 28]	–	–	0.30	0.29
	Other loans and advances				
	VAT refund receivable	0.85	0.69	–	–
	Advance income-tax (net of provision for tax)	19.01	17.73	0.01	0.01
	Others	0.01	0.02	0.16	0.30
		19.87	18.44	0.17	0.31
		24.21	18.82	3.47	0.60

* Includes ₹ 4 crore given to a related party as a deposit against premises taken on lease.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

12 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
Outstanding for a period exceeding six months from the date they are due for payment	—	—	—	—
Others, Good	—	—	1.63	1.94
	—	—	1.63	1.94

13 Other assets

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
Credit receivable for windpower generated	—	—	4.78	2.70
REC receivable	—	—	6.70	5.54
Investments redemption proceeds receivable	—	—	1.00	—
Interest receivable on investments	—	—	0.93	—
	—	—	13.41	8.24

14 Cash and bank balances

(₹ In Crore)

	Non-current portion		Current	
	2013	2012	2013	2012
Cash and cash equivalents				
Balances with banks				
In current accounts	—	—	1.92	2.38
	—	—	1.92	2.38
Other bank balances				
Unclaimed dividend accounts	—	—	0.19	0.16
	—	—	0.19	0.16
Amount disclosed under non-current assets	—	—	—	—
	—	—	2.11	2.54

Notes to financial statements for the year ended 31 March 2013 (Contd.)

15 Revenue from operations

	(₹ In Crore)	
	2013	2012
Windfarm activity:		
Income from power generation	60.55	54.65
Income from Renewable Energy Certificates (REC)	12.83	28.94
Others	–	0.78
	73.38	84.37
Investment Activity:		
Interest:		
Interest income on		
Long-term investments	21.42	22.34
Amortisation of (premium)/discount on acquisition of fixed income securities on		
Long-term investments	(2.76)	(4.78)
Current investments	4.24	–
	22.90	17.56
Other financial services:		
Dividend income on Investment in subsidiaries	30.23	20.51
Profit on sale of investments, net*	14.96	8.81
Surplus on redemption of securities, net*	–	4.52
	68.09	51.40
	141.47	135.77

*Including on current investments ₹ 14.51 crore (previous year ₹ 15.91 crore)

16 Other income

	(₹ In Crore)	
	2013	2012
Interest - others	0.29	–
Rent	1.81	1.71
Miscellaneous receipts	8.67	6.66
Provision no longer required	0.01	0.04
	10.78	8.41

17 Employee benefits expense

	(₹ In Crore)	
	2013	2012
Salaries, wages and bonus to employees	9.13	6.91
Remuneration to whole time director	2.64	2.64
Contribution to provident and other funds	0.97	1.01
Staff welfare expenses	0.21	0.23
	12.95	10.79

Notes to financial statements for the year ended 31 March 2013 (Contd.)

18 Other expenses

	(₹ In Crore)	
	2013	2012
Rent	0.03	—
Repairs to buildings	1.07	0.48
Repairs to machinery - windmill	7.63	7.28
Repairs to others	0.06	0.04
Energy generation expenses	8.89	4.80
REC registration, issuance and brokerage charges	0.39	0.31
Rates and taxes	0.57	0.86
Insurance	0.27	0.18
Payment to auditor	0.13	0.13
Directors' fees and travelling expenses	0.12	0.13
Commission to non executive directors	0.15	0.17
Travelling (including foreign travel) expenses	2.54	3.46
Business support service expenses	3.62	1.37
Miscellaneous expenses	6.39	4.92
	31.86	24.13

	(₹ In Crore)	
	2013	2012
Payment to auditor*		
As auditor:		
Audit fee	0.06	0.06
Tax audit fee	0.02	0.02
Limited review	0.04	0.04
In other capacity:		
Other services (certification fees)	0.01	0.01
Reimbursement of expenses (₹ 21,543- previous year ₹ 37,587)		
	0.13	0.13

*Excluding as auditors to the rights issue of shares aggregating ₹ 0.35 crore adjusted to securities premium account.

19 Exceptional item

	(₹ In Crore)	
	2013	2012
Provision for diminution in the value of investment in Bajaj Financial Solutions Ltd. *	(27.00)	—
	(27.00)	—

*In view of the continuing losses and a prolonged gestation period, the Company has, as a matter of prudence, decided to recognise a provision for the diminution in the value of its investment in Bajaj Financial Solutions Ltd. (FinSol), a wholly owned subsidiary. The said investment has been valued on the basis of the net realisable asset value of FinSol and its subsidiary company as at 31 March 2013. Consequently, the diminution aggregating ₹ 27 crore has been provided for during the year. Considering the quantum and nature of the provision the same has been reflected as an exceptional item in the Statement of Profit and Loss.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

20 Earnings Per Share (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

	2013	2012
Profit after tax (₹ In Crore)	50.84	76.57
Number of shares before rights issue (Nos)	144,683,510	144,683,510
Adjustment factor for bonus element	1.02	1.02
Weighted average number of shares before rights issue (Nos)	80,459,887	147,577,180
Number of shares after rights issue (Nos)	159,122,352	–
Weighted average number of shares after rights issue (Nos)	72,367,974	–
Weighted average number of shares outstanding during the year (Nos)	152,827,861	147,577,180
Earnings per share (Basic and Diluted) ₹	3.3	5.2
Face value per share ₹	5.0	5.0

21 Contingent liabilities

	2013	2012
		(₹ In Crore)
a Claims against the Company not acknowledged as debts	7.67	7.71
b Income Tax matters under dispute		
Appeal by Company	0.14	0.14
c Value Added Tax (VAT) matters under dispute	0.29	–

22 Capital and other commitments

	2013	2012
		(₹ In Crore)
Capital commitments, net of capital advances	0.73	–

23 Expenditure in foreign currency (accrual basis)

	2013	2012
		(₹ In Crore)
Professional and consultation fees	0.11	0.17
Travelling expenses	0.06	0.04
Other matters	1.75	0.67
	1.92	0.88

24 Earnings in foreign currency (accrual basis)

	2013	2012
		(₹ In Crore)
Reimbursement	0.25	0.19

Notes to financial statements for the year ended 31 March 2013 (Contd.)

25 Details of windpower generation and turnover

	(₹ In Crore)	
	2013	2012
Credit for units brought forward from previous year		
In units (In Lakh)	47	59
In value (₹ In Crore)	2.70	2.94
Generated, during the year		
In units (In Lakh)	888	950
Sold, during the year		
In units (In Lakh)	857	962
In value (₹ In Crore)	58.47	54.89
Credits receivable		
In units (In Lakh)	78	47
In value (₹ In Crore)	4.78	2.70

26 Employee benefits

Liability for 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) the details of which are as hereunder.

Funded scheme

	(₹ In Crore)	
	2013 Gratuity	2012 Gratuity
Amount to be recognised in Balance Sheet		
Present value of funded obligations	2.75	2.34
Fair value of plan assets	(1.31)	(1.00)
Net liability	1.44	1.34
Amounts in Balance Sheet		
Liability	1.44	1.34
Assets	—	—
Net liability	1.44	1.34
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	0.14	0.11
Interest on defined benefit obligation	0.18	0.13
Expected return on plan assets	(0.05)	(0.03)
Net actuarial losses/(gains) recognised in year	0.09	0.22
Total, included in "Employee benefits expense"	0.36	0.43
Actual return on plan assets	0.09	0.06
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	2.34	1.87
Current service cost	0.14	0.11
Interest cost	0.18	0.13
Actuarial losses/(gain)	0.13	0.25
Benefits paid	(0.04)	(0.02)
Closing defined benefit obligation	2.75	2.34

Notes to financial statements for the year ended 31 March 2013 (Contd.)

26 Employee benefits (Contd.)

Funded scheme (Contd.)

	(₹ In Crore)	
	2013 Gratuity	2012 Gratuity
Change in fair value of assets		
Opening fair value of plan assets	1.00	0.74
Expected return on plan assets	0.05	0.03
Actuarial gain/(losses)	0.04	0.03
Contributions by employer	0.26	0.22
Benefits paid	(0.04)	(0.02)
Closing fair value of plan assets	1.31	1.00

	(₹ In Crore)	
	2013	2013
Asset information		
Insurer managed funds	1.31	100.00%

	(₹ In Crore)				
	2009	2010	2011	2012	2013
Experience adjustments					
Defined benefit obligation	1.09	1.23	1.87	2.34	2.75
Plan assets	0.39	0.53	0.74	1.00	1.31
Surplus/(deficit)	(0.70)	(0.70)	(1.13)	(1.34)	(1.44)
Exp. adj. on plan liabilities	0.44	0.04	0.49	0.32	—
Exp. adj. on plan assets	0.01	0.02	0.03	0.03	0.04

	2013	2012
Principal actuarial assumptions (Expressed as weighted averages)		
Discount rate (p.a.)	8.05%	8.65%
Expected rate of return on assets (p.a.)	7.50%	7.50%
Salary escalation rate (p.a.) - Senior Staff	8.00%	8.00%
Salary escalation Rate (p.a.) - Junior Staff	9.00%	9.00%

Unfunded scheme

	(₹ In Crore)	
	Compensated Absences 2013	Compensated Absences 2012
Present value of unfunded obligations	0.43	0.24
Expense recognised in the Statement of Profit and Loss	0.30	(0.03)
Discount rate (p.a.)	8.05%	8.65%
Salary escalation rate (p.a.) - Senior Staff	8.00%	8.00%
Salary escalation rate (p.a.) - Junior Staff	9.00%	9.00%

Notes to financial statements for the year ended 31 March 2013 (Contd.)

27 Segment information

Segment information is based on the Consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2013

(₹ In Crore)

(a) Primary segment: Business segment

	Insurance *	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	11,269.44	73.38	3,072.64	155.37	14,570.83
Inter segment sales and other income	–	–	38.73	1.47	40.20
Total revenue	11,269.44	73.38	3,111.37	156.84	14,611.03
Segment result	1,765.10	55.25	842.54	45.22	2,708.11
Interest expense	–	–	–	–	–
Tax expense	–	–	–	–	493.94
Minority interest	–	–	–	–	640.53
Profit for the year	1,765.10	55.25	842.54	45.22	1,573.64
Segment assets	46,299.26	36.78	18,148.46	744.14	65,228.64
Unallocated corporate assets					19.02
Total assets	46,299.26	36.78	18,148.46	744.14	65,247.66
Segment liabilities	40,373.29	2.15	1,233.54	16.40	41,625.38
Unallocated corporate liabilities	–	–	–	–	53.55
Total liabilities	40,373.29	2.15	1,233.54	16.40	41,678.93
Capital employed	5,925.97	34.63	16,914.92	727.74	23,568.73
Capital expenditure	165.60	–	57.49	0.15	223.24
Depreciation	–	0.06	15.14	2.07	17.27
Non cash expenses other than depreciation	–	–	–	–	–

* Segment revenues for insurance business represents the premiums earned and other income. However, for the purpose of consolidated financial statements the net result of the insurance business revenue accounts together with shareholders income in accordance with the reporting framework of IRDA amounting to a net revenue of ₹ 856.02 crore for the year ended 31 March 2013 has been included in a manner consistent with the parent's reporting format. External sales and other income excludes accretions to unit linked investments.

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Insurance, Windmill, Retail Financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

27 Segment information (Contd.)

Segment information is based on the Consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2012

(₹ In Crore)

(a) Primary segment: Business segment

	Insurance *	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	10,925.64	84.37	2,133.67	131.34	13,275.02
Inter segment sales and other income	–	–	38.24	(9.42)	28.82
Total revenue	10,925.64	84.37	2,171.91	121.92	13,303.84
Segment result	1,543.57	70.42	572.06	40.17	2,226.22
Interest expense	–	–	–	–	–
Tax expense	–	–	–	–	336.47
Minority interest	–	–	–	–	551.98
Profit for the year	1,543.57	70.42	572.06	40.17	1,337.77
Segment assets	46,003.14	33.92	13,009.43	291.25	59,337.74
Unallocated corporate assets	–	–	–	–	17.74
Total assets	46,003.14	33.92	13,009.43	291.25	59,355.48
Segment liabilities	41,502.45	0.31	611.30	14.82	42,128.88
Unallocated corporate liabilities	–	–	–	–	42.29
Total liabilities	41,502.45	0.31	611.30	14.82	42,171.17
Capital employed	4,500.69	33.61	12,398.13	276.43	17,184.31
Capital expenditure	156.90	–	51.89	1.91	210.70
Depreciation	–	0.34	11.77	2.01	14.12
Non cash expenses other than depreciation	–	–	–	–	–

* Segment revenues for insurance business represents the premiums earned and other income. However, for the purpose of consolidated financial statements the net result of the insurance business revenue accounts together with shareholders income in accordance with the reporting framework of IRDA amounting to a net revenue of ₹ 486.27 crore for the year ended 31 March 2012 has been included in a manner consistent with the parent's reporting format. External sales and other income excludes accretions to unit linked investments.

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Insurance, Windmill, Retail Financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

28 Disclosure of transactions with related parties as required by the Accounting Standard-18

(₹ In Crore)

		2013		2012	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
A. Holding company, subsidiaries and fellow subsidiaries:					
Bajaj Allianz General Insurance Company Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (81,568,165 Shares of ₹ 10 each)	–	81.57	–	81.57
	Rent received	1.81	–	1.71	–
	Deposit received	0.16	(1.87)	–	(1.71)
	Insurance premium paid	0.29	0.30	0.18	0.28
	Revenue expenses incurred on behalf	–	–	1.02	–
	Revenue expenses reimbursed	0.06	–	–	–
Bajaj Allianz Life Insurance Company Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (111,524,660 Shares of ₹ 10 each)	–	111.52	–	111.52
	Revenue expenses incurred on behalf	–	–	1.15	–
	Revenue expenses reimbursed	0.08	–	–	–
Bajaj Finance Ltd. (61.99% shares held by Bajaj Finserv Ltd.)	Contribution to equity (30,856,613 shares of ₹ 10 each) (previous year 25,195,089 shares of ₹ 10 each)	563.95	1,502.62	305.32	938.67
	Contribution to/conversion of warrants	(21.32)	–	21.32	21.32
	Dividend received	30.23	–	20.51	–
	Revenue expenses incurred on behalf	0.10	–	0.72	0.01
	Business support services rendered	6.39	–	4.93	–
Bajaj Financial Solutions Ltd. (Fully owned subsidiary)	Contribution to equity (39,000,000 Shares of ₹ 10 each)	–	39.00	18.00	39.00
	Share application money for 4,000,000 equity shares of ₹ 10 each	–	–	(4.00)	–
	Business support services rendered	0.09	–	0.03	–
Bajaj Financial Securities Ltd. (Fully owned subsidiary of Bajaj Financial Solutions Ltd.)	Business support services rendered	0.03	–	0.01	–
B. Associates, joint ventures and investing parties:					
Bajaj Holdings and Investment Ltd. (investing party)	Purchase of shares by bhil (62,314,214 shares of ₹ 5 each) (previous year 56,649,211 shares of ₹ 5 each)	2.84	(31.16)	0.33	(28.32)
	Dividend paid	8.50	–	7.00	–
	Business support services received	0.18	–	0.51	–
	Business support services rendered	1.42	–	1.17	–
Bajaj Allianz Financial Distributors Ltd (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to equity (1,200,000 Shares of ₹ 10 each)	–	1.20	–	1.20
	Services received	0.23	–	0.16	(0.02)
	Revenue expenses reimbursed	0.02	–	–	–
C. Individuals controlling voting power/exercising significant influence and their relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.01	–	0.02	–
	Commission	0.02	(0.02)	0.02	(0.02)
Madhur Bajaj	Sitting fees	0.01	–	0.01	–
	Commission	0.02	(0.02)	0.02	(0.02)
Rajiv Bajaj	Sitting fees	0.01	–	0.01	–
	Commission	0.02	(0.02)	0.02	(0.02)

Notes to financial statements for the year ended 31 March 2013 (Contd.)

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2013		2012	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Sanjiv Bajaj (Managing Director)	Remuneration	0.95	–	0.97	–
(Also key management personnel)	Commission	1.98	(1.98)	1.98	(1.98)
Shekhar Bajaj	Nil	–	–	–	–
Niraj Bajaj	Nil	–	–	–	–
D. Key management personnel and their relatives: included in 'C' above					
E. Enterprises over which anyone in (c) and (d) exercises significant influence:					
Bajaj Auto Ltd.	Sale of windpower	27.44	–	24.38	–
	CSS recovery reimbursed	1.17	–	–	–
	Business support services received	3.04	–	0.73	–
	Business support services rendered	0.37	–	0.28	–
	Aviation charges paid	1.62	–	3.01	–
Bajaj Electricals Ltd.	Purchases	–	–	–	–
	Services received	–	–	–	–
Bajaj International Pvt. Ltd.	Other credits	0.02	–	0.01	–
Hind Musafir Agency Ltd.	Services received	0.10	–	0.15	–
Hindustan Housing Ltd.	Services received	–	–	–	–
Mukand Ltd.	Sale of windpower	13.72	1.16	11.88	1.12
	Rent and other expenses paid	0.03	–	–	–
	Security deposit paid	4.00	4.00	–	–
	Interest received	0.29	–	–	–

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.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

29 Lease

Future minimum lease rental in respect of assets given on operating lease in the form of office premises after 1 April 2001
Minimum future lease payments as on 31 March 2013:

	(₹ In Crore)	
	2013	2012
Receivable		
Within one year	1.87	0.71
After one year but not more than five years	2.65	—
More than five years	—	—
	4.52	0.71

Taken on operating lease in the form of office premises after 1 April 2001
Minimum future lease payments as on 31 March 2013:

	(₹ In Crore)	
	2013	2012
Payable		
Within one year	0.06	—
After one year but not more than five years	0.09	—
More than five years	—	—
	0.15	—

30 Schedule to Balance Sheet as on 31 March 2013

Balance sheet of a non deposit taking non-banking financial company
(As required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

	(₹ In Lakh)	
Liabilities Side:	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	—	—
: Unsecured	—	—
(Other than falling within the meaning of public deposit*)	—	—
(b) Deferred Credits	—	—
(c) Term Loans	—	—
(d) Inter-corporate Loans and Borrowings	—	—
(e) Commercial Paper	—	—
(f) Other Loans (specify nature)	—	—

* Please see Note 1 below

Asset Side:	(₹ In Lakh)	
		Amount Outstanding
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)		
(a) Secured		—
(b) Unsecured		2,768
(Comprises advance income tax paid, capital advances and miscellaneous dues)		

Notes to financial statements for the year ended 31 March 2013 (Contd.)

30 Schedule to Balance Sheet as on 31 March 2013 (Contd.)

Asset Side: (Contd.)

(₹ In Lakh)

**Amount
Outstanding**

(3) Break up of Leased Assets and Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial Lease		—
(b) Operating Lease		—
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire		—
(b) Repossessed Assets		—
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		—
(b) Loans other than (a) above		—
(4) 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		—
(v) Others: (a) Certificate of Deposit		—
(b) Commercial Paper		—
2. Unquoted:		
(i) Shares: (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of mutual funds		4,502
(iv) Government Securities		—
(v) Others: (a) Certificate of Deposit		4,666
(b) Commercial Paper		—
		9,168
Long Term Investments		
1. Quoted		
(i) Shares: (a) Equity		150,262
(b) Preference		—
(ii) Debentures and Bonds		29,113
(iii) Units of mutual funds		—
(iv) Government Securities		—
(v) Others (Please specify)		—
2. Unquoted:		
(i) Shares: (a) Equity		20,629
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of mutual funds		27,500
(iv) Government Securities		—
(v) Others (Please specify)		—
Total		236,672

Notes to financial statements for the year ended 31 March 2013 (Contd.)

30 Schedule to Balance Sheet as on 31 March 2013 (Contd.)

(5) Borrower group-wise classifications of assets financed as in (2) and (3) above: (Please see note (2) below)

(₹ In Lakh)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related parties **			
(a) Subsidiaries	–	30	30
(b) Companies in the same group	–	Nil	Nil
(c) Other related parties	–	400	400
2. Other than related parties	–	2,338	2,338
Total	–	2,768	2,768

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

(₹ In Lakh)

Category	Market value/break up or fair value or NAV	Book Value (net of provisions)
1 Related Parties **		
(a) Subsidiaries		
– Quoted (disclosed at market value)	354,265	150,262
– Unquoted (disclosed at break up value)	448,825	20,509
(b) Companies in the same group	–	–
(c) Other related parties	493	120
2. Other than related parties		
Unquoted @	37,703	36,668
Quoted (disclosed at market value)	28,880	29,113
Total	870,166	236,672

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

@ Investments in equity shares are disclosed at break up value and investments in mutual funds are disclosed at fund value.

The break up values are computed based on latest available financial statements/reports.

The investments in non-performing investments are disclosed at book value net of provisions.

(7) Other information

(₹ In Lakh)

	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	3,900
(b) Other than related parties	Nil
(ii) Net Non-Performing Assets	
(a) Related parties	1,200
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

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 Non-Banking Financial (Non-Deposit Accepting or Holding) 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 debt. 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 (4) above.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

30 Schedule to Balance Sheet as on 31 March 2013 (Contd.)

(8) CRAR

Items	2013	2012
(i) CRAR %	99%	90%
(ii) CRAR - Tier I capital (%)	99%	90%
(iii) CRAR - Tier II capital (%)	0%	0%

(9) Exposures: Exposures to Real Estate Sector

Category	2013	2012
(₹ In Lakh)		
(a) Direct Exposure	—	—
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented: (Individual housing loans upto ₹ 15 lakh may be shown separately)	—	—
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc) Exposure would also include non-fund based (NFB) limits	—	—
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised Exposures -		
(a) Residential	—	—
(b) Commercial Real Estate	—	—
(b) Indirect Exposure	11,203	2,061
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	11,203	2,061

(10) Asset Liability Management

Maturity pattern of certain items of assets and liabilities

	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
(₹ In Lakh)									
Liabilities	—	—	—	—	—	—	—	—	—
Borrowings from Banks	—	—	—	—	—	—	—	—	—
Market Borrowings	—	—	—	—	—	—	—	—	—
Assets	4,502	—	—	—	12,014	39,652	9,613	170,891	236,672
Advances	—	—	—	—	—	—	—	—	—
Investments	4,502	—	—	—	12,014	39,652	9,613	170,891	236,672

Notes to financial statements for the year ended 31 March 2013 (Contd.)

31 The consolidated financial statements of the Company and its group are attached to these independent financial statements. The details of the group regarding the nature of relationship and the basis of consolidation can be referred to in note 1 to the said consolidated financial statements.

32 Previous year figures

Previous year figures have been reclassified to conform to this year's classification.

33 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

In terms of our report of even date

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

Rahul Bajaj	Chairman
Nanoo Pamnani	Vice Chairman
Sanjiv Bajaj	Managing Director

Anish P Amin
Partner
Membership Number: 40451
Pune: 15 May 2013

Sonal R Tiwari
Company Secretary

Madhur Bajaj	}	Directors
Rajiv Bajaj		
D J Balaji Rao		
S H Khan		

Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies

1. Name of the subsidiary	Bajaj Allianz General Insurance Co. Ltd.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Finance Ltd.*	Bajaj Financial Solutions Ltd. (Consolidated)
2. Financial year of the subsidiary ended on	31 March 2013	31 March 2013	31 March 2013	31 March 2013
3. Holding company's interest: equity share capital	74%	74%	61.99%	100%
4. Profit or loss for the current financial year so far as concern the members of the holding company, not dealt with or provided for in the accounts of the holding company	Profit ₹ 218.36 crore	Profit ₹ 951.37 crore	Profit ₹ 361.77 crore	Loss ₹ 7.43 crore
5. Net aggregate profits or losses for the previous financial years since becoming subsidiary so far as concern the members of the holding company, not dealt with or provided for in the accounts of the holding company	Profit ₹ 505.70 crore	Profit ₹ 1,738.96 crore	Profit ₹ 357.66 crore	Loss ₹ 17.64 crore
6. Net aggregate amounts received as dividends for previous financial years since becoming subsidiary dealt with in the accounts of the holding company in relevant years	Nil	Nil	₹ 61.81 crore	Nil

Rahul Bajaj
Nanoo Pamnani
Sanjiv Bajaj

Chairman
Vice Chairman
Managing Director

Sonal R Tiwari
Company Secretary

Madhur Bajaj
Rajiv Bajaj
D J Balaji Rao
S H Khan

} Directors

Pune: 15 May 2013

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