BAJAJ FINANCE LIMITED

SEC/SE/2017/410 21 July 2017

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

Dear Sirs,

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

Pursuant to Regulation 34(1) of the SEBI Listing Regulations, 2015, we submit herewith a soft copy of the Annual Report for the Financial year 2016-17, including Business Responsibility Statement and other documents as stated under Regulation 34(2) and 34(3) of the above referred Regulations.

Kindly acknowledge the receipt and take the same on record.

Thanking you,
Yours faithfully,
For Bajaj Finance Limited

Anant Damle
Company Secretary

BAJAJ FINANCE LTD.

Encl.: as above

BAJAJ FINANCE LIMITED

30th ANNUAL REPORT 2016-17

Contents

Corporate Information 02

Leading the Way 03

Chairman's Letter 05

Management Discussion and Analysis 07

Corporate Governance 18

General Shareholder Information 34

Directors' Report 42
(including Annual Report on CSR activities)

Standalone Financial Statements 73

Consolidated Financial Statements 139

Corporate Information

Board of Directors

Rahul Bajaj
Chairman
Nanoo Pamnani
Vice Chairman
Sanjiv Bajaj
Vice Chairman
Rajeev Jain
Managing Director
Madhur Bajaj
Rajiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
Gita Piramal

Audit Committee

Nanoo Pamnani
Chairman
Sanjiv Bajaj
D S Mehta
Omkar Goswami
Ranjan Sanghi

Stakeholders Relationship Committee

Ranjan Sanghi
Chairman
Nanoo Pamnani
Sanjiv Bajaj
D S Mehta
Gita Piramal

Nomination and Remuneration Committee

Nanoo Pamnani
Chairman
Rahul Bajaj
Sanjiv Bajaj
Omkar Goswami
Ranjan Sanghi
Rajendra Lakhotia

Corporate Social Responsibility Committee

Rahul Bajaj
Chairman
Nanoo Pamnani
Sanjiv Bajaj

Risk Management Committee

Nanoo Pamnani
Chairman
Sanjiv Bajaj
Rajeev Jain
Dipak Poddar
Rakesh Bhatt
Atul Jain
Sandeep Jain

Chief Financial Officer

Sandeep Jain

Company Secretary

Anant Damle

Auditors

Dalal & Shah LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

Central Bank of India
State Bank of India
IDBI Bank Ltd.
Syndicate Bank
Bank of India

Share Transfer Agent

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B, Plot 31–32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad – 500 032

Debenture Trustee

Catalyst Trusteeship Ltd.
(Formerly GDA Trusteeship Ltd.)
GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road, Pune – 411 038
Tel No. (020) 25280081
Email ID: ctltrustee.com

Registered Office

Akurdi, Pune – 411 035

CIN: L65910MH1987PLC042961

Corporate Office

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

Leading the Way











First Row

Nanoo Pamnani
Vice Chairman

Sanjiv Bajaj
Vice Chairman

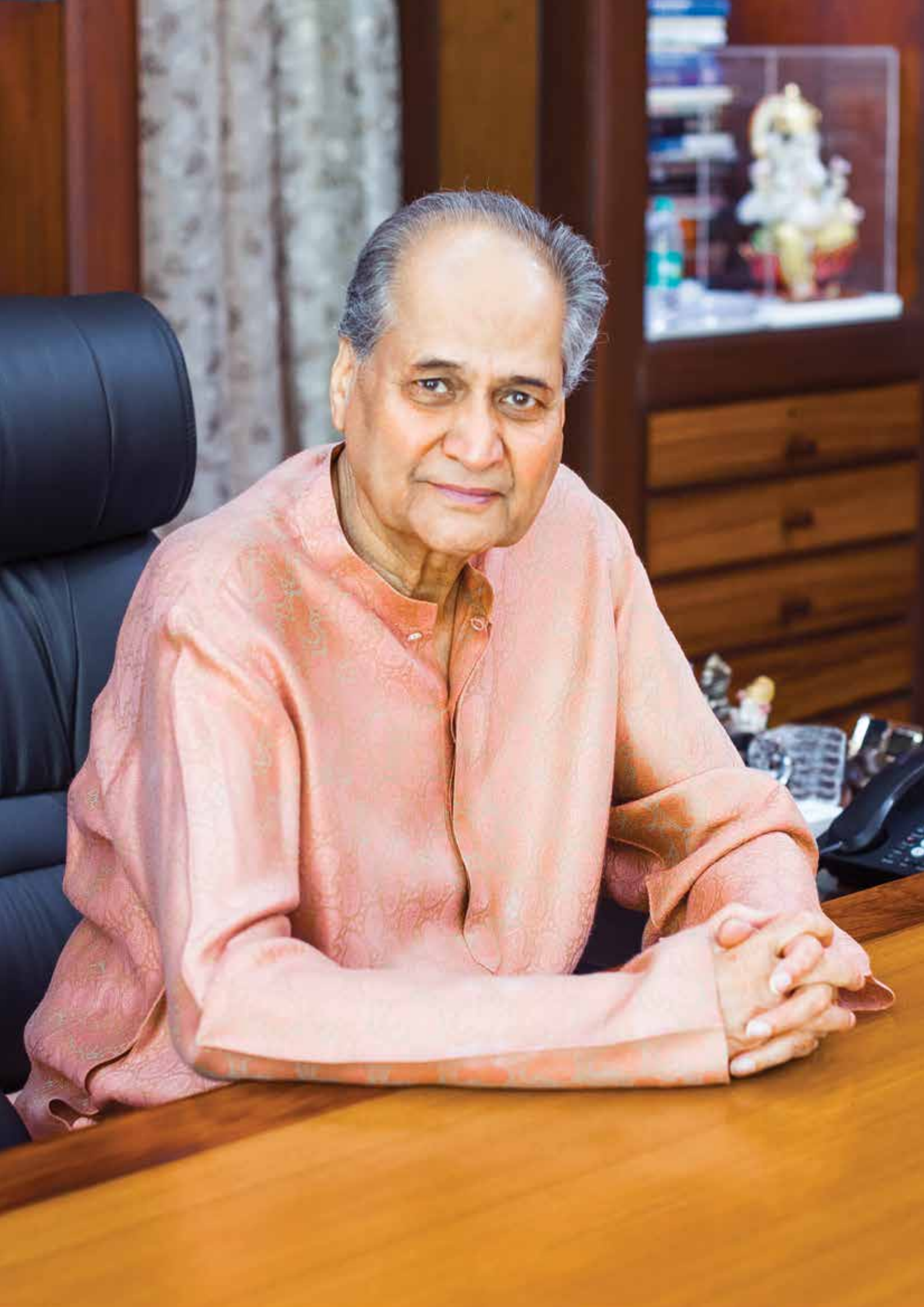
Second Row

Rajeev Jain
Managing Director

Rakesh Bhatt
Chief Operating Officer

Third Row

Atul Jain
Enterprise Risk Officer



Chairman's Letter

Dear Shareholder,

Last year, or 2015-16 (FY2016), India had achieved a growth in real GDP of 7.9%. This year, or FY2017, it is expected to be lower at 7.1% according to the second advance estimate released by the Central Statistics Office (CSO). There are several reasons for this lower growth. Among them, I need to emphasise a few.

The first is insufficient investments, not for a single year but across the last five years. Consequently, the share of gross fixed capital formation to GDP has steadily fallen from 31.7% in FY2015 to 31.1% in FY2016, and now to a low of 29.2% in FY2017. Unless investments pick up in FY2018 and the years ahead, I can't see how we as a country can attain sustained real GDP growth of 7.5% over the next decade.

The second is the burden of bad loans or non-performing assets (NPAs) in the banking system. At the end of December 2016, the gross NPAs of India's 27 public sector banks stood at ₹ 647,759 crore. This was a 140% increase over two years. And such NPAs accounted for 12% of these banks' total loans and advances. It is possible that the proportion may be higher still. The fact is that with such severe stress, these banks have no appetite for advancing loans for longer term investments. It is as if a key financial intermediary in the growth process has chosen to stay out.

It would be all too easy to say that the third cause was demonetisation, which was unleashed on 8 November 2016, involving over four-fifths of the currency in circulation. There is no doubt that the process caused hardship and pain to citizens as well as business. Yet, strange as it may sound, the latest national income estimates do not point to any severe compression in GDP growth in the third quarter of FY2017. If the CSO's data are accurate — and I have no basis to believe otherwise — it would appear that the negative effect of demonetisation on GDP growth may have been less than what we tend to surmise.

Even so, FY2017 was a difficult year, with lower growth than what we had all expected. In such a milieu, I am proud to share with you the excellent achievements of your Company, Bajaj Finance Ltd. (BFL). Here are some key facts:

- New loans booked exceeded 10 million in numbers, which is a first for the Company.
- Assets under management increased by 36% to ₹ 60,194 crore.
- Receivables under financing rose by 33% to ₹ 56,832 crore.
- Total income grew by 36% to ₹ 10,003 crore.
- Profit before tax increased by 43% to ₹ 2,818 crore.
- Profit after tax increased by 44% to ₹ 1,837 crore.
- Loan losses and provisions were ₹ 818 crore. BFL's net NPA stood at 0.44%, and was among the lowest in the NBFC industry.
- Capital adequacy as on 31 March 2017 was 20.30%, which is not only higher than the previous year but also well above the RBI norms. Tier I capital adequacy was 14.56%.

To achieve results such as these in a relatively tough year is extremely commendable. And to keep on generating such superior performance year after year clearly demonstrates the execution strengths and capabilities of your Company's Management team. On your behalf, allow me designations to congratulate everyone in BFL, led by Rajeev Jain, Managing Director, Sanjiv Bajaj and Nanoo Pamnani, both Vice-Chairman of the Company, for such outstanding results. Here is a Company that we should be justifiably proud of.

As was the case last year, your Company has done well across each of its product suites spanning six major business verticals: Consumer Lending, SME Lending, Commercial Lending, Rural Lending, Deposits, and Partnerships and Services. I leave it to you to read the chapter on Management Discussion and Analysis in this Annual Report to appreciate how well BFL has done in each activity.

All of this has been backed by excellent internal controls, cost and risk management systems and perhaps the best-in-class analytics among all banks and NBFCs in India, to not only understand how to optimally garner the right kind of customers but also to know when and how to quickly recalibrate operations according to altering risk profiles.

Let me repeat a sentiment that I shared with you last year. Given the systems that have been put into Bajaj Finance and the depth and width of managerial DNA across the organisation, I have no doubts that your Company will perform at least as well in FY2018 as it has in FY2017.

Once again, my thanks to the entire BFL team. And to you for your support.

Yours sincerely,



Rahul Bajaj
Chairman

17 May 2017

Management Discussion and Analysis

A macroeconomic overview

Financial year 2016-17 (FY2017) began on a positive note. India had closed FY2016 with growth in real GDP of 7.9% and a growth in gross value added (GVA) of 7.8%. Despite two disconcerting facts — namely, the high level and proportion of the banking sector's non-performing assets coupled with a muted growth in bank credit — there were expectations of India achieving a GDP growth rate somewhere between 7.5% and 8% in FY2017.

Unfortunately, that has not occurred. The second advance estimates of national income forecast by the Central Statistics Office released on 28 February 2017 suggest a real GDP growth of 7.1% for FY2017; and a real gross value added (GVA) growth of 6.7%. Both estimates are significantly lower than what the economy achieved in the previous year. Table 1 gives the data over the last four financial years.

Table 1: Growth in Real GDP and GVA, India

	FY2014	FY2015	FY2016	FY2017 (E)
Real GDP growth	6.9%	7.3%	7.9%	7.1%
Real GVA growth	6.6%	7.2%	7.8%	6.7%

Source: Government of India, Central Statistics Office (CSO). (E) denotes estimate.

On 8 November 2016, the Government announced demonetisation of ₹ 500 and ₹ 1,000 banknotes, which represented 86% of the currency in circulation. Contemporary evidence suggested significant disruption arising out of unprecedented cash constraints throughout the economy. For lending institutions in particular, the impact of lower collection efficiencies was quite severe, and resulted in poorer credit growth.

However, the national income data published by the CSO does not suggest any significant reduction in GDP or GVA growth in the third quarter of FY2017 which could have been correlated with the demonetisation drive. The third quarter traditionally tends to be muted. In FY2016, the growth rate of real GVA in Q2 was 8.4%; and in Q3 it was 7%, or a sequential drop of 1.4 percentage points. In FY2017, GVA growth in Q2 was 6.7%, and in Q3 it was 6.6%. In other words, despite the effects of demonetisation for over 60% of Q3 FY2017, the negative effect — as reported by the CSO — has been only 10 basis points. We need harder evidence to clearly quantify the impact of demonetisation on real GDP or GVA growth. What the data so far suggests is that it was more moderate than the naysayers claimed it would be. And that the effects would be transitory.

If demonetisation was not the prime cause for the lower estimate of GDP and GVA growth in FY2017, then what were the other determinants? There are two.

The first is insufficient investments, especially over the last five years. Gross fixed capital formation (GFCF) for FY2017 is estimated to be only 0.6% higher than what it was in FY2016. The share of GFCF to GDP has steadily fallen from 31.7% in FY2015 to 31.1% in FY2016 to a low of 29.2% in FY2017. Unless investments rapidly pick up in FY2018 and the following year, it is difficult to envisage how India can achieve a sustained real GDP growth of 7.5%, leave aside an aspirational target of 8%.

The second is also related to investments and linked to the state of our banks, especially many of those under Government ownership. Data for the quarter ended 31 December 2016 shows that for the 27 public sector banks which account for the vast majority of the nation's loans and advances, gross NPAs were estimated at ₹ 647,759 crore, a 140% increase over what it was two years earlier. Today, such NPAs constituted 12% of total loans and advances. The proportion may indeed be higher still. In any event, with these banks being so badly stressed, there is no appetite for advancing term loans without which, it is impossible to envisage the investment spends required to transit to a higher growth path.

Consequently, it is not surprising that several sectors of the economy have seen a reduction in growth. Real GVA in mining and quarrying is estimated to grow by only 1.3% in FY2017 versus 12.3% in the previous year. Manufacturing growth for FY2017 is pegged at 7.7%, which will be 290 basis points lower than what it was a year ago. GVA from trade, hotels, transport, communications and broadcasting services are expected to grow by 7.3% compared to 10.7% in FY2016. And GVA from financial, real estate and professional services is estimated to grow at 6.5% in FY2017 versus 10.8% a year before.

Having said this, it needs to be emphasised that 7.1% real GDP (or 6.7% real GVA) growth happens to be among the highest in the developed world and across all major emerging markets, including China. From a cross-country perspective, therefore, we seem to be doing well enough. The issue is internal to India: Is such growth sufficient to significantly increase incomes and employment and reduce poverty in the country? And the answer is straightforward: we need to do much more.

What about inflation? The Consumer Price Index (CPI) inflation varied month-to-month between 3.2% and 6.1% during FY2017. Excluding food and fuel, however, core CPI inflation has remained at around 4.9% since September 2016, which is somewhat higher than what the Reserve Bank of India (RBI) is comfortable with. Thus, in February 2017, the RBI changed its monetary policy stance from accommodative to neutral. With core inflation remaining firm in the neighbourhood of 5%, the RBI in its first monetary policy statement for 2017-18 (FY2018) has justified maintaining a hawkish stance.

Growth in bank credit continued to be subdued. Thanks to the overhang of NPAs, it grew only by 5.2% in FY2017 versus 10.2% in the previous year. On the liability side, demonetisation led to an unnatural growth in bank deposits, which increased by 11.9% in FY2017 compared to 9.1% in FY2016. Awash with post-demonetisation liquidity, the banks significantly reduced their incremental marginal cost based lending rates in January 2017. This, we believe, has created a potentially alarming situation in the banking sector, especially for the public sector banks. On the one hand, these institutions remain saddled with high levels of NPAs from which they earn little or no returns and need quarterly provisioning to the detriment of their profits. On the other hand, extra liquidity has forced a reduction in lending rates which, in turn, reduced the net income margin from new lending. Without exaggeration, it is fair to say that the state of most banks continue to be alarming.

How FY2018 plays out depends upon two factors: the investment appetite of the country and a perennial annual variable called the monsoons. Regarding the former, there is still no sign of even a modest upsurge in private investments as firms continue to leverage efficiency improvements and squeeze the best out of existing capacities. As far as the latter is concerned, the India Meteorological Department has come out with an initial forecast of a normal monsoon. That remains to be seen. It will only be after August 2017 that we know how ample the south west monsoon was.

On the positive side, the roll out of the nation-wide Goods and Service Tax (GST) in FY2018 ought to aid growth. To be sure, a task as monumental as the GST will have teething troubles in the first two quarters. We believe that it is only in FY2019 that the country will begin to see the overall benefits of this key economic reform. Equally, the Insolvency and Bankruptcy code ought to finally create a market for stressed assets; and, all other things being equal, reduced bank lending rates should make borrowing more attractive than before.

Despite these positives, it is difficult to see a quantum jump in GDP growth in FY2018. From our perspective, if we see India's real GDP growing at around 7.4% to 7.5% in the coming year, it will be a creditable achievement. Anything higher will be a bonus.

Non-Banking Finance Companies (NBFCs) continued to grow their share in the financial services industry. As per data published by RBI in its Financial Stability Report of December 2016, NBFCs have outperformed Scheduled Commercial Banks (SCBs) on growth in advances and in asset quality. Table 2 gives the data.

Table 2: Comparison of growth in advances and asset quality of NBFCs and SCBs

	31 March 2016		30 September 2016	
	NBFCs	SCBs	NBFCs	SCBs
Growth in Advances	16.6%	8.8%	10.5%	7.8%
Gross Non-Performing Assets	4.6%	7.8%	4.9%	9.1%

Source: Reserve Bank of India, Financial Stability Report, 29 December 2016 and 28 June 2016.

We believe that the growth momentum of NBFCs will result in their share in the financial services sector increasing in the near future.

The Company

Bajaj Finance Ltd. ('Bajaj Finance', 'BFL' or 'the Company') enjoyed yet another strong year of performance aided by a diversified product mix, robust volume growth, prudent operating cost and effective risk management. With assets under management of ₹ 60,194 crore, BFL has emerged as one of the leading diversified NBFCs in the country today. Given below are some highlights of the results for FY2017.

Bajaj Finance: Performance highlights, FY2017

- New loans booked exceeded 10 million in numbers, which is a first for the Company.
- Assets under management: up 36% to ₹ 60,194 crore.
- Receivables under financing: up 33% to ₹ 56,832 crore.
- Total income: up 36% to ₹ 10,003 crore.
- Total operating cost: up 35% to ₹ 2,564 crore.
- Loan losses and provisions: ₹ 818 crore. Even so, BFL's net NPA at 0.44% was among the lowest in the NBFC industry.
- Profit before tax: up 43% to ₹ 2,818 crore.
- Profit after tax: up 44% to ₹ 1,837 crore.
- Capital adequacy as on 31 March 2017 was 20.30%, which is well above the RBI norms.

BFL focuses on six business verticals: (i) Consumer Lending, (ii) SME Lending, (iii) Commercial Lending, (iv) Rural Lending, (v) Deposits, and (vi) Partnerships and Services.

During FY2017, the authorised share capital of the Company was increased from ₹ 75 crore (consisting of 75,000,000 equity shares of face value of ₹ 10 each) to ₹ 150 crore (consisting of 750,000,000 equity shares of face value of ₹ 2 each). Accordingly, 53,872,190 equity shares of face value of ₹ 10 each as on the record date, i.e., 10 September 2016 (end of the day), were sub-divided into 269,360,950 equity shares of face value of ₹ 2 each. Further, on 14 September 2016, the Allotment Committee of the Board of Directors allotted 269,360,950 equity shares of face value of ₹ 2 each as bonus shares in the proportion of one bonus equity share for every one equity share of face value of ₹ 2 held as on the record date, by capitalising an amount of ₹ 538,721,900 from the securities premium account.

In FY2017, Bajaj Finserv Ltd. (the 'Promoter') exercised the option to convert 9,250,000 warrants, issued on preferential basis, upon payment of ₹ 306.08 crore — being the balance 75% amount of the issue consideration. Accordingly, 9,250,000 equity shares of the face value of ₹ 2 each were allotted to Bajaj Finserv Ltd. on 23 November 2016 at a premium of ₹ 439.20 per equity share. Hence, the revised shareholding of Bajaj Finserv Ltd. in BFL stood at 57.80% as at the end of the reporting year versus 57.28% earlier.

The Company's capital adequacy stood at a healthy 20.30%. Its tier I capital adequacy was 14.56%.

BFL's loan book continued to remain strong due to its robust risk management practices. The Company's net NPA at 0.44% is among the lowest in the NBFC industry. This was despite portfolio quality pressures on account of demonetisation in Q3 FY2017. There was also a marginal deterioration in portfolio quality of the mortgage businesses owing to the stressed real estate market and elevated competition in the segment.

It is worth noting that the strength of BFL's financials and robust risk management enabled it to not opt for the 90 day relaxation extended by RBI to NBFCs for recognition of loan accounts as NPA post-demonetisation.

Prudent asset liability management (ALM) and a judicious mix of borrowings among banks, money markets and deposits helped BFL drop its cost of borrowings by around 47 bps in FY2017. As of 31 March 2017, BFL's total borrowings stood at ₹ 49,250 crore.

Assets Under Management (AUM): A Snapshot

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

Chart A: Assets Under Management (₹ In Crore)

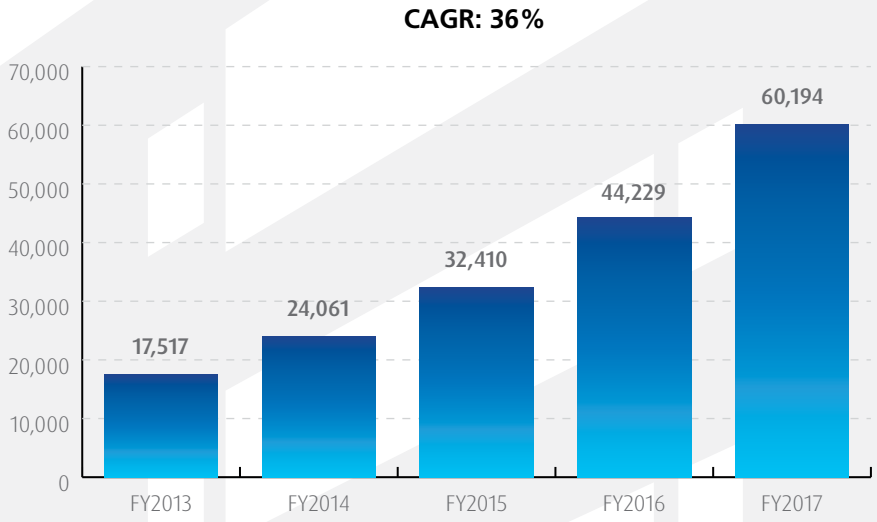


Table 3 breaks down the AUM across the major business verticals.

Table 3: Assets Under Management

(₹ In Crore)

Assets Under Management	FY2017	FY2016	% Change
Consumer Lending	27,159	18,996	43
SME Lending	22,082	18,692	18
Commercial Lending	7,881	5,202	51
Rural Lending	3,072	1,339	129
Total	**60,194**	**44,229**	**36**

Business update

Consumer Lending

BFL continued to be the largest consumer durables lender in India in FY2017.

- With presence in 318 cities across India and approximately 14,100 dealer counters across the country, it financed 5.9 million purchases in FY2017 versus 4.7 million in FY2016, a growth of about 28%.
- Its unique Existing Member Identification (EMI) card, with cards in force of over 6.9 million, enables customers to avail instant finance after the first purchase. It financed 2.5 million purchases in FY2017 through EMI card versus 1.5 million in FY2016, a growth of about 67%. Wide geographic presence coupled with a loyal EMI card base provides BFL with an inherent growth platform.

BFL was the largest financier of Bajaj motorcycles and three-wheelers in FY2017.

- It operates at the premises of approximately 3,661 Bajaj dealers and sub-dealers across the country.
- Gross deployments in FY2017 were ₹ 4,519 crore — a growth of 36% over FY2016.
- Approximately 36% of Bajaj Auto's domestic sales of motorcycles and 23% of three-wheelers were financed by BFL in FY2017 — up from 32% and 16% respectively in FY2016.
- Having said so, auto-finance was one of the few businesses which was impacted due to demonetisation.

In April 2016, BFL expanded its EMI card financing propositions for its customers in new retail categories like fashion, travel, insurance and small appliances. The business is operational in 35 locations with a footprint of approximately 10,000 partner stores across India in the first year of operations alone.

Over the years, BFL has expanded its EMI financing business to digital products and lifestyle products. It has tie-ups with leading digital product manufacturers for its digital products financing. The Company operates through more than 9,750 dealers in India for its digital products financing. It financed approximately 1.3 million digital product purchases in FY2017 versus 561,000 in FY2016, representing a growth of 132%.

In FY2017, the lifestyle products finance business financed approximately 237,000 purchases, which represented a growth of 47% from FY2016. It has a distribution footprint of over 7,500 counters across all categories. The business has also expanded its EMI finance offerings in the healthcare segment. Covering certain elective procedures through 2,500 clinics in tie-ups with leading industry players, BFL financed some 30,000 elective procedures in FY2017.

E-commerce finance was launched in April 2016 to address the EMI financing needs of BFL customers shopping online with major e-commerce giants. It financed approximately 167,000 purchases on e-commerce platforms in the course of FY2017.

Personal Loans Cross-sell and Salaried Personal Loans deployments grew, respectively, by 56% and 25% over FY2016; and their AUMs by 62% and 35%. Enhanced product proposition through salaried personal loans flexi-offering, growing distribution and customer franchise, investment in advanced analytical capabilities, increased focus in expanding business in emerging cities coupled with robust risk management have enabled this strong growth.

The Salaried Home Loans business deployment and AUM grew by approximately 137% and 107% respectively. Growing customer franchise, significant development in analytical capabilities and increased focus on providing better product proposition have enabled this strong growth. The business launched its 'Property Search Model' to help customers buy their chosen home and get it financed by BFL.

SME Lending

SME lending offers secured and unsecured loans to its customers.

- Secured lending is done through three product offerings: Loan Against Property, Lease Rental Discounting and Home Loan. Secured SME lending continued to be in a hyper-competitive state throughout FY2017 as it was a year earlier, with loan sourcing being dominated by various cost-cutting intermediaries.
- The Company has now fully transitioned its retail mortgage business to cut out intermediaries in favour of a 100% 'Direct to Customer' model, which delivers lower costs and creates a sustainable return on equity.
- Unsecured lending is done through two product offerings: Business Loans and Professional Loans. BFL has enhanced the product proposition for its SME unsecured customers through the introduction of a flexi loan facility. This has been received well by customers and now contributes significantly to incremental deployments.
- The Relationship Management business focuses on multiproduct distribution, across lending, insurance and deposits to its SME customers.

Table 4 gives the summary of assets under management of SME businesses.

Table 4: Assets Under Management of SME businesses

(₹ In Crore)

Assets Under Management	FY2017	FY2016	% Change
Mortgage Loans	14,438	13,016	11
Business Loans	5,909	4,562	30
Professional Loans	1,735	1,114	56
Total	**22,082**	**18,692**	**18**

Rural Lending

In FY2017, BFL expanded its rural footprint by setting up branches in two new states and penetrating deeper in existing states. At the end of FY2017, it had presence in 538 locations across seven states in India. This business caters to the needs of consumer and MSME customers in rural markets. It had an AUM of ₹ 3,072 crore compared to ₹ 1,339 crore in FY2016, representing a growth of 129%.

The Rural MSME business offers unsecured and secured loans to self-employed clients in rural markets. Unsecured loans are offered through Business Loans and Doctor Loans while secured loans are offered as Loans Against Property (LAP).

Commercial Lending

The Commercial Lending business closed FY2017 with an AUM of ₹ 7,881 crore. This was a growth of 51% over FY2016. IPO Financing was started in FY2017 to add another product offering in the Loan Against Securities business. Three new industry verticals, viz. Corporate Finance, Financial Institutions Group (FIG) lending business and Light Engineering, which were launched in FY2016, have delivered an AUM of ₹ 1,639 crore as on 31 March 2017.

Deposits

As at the end of FY2017, BFL had a deposit book of ₹ 4,128 crore, representing a growth of 84% over the end of FY2016. The deposit book's contribution to BFL's overall borrowing was 8%.

Partnerships and Services

In FY2017, BFL partnered with one more general insurance company for distribution of insurance products. It currently has insurance distribution partnerships with six insurance companies.

BFL launched a co-branded credit card distribution business with RBL Bank. It has many customer-friendly features including no-cost EMI options at point of sale, accelerated rewards for high savings and a feature of no interest on cash withdrawals up to 50 days. The card, branded as 'SuperCard', is offered to existing customers of BFL.

Financial performance

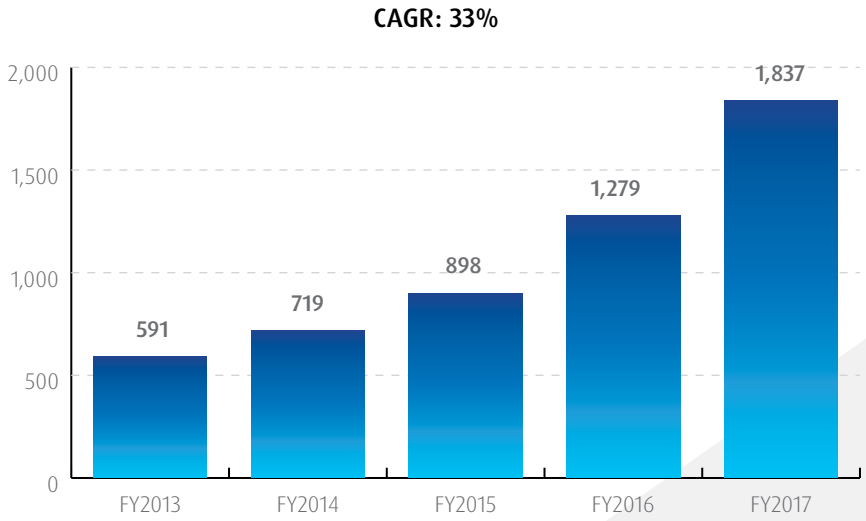
Table 5 gives BFL's financial performance for FY2017 vis-à-vis the previous year. Chart B plots profit after tax over the last five years.

Table 5: BFL's financials

(₹ In Crore)

	FY2017	FY2016	% Change
Total income	10,003	7,333	36
Interest and finance charges	3,803	2,927	30
Net interest income	**6,200**	**4,406**	**41**
Salary cost	932	630	48
Sourcing and credit cost	132	91	45
Dealer incentives	309	290	7
Recovery costs	318	248	28
Loan losses and provisions	818	543	51
Depreciation	71	56	27
Other expenses	802	583	38
Profit before tax	**2,818**	**1,965**	**43**
Profit after tax	**1,837**	**1,279**	**44**
Earnings Per Share (EPS) basic, in ₹	34.01	24.23	40
Earnings Per Share (EPS) diluted, in ₹	33.67	23.88	41
Book value per share, in ₹	175.73	138.70	27

Chart B: Profit After Tax (₹ In Crore)



Risk management and portfolio quality

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

BFL's conservative approach to portfolio management coupled with a rigorous portfolio review mechanism has enabled it to get early stress signals in the infrastructure sector and take corrective action in its infrastructure and construction equipment business.

As mentioned before, BFL ended the year with a net NPA of 0.44%. The Company continues to have a conservative provisioning policy, which is more stringent than RBI norms.

Operational risk management

BFL has also commenced the identification of various operational risks inherent in its business model. The operational risks are risk of a loss resulting from inadequate or failed internal process, people and systems, or from external events. It has dedicated a new pillar — the 'Operational Risk Management Framework' — within its risk management framework to effectively identify, measure, report, monitor and control such operational risks.

Analytics

BFL continues to evolve on a journey where analytics and technology are integral to business strategy. It uses analytics capabilities for making appropriate product offerings to customers, marketing campaign management, risk management and customer experience. It has built a comprehensive range of predictive models including propensity to purchase, application scorecards, behavioural scorecards, collection scorecards and fraud scorecards.

The Company has, and will continue to, actively invest in analytics to create customised cross-sell propositions for its customer franchise, deliver attractive yet suitably differentiated propositions and enhance productivity, efficiency, as well as profits.

In FY2017, BFL developed a real-time machine learning based fraud analytics model. This has replaced the traditional score based model and uses machine learning algorithms to detect frauds.

Asset liability management

BFL had a total borrowing of ₹ 49,250 crore as on 31 March 2017. The Company's Asset-Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset-liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. BFL continued to raise longer tenor borrowings in FY2017 as well, which included ₹ 3,338 crore of Tier-II subordinated debt as on 31 March 2017.

Till date, BFL has assigned ₹ 7,065 crore of its receivables including ₹ 3,054 crore assigned in FY2017. The net receivables due as on 31 March 2017 amounted to ₹ 3,362 crore. The Company continues to closely monitor liquidity in the market; and as a part of its ALCO strategy maintains a liquidity management desk to reduce its liquidity risk. The Company maintained a liquidity management buffer of ₹ 3,123 crore as on 31 March 2017.

Prudent asset liability management (ALM) and a judicious mix of borrowings between banks, money markets and deposits helped BFL drop its cost of borrowings by around 47 bps in FY2017.

Technology

BFL has been a leader in technology adoption among NBFCs. It continues to leverage technology across businesses to launch new products, enhance customer acquisition and servicing processes along with simplifying the back-office.

In order to strengthen its IT security, BFL has developed and implemented a security governance framework to tackle growing cyber security risks. It has also established a Security Operations Centre to monitor security threats and minimise their impact on the Company and its operations. It has implemented various security initiatives like regular vulnerability assessment and penetration testing of core applications, continuous monitoring of cyber-attacks, carrying out employee awareness programmes and subscription to anti-phishing services to shut down phishing sites as and when noticed. BFL has fully functional Disaster Recovery (DR) data centres to ensure business continuity for customer acquisition, loan processing and servicing.

Customer service

BFL continues to remain customer centric in its policies and practices. It places the customer at the centre of its product, policy and processes. The Company monitors customer interactions and provides mechanisms to customers to have a superior experience through the design of its product, process and service mechanisms. It has a customer life-cycle mapping to define the proactive communication needs of customers to drive engagements and provide a superior experience. It provides its customers multi-channel engagement options across call centre, IVR, bi-directional SMS, email, online portal, mobile applications and branch.

In FY2017, the Company has refined its customer experience assessment from its earlier customer experience surveys to Net Promoter Score (NPS) to gauge its customer efforts. The NPS is a more robust methodology to measure customer loyalty.

Human resources

BFL continues to lay emphasis on people, its most valuable resource. In an increasingly competitive market for human resources, it seriously focuses on attracting and retaining the right talent. It provides equal opportunity to employees to deliver results. During FY2017, BFL added 3,602 employees, taking the total employee strength to 11,479.

Awards

- *September 2016: TISS LeapVault CLO GOLD Shield:* BFL's Human Resource department won this award in the Best Simulation Based Program category for its 'Super Manager Studio Online and Offline Training Program'.
- *January 2017: Best Audit Committee Award 2016:* The Company's Audit Committee was awarded the 'Best Audit Committee Award 2016' by the Asian Centre for Corporate Governance and Sustainability at the 4th Asia Business Responsibility Summit in January 2017.
- *March 2017: Young Business Leader of the Year:* Sanjiv Bajaj, Vice-Chairman, was awarded the Young Business Leader of the Year by Hello! Magazine.
- *March 2017: Entrepreneur of the Year Award:* Sanjiv Bajaj, Vice-Chairman, was awarded the Entrepreneur of the Year award by Bombay Management Association (BMA).

Internal control systems and their adequacy

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

Fulfilment of the RBI's norms and standards

BFL fulfils and often exceeds norms and standards laid down by the RBI relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio, etc. The capital adequacy ratio of the Company is 20.30%, which is well above the RBI norm of 15%.

Consolidated financial statement

Table 6 gives a summary of the consolidated financial performance for FY2017, consolidating the results of its wholly owned subsidiary Bajaj Housing Finance Ltd., which received a certificate of registration dated 24 September 2015 from National Housing Bank to carry on the business of (non-deposit taking) housing finance and its wholly owned subsidiary Bajaj Financial Securities Ltd. The operations of the subsidiary in FY2017 were not significant and hence the consolidated profits of BFL almost equal its standalone profits.

Table 6: BFL's Consolidated Financials

(₹ In Crore)

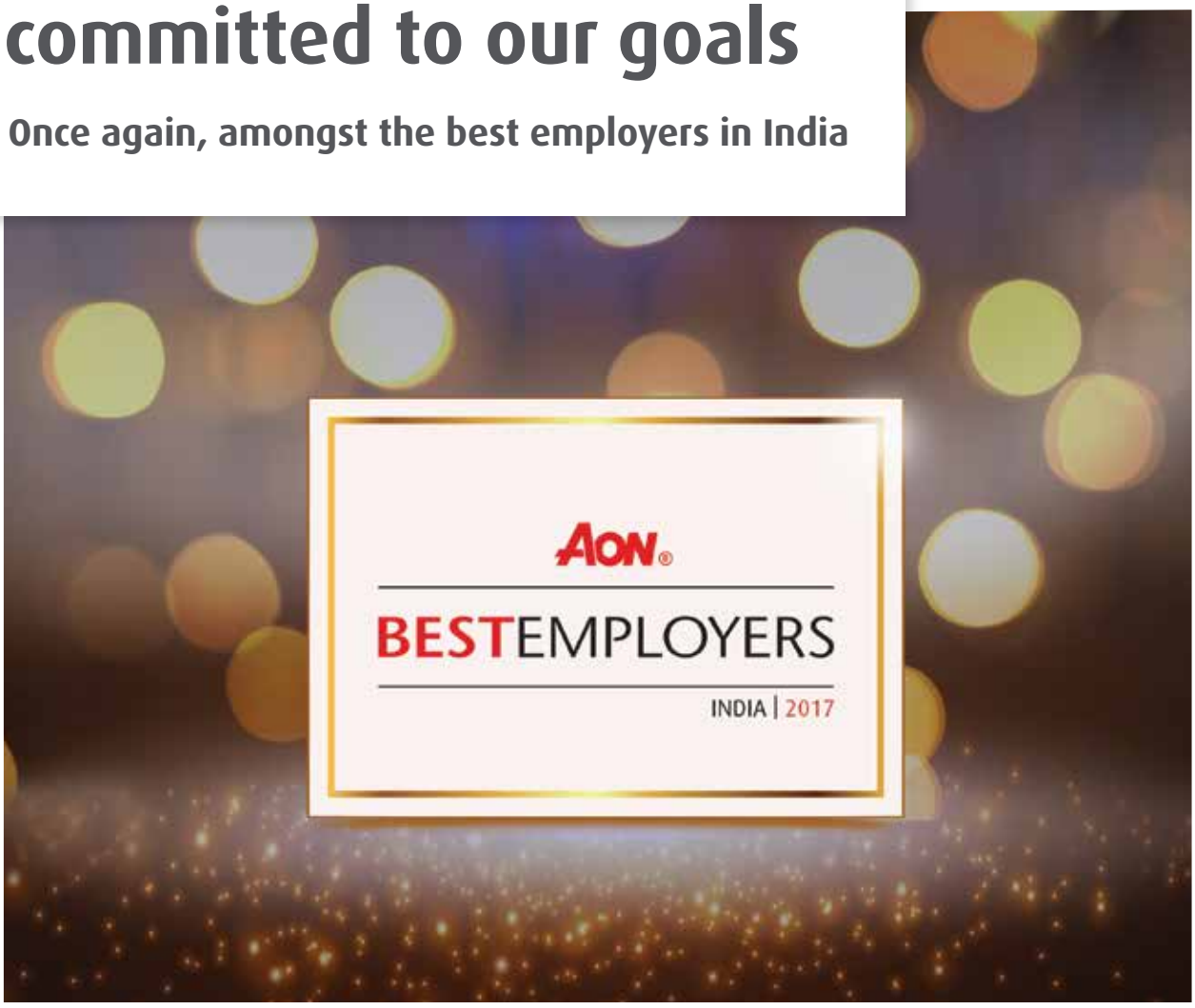
	FY2017	FY2016	% Change
Total income	10,007	7,334	36
Interest and finance charges	3,804	2,927	30
Net interest income	**6,203**	**4,407**	**41**
Operating expenses	2,568	1,899	35
Loan losses and provisions	818	543	51
Profit before tax	**2,817**	**1,965**	**43**
Profit after tax	**1,836**	**1,279**	**44**

Cautionary Statement

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

Our habits keep us committed to our goals

Once again, amongst the best employers in India



Tougher the challenges, sweeter the victory. Especially, if it's the third time in a row.

Investing in our people, introducing new engagement practices and creating a workplace where one can realise their dreams.

A few habits that keep us committed to our goal of building India's best workplace.

Corporate Governance

Given below are the Company's corporate governance policies and practices for FY2017. As will be seen, the Company's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Philosophy

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

Board of Directors

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

Composition

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

As on 31 March 2017, the Board of the Company consisted of thirteen directors, of whom eight were non-executive independent directors, four were non-executive non-independent directors and one was executive director. The Board has no institutional nominee directors. As Table 1 shows, the Company is in compliance with the Listing Regulations.

Number of meetings of the Board

During FY2017, the Board of Directors met seven times on: 24 May 2016, 26 July 2016, 14 September 2016, 27 October 2016, 30 January 2017, 14 March 2017 and 15 March 2017. The gap between any two meetings has been less than one hundred and twenty days.

Non-executive directors' compensation

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

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

In view of the additional duties and responsibilities cast upon the directors by the Companies Act, 2013, and the Listing Regulations and considering the substantial growth in the business of the Company in the last few years, the Board of Directors, at its meeting held on 23 March 2015, has

approved payment of commission to non-executive directors (independent and non-independent) at the rate of ₹ 100,000 per meeting of the Board and/or Committee attended by them w.e.f. 1 April 2015, subject to the aggregate being within the overall ceiling of one percent of the net profits. The Board of Directors has also approved, at its meeting held on 14 March 2017, payment of an amount of ₹ 10,000,000 to Nanoo Pamnani, Vice Chairman and non-executive independent director, as additional commission for the extra services rendered by him, at the request of the Management, during FY2017.

At the ensuing annual general meeting of the Company, a resolution for confirmation of the payment of commission, not exceeding one percent of the net profits of the Company, to non-executive directors (independent and non-independent) for a further period of five years from 1 April 2017, has been proposed for the approval of the members.

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

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for FY2017

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

Information supplied to the Board

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. The directors have separate and independent access to officers of the Company.

In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on various significant items. In terms of quality and importance, the information supplied by the Management to the Board of the Company is far ahead of the list mandated under the Listing Regulations. The independent directors of the Company have assessed the quantity, quality and timely flow of information between the Management and the Board to be of high quality.

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

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

Orderly succession to Board and Senior Management

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

Directorships and memberships of Board committees

Table 2: Directorships/committee positions as on 31 March 2017

	Directorships			Committee positions in listed and unlisted public limited companies	
Name of director	In listed companies	In unlisted public limited companies	In private limited companies	As chairman	As member
Rahul Bajaj	4	2	7	–	–
Nanoo Pamnani	4	2	–	5	4
Sanjiv Bajaj	6	4	7	–	6
Rajeev Jain	1	1	–	–	–
Madhur Bajaj	6	–	3	–	–
Rajiv Bajaj	4	–	2	–	–
D S Mehta	3	1	4	1	3
D J Balaji Rao	7	–	–	3	4
Omkar Goswami	7	3	2	1	8
Dipak Poddar	4	4	6	1	4
Ranjan Sanghi	3	2	3	3	2
Rajendra Lakhotia	2	2	5	–	2
Gita Piramal	4	–	2	1	3

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

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

None of the directors serves as an independent director in more than seven listed companies or in more than three listed companies in case he is a whole-time director in any listed company.

None of the directors is either a member in more than ten committees, or a chairman in more than five committees across all public limited companies in which he is a director.

Review of legal compliance reports

During FY2017, the Board periodically reviewed legal compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

Code of conduct

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

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

All the Board members and Senior Management personnel have affirmed compliance with the code for the year ended 31 March 2017. A declaration to this effect signed by the Managing Director is given elsewhere in this Annual Report.

Maximum tenure of independent directors

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

Formal letter of appointment to independent directors

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

Performance evaluation

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

- Performance evaluation criteria for the Board, Committees of the Board and directors were approved by the Nomination and Remuneration Committee at its meeting held on 14 October 2014. The criteria were placed on the Company's website https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx
- Based on the said criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of performance of the Board, its Committees and directors (except for the director being evaluated) for FY2017.
- A consolidated summary of the ratings given by each of the directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees and directors during FY2017.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and Board at their meetings held on 14 March 2017.

- Under law, as per the report of performance evaluation, the Board shall determine, *inter alia*, whether to continue the term of appointment of the independent director. During FY2017, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their re-appointment did not arise.

Details on the evaluation carried out by the independent directors at their meeting held on 14 March 2017 have been furnished in a separate para elsewhere in this Report.

During FY2017, SEBI vide its circular dated 5 January 2017, came out with a Guidance Note of Board Evaluation, which was to be adopted by the Company, as considered appropriate. The revised performance evaluation criteria for the Board, Committees of the Board, Chairperson and directors were accordingly approved by the Nomination and Remuneration Committee at its meeting held on 14 March 2017 and the same was noted by the Board. The updated criteria are placed on the Company's website https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx and will be applicable for evaluation from FY2018.

Remuneration policy

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

Board diversity policy

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

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

Familiarisation programmes for independent directors

With a view to familiarising the independent directors with the Company's operations, as required under the Listing Regulations, the Company held programmes for independent directors for familiarising them with the Company, NBFC industry, business model of the Company, their roles, rights and responsibilities, etc. Details of such familiarisation programmes are placed on the Company's website https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx

Whistle blower policy/vigil mechanism

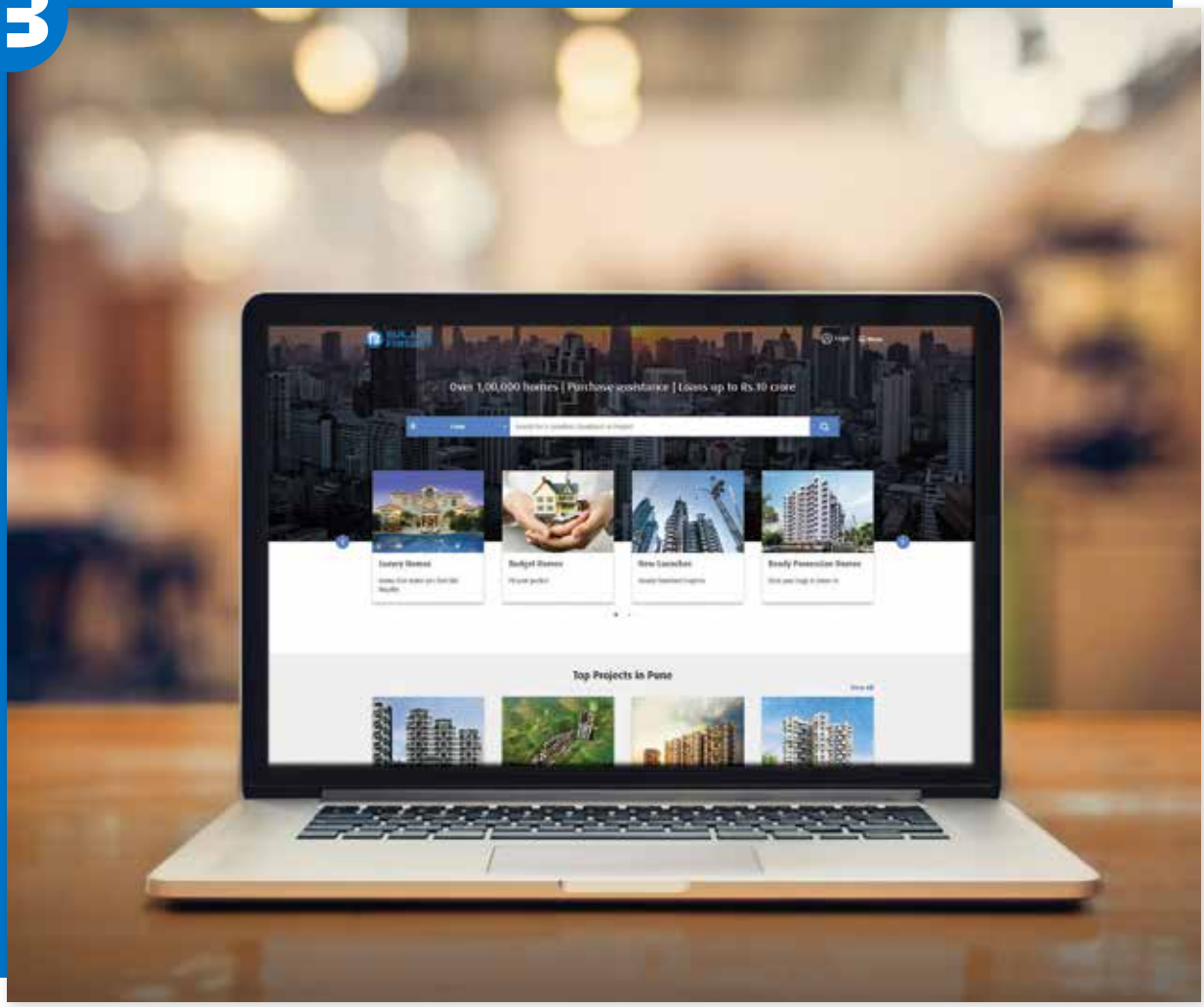
Pursuant to the Companies Act, 2013 and the Listing Regulations, the Company has a Board approved whistle blower policy/vigil mechanism to enable directors and employees to report to the Management their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code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

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

During FY2017, none of the employees has been denied access to the Audit Committee under this policy.

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Bajaj Finserv Homes & Loans, one place for everything you need to buy a home.

Search	Assistance	Documentation	Finance
1 lakh homes	Visit scheduling	Booking guidance	Loans up to Rs. 10 cr

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BAJAJ FINANCE LIMITED

Terms and conditions apply

Dividend distribution policy

Pursuant to the amendment in the Listing Regulations, by insertion of Regulation 43(A), the Company, being in the top 500 companies by market capitalisation on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) as on 31 March 2016, is required to formulate a dividend distribution policy. Accordingly, the Board has approved a policy and the same has been put on the Company's website https://www.bajajfinserv.in/finance/investor-relations/policies-and-documents.aspx

Subsidiary companies

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

During FY2017, the Audit Committee reviewed the financial statements (in particular, the investments made) of each of the unlisted subsidiary companies, viz. BHFL and BFinsec.

Minutes of the Board meetings of these subsidiary companies were regularly placed before the Board of the Company. The Board periodically reviewed the statement of all significant transactions and arrangements, if any, entered into by the subsidiaries.

Pursuant to the requirements of the Listing Regulations, the Company has adopted a policy for determining material subsidiaries.

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

Related party transactions

All related party transactions which were entered into during FY2017 were on an arm's length basis and in the ordinary course of business under the Companies Act, 2013, and not material under the Listing Regulations and hence did not require members' prior approval under the Companies Act, 2013 and the Listing Regulations.

Transactions with related parties, during FY2017, were entered into with the approval of the Audit Committee. The details of such transactions were placed before the Committee for noting/review.

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

During FY2017, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

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

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

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

1. All Related Party Transactions (RPTs) of the Company covered under the Companies Act, 2013 and clause 49 of the Listing Agreement will be approved by the Audit Committee of the Board from time to time.

2. Consent of the Board and the Shareholders would be taken in respect of all RPTs, except in the following cases:

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

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

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

The policy meets the requirements of the Listing Regulations.

Disclosures

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

Audit Committee

Constitution and composition

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

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

The terms of reference are in accordance with the Companies Act, 2013, the Listing Regulations and the NBFC Regulations. These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions of the Company with related parties, etc.

Meetings and attendance

During FY2017, the Audit Committee met five times on: 24 May 2016, 26 July 2016, 27 October 2016, 30 January 2017 and 14 March 2017. The gap between any two meetings has been less than one hundred and twenty days.

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

Nanoo Pamnani, Chairman of the Audit Committee, was present at the annual general meeting of the Company held on 26 July 2016 to answer members' queries.

Table 3: Composition of the Audit Committee and attendance record of members for FY2017

Name of director	Category	Meetings attended
Nanoo Pamnani	Chairman, non-executive, independent	5
Sanjiv Bajaj	Non-executive	5
D S Mehta	Non-executive, independent	5
Omkar Goswami	Non-executive, independent	3
Ranjan Sanghi	Non-executive, independent	5

Nomination and Remuneration Committee

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

The terms of reference of the Committee in brief pertain to, *inter alia*, formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and Senior Management, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of independent directors and the Board, devising a policy on Board diversity, etc.

The Committee acts as a Nomination Committee, as per the NBFC Regulations, to ensure 'fit and proper' status of the directors to be appointed/re-appointed and recommend their appointment/re-appointment to the Board of Directors.

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

During FY2017, the Committee met three times on: 24 May 2016, 26 July 2016 and 14 March 2017. Directors who are not the members of the Committee were also invited to attend meetings of the Committee.

Nanoo Pamnani, Chairman of the Nomination and Remuneration Committee, was present at the annual general meeting of the Company held on 26 July 2016 to answer members' queries.

Table 4: Composition of the Nomination and Remuneration Committee and attendance record of members for FY2017

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

Risk Management Committee

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

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

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

The Company has a Board approved risk management policy.

During FY2017, the Committee met two times on: 27 October 2016 and 15 March 2017. Directors who are not the members of the Committee were also invited to attend meetings of the Committee.

The Board of Directors at its meeting held on 14 March 2017 reconstituted the Risk Management Committee by inducting Atul Jain as a member of the Committee in place of Bharath Vasudevan.

Table 5: Composition of the Risk Management Committee and attendance record of members for FY2017

Name of director/senior executive	Category	Meetings attended
Nanoo Pamnani	Chairman, non-executive, independent director	2
Sanjiv Bajaj	Non-executive director	2
Rajeev Jain	Managing Director, executive	2
Dipak Poddar	Non-executive, independent director	2
Rakesh Bhatt	Senior executive	2
Bharath Vasudevan	Senior executive	1
Atul Jain	Senior executive	1
Sandeep Jain	Senior executive	2

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

Stakeholders Relationship Committee

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

Table 6: Composition of the Stakeholders Relationship Committee and attendance record of members for FY2017

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

Ranjan Sanghi, Chairman of the Stakeholders Relationship Committee, was present at the annual general meeting of the Company held on 26 July 2016 to answer members' queries.

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

During FY2017, the Committee met on 14 March 2017 to, *inter alia*, review the status of investors' services rendered. Directors who are not the members of the Committee were also invited to attend meetings of the Committee. The secretarial auditor as well as the company secretary were also present. The Committee was apprised of all the major developments on matters relating to investors. In addition, the Committee also looked into matters that can facilitate better investor services and relations.

During FY2017, 13 complaints from investors were received on various matters, which were duly resolved and no action remained to be taken.

Meeting of independent directors

Pursuant to the Companies Act, 2013 and the Listing Regulations, the independent directors shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, independent directors of the Company met on 14 March 2017 and:

- noted the report on performance evaluation for FY2017 from the Chairman of the Board;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- assessed the quantity, quality and timely flow of information between the Management and the Board to be of high quality;
- felt that the number of persons directly reporting to the Managing Director needs to be reduced to a single digit; and
- felt that there is a need to have proper succession planning for senior levels of management and to identify and retain talent at all levels, considering the tremendous growth of the Company over the years.

All independent directors were present at the meeting and elected D J Balaji Rao as Chairman for the meeting.

Duplicate Share Certificates Issuance Committee

The Board of Directors, at its meeting held on 3 February 2016, to meet requirements of section 46 of the Companies Act, 2013 read with rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 39 of the Listing Regulations, constituted a Committee of the Board to approve the issuance of duplicate share certificates in lieu of original share certificates lost or misplaced.

During FY2017, the Committee met on 1 March 2017.

Table 7: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for FY2017

Name of director	Category	Meetings attended
Rahul Bajaj	Chairman, non-executive	1
Nanoo Pamnani	Non-executive, independent	1
Sanjiv Bajaj	Non-executive	1
Rajeev Jain	Managing Director, executive	1

Remuneration of directors

Pecuniary relationship or transactions of non-executive directors

During FY2017, there were no pecuniary relationships and transactions of any non-executive directors with the Company.

Criteria of making payments to non-executive directors

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

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

Details of remuneration of directors

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

During FY2017, the Company has paid remuneration to Rajeev Jain, Managing Director (MD) as provided in detail in the annexure to the Directors' Report in section VI(A) of Form MGT-9, i.e., extract of the Annual Return.

The tenure of the MD is for five years with notice period of three months or salary in lieu thereof. The performance pay/bonus of MD is based on the performance of the Company and his contribution for the same. During FY2017, 206,000 stock options (as adjusted for sub division and issue of bonus shares) were granted to the MD at a grant price of ₹ 765.37 (as adjusted for sub division and issue of bonus shares), being the closing market price on NSE on the day preceding the day of grant, which will vest over a period of four years (25% every year) after a period of one year from the date of grant. The vested options will be exercisable over a period of five years from the date of vesting. The MD is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company.

The Company currently has no stock option plans for any of its directors other than the MD. During FY2017, none of the directors, other than the MD, were paid any performance-linked incentive.

In FY2017, the Company did not advance loans to any of its directors.

Shareholding of directors

Information on shares held by directors in the Company as on 31 March 2017 is provided in the annexure to the Directors' Report in section IV(v) of Form MGT–9, i.e., extract of the Annual Return.

Management

Management discussion and analysis

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

Disclosure of material transactions

Pursuant to the Listing Regulations, the Senior Management is required to make disclosures to the Board relating to all material, financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. During FY2017, as per the disclosures made by the Senior Management, there were no such transactions.

Compliances regarding insider trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board, at its meeting held on 23 March 2015, had approved a code of conduct and a code of fair disclosure. The code of conduct and code of fair disclosure framed by the Company have helped in ensuring compliance with the requirements.

Means of communication

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

The Company has a website www.bajajfinserv.in/finance which, under the section of 'investor relations', contains all important public domain information including financial results, Committees of the Board of Directors, various policies framed/approved by the Board, presentations made to the media, analysts and institutional investors, schedule and transcipts of earnings call with investors, matters concerning the shareholders, details of the corporate contact persons, etc. All financial and other vital official news releases are also communicated to BSE and NSE. The Company discloses material events or information to BSE and NSE, which are subsequently hosted on its website.

Sections 20 and 129 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically to the members' email IDs.

The Company, during FY2017, sent documents such as notice calling the general meeting, audited financial statements, Directors' Report, Auditors' Report, etc. in electronic form to the email IDs provided by the members to the Company/made available by them to the Company through the depositories. Members desiring to receive the said documents in physical form were sent the same in physical form, upon request.

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

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

Information on general body meetings

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

27th AGM	16 July 2014	at 12 noon
28th AGM	22 July 2015	at 12 noon
29th AGM	26 July 2016	at 12 noon

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

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

At the 29th AGM held on 26 July 2016, one special resolution was passed pertaining to issue of non-convertible debentures through private placement.

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

At the 27th AGM held on 16 July 2014, three special resolutions were passed pertaining to:
a) Modification in the Employee Stock Option Scheme, 2009;
b) Grant of options to employees of holding and/or subsidiary companies, under the amended Employee Stock Option Scheme, 2009; and
c) Issue of non-convertible debentures through private placement.

II. Following special resolutions were passed on 8 December 2016 through postal ballot during FY2017:

a) Under section 180(1)(c) of the Companies Act, 2013, for increase in the borrowing powers of the Board of Directors from ₹ 50,000 crore to ₹ 75,000 crore; and
b) Under section 180(1)(a) of the Companies Act, 2013, for creation of mortgages, charges, liens, hypothecation and/or other securities on the properties of the Company up to maximum of ₹ 75,000 crore.

Shyamprasad D Limaye, practising company secretary, was appointed as scrutiniser for conducting the aforesaid postal ballot process in a fair and transparent manner. Details of voting on the aforesaid resolutions are as follows:

Sr. No.	Particulars	Votes [No. of shares and (%)]	
		In favour	Against
a)	Under section 180(1)(c) of the Companies Act, 2013, for increase in the borrowing powers of the Board of Directors	379,022,053 (94.07%)	23,609,173 (5.86%)
b)	Under section 180(1)(a) of the Companies Act, 2013, for creation of mortgages, charges, liens, hypothecation and/or other securities	379,285,156 (94.14%)	23,334,285 (5.79%)

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

Details of capital market non-compliance, if any

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

Compliance certificate

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

Report on corporate governance

This chapter, read together with the information given in the section on 'General Shareholder Information', constitute the report on corporate governance during FY2017. A section on 'Management Discussion and Analysis' for FY2017 is also included in this Annual Report.
The Company duly submits the quarterly compliance report to the stock exchanges.

Auditors' certificate on corporate governance

The Company has obtained a certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in the Listing Regulations. This certificate is annexed to the Directors' Report.

Compliance of mandatory and discretionary requirements under the Listing Regulations

Mandatory

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

Discretionary

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

A. The Board

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

B. Shareholder rights

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

C. Modified opinion(s) in the audit report

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

D. Separate posts of Chairperson and Managing Director/CEO

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

E. Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

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Groceries to apparel, smartphones to smart TVs, furniture to modular kitchens

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Shop the way you would like to. And convert all your spends in up to 24 EMIs. Bajaj Finserv EMI Network - the way to pay.

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Over	Available on	Accepted at	Across
7 mn members	**1 mn+** products	**30,000+** stores	**300** cities

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BAJAJ FINANCE LIMITED

Terms and conditions apply

General Shareholder Information

30th Annual general meeting

Date	19 July 2017
Time	12.15 p.m.
Venue	Registered office of the Company at Akurdi, Pune – 411 035

Financial calendar for FY2018

Unaudited first quarter financial results	July 2017
Unaudited second quarter financial results	October 2017
Unaudited third quarter financial results	January 2018
Audited annual results	May 2018
Mailing of Annual Reports	June 2018
Annual general meeting	July 2018

Dividend

Board of Directors of the Company has proposed a dividend of ₹ 3.60 per equity share of the face value of ₹ 2 each (180%) for FY2017, subject to approval by the members at the annual general meeting. Dividend paid in the previous year was ₹ 25 per equity share of the face value of ₹ 10 each (250%).

Dates of book closure

The register of members and share transfer books of the Company will remain closed from **Saturday, 8 July 2017** to **Wednesday, 19 July 2017** (both days inclusive) for the purpose of payment of dividend.

Date of dividend payment

Dividend on equity shares, if declared, at the annual general meeting, will be credited/ dispatched between **Monday, 24 July 2017** and **Thursday, 27 July 2017** as under:

a) to all those members holding shares in physical form, after giving effect to all valid share transfers lodged with the Company/share transfer agent of the Company, i.e., Karvy Computershare Pvt. Ltd. ('Karvy') on or before closing hours on **Friday, 7 July 2017**; and

b) to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the end of the day on **Friday, 7 July 2017**.

Payment of dividend

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, dividend, if declared, will be paid through electronic mode, where the bank account details of the members required for this purpose are available. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants.

For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, on or before Friday, 7 July 2017, updated particulars of their bank account, to Karvy along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of PAN card.

Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and make sure that such changes are recorded by them correctly on or before Friday, 7 July 2017. The request to update particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.

Unclaimed dividend/shares

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

Pursuant to section 205C of the Companies Act, 1956, any amount transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called the 'Investor Education and Protection Fund' set up by the Central Government. Accordingly, the unpaid/unclaimed dividend amounts for FY1996 to FY2009 were transferred by the Company to the said fund in the years 2003 to 2016, respectively.

Unpaid/unclaimed dividend for FY2010 shall become due for transfer to the said fund in September 2017. Members are requested to verify their records and send claim, if any, for FY2010, by writing to Karvy at mohsin.mohd@karvy.com, before the amount becomes due for transfer to the said fund. Communication has been sent to the members having unclaimed dividend for FY2010, requesting them to claim the same.

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

Pursuant to section 124(6) of the Companies Act, 2013, as amended, and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (the IEPF Rules, 2016) all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more will become due for transfer to the IEPF DEMAT account.

In due compliance of the provisions of rule 6(3) of the IEPF Rules, 2016 the Company had sent individual letters through speed post to, *inter alia*, all such members requesting them to claim the amount of unpaid dividend on or before the Company proceeds with the transfer of related shares to the IEPF DEMAT Account.

The Company has also published notices in the newspapers intimating the members of the said provisions and these details have been made available on the Company's website https://www.bajajfinserv.in/finance/investor-relations/shareholders-information.aspx

As provided under the IEPF Rules, 2016 a member can claim such unpaid dividends and the shares transferred to the Fund by following the prescribed procedure. The IEPF Rules, 2016 are available on the Company's website https://www.bajajfinserv.in/finance/investor-relations/shareholders-information.aspx

Share transfer agent

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

Share transfer system

Share transfers received by the Company and Karvy are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in physical category during FY2017 was 37,537 versus 5,186 during FY2016, the details of which were placed before the Board of Directors on quarterly basis.

Dematerialisation/rematerialisation of shares and liquidity

During FY2017, 242,409 shares were dematerialised compared to 47,695 shares during FY2016. During FY2017, 127 shares were rematerialised compared to 101 shares during FY2016. Distribution of shares as on 31 March 2017 is given in Table 1.

Table 1: Shares held in physical and electronic mode

	Position as on 31 March 2017		Position as on 31 March 2016	
Particulars	**No. of shares (FV of ₹ 2 each)**	**% of total shares**	**No. of shares (FV of ₹ 10 each)**	**% of total shares**
Physical	2,683,550	0.49	306,115	0.57
Demat:				
NSDL	534,317,476	97.17	52,277,137	97.04
CDSL	12,889,064	2.34	1,288,938	2.39
Sub Total	547,206,540	99.51	53,566,075	99.43
Total	**549,890,090**	**100.00**	**53,872,190**	**100.00**

Stock code

1.	BSE Ltd.	500034
2.	National Stock Exchange of India Ltd.	BAJFINANCE – EQ
3.	ISIN for depositories (NSDL and CDSL)	INE296A01024

Listing on stock exchanges

	Name	Address
1.	BSE Ltd. (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

Pursuant to the Listing Regulations, the Company has entered into a uniform Listing Agreement with BSE and NSE. Annual listing fees, as prescribed, have been paid to the said stock exchanges up to 31 March 2018.

Market price data

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

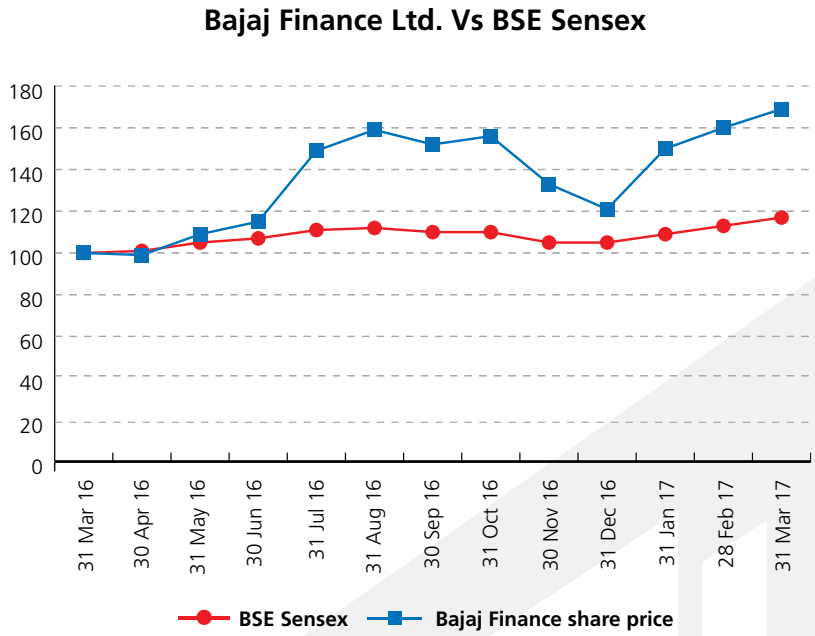
Table 2: Monthly highs and lows of Bajaj Finance Ltd. shares during FY2017(₹ vis-á-vis BSE Sensex)

	BSE		NSE		
Month	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**	**Closing BSE Sensex**
Apr – 16	7,418.90	6,832.20	7,430.40	6,823.55	25,606.62
May – 16	7,777.55	6,946.65	7,771.10	6,954.20	26,667.96
Jun – 16	7,989.15	7,488.00	7,996.70	7,491.90	26,999.72
Jul – 16	10,357.25	8,092.65	10,372.65	8,095.65	28,051.86
Aug – 16	11,226.80	9,976.80	11,226.25	9,969.70	28,452.17
Sept – 16	11,389.75	1,036.80	11,393.30	1,037.15	27,865.96
Oct – 16	1,149.85	1,054.95	1,148.40	1,053.95	27,930.21
Nov – 16	1,061.75	814.00	1,060.80	815.05	26,652.81
Dec – 16	914.15	766.20	914.20	765.40	26,626.46
Jan – 17	1,054.20	869.95	1,054.80	870.05	27,655.96
Feb – 17	1,107.30	1,040.05	1,108.20	1,040.40	28,743.32
Mar – 17	1,194.10	1,035.70	1,194.75	1,033.95	29,620.50

Note: From September 2016 (low) till March 2017 the share prices shown in Table 2 are of face value of ₹ 2 each.

Chart: Performance in comparison to BSE Sensex

Bajaj Finance Ltd. stock performance Vs BSE Sensex, indexed to 100 on 31 March 2016



Note: The share prices for the period 31 March 2016 to 31 August 2016 have been adjusted for sub division of shares and issue of bonus shares.

Distribution of shareholding

Table 3 gives details about the pattern of shareholding in various categories as on 31 March 2017 and 31 March 2016, while Table 4 gives the data according to size classes as on 31 March 2017.

Table 3: Distribution of shareholding across categories

Categories	31 March 2017		31 March 2016	
	No. of shares (FV of ₹ 2 each)	% to total capital	No. of shares (FV of ₹ 10 each)	% to total capital
Promoters and Promoter Group	318,583,070	57.94	30,893,907	57.35
Resident Individuals	56,461,918	10.27	5,482,214	10.18
Domestic Companies	30,433,472	5.53	3,491,721	6.48
Mutual Funds/Financial Institutions/Banks	29,479,004	5.36	3,299,335	6.12
Foreign Institutional Investors/Foreign Portfolio Investors	105,896,219	19.26	9,879,570	18.34
Non Resident Individuals/Foreign National	4,717,711	0.86	442,259	0.82
Others	4,318,696	0.78	383,184	0.71
Total	**549,890,090**	**100.00**	**53,872,190**	**100.00**

Table 4: Distribution of shareholding according to size class as on 31 March 2017

Range of holding	No. of members	% to total members	No. of shares held	% to total shares
1 – 100	49,393	52.19	1,753,265	0.32
101 – 500	29,409	31.08	6,851,582	1.24
501 – 1000	8,051	8.51	6,684,730	1.21
1001 – 10000	6,537	6.91	17,800,240	3.24
10001 – 50000	821	0.87	18,246,443	3.32
50001 – 100000	156	0.16	11,082,387	2.02
100001 and above	266	0.28	487,471,443	88.65
Total	**94,633**	**100.00**	**549,890,090**	**100.00**

Shareholders and investors grievances

The Stakeholders Relationship Committee constituted by the Board of Directors, consisting of five directors, looks into the grievances of security holders, including debenture holders and fixed deposit holders, in addition to the equity shareholders of the Company. Queries/complaints received from security holders are promptly attended to. Queries/complaints received during FY2017 related to non-receipt of duplicate share certificate/non-receipt of annual report/ non-credit of shares sent for dematerialisation/non-credit of bonus shares/non-receipt of dividend. As on 31 March 2017, there was no query/complaint pending redressal.

During FY2017, 13 complaints were received on various matters, which were duly resolved and no action remained to be taken.

Demat suspense account with HDFC Bank for unclaimed shares

According to the provisions of the Listing Regulations, the Company has a demat account titled 'Bajaj Finance Ltd. – Unclaimed Suspense Account' with HDFC Bank Ltd., Pune to which unclaimed shares were transferred. Eight hundred shares of face value of ₹ 10 each pertaining to eight members were lying in the aforesaid account at the beginning of the year. During FY2017, the number of shares were adjusted on account of sub division of face value of ₹ 10 each to ₹ 2 each and issue of bonus shares in the ratio of 1:1. Accordingly, the balance number of shares has been adjusted to eight thousand shares of face value of ₹ 2 each.

During FY2017, the Company had received a request from one member claiming one thousand shares (of face value of ₹ 2 each) out of the aforesaid unclaimed shares. After due verification of request, the Company transferred one thousand shares to the member and has released the dividend withheld on those shares. The Company has also allotted one hundred and fifty equity shares of face value of ₹ 2 each to the said member in respect of the rights entitlement on the said one thousand shares, which was held in abeyance in the rights issue of the Company made in 2013. The remaining seven thousand shares pertaining to seven members will be transferred to the concerned members on lodgment of the claim, after proper verification. Till such time, the voting rights on these shares will remain frozen.

Nomination

Individual members holding shares in physical form can nominate a person in whose name the shares are to be transferred in the case of death. Members can avail the nomination facility by submitting the prescribed nomination form SH-13 (a copy of which is placed on the Company's website https://www.bajajfinserv.in/finance/investor-relations/shareholders-information.aspx)

to Karvy. The nomination form will be sent by Karvy upon request. Nomination facility for shares held in electronic form is available with depository participants.

Voting through electronic means

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

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

In terms of the Companies (Management and Administration) Rules, 2014, as amended, ('the Rules') the members holding shares as on **13 July 2017**, being the cut-off date fixed for determining voting rights of members, are entitled to vote on the items put up in the notice of annual general meeting, through such remote e-voting facility. The remote e-voting shall be open from **16 July 2017 (9.00 a.m.)** till **18 July 2017 (5.00 p.m.)**.

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

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

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

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

Outstanding convertible instruments/ ADRs/GDRs/warrants

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

Address for correspondence

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

Share transfer agent

Karvy Computershare Pvt. Ltd.

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

Contact persons

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

Company

Registered office

Akurdi, Pune – 411 035

Corporate office ext.

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

Additional information

1. During FY2017, the Company has not sanctioned loans to any of its directors and there are no outstanding loans to directors as on date.
2. None of the employees of the Company is related to any of the directors of the Company.
3. From the date of the Balance Sheet till the date of this Report, no significant event has taken place which will have an impact on the performance of the Company during FY2017.
4. Profile of fixed deposits as on 31 March 2017:

Period of deposit (months)	No. of depositors	Amount (₹ In Crore)	% to total deposits
12 – 23	10,566	1,011.39	28.74
23 – 35	11,845	657.83	18.69
36 – 60	48,395	1,849.75	52.57
Total	**70,806**	**3,518.97**	**100.00**

As on 31 March 2017, four fixed deposits amounting to ₹ 0.60 lakh had matured and remained unclaimed.

Directors' Report

The directors present their thirtieth Annual Report and the standalone and consolidated audited financial statements for FY2017.

Financial results

The highlights of the standalone financial results are as under:

(₹ In Crore)

Particulars	FY2017	FY2016	% change over FY2016
Income from operations	9,977.36	7,293.54	37
Other income	25.95	39.84	(35)
Total income	10,003.31	7,333.38	36
Expenses	2,464.69	1,821.40	35
Loan losses and provisions	818.19	542.85	51
Finance costs	3,803.37	2,926.86	30
Depreciation and amortisation	71.16	56.34	26
CSR expenditure	28.38	21.36	33
Total expenditure	7,185.79	5,368.81	34
Profit before tax	2,817.52	1,964.57	43
Tax expense	980.97	686.05	43
Profit for the year	1,836.55	1,278.52	44
Balance brought forward from previous year	2,410.85	1,684.03	
Profit available for appropriations	4,247.40	2,962.55	
Appropriations			
Transfer to Reserve Fund	(368.00)	(256.00)	
Transfer to General Reserve	(184.00)	(128.00)	
Transfer to Infrastructure Reserve	(3.50)	–	
Final dividend to Qualified Institutional Buyers	–	(5.89)	
Tax on final dividend to Qualified Institutional Buyers and ESOP Trust	–	(1.28)	
Adjustment of dividend to ESOP Trust	0.17	1.57	
Interim dividend	–	(96.97)	
Dividend tax on interim dividend	–	(19.74)	
Proposed dividend	–	(37.71)	
Provision for dividend tax on dividend	–	(7.68)	
Balance carried to Balance Sheet	**3,692.07**	**2,410.85**	

A summary of consolidated financial performance for FY2017 consolidating the results of wholly owned subsidiary Bajaj Housing Finance Ltd. (BHFL) along with its subsidiary Bajaj Financial Securities Ltd. (BFinsec) is given below. The operations of the subsidiaries in FY2017 were not significant and hence the consolidated profit of the Company almost equals its standalone profit.

(₹ In Crore)

Particulars	FY2017	FY2016
Total income	10,006.53	7,333.56
Interest and finance charges	3,803.71	2,926.85
Net interest income	6,202.82	4,406.71
Operating expenses	2,567.22	1,899.18
Loan losses and provisions	818.19	542.85
Profit before tax	2,817.41	1,964.68
Profit after tax	1,836.38	1,278.63

Performance and financial position of subsidiaries

During FY2017, there were no major business operations in BHFL and its subsidiary BFinsec. The profit after tax for FY2017 of BHFL was ₹ 1,169,643 as against ₹ 529,939 for FY2016, for BFinsec the same was ₹ 4,825,578 as against ₹ 566,846 for FY2016.

Dividend

The directors recommend for consideration of the members at the ensuing annual general meeting, payment of dividend of ₹ 3.60 per equity share of the face value of ₹ 2 each (180%) for FY2017. The amount of dividend and tax thereon aggregate to ₹ 238.26 crore.

Dividend paid (i.e. interim dividend of 180% and final dividend of 70%) for FY2016 was ₹ 25 per share (250%) on face value of ₹ 10 each. The amount of dividend and tax thereon aggregated to ₹ 162.10 crore.

Increase in authorised share capital

During FY2017, the Company increased its authorised share capital from ₹ 75 crore consisting of 75,000,000 equity shares of face value of ₹ 10 each to ₹ 150 crore consisting of 750,000,000 equity shares of face value of ₹ 2 each.

Share capital

During FY2017, pursuant to the approval of the Board of Directors and members of the Company, the following changes have taken place in the share capital of the Company:

1. Sub division of equity shares

Each equity share of face value of ₹ 10 was sub divided into five equity shares of face value of ₹ 2 each, as a result, the number of equity shares in the authorised share capital, issued share capital and paid-up capital has increased by five times.

2. Allotment of equity shares

a) 269,360,950 bonus equity shares were allotted in the ratio of one fully paid bonus equity share of the face value of ₹ 2 each for every one equity share of the face value of ₹ 2 each held as on the record date, as a result the number of equity shares in the issued share capital and paid-up share capital has increased two times.

b) 9,250,000 equity shares (as adjusted for sub division and bonus shares) of the face value of ₹ 2 each were allotted to promotor Bajaj Finserv Ltd. on conversion of warrants and receipt of balance 75% of the issue price amounting to ₹ 306.08 crore.

c) 150 equity shares (as adjusted for sub division and bonus shares) of the face value of ₹ 2 each were allotted in respect of the rights entitlement (in rights issue made in 2013) held in abeyance on 1,000 equity shares (as adjusted for sub division and bonus shares) transferred from the unclaimed suspense account.
d) 1,918,040 equity shares of the face value of ₹ 2 each were allotted to the trustees of BFL Employee Welfare Trust under the Employee Stock Options Scheme, 2009.

As on 31 March 2017, paid-up share capital of the Company stood at ₹ 1,099,780,180 consisting of 549,890,090 equity shares of face value of ₹ 2 each fully paid-up.

Increase in borrowing powers

During FY2017, pursuant to section 180(1)(c) of the Companies Act, 2013, the Company increased the limit on the borrowing powers of the Board of Directors from ₹ 50,000 crore to ₹ 75,000 crore to meet its growing business needs.

Working results

The receivables under financing activity as on 31 March 2017 were ₹ 56,832 crore as compared to ₹ 42,756 crore as on 31 March 2016, an increase of 33% over the previous year.

Total income during FY2017 increased to ₹ 10,003 crore from ₹ 7,333 crore during FY2016, an increase of 36% over the previous year.

The profit before tax for FY2017 was ₹ 2,818 crore, as against ₹ 1,965 crore for FY2016, an increase of 43% over the previous year. The profit after tax for FY2017 was ₹ 1,837 crore as compared to ₹ 1,279 crore for FY2016, an increase of 44% over the previous year. This has been due to the Company's healthy net interest margins, operating efficiencies and prudent risk management.

The Company had an excellent year aided by strong volume growth across all its lines of businesses. During FY2017, the Company launched various new products and variants to strengthen its business model and continue its growth momentum.

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

The Company's loan loss and provisions increased from ₹ 543 crore in FY2016 to ₹ 818 crore in FY2017 taking into account the increased business. The Company ended FY2017 with a net NPA of 0.44%.

Operations

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

Extract of annual return

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

Number of meetings of the Board

Seven meetings of the Board were held during FY2017, as per details given in the annexed 'Corporate Governance Report'.

Directors' responsibility statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis;
- the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Declaration by independent directors

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

Policy on directors' appointment and remuneration

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

Particulars of loans, guarantees and investments

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

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

Related party transactions

During FY2017, the Company entered into transactions with related parties pursuant to approval of the Audit Committee. The details of such transactions were placed before the Committee for noting/review.

All related party transactions entered into during FY2017 were on an arm's length basis and in the ordinary course of business under the companies Act, 2013 and not material under Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the Listing Regulations) and hence did not require members' prior approval under the Companies Act, 2013 and the Listing Regulations. During FY2017, there were no related party transactions requiring disclosure under section 134 of the Companies Act, 2013.

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

Material changes and commitments

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

Conservation of energy and technology absorption

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

Foreign currency

Foreign currency expenditure amounting to ₹ 17.56 crore (FY2016 ₹ 14.83 crore) was incurred during FY2017. The Company did not have any foreign exchange earnings.

Risk management

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

Corporate social responsibility

During FY2017, the Company spent ₹ 28.38 crore on corporate social responsibility (CSR). A detailed information report on the CSR policy and the CSR initiatives taken during FY2017 is given in the annexed 'Annual Report on CSR activities'.

Formal annual evaluation

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

Directors and Key Managerial Personnel (KMP)

According to the Companies Act, 2013, Madhur Bajaj (DIN 00014593), non-executive director, retires from the Board by rotation this year and, being eligible, has offered his candidature for re-appointment.

Brief details of Madhur Bajaj (DIN 00014593), non-executive director who is seeking re-appointment are given in the notice of annual general meeting.

There was no change in the directors and KMP during FY2017.

Significant and material orders

During FY2017, the Company has received an order from the Commissioner of Service Tax, Pune confirming the demand of service tax of ₹ 644.65 crore on the 'interest subsidy' along with interest of ₹ 303.50 crore and penalty of ₹ 198.95 crore aggregating to ₹ 1,147.10 crore. The Company is in the process of filing an appeal before the Central Excise and Service Tax Tribunal, Mumbai.

The Company had taken opinions in the past from eminent counsels and tax consultants on the taxability of the interest subsidy and they had confirmed that the same is not liable to service tax in the hands of the Company.

Adequacy of internal financial controls

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

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

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

Employee stock option scheme

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

Deposits

During FY2017, the Company accepted fixed deposits (FDs) of ₹ 2,353.75 crore. FDs outstanding at the year end were ₹ 3,518.97 crore. As on 31 March 2017, there were four FDs amounting to ₹ 0.60 lakh which had matured and remained unclaimed.

Pursuant to the provisions of the Reserve Bank of India Act, 1934, the Company has created a charge on statutory liquid assets amounting to ₹ 557.38 crore in favour of the trustee for FD holders.

During FY2017, the Company accepted Inter Corporate Deposits (ICDs) of ₹ 764.27 crore. ICDs outstanding as on 31 March 2017 were ₹ 609.18 crore.

Overall deposits outstanding as on 31 March 2017 were ₹ 4,128.15 crore.

During FY2017, there was no default in repayment of deposits or payment of interest thereon.

Credit rating

Despite a tough economic environment, the Company retained or upgraded its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset liability management. During FY2017, the Company has been assigned "CARE AAA/Stable" for its long term debt programme from CARE Ratings.

CRISIL and ICRA have reaffirmed the highest rating of "FAAA/Stable" and "MAAA(Stable)" for the fixed deposit programme of the Company. These ratings indicate the highest degree of safety with regard to timely payment of interest and principal. The Company is amongst the few NBFCs in India which enjoys the highest rating for its fixed deposit programme.

The Company also enjoys the highest rating of "CRISIL A1+" from CRISIL and "ICRA A1+" from ICRA for its short term debt programme for ₹ 10,000 crore from each rating agency.

CRISIL has upgraded the Company's long term debt programme from "CRISIL AA+/Positive" to "CRISIL AAA/Stable" in October 2016 with a size of ₹ 10,052.80 crore for the non-convertible debenture (NCD) programme. The Company has also been assigned "CARE AAA/Stable" for its long term debt programme from CARE Ratings with a size of ₹ 2,545 crore and

"IND AAA/Stable" rating by INDIA RATINGS with a size of ₹ 10,000 crore for the NCD programme. ICRA has revised the rating outlook for the long term debt programme from "ICRA AA+(Stable)" to "ICRA AA+(Positive)" in July 2016 for a size of ₹ 8,000 crore for the NCD programme. All of the above ratings indicate a high degree of safety with regard to timely payment of interest and principal.

The Company has also been assigned "IND AAA/Stable" by INDIA RATINGS, "CRISIL AAA/Stable" rating by CRISIL, "CARE AAA/Stable" by CARE Ratings and "[ICRA] AA+/Positive" by ICRA for ₹ 2,000 crore, ₹ 2,700 crore, ₹ 2,455 crore and ₹ 1,700 crore respectively for the subordinated debt programme.

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

RBI guidelines

The Company continues to fulfill all the norms and standards laid down by the RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital adequacy ratio of the Company was 20.30% as on 31 March 2017. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Committee which meets monthly to review its ALM risks and opportunities.

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

Policy on dividend distribution

The policy on dividend distribution is given in the annexed 'Corporate Governance Report'.

Presentation of financial statements

The financial statements of the Company for the year ended 31 March 2017 have been disclosed as per schedule III to the Companies Act, 2013.

Consolidated financial statements

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

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

Statutory disclosures

- A summary of the key financials of the Company's subsidiaries is included in this Annual Report. A copy of audited financial statements for each of the subsidiary companies will be made available to the members of the Company seeking such information at any point of time.

- The audited financial statements for each of the subsidiary companies will be kept open for inspection by any member of the Company at its registered office during 10.00 a.m. to 12 noon.

- The financial results are placed on the Company's website https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx
- Details as required under the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are annexed to this Report.
- Details as required under the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which form part of the Directors' Report, will be made available to any member on request, as per the provisions of section 136(1) of the said Act.
- The directors' responsibility statement as required under section 134(5) of the Companies Act, 2013 appears in a preceding paragraph.
- Pursuant to the provisions of the Companies Act, 2013 no fraud was reported by auditors of the Company to the Audit Committee during FY2017.
- Disclosures as prescribed by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other NBFC Regulations have been made in this Annual Report.
- Cash Flow Statement for FY2017 is attached to the Balance Sheet.
- The Company has a policy on prevention of sexual harassment at the workplace. No case of sexual harassment was reported during FY2017.

Best Audit Committee award 2016

The Asian Centre for Corporate Governance and Sustainability has awarded the 'Best Audit Committee Award 2016' to the Company in recognition of its commitment to the best practices of good governance.

Corporate governance

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

All Board members and Senior Management personnel have affirmed compliance with the code of conduct for FY2017. A declaration to this effect signed by the Managing Director of the Company is included in this Annual Report.

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

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

Business responsibility report

Pursuant to the provisions of the Listing Regulations, the Company, being in the top 500 companies by market capitalisation on National Stock Exchange of India Ltd. and BSE Ltd. as on 31 March 2016, is required to give a 'Business Responsibility Report' (the BRR) in the Annual Report.

As a green initiative the BRR for FY2017 has been hosted on the Company's website https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx A physical copy of the BRR will be made available to members on request.

Secretarial standards of ICSI

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

Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013, Dalal & Shah LLP, Chartered Accountants, were appointed as statutory auditors of the Company at the 27th annual general meeting (AGM) of the Company for a period from the conclusion of the said AGM till the conclusion of the 30th AGM subject to ratification of their appointment by the members at every AGM held thereafter. The term of the existing auditors expires after the conclusion of the ensuing AGM.

A resolution for appointment of S R B C & CO LLP, Chartered Accountants, as auditors and fixation of their remuneration for the year 2017–18 is proposed in the notice of the ensuing AGM for the approval of the members.

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

The Audit Report submitted by Dalal & Shah LLP, for FY2017 does not contain any qualification, reservation or adverse remark or disclaimer.

Secretarial auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013, the Board has re-appointed Shyamprasad D Limaye, company secretary in practice (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company for FY2018.

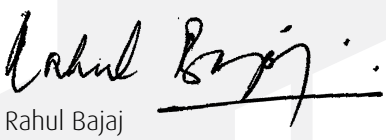
A report from the secretarial auditor in the prescribed Form MR-3 is annexed to this Report. The same does not contain any qualification, reservation or adverse remark or disclaimer.

Acknowledgement

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

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

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune: 17 May 2017

Annual Report on CSR activities

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

Introduction

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

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

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

Its goodwill resonates in the two simple words that live in the collective consciousness of Indians-Hamara Bajaj.

Guiding Principles

The Bajaj group believes that social investments should:

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

CSR policy

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

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

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

The CSR policy is placed on the Company's website
https://www.bajajfinserv.in/finance/downloads/Corporate-Social-Responsibility-Policy.pdf

2. Composition of the CSR Committee:

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

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

During FY2017, the Committee met five times on: 17 May 2016, 20 July 2016, 23 November 2016, 25 January 2017 and 1 March 2017.

3. Average net profit of the Company for the last three financial years prior to FY2017: ₹ 1,418.27 crore

4. Prescribed CSR expenditure (2% of the amount as in item no. 3 above): ₹ 28.37 crore

5. Details of CSR spent during the financial year:

Particulars	(₹ In Crore)
a. Total amount to be spent	28.37
b. Amount spent	28.38
c. Amount unspent, if any (a-b)	Nil
d. Manner in which the amount is spent is detailed below:	

(₹ In Crore)

Name of implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or State/ District)	Amount outlay/ approved	Amount spent direct/ overheads	Cumulative expenditure up to FY2017
Hrudaya Cure a Little Heart Foundation	Treatment of children suffering from Coronary Heart Disease (approx. 120 nos.)	Healthcare	Hyderabad	1.00	1.00	1.00
Parinaam Foundation	Help to 1,250 urban ultra-poor families in Bengaluru for a period of 18 months on livelihood development, childcare, education and healthcare, etc.	Livelihood Enhancement Project	Bengaluru	0.50	0.34	0.34
Future Hope India	Care and welfare of street children. They run 7 homes and a school for erstwhile street children	Livelihood Enhancement Project	Kolkata	0.50	0.50	0.50
The Akanksha Foundation	Support for 8-10th (English Medium) classes in one school	Livelihood Enhancement Project	Pune	0.30	0.30	0.30

(₹ In Crore)

Name of implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or State/ District)	Amount outlay/ approved	Amount spent direct/ overheads	Cumulative expenditure up to FY2017
Avvai Home Orphanage for Girls	Protect and educate underprivileged and orphan girls and deserted women	Woman Empowerment	Chennai	0.75	0.15	0.15
Smile Train India	Free cleft reconstruction surgeries of children from poor families	Healthcare	India	6.40	6.40	6.40
National Federation of the Blind, Maharashtra	Construction of hostel (Block B) for visually impaired girl children in NFBM Career Orientated Education campus	Promoting Education	Pune	0.55	0.37	0.37
National Federation of the Blind, Maharashtra	Support for construction of hostel (Block C) for visually impaired girl children	Promoting Education	Pune	0.55	0.19	0.19
Cuddles Foundation	Nutrition programme for children undergoing cancer treatment	Healthcare	Pune	0.22	0.22	0.22
Light of Life Trust	Support for higher education/skill training to school drop outs/ probable school drop outs and guidance on career development	Promoting Education	Mumbai	0.22	0.22	0.22
Sanvedana Foundation	Financial support for epilepsy patients from poor families	Healthcare	Pune	0.21	0.10	0.10
Infant India	Construction of a girls hostel for HIV/AIDS affected girl children	Home for Orphans and Differently Abled	Beed	0.04	0.04	0.04
Bharatiya Samaj Seva Kendra	Re-construction of Community Service Center	Promoting Education	Pune	0.50	0.50	0.50
Snehalya	Support for: 1. Equipment for Caring Friends' Hospital and Research Center 2. Expansion of Snehankur – adoption center for orphans	Healthcare	Ahmednagar	0.70	0.70	0.70
Gram Oorja Solutions Pvt. Ltd. (through Jankidevi Bajaj Gram Vikas Sanstha)	Support for Pilot on Bio Gas Grid	Health and Environmental Sustainability	Aurangabad	0.27	0.27	0.27
Vanasthali Rural Development Center	Support for the welfare of women and children in rural areas	Promoting Education	Maharashtra	0.40	0.20	0.20
Social Animation Towards United Liberative Action (SANTULAN)	Operational expenses for shelter and school for children of quarry workers	Promoting Education	Kharadi	0.67	0.20	0.20
Committed Communities Development Trust (CCDT)	Support for annual expenses of 'Ashray Centre' (Ashray is the temporary Crisis Intervention Centre for children who are in crisis and on the brink of being orphaned and vulnerable)	Setting up Homes	Mumbai	1.57	0.48	0.48
Awakening Jagriti	Support to the schools for children with cerebral palsy run by Awakening Jagriti	Promoting Education	Pune	1.42	0.43	0.43
Manavya	Provision of shelter and basic education to HIV positive orphan children to make them independent and self-sufficient	Promoting Education and Livelihood	Pune	0.11	0.11	0.11
Navkshitij	Caring centre for mentally challenged adults	Promoting Education and Livelihood Enhancement Project	Pune	0.13	0.13	0.13

(₹ In Crore)

Name of implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or State/ District)	Amount outlay/ approved	Amount spent direct/ overheads	Cumulative expenditure up to FY2017
Snehalaya	Construction of one workshop for individuals with cerebral palsy or multiple disabilities	Promoting Education	Pune	0.14	0.14	0.14
Marathwada Medical and Research Institute (MMRI) (Kamalnayan Bajaj Hospital)	Support for construction of Cath lab and purchase of related equipment	Healthcare	Aurangabad	4.00	4.00	4.00
MAHAN Trust	Construction of a new hospital wing adjacent to existing building	Healthcare	Amravati	1.25	0.25	0.25
St. Jude India Child Care Centers	Support for meeting the operating cost of one St. Jude Center	Healthcare	Hyderabad	1.08	0.36	0.72
Grant Medical Foundation (Ruby Hall)	Construction of four additional floors at Kamalnayan Bajaj building at Ruby Hall Clinic	Healthcare	Pune	5.00	5.00	5.00
The Banyan	Medication, rehabilitation and training to people with mental illness.	Healthcare	Chennai	6.00	2.00	4.00
Shri Vithalrao Joshi Charities Trust	Setting up a cath lab	Healthcare	Chiplun	4.00	3.55	3.55
Poona Blind Mens' Association	Support for 1,250 cataract surgeries	Healthcare	Pune	0.25	0.25	0.25

Notes:

a. All amounts mentioned above as spent relate to amounts spent through implementing agency, unless stated otherwise.

b. There is no expenditure on overheads in the above list.

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

Not applicable since 2% of the average net profit of the last three financial years has been spent as shown above.

In addition to that stated above, the Bajaj Group implements many CSR initiatives of substantial value through its Group Charitable Trusts operating at various locations in the country. Major initiatives that continued and/or were taken up anew by the Bajaj Group through such entities during FY2017 are given in an annexure to this report. This annexure is hosted on the Company's website https://www.bajajfinserv.in/finance/investor-relations/annual-reports.aspx and a physical copy of the same will be made available to any member on request.

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

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

Rahul Bajaj
Chairman of the Committee

Rajeev Jain
Managing Director

Pune: 17 May 2017

Extract of annual return (Form MGT–9)

As on 31 March 2017

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

I. Registration and other details

Particulars	Details
CIN	L65910MH1987PLC042961
Registration date	25 March 1987
Name of the Company	Bajaj Finance Ltd.
Category/Sub-category of the Company	Public Company, Limited by shares, NBFC
Address of the registered office and contact details	Akurdi, Pune - 411 035 Tel No: (020) 30186403 Fax No: (020) 30186364 Email ID: investor.service@bajajfinserv.in
Whether listed company	Yes (BSE and NSE)
Name, Address and Contact details of the Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Contact Persons: M S Madhusudan / Mohd. Mohsinuddin Tel No. (040) 6716 2222 Fax No. (040) 2300 1153 Toll Free No. 1800 345 4001 Email ID: mohsin.mohd@karvy.com/ einward.ris@karvy.com Website: www.karvy.com

II. Principal business activities of the Company

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

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held as on 31 March 2017	Applicable section
1.	Bajaj Finserv Ltd. Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi – 411035	L65923PN2007PLC130075	Holding	57.80	2(46)
2.	Bajaj Housing Finance Ltd. Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi – 411 035	U65910PN2008PLC132228	Subsidiary	100.00	2(87)(ii)
3.	Bajaj Financial Securities Ltd. Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi – 411 035	U67120PN2010PLC136026	Subsidiary	100.00	2(87)(ii)

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

i) Category-wise shareholding

Category of shareholders	No. of shares of FV of ₹ 10 each held at the beginning of the year (as on 1 April 2016)				No. of shares of FV of ₹ 2 each held at the end of the year (as on 31 March 2017)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters and promoter group									
(1) Indian									
a) Individual/HUF	37,200	0	37,200	0.07	766,000	0	766,000	0.14	0.07
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	30,856,707	0	30,856,707	57.28	317,817,070	0	317,817,070	57.80	0.52
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	**30,893,907**	**0**	**30,893,907**	**57.35**	**318,583,070**	**0**	**318,583,070**	**57.94**	**0.59**
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of promoters and promoter group (A) = (A)(1) + (A)(2)	**30,893,907**	**0**	**30,893,907**	**57.35**	**318,583,070**	**0**	**318,583,070**	**57.94**	**0.59**
B. Public shareholding									
(1) Institutions									
a) Mutual Funds/AIF	3,276,547	1,400	3,277,947	6.08	29,297,761	14,000	29,311,761	5.33	(0.75)
b) Banks/FI	20,688	700	21,388	0.04	324,543	7,000	331,543	0.06	0.02
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs/FPIs	9,879,570	0	9,879,570	18.34	105,896,219	0	105,896,219	19.26	0.92
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**13,176,805**	**2,100**	**13,178,905**	**24.46**	**135,518,523**	**21,000**	**135,539,523**	**24.65**	**0.19**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	3,482,443	9,278	3,491,721	6.48	30,357,192	76,280	30,433,472	5.53	(0.95)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	3,883,494	293,702	4,177,196	7.75	36,661,096	2,475,920	39,137,016	7.12	(0.63)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,205,264	0	1,205,264	2.24	16,460,927	100,000	16,560,927	3.01	0.77

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares of FV of ₹ 10 each held at the beginning of the year (as on 1 April 2016)				No. of shares of FV of ₹ 2 each held at the end of the year (as on 31 March 2017)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Others (specify)									
i) Directors	99,754	0	99,754	0.19	763,975	0	763,975	0.14	(0.05)
ii) Clearing Members	28,113	0	28,113	0.05	420,178	0	420,178	0.08	0.03
iii) Non Resident Indians	441,164	1,035	442,199	0.82	3,318,874	10,350	3,329,224	0.60	(0.22)
iv) NRI Non-Repatriation	0	0	0	0	1,388,487	0	1,388,487	0.25	0.25
v) Trusts	355,071	0	355,071	0.66	3,734,218	0	3,734,218	0.68	0.02
vi) Foreign Nationals	60	0	60	0.00	0	0	0	0	0.00
Sub-total (B)(2)	**9,495,363**	**304,015**	**9,799,378**	**18.19**	**93,104,947**	**2,662,550**	**95,767,497**	**17.41**	**(0.78)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**22,672,168**	**306,115**	**22,978,283**	**42.65**	**228,623,470**	**2,683,550**	**231,307,020**	**42.06**	**(0.59)**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**53,566,075**	**306,115**	**53,872,190**	**100.00**	**547,206,540**	**2,683,550**	**549,890,090**	**100.00**	**0**

ii) Shareholding of promoters and promoter group

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2016)			Shareholding at the end of the year (as on 31 March 2017)			% change in shareholding during the year
		No. of shares of FV of ₹ 10 each	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares of FV of ₹ 2 each	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1.	Bajaj Finserv Ltd.	30,856,613	57.28	0	317,816,130	57.80	0	0.52
2.	Rahul Bajaj	18,600	0.03	0	186,000	0.03	0	0.00
3.	Madhur Bajaj	18,600	0.03	0	186,000	0.03	0	0.00
4.	Sanjiv Bajaj	0	0	0	394,000	0.07	0	0.07
5.	Jamnalal Sons Pvt. Ltd.	94	0.00	0	940	0.00	0	0.00
	Total	**30,893,907**	**57.35**	**0**	**318,583,070**	**57.94**	**0**	**0.59**

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

Name of shareholder	Particulars		Shareholding at the beginning of the year (as on 1 April 2016) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
	At the beginning of the year		30,893,907	57.35		
	10 September 2016	Sub division and issue of bonus shares	–	–	308,939,070	57.35
Bajaj Finserv Ltd.	23 November 2016	Allotment of shares on conversion of Warrants	9,250,000	1.69	318,189,070	58.07
Sanjiv Bajaj	22 February 2017	Purchase	200,000	0.04	318,389,070	57.90
	1 March 2017	Purchase	100,000	0.02	318,489,070	57.92
	2 March 2017	Purchase	25,000	0.00	318,514,070	57.92
	3 March 2017	Purchase	25,000	0.00	318,539,070	57.93
	6 March 2017	Purchase	44,000	0.01	318,583,070	57.94
	At the end of the year		318,583,070	57.94		

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2016) Particulars		No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
1.	Maharashtra Scooters Ltd.	At the beginning of the year		1,897,466	3.52		
		10 September 2016	Sub division and issue of bonus shares	–	–	18,974,660	3.52
		At the end of the year		18,974,660	3.45		
2.	Government of Singapore	At the beginning of the year		1,277,450	2.37		
		8 April 2016	Sale	(6,601)	(0.01)	1,270,849	2.36
		15 April 2016	Purchase	1,879	0.00	1,272,728	2.36
		22 April 2016	Purchase	1,847	0.00	1,274,575	2.37
		29 April 2016	Purchase	950	0.00	1,275,525	2.37
		13 May 2016	Purchase	917	0.00	1,276,442	2.37
		20 May 2016	Purchase	1,746	0.00	1,278,188	2.37
		27 May 2016	Purchase	23,617	0.04	1,301,805	2.42
		3 June 2016	Purchase	119,008	0.22	1,420,813	2.64
		10 June 2016	Purchase	5,984	0.01	1,426,797	2.65
		8 July 2016	Sale	(4,435)	(0.01)	1,422,362	2.64
		22 July 2016	Purchase	155	0.00	1,422,517	2.64
		29 July 2016	Sale	(3,264)	(0.01)	1,419,253	2.63
		5 August 2016	Sale	(5,236)	(0.01)	1,414,017	2.62
		19 August 2016	Purchase	139	0.00	1,414,156	2.63
		2 September 2016	Sale	(8,476)	(0.02)	1,405,680	2.61
		9 September 2016	Purchase	262	0.00	1,405,942	2.61
		10 September 2016	Sub division and issue of bonus shares	–	–	14,059,420	2.61
		16 September 2016	Purchase	1,555	0.00	14,060,975	2.61
		7 October 2016	Purchase	20,161	0.00	14,081,136	2.61
		14 October 2016	Purchase	1,575	0.00	14,082,711	2.61
		4 November 2016	Sale	(5,689)	(0.00)	14,077,022	2.61
		11 November 2016	Sale	(5,463)	(0.00)	14,071,559	2.61
		25 November 2016	Purchase	1,583	0.00	14,073,142	2.57
		2 December 2016	Purchase	215,216	0.04	14,288,358	2.61
		9 December 2016	Sale	(5,283)	(0.00)	14,283,075	2.61
		30 December 2016	Purchase	17,456	0.00	14,300,531	2.61
		6 January 2017	Purchase	16,199	0.00	14,316,730	2.61
		20 January 2017	Sale	(5,280)	(0.00)	14,311,450	2.61
		3 February 2017	Sale	(96,491)	(0.02)	14,214,959	2.59
		10 February 2017	Sale	(38,944)	(0.01)	14,176,015	2.59
		3 March 2017	Sale	(12,826)	(0.00)	14,163,189	2.58
		10 March 2017	Purchase	4,810	0.00	14,167,999	2.58
		17 March 2017	Sale	(19,398)	(0.00)	14,148,601	2.57
		31 March 2017	Sale	(60,612)	(0.01)	14,087,989	2.56
		At the end of the year		14,087,989	2.56		

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

Sr. No.	Name of shareholder	Particulars		Shareholding at the beginning of the year (as on 1 April 2016) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
3.	Smallcap World Fund, Inc	At the beginning of the year		608,716	1.13		
		10 September 2016	Sub division and issue of bonus shares	–	–	6,087,160	1.13
		At the end of the year		6,087,160	1.11		
4.	Axis Mutual Fund Trustee Ltd. A/C Axis Mutual F	At the beginning of the year		319,129	0.59		
		15 April 2016	Purchase	5,000	0.01	324,129	0.60
		20 May 2016	Sale	(30,000)	(0.06)	294,129	0.55
		27 May 2016	Purchase	15,000	0.03	309,129	0.57
		10 June 2016	Purchase	10,000	0.02	319,129	0.59
		30 June 2016	Purchase	20,000	0.04	339,129	0.63
		29 July 2016	Sale	(17,340)	(0.03)	321,789	0.60
		5 August 2016	Sale	(10,000)	(0.02)	311,789	0.58
		26 August 2016	Purchase	5,000	0.01	316,789	0.59
		2 September 2016	Purchase	55,336	0.10	372,125	0.69
		10 September 2016	Sub division and issue of bonus shares	–	–	3,721,250	0.69
		23 September 2016	Purchase	128,000	0.02	3,849,250	0.71
		7 October 2016	Purchase	20,000	0.00	3,869,250	0.72
		21 October 2016	Purchase	260,400	0.05	4,129,650	0.77
		11 November 2016	Purchase	37,200	0.01	4,166,850	0.77
		18 November 2016	Purchase	123,500	0.02	4,290,350	0.80
		25 November 2016	Purchase	34,809	0.01	4,325,159	0.79
		2 December 2016	Purchase	58,000	0.01	4,383,159	0.80
		2 December 2016	Sale	(175,601)	(0.03)	4,207,558	0.77
		9 December 2016	Sale	(200,000)	(0.04)	4,007,558	0.73
		16 December 2016	Sale	(185,000)	(0.03)	3,822,558	0.70
		23 December 2016	Purchase	60,000	0.01	3,882,558	0.71
		30 December 2016	Purchase	525,000	0.10	4,407,558	0.80
		13 January 2017	Purchase	184,000	0.03	4,591,558	0.84
		20 January 2017	Purchase	114,000	0.02	4,705,558	0.86
		27 January 2017	Purchase	50,000	0.01	4,755,558	0.87
		27 January 2017	Sale	(110,000)	(0.02)	4,645,558	0.85
		3 February 2017	Purchase	12,000	0.00	4,657,558	0.85
		3 February 2017	Sale	(203,500)	(0.04)	4,454,058	0.81
		10 February 2017	Purchase	95,000	0.02	4,549,058	0.83
		24 February 2017	Sale	(4,250)	(0.00)	4,544,808	0.83
		3 March 2017	Purchase	47,000	0.01	4,591,808	0.84
		3 March 2017	Sale	(85,000)	(0.02)	4,506,808	0.82
		10 March 2017	Purchase	126,478	0.02	4,633,286	0.84
		10 March 2017	Sale	(26,050)	(0.00)	4,607,236	0.84
		17 March 2017	Purchase	241,429	0.04	4,848,665	0.88
		24 March 2017	Purchase	900,000	0.16	5,748,665	1.05
		31 March 2017	Sale	(7,898)	(0.00)	5,740,767	1.04
		At the end of the year		5,740,767	1.04		

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2016)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5.	New Horizon Opportunities Master Fund	At the beginning of the year		0	0		
		29 July 2016	Purchase	341,000	0.63	341,000	0.63
		5 August 2016	Purchase	150,000	0.28	491,000	0.91
		10 September 2016	Sub division and issue of bonus shares	–	–	4,910,000	0.91
		At the end of the year		4,910,000	0.89		
6.	Birla Sun Life Trustee Company Pvt. Ltd. A/C	At the beginning of the year		490,532	0.91		
		8 April 2016	Sale	(2,984)	(0.01)	487,548	0.91
		15 April 2016	Sale	(6,000)	(0.01)	481,548	0.89
		22 April 2016	Sale	(3,550)	(0.01)	477,998	0.89
		20 May 2016	Sale	(7,500)	(0.01)	470,498	0.87
		8 July 2016	Sale	(2,526)	(0.00)	467,972	0.87
		15 July 2016	Sale	(8,000)	(0.01)	459,972	0.85
		22 July 2016	Sale	(600)	(0.00)	459,372	0.85
		29 July 2016	Sale	(8,000)	(0.01)	451,372	0.84
		5 August 2016	Sale	(4,070)	(0.01)	447,302	0.83
		9 September 2016	Sale	(13,150)	(0.02)	434,152	0.81
		10 September 2016	Sub division and issue of bonus shares	–	–	4,341,520	0.81
		16 September 2016	Sale	(2,400)	(0.00)	4,339,120	0.81
		23 September 2016	Purchase	700	0.00	4,339,820	0.81
		7 October 2016	Purchase	19,100	0.00	4,358,920	0.81
		7 October 2016	Sale	(12,500)	(0.00)	4,346,420	0.81
		21 October 2016	Purchase	500	0.00	4,346,920	0.81
		4 November 2016	Purchase	1,830	0.00	4,348,750	0.81
		11 November 2016	Purchase	650	0.00	4,349,400	0.81
		18 November 2016	Purchase	1,300	0.00	4,350,700	0.81
		25 November 2016	Purchase	85,000	0.02	4,435,700	0.81
		2 December 2016	Sale	(22,800)	(0.00)	4,412,900	0.81
		9 December 2016	Purchase	20,000	0.00	4,432,900	0.81
		9 December 2016	Sale	(4,980)	(0.00)	4,427,920	0.81
		13 January 2017	Sale	(2,894)	(0.00)	4,425,026	0.81
		20 January 2017	Sale	(24,906)	(0.00)	4,400,120	0.80
		3 March 2017	Sale	(23,133)	(0.00)	4,376,987	0.80
		17 March 2017	Purchase	150,000	0.03	4,526,987	0.82
		17 March 2017	Sale	(8,479)	(0.00)	4,518,508	0.82
		24 March 2017	Sale	(2,300)	(0.00)	4,516,208	0.82
		31 March 2017	Purchase	40,000	0.01	4,556,208	0.83
		31 March 2017	Sale	(39,700)	(0.01)	4,516,508	0.82
		At the end of the year		4,516,508	0.82		

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2016)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	Pankaj Thadani, Trustee, BFL Employee Welfare Trust	At the beginning of the year		322,674	0.60		
		15 April 2016	Transfer of shares on exercise of options	(400)	(0.00)	322,274	0.60
		29 April 2016	Transfer of shares on exercise of options	(1,150)	(0.00)	321,124	0.60
		6 May 2016	Transfer of shares on exercise of options	(5,000)	(0.01)	316,124	0.59
		13 May 2016	Transfer of shares on exercise of options	(500)	(0.00)	315,624	0.59
		20 May 2016	Transfer of shares on exercise of options	(7,525)	(0.01)	308,099	0.57
		27 May 2016	Transfer of shares on exercise of options	(3,905)	(0.01)	304,194	0.56
		3 June 2016	Transfer of shares on exercise of options	(28,425)	(0.05)	275,769	0.51
		10 June 2016	Transfer of shares on exercise of options	(9,550)	(0.02)	266,219	0.49
		17 June 2016	Transfer of shares on exercise of options	(3,695)	(0.01)	262,524	0.49
		24 June 2016	Transfer of shares on exercise of options	(22,275)	(0.04)	240,249	0.45
		8 July 2016	Transfer of shares on exercise of options	(1,300)	(0.00)	238,949	0.44
		15 July 2016	Transfer of shares on exercise of options	(2,325)	(0.00)	236,624	0.44
		22 July 2016	Transfer of shares on exercise of options	(6,935)	(0.01)	229,689	0.43
		29 July 2016	Transfer of shares on exercise of options	(17,150)	(0.03)	212,539	0.39
		5 August 2016	Transfer of shares on exercise of options	(13,825)	(0.03)	198,714	0.37
		12 August 2016	Transfer of shares on exercise of options	(405)	(0.00)	198,309	0.37
		19 August 2016	Transfer of shares on exercise of options	(3,775)	(0.01)	194,534	0.36
		26 August 2016	Transfer of shares on exercise of options	(725)	(0.00)	193,809	0.36
		2 September 2016	Transfer of shares on exercise of options	(3,100)	(0.01)	190,709	0.35

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2016)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		9 September 2016	Transfer of shares on exercise of options	(1,275)	(0.00)	189,434	0.35
		10 September 2016	Sub division and issue of bonus shares	–	–	1,894,340	0.35
		30 September 2016	Transfer of shares on exercise of options	(28,750)	(0.01)	1,865,590	0.35
		7 October 2016	Transfer of shares on exercise of options	(95,500)	(0.02)	1,770,090	0.33
		14 October 2016	Transfer of shares on exercise of options	(2,000)	(0.00)	1,768,090	0.33
		21 October 2016	Transfer of shares on exercise of options	(19,500)	(0.00)	1,748,590	0.32
		28 October 2016	Transfer of shares on exercise of options	(20,250)	(0.00)	1,728,340	0.32
		4 November 2016	Transfer of shares on exercise of options	(9,750)	(0.00)	1,718,590	0.32
		11 November 2016	Transfer of shares on exercise of options	(31,000)	(0.01)	1,687,590	0.31
		18 November 2016	Transfer of shares on exercise of options	(21,250)	(0.00)	1,666,340	0.31
		25 November 2016	Transfer of shares on exercise of options	(500)	(0.00)	1,665,840	0.30
		2 December 2016	Transfer of shares on exercise of options	(500)	(0.00)	1,665,340	0.30
		9 December 2016	Transfer of shares on exercise of options	(10,250)	(0.00)	1,655,090	0.30
		16 December 2016	Transfer of shares on exercise of options	(8,250)	(0.00)	1,646,840	0.30
		23 December 2016	Transfer of shares on exercise of options	(1,750)	(0.00)	1,645,090	0.30
		30 December 2016	Transfer of shares on exercise of options	(8,000)	(0.00)	1,637,090	0.30
		13 January 2017	Transfer of shares on exercise of options	(344,380)	(0.06)	1,292,710	0.24
		20 January 2017	Transfer of shares on exercise of options	(10,000)	(0.00)	1,282,710	0.23
		3 February 2017	Transfer of shares on exercise of options	(1,500)	(0.00)	1,281,210	0.23
		15 February 2017	Allotment of shares	1,918,040	0.35	3,199,250	0.58
		17 February 2017	Transfer of shares on exercise of options	(7,000)	(0.00)	3,192,250	0.58
		20 February 2017	Transfer of shares on exercise of options	(41,750)	(0.01)	3,150,500	0.57

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2016)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		3 March 2017	Transfer of shares on exercise of options	(2,750)	(0.00)	3,147,750	0.57
		10 March 2017	Transfer of shares on exercise of options	(52,000)	(0.01)	3,095,750	0.56
		17 March 2017	Transfer of shares on exercise of options	(38,250)	(0.01)	3,057,500	0.56
		At the end of the year		3,057,500	0.56		
8.	Motilal Oswal Most Focused Dynamic Equity Fund	At the beginning of the year		130,161	0.24		
		8 April 2016	Purchase	199	0.00	130,360	0.24
		8 April 2016	Sale	(14,656)	(0.03)	115,704	0.21
		15 April 2016	Sale	(12,000)	(0.02)	103,704	0.19
		22 April 2016	Sale	(13)	(0.00)	103,691	0.19
		29 April 2016	Purchase	4,652	0.01	108,343	0.20
		6 May 2016	Purchase	19,529	0.04	127,872	0.24
		6 May 2016	Sale	(25)	(0.00)	127,847	0.24
		13 May 2016	Purchase	7,488	0.01	135,335	0.25
		3 June 2016	Purchase	10	0.00	135,345	0.25
		10 June 2016	Sale	(13)	(0.00)	135,332	0.25
		17 June 2016	Sale	(13)	(0.00)	135,319	0.25
		24 June 2016	Sale	(654)	(0.00)	134,665	0.25
		30 June 2016	Purchase	3,890	0.01	138,555	0.26
		30 June 2016	Sale	(13)	(0.00)	138,542	0.26
		8 July 2016	Sale	(3,917)	(0.01)	134,625	0.25
		15 July 2016	Sale	(48,721)	(0.09)	85,904	0.16
		22 July 2016	Purchase	29,233	0.05	115,137	0.21
		29 July 2016	Sale	(2,257)	(0.00)	112,880	0.21
		5 August 2016	Sale	(13)	(0.00)	112,867	0.21
		19 August 2016	Purchase	4,796	0.01	117,663	0.22
		2 September 2016	Sale	(13)	(0.00)	117,650	0.22
		9 September 2016	Purchase	8,738	0.02	126,388	0.23
		9 September 2016	Sale	(598)	(0.00)	125,790	0.23
		10 September 2016	Sub division and issue of bonus shares	-	-	1,257,900	0.23
		16 September 2016	Sale	(26,098)	(0.00)	1,231,802	0.23
		23 September 2016	Purchase	1,332	0.00	1,233,134	0.23
		30 September 2016	Purchase	31,985	0.01	1,265,119	0.23
		30 September 2016	Sale	(8,764)	(0.00)	1,256,355	0.23
		7 October 2016	Purchase	22,171	0.00	1,278,526	0.24
		21 October 2016	Purchase	307,735	0.06	1,586,261	0.29
		28 October 2016	Purchase	42,957	0.01	1,629,218	0.30
		11 November 2016	Purchase	303,189	0.06	1,932,407	0.36
		18 November 2016	Purchase	170,251	0.03	2,102,658	0.39
		25 November 2016	Purchase	236,598	0.04	2,339,256	0.43
		25 November 2016	Sale	(264)	(0.00)	2,338,992	0.43
		9 December 2016	Purchase	53,573	0.01	2,392,565	0.44
		16 December 2016	Purchase	472,460	0.09	2,865,025	0.52

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2016)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		23 December 2016	Purchase	11,400	0.00	2,876,425	0.52
		30 December 2016	Purchase	145,965	0.03	3,022,390	0.55
		30 December 2016	Sale	(49,593)	(0.01)	2,972,797	0.54
		6 January 2017	Sale	(69,732)	(0.01)	2,903,065	0.53
		13 January 2017	Sale	(130,390)	(0.02)	2,772,675	0.51
		3 February 2017	Sale	(1,929)	(0.00)	2,770,746	0.51
		10 February 2017	Purchase	37,164	0.01	2,807,910	0.51
		10 February 2017	Sale	(9,449)	(0.00)	2,798,461	0.51
		17 February 2017	Purchase	36,000	0.01	2,834,461	0.52
		24 February 2017	Purchase	91,100	0.02	2,925,561	0.53
		3 March 2017	Purchase	18,546	0.00	2,944,107	0.54
		3 March 2017	Sale	(27,425)	(0.00)	2,916,682	0.53
		10 March 2017	Purchase	32,841	0.01	2,949,523	0.54
		17 March 2017	Purchase	45,000	0.01	2,994,523	0.54
		24 March 2017	Purchase	45,138	0.01	3,039,661	0.55
		At the end of the year		3,039,661	0.55		
9.	New World Fund Inc	At the beginning of the year		0	0		
		5 August 2016	Purchase	240,000	0.45	240,000	0.45
		10 September 2016	Sub division and issue of bonus shares	–	–	2,400,000	0.45
		3 March 2017	Purchase	625,000	0.11	3,025,000	0.55
		At the end of the year		3,025,000	0.55		
10.	Abu Dhabi Investment Authority-Behave	At the beginning of the year		0	0		
		20 May 2016	Purchase	3,760	0.01	3,760	0.01
		27 May 2016	Sale	(1,317)	(0.00)	2,443	0.00
		3 June 2016	Purchase	164,381	0.31	166,824	0.31
		10 June 2016	Purchase	17,770	0.03	184,594	0.34
		5 August 2016	Purchase	40,000	0.07	224,594	0.42
		2 September 2016	Sale	(6,078)	(0.01)	218,516	0.41
		10 September 2016	Sub division and issue of bonus shares	–	–	2,185,160	0.41
		2 December 2016	Sale	(103,707)	(0.02)	2,081,453	0.38
		16 December 2016	Sale	(241,366)	(0.04)	1,840,087	0.34
		23 December 2016	Purchase	21,824	0.00	1,861,911	0.34
		23 December 2016	Sale	(21,824)	(0.00)	1,840,087	0.34
		30 December 2016	Purchase	1,010,000	0.18	2,850,087	0.52
		06 January 2017	Purchase	164,710	0.03	3,014,797	0.55
		13 January 2017	Purchase	7,398	0.00	3,022,195	0.55
		24 February 2017	Sale	(6,687)	(0.00)	3,015,508	0.55
		At the end of the year		3,015,508	0.55		

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of director and key managerial personnel	Shareholding of each director and each key managerial personnel		Shareholding at the beginning of the year (as on 1 April 2016)		Cumulative shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Rahul Bajaj	At the beginning of the year		18,600	0.03		
		10 September 2016	Sub division and issue of bonus shares	–	–	186,000	0.03
		At the end of the year		186,000	0.03		
2.	Madhur Bajaj	At the beginning of the year		18,600	0.03		
		10 September 2016	Sub division and issue of bonus shares	–	–	186,000	0.03
		At the end of the year		186,000	0.03		
3.	Sanjiv Bajaj	At the beginning of the year		0	0		
		22 February 2017	Purchase	200,000	0.04	200,000	0.04
		1 March 2017	Purchase	100,000	0.02	300,000	0.05
		2 March 2017	Purchase	25,000	0.00	325,000	0.06
		3 March 2017	Purchase	25,000	0.00	350,000	0.06
		6 March 2017	Purchase	44,000	0.01	394,000	0.07
		At the end of the year		394,000	0.07		
4.	Rajendra Lakhotia	At the beginning of the year		99,754	0.19		
		12 April 2016	Sale	(200)	(0.00)	99,554	0.18
		13 April 2016	Sale	(577)	(0.00)	98,977	0.18
		10 September 2016	Sub division and issue of bonus shares	–	–	989,770	0.18
		27 September 2016	Sale	(22,226)	(0.00)	967,544	0.18
		28 September 2016	Sale	(31,869)	(0.01)	935,675	0.17
		2 November 2016	Sale	(48,500)	(0.01)	887,175	0.16
		1 February 2017	Sale	(123,200)	(0.02)	763,975	0.14
		At the end of the year		7,63,975	0.14		
5.	Anant Damle	At the beginning of the year		7,383	0.01		
		17 May 2016	Purchase (ESOPs)	500	0.00	7,883	0.01
		25 May 2016	Purchase (ESOPs)	475	0.00	8,358	0.02
		10 September 2016	Sub division and issue of bonus shares	–	–	83,580	0.02
		At the end of the year		83,580	0.02		

V. Indebtedness

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

(Amount in ₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 2016-17				
i) Principal Amount	304,451,200,000	43,362,900,000	22,432,900,000	370,247,000,000
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	9,200,065,861	786,706,854	873,727,285	10,860,500,000
Total (i+ii+iii)	**313,651,265,861**	**44,149,606,854**	**23,306,627,285**	**381,107,500,000**
Change in Indebtedness during the financial year				
• Addition	152,820,077,438	326,678,127,021	32,729,252,824	512,227,457,283
• Reduction	93,841,194,431	276,566,606,854	13,205,535,481	383,613,336,766
Net Change	**58,978,883,007**	**50,111,520,167**	**19,523,717,343**	**128,614,120,517**
Indebtedness at the end of the financial year				
i) Principal Amount	358,818,209,252	92,396,801,911	41,281,569,386	492,496,580,548
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	13,811,939,616	1,864,325,110	1,548,775,243	17,225,039,969
Total (i+ii+iii)	**372,630,148,868**	**94,261,127,021**	**42,830,344,629**	**509,721,620,517**

VI. Remuneration of directors and key managerial personnel

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

(Amount in ₹)

Sr. No.	Particulars of remuneration	Rajeev Jain (MD)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69,432,816
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	265,106
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0
2.	Stock Options	0
3.	Sweat Equity	0
4.	Commission	0
	- as % of profit	
	- others, specify	
5.	Others, please specify	0
	Total (A)	**69,697,922**
	Ceiling as per the Companies Act, 2013	1,333,034,828

B. Remuneration to other directors:

Sr. No.	Name of directors	Fee for attending Board/Committee meetings (₹)	Commission (₹)	Total amount (₹)
I.	**Independent directors**			
1.	Nanoo Pamnani	900,000	11,800,000	12,700,000
2.	D S Mehta	650,000	1,300,000	1,950,000
3.	D J Balaji Rao	300,000	600,000	900,000
4.	Omkar Goswami	500,000	1,000,000	1,500,000
5.	Dipak Poddar	400,000	800,000	1,200,000
6.	Ranjan Sanghi	800,000	1,600,000	2,400,000
7.	Rajendra Lakhotia	500,000	1,000,000	1,500,000
8.	Gita Piramal	350,000	700,000	1,050,000
	Total (I)	**4,400,000**	**18,800,000**	**23,200,000**
II.	**Non-independent, non-executive**			
1.	Rahul Bajaj	500,000	1,000,000	1,500,000
2.	Sanjiv Bajaj	900,000	1,800,000	2,700,000
3.	Madhur Bajaj	350,000	700,000	1,050,000
4.	Rajiv Bajaj	300,000	600,000	900,000
	Total (II)	**2,050,000**	**4,100,000**	**6,150,000**
	Total (B)=(I+II)	**6,450,000**	**22,900,000**	**29,350,000**
	Total Managerial Remuneration(A+B)			**99,047,922**
	Overall ceiling as per the Companies Act, 2013			2,932,676,621

Note: Overall ceiling as per the Companies Act, 2013 is not applicable to sitting fees.

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

(Amount in ₹)

Sr. No.	Particulars of remuneration	Key managerial personnel		
		Sandeep Jain Chief Financial Officer	Anant Damle Company Secretary	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,025,361	5,245,800	15,271,161
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	299,759	173,987	473,746
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Options	0	6,097,358	6,097,358
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- as % of profit			
	- others, specify			
5.	Others, please specify	0	0	0
	Total	**10,325,120**	**11,517,145**	**21,842,265**

VII. Penalties/punishment/compounding of offences

During FY2017, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Remuneration details under rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year ended 31 March 2017

Name of director/key managerial personnel	Ratio of remuneration of director to median remuneration of employees	% Increase in remuneration in the financial year
A. Whole-time director		
Rajeev Jain – Managing Director	215.22	24.00
B. Non-executive directors		
Rahul Bajaj – Chairman	3.05	(16.67)
Nanoo Pamnani - Vice Chairman	35.97	21.65
Sanjiv Bajaj - Vice Chairman	5.49	0.00
Madhur Bajaj	2.13	(12.50)
Rajiv Bajaj	1.83	20.00
D S Mehta	3.96	(7.14)
D J Balaji Rao	1.83	(14.29)
Omkar Goswami	3.05	11.11
Dipak Poddar	2.44	14.29
Ranjan Sanghi	4.88	0.00
Rajendra Lakhotia	3.05	(9.09)
Gita Piramal	2.13	0.00
C. Key Managerial Personnel		
Rajeev Jain - Managing Director		24.00
Sandeep Jain - Chief Financial Officer (appointed w.e.f. 4 February 2016)		Not Applicable
Anant Damle - Company Secretary		8.00
D. % Increase in median remuneration of employees other than Managing Director		(7.00)
E. Number of permanent employees on the rolls of the Company as on 31 March 2017		11,479

Notes:

- Remuneration payable to non-executive directors is based on the number of meetings of the Board and/or Committees attended by them during the year.
- Remuneration to directors does not include sitting fee paid to them for attending Board and/or Committee meetings.

Notes on Disclosures under rule 5

1. Average percentage increase in salary of employees other than Managing Director is 10.70%.
2. Percentage increase in remuneration of Managing Director is 24%. The increase in remuneration of Managing Director is keeping in view his duties and responsibilities, the performance of the Company and trend of remuneration in industry.
3. The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial audit report (Form MR-3)

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

For the financial year ended 31 March 2017

To The Members of
Bajaj Finance Ltd.
(CIN: L65910MH1987PLC042961)
Akurdi, Pune 411035

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bajaj Finance Ltd. (hereinafter called as 'the Company'). The secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2017, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Deposit taking Non-Banking Financial Companies with classification as a 'Loan Company'; which are specifically applicable to the Company.

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

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Listing Agreements entered into by the Company with BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive, non-executive and independent directors. There is no change in the composition of the Board of Directors during the period under review.

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

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

I further report that, during the period, the Company has:

1. increased its authorised share capital from ₹ 75 crore divided into 75,000,000 equity shares of face value of ₹ 10 each to ₹ 150 crore divided into 750,000,000 equity shares of face value of ₹ 2 each.

2. sub divided each equity share of face value of ₹ 10 into 5 equity shares of face value of ₹ 2 each.

3. on 14 September 2016, allotted 269,360,950 bonus equity shares of face value of ₹ 2 each.

4. on 23 November 2016, allotted 9,250,000 equity shares of face value of ₹ 2 each upon conversion of warrants by promoter Bajaj Finserv Ltd.

5. on 30 January 2017, allotted 150 equity shares of face value of ₹ 2 each in respect of the rights entitlement (rights issue made in 2013) held in abeyance on 1,000 equity shares transferred from the unclaimed suspense account.

6. on 15 February 2017, allotted 19,18,040 equity shares of face value of ₹ 2 each to the trustees of BFL Employee Welfare Trust under ESOS 2009.

7. allotted Debentures on Private Placement basis, from time to time totalling to an amount of ₹ 11,017.30 crore and complied with the Rules and Regulations under various Acts.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc. referred to above.

Shyamprasad D Limaye
FCS No. 1587
CP No. 572

Pune: 17 May 2017

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of
Bajaj Finance Ltd.

We have examined the compliance of conditions of Corporate Governance by Bajaj Finance Ltd., for the year ended 31 March 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

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

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

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

For and on behalf of
Dalal & Shah LLP
Chartered Accountants
Firm Registration Number: 102021W/W100110

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Declaration on Code of Conduct

To,

The Board of Directors
Bajaj Finance Ltd.

I, Rajeev Jain, Managing Director of Bajaj Finance Ltd. hereby declare that all the Board members and senior managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended 31 March 2017.

Rajeev Jain
Managing Director

Pune: 17 May 2017

Standalone Financial Statements

Independent Auditors' Report on the Standalone Financial Statements

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

1. We have audited the accompanying standalone financial statements of Bajaj Finance Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

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

Auditors' responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the standalone financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at 31 March 2017 on its financial position in its standalone financial statements;

ii. The Company has made provision as at 31 March 2017, as required under the applicable Law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long-term derivative contracts as at 31 March 2017;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company for the year ended 31 March 2017;

iv. The Company has provided requisite disclosures in the financial statements as to its direct holdings as well as dealings in Specified Bank Notes during the period 8 November 2016 to 30 December 2016, which based on audit procedures and relying on Management representations are in agreement with the books of accounts maintained by the Company and as produced to us for our verification. However, disclosures of holdings on 8 November 2016 and depositions thereof made directly by collecting agents, in SBN and other denomination, in respect of its two-wheelers and three-wheelers financing business as detailed in note no. 34(ii)(b) to the financial statements are only to the extent of information available and received by the Company and hence are not verifiable by us.

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

S Venkatesh
Partner
Membership Number: 037942
Pune: 17 May 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the Members of Bajaj Finance Ltd. on the standalone financial statements for the year ended 31 March 2017

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

1. We have audited the internal financial controls over financial reporting of Bajaj Finance Ltd. ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

6. The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that

   (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

   (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and

   (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure A to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S Venkatesh
Partner
Membership Number: 037942
Pune: 17 May 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the Members of Bajaj Finance Ltd. on the standalone financial statements as of and for the year ended 31 March 2017

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

   (c) The title deeds of immovable properties, as disclosed in note no. 10 on fixed assets to the financial statements, are held in the name of the Company.

2. The Company is in the business of financing and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of the said Order are not applicable to the Company.

3. The Company has granted secured loans to a Company covered in the register maintained under section 189 of the Act.

   (a) In respect of the aforesaid loan, the terms and conditions under which such loan was granted are not prejudicial to the Company's interest.

   (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the party is repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

   (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

4. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of the investments made by it.

5. In our opinion, and according to the information and explanations given to us, the Company being a Non-Banking Finance Company (NBFC) registered with Reserve Bank of India, is not required to comply with the provisions of sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the product and services of the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, esic and income tax as at 31 March 2017 which have not been deposited on account of a dispute are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount*	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Sales tax	0.86*	2005-06 to 2008-09	Additional Commissioner
	Sales tax	0.09*	2005-06	Appellate Tribunal
Central Excise Act, 1944	Service tax	2.53	2007-08 to September 2015	Customs, Excise and Service Tax Appellate Tribunal
	Service tax	1.27	2007-08 to 2013-14	Customs, Excise and Service Tax Appellate Tribunal
	Service tax	0.38	2014-15	Commissioner Appeals
	Service tax	1,147.10	2010-11 to September 2016	Company is in process of filing appeal against the order
Income Tax Act, 1961	Income tax	29.09	1995-96 to 2010-11	Mumbai High Court
ESIC	Employee State Insurance Corporation	4.46	1999-2000 to 2006-07	Employee State Insurance Court
	Employee State Insurance Corporation	0.68	1991-92 to 2002-03	Deputy Director Employee State Insurance Corporation

* Net of ₹ 1.54 crore deposited under protest.

Annexure B to Independent Auditors' Report (Contd.)

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

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

S Venkatesh
Partner
Membership Number: 037942
Pune: 17 May 2017

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	109.37	53.55
Reserves and surplus	4	9,490.94	7,271.06
Money received against share warrants	3 a	–	102.03
		9,600.31	7,426.64
Non-current liabilities			
Long-term borrowings	5	33,115.96	25,286.97
Other Long-term liabilities	6	484.87	447.40
Long-term provisions	7	362.21	242.94
		33,963.04	25,977.31
Current liabilities			
Current maturities of long-term borrowings	5	7,211.27	6,099.24
Short-term borrowings	8	8,922.42	5,638.49
Trade payables			
Total outstanding dues to micro enterprises and small enterprises	32 (i)	0.18	0.11
Total outstanding dues to creditors other than micro enterprises and small enterprises	32 (ii)	528.63	334.80
Other current liabilities	9	2,565.98	854.65
Short-term provisions	7	932.73	641.75
		20,161.21	13,569.04
Total		**63,724.56**	**46,972.99**
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		285.90	242.95
Intangible assets		75.23	44.05
		361.13	287.00
Non-current investments	11	1,090.30	485.15
Deferred tax assets (net)	12	369.07	280.04
Receivables under financing activity	13	32,028.10	24,778.55
Long-term loans and advances	14	59.86	99.79
		33,908.46	25,930.53
Current assets			
Current investments	11	2,984.40	548.92
Receivables under financing activity	13	25,654.63	18,493.68
Cash and bank balances	15	356.52	1,329.15
Short-term loans and advances	14	496.79	458.89
Other current assets	16	323.76	211.82
		29,816.10	21,042.46
Total		**63,724.56**	**46,972.99**
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2017	2016
INCOME			
Revenue from operations	17	9,977.36	7,293.54
Other income	18	25.95	39.84
Total income (I)		**10,003.31**	**7,333.38**
EXPENDITURE			
Employee benefits expense	19	931.67	629.63
Finance costs	20	3,803.37	2,926.86
Depreciation and amortisation	10	71.16	56.34
Loan losses and provisions	21	818.19	542.85
Other expenses	22	1,561.40	1,213.13
Total expenditure (II)		**7,185.79**	**5,368.81**
Profit before tax (I–II)		**2,817.52**	**1,964.57**
Tax expense:			
Current tax		1,070.00	753.81
Deferred tax expense/(credit)		(89.03)	(67.76)
Total tax expense		**980.97**	**686.05**
Profit for the year		**1,836.55**	**1,278.52**
Earnings per share:	23		
(Nominal value per share ₹ 2)			
Basic (₹)		34.01	24.23
Diluted (₹)		33.67	23.88
Statement of significant accounting policies	2		

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

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Cash Flow Statement

(₹ In Crore)

Particulars	for the year ended 31 March 2017	2016
A. Cash flow from operating activities		
Profit before tax	2,817.52	1,964.57
Adjustments for:		
Add/(Less):		
Depreciation and amortisation	71.16	56.34
Amortisation of premium on Government securities	1.13	0.87
Finance costs	3,803.37	2,926.86
Share issue expenses	0.09	–
Loan loss and provisions	818.19	542.85
Marked to market losses on investments	22.97	0.93
Interest on Government securities	(63.67)	(40.08)
Sundry credit balance appropriated	(7.81)	(1.88)
Provision no longer required	(12.44)	(31.77)
Profit on sale of investments	(162.19)	(77.88)
(Surplus)/loss on sale of assets	(0.51)	0.25
	4,470.29	3,376.49
Cash from operations before working capital changes	7,287.81	5,341.06
Changes in working capital:		
Increase in trade payables	211.08	94.89
Increase in short-term provisions	318.95	516.03
Increase in long-term provisions	39.05	8.74
Increase in other current liabilities	1,095.55	40.75
Increase in other long-term liabilities	20.05	16.60
(Increase) in long-term loans and advances	(5.61)	(3.46)
(Increase) in short-term loans and advances	(39.05)	(156.58)
(Increase) in other current assets	(107.93)	(41.38)
	1,532.09	475.59
	8,819.90	5,816.65
Taxes paid (net of refunds)	(1,006.10)	(739.58)
Finance costs paid	(3,166.92)	(2,415.61)
	(4,173.02)	(3,155.19)
	4,646.88	2,661.46
(Increase) in receivables under financing activity, current	(7,897.56)	(5,873.41)
(Increase) in receivables under financing activity, non-current	(7,249.55)	(6,658.88)
	(15,147.11)	(12,532.29)
Net cash from operating activities (A)	**(10,500.23)**	**(9,870.83)**
Carried forward	(10,500.23)	(9,870.83)

Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	for the year ended 31 March 2017	2016
Brought forward	(10,500.23)	(9,870.83)
B. Cash flow from investing activities		
Capital expenditure including advances	(148.96)	(95.46)
Sale proceeds of assets/adjustments to gross block	3.25	0.84
Purchase of investments	(130,394.49)	(95,296.46)
Sale of investments	127,491.96	94,670.76
Investment income: Interest on Government securities	60.63	34.42
Net cash from investing activities (B)	**(2,987.61)**	**(685.90)**
C. Cash flow from financing activities		
Dividends paid	(38.18)	(190.52)
Share issue expenses	(1.06)	(11.28)
Dividend distribution tax	(7.68)	(39.40)
Proceeds from borrowings	126,898.58	95,795.09
Repayment of borrowings	(114,673.63)	(85,425.09)
Increase in share capital and securities premium	337.92	1,425.37
Share application money including received against share warrants	-	102.03
Net cash from financing activities (C)	**12,515.95**	**11,656.20**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(971.89)**	**1,099.47**
Cash and cash equivalents at the beginning of the year	**1,327.23**	**227.76**
Cash and cash equivalents at the end of the year	**355.34**	**1,327.23**

Components of cash and cash equivalents

(₹ In Crore)

Particulars	for the year ended 31 March 2017	2016
Cash and cash equivalents at the end of the year		
i. Cash on hand	76.06	69.32
ii. Balances with scheduled banks in:		
Current accounts	279.28	242.85
Deposits with original maturity of less than three months	-	1,015.06
Total cash and cash equivalents at the end of the year	**355.34**	**1,327.23**

1. The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS) 3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014.
2. All figures in brackets indicate outflow.

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Notes to financial statements for the year ended 31 March 2017 (Contd.)

1 General information

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

2 Statement of significant accounting policies

Basis of preparation

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the change in accounting policies explained below. The complete financial statements have been prepared along with all disclosures.

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

A) System of Accounting

(i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.

(ii) Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

(iii) The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

B) Fixed assets, depreciation/amortisation

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on tangible fixed assets

(i) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets, except buildings which is determined on written down value method.

(ii) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

(iii) Depreciation on leasehold improvements is provided for on straight line method over the primary period of lease of premises.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

2 Statement of significant accounting policies (Contd.)

(iv) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

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

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

(vi) Assets having unit value up to ₹ 5,000 is charged off fully in the financial year of purchase of assets.

Intangible assets and amortisation thereof

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

C) Impairment of assets

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

D) Investments

(i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short-term/current investments and are carried at their cost or market value/net realisable value, whichever is lower. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.

(ii) Investments other than short-term/current investments are carried at their cost of acquisition. Long-term investments maturing within twelve months from the close of the year (i.e. current maturities) are reclassified as current investments. Provision for diminution in value of investments, if any, is made if, in the opinion of the Management, such diminution is other than temporary.

(iii) Long-term fixed income securities are stated at cost less amortisation of premium/discount as the case may be [Refer E(ii)(c) below].

E) Revenue recognition

(i) Income from financing activity

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

(ii) Income from investment

a. Dividend is accrued when the right to receive is established i.e. when declared by the investee entity.

b. Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

2 Statement of significant accounting policies (Contd.)

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

(iii) Income from assignment

a. In case of assignment of loans, the loans assigned are de-recognised when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans. On de-recognition, loss arising is recognised upfront, however, premium is amortised based on receivables over the remaining tenure of loans.

b. Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of non-performing assets wherein interest income is recognised on receipt basis as per NBFC prudential norms.

c. Servicing fee received is accounted for based on the underlying deal structure of the transaction as per the agreement

(iv) Gain/loss on sale of non-performing assets

Gain/loss on sale of non-performing assets is recognised in line with the extant RBI guidelines.

(v) Other income

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

F) Receivables under financing activity

(i) Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year but net of amount written off.

(ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets and delinquent assets not yet NPAs as considered necessary including by accelerating provision to an early stage based on past experience, emerging trends and estimates which is disclosed under 'Short-term provisions' in note no. 7 to the financial statements. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable RBI Regulations/Guidelines.

(iii) A general provision, as required by RBI Regulations/Guidelines, is also made by the Company on the standard assets outstanding which is disclosed under 'Long-term provisions' in note no. 7 to the financial statements.

G) Borrowing costs

All borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.

H) Employee benefits

(i) Gratuity: Payment for present liability of future payment of gratuity is being fully made to the approved gratuity fund viz. Bajaj Auto Ltd. gratuity fund trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in Plan Assets managed by LIC and BALICL as compared to actuarial liability determined using the projected unit credit method are recognised as a liability.

(ii) Superannuation: Defined Contribution to superannuation fund is being made as per the scheme of the Company.

(iii) Provident fund contributions are made to Bajaj Auto Ltd. provident fund trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the Company and recognised as an expense. Shortfall in fund assets over present obligation determined using the projected unit credit method by an appointed actuary is recognised as a liability.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

2 Statement of significant accounting policies (Contd.)

(iv) Privilege Leave: Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability using the projected unit credit method is recognised at the actuarially determined value by an appointed actuary.

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

I) Income tax

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

J) Provisions and contingent liabilities

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

K) Employee Stock Option Scheme

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

L) Operating Leases

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

M) Foreign currency translation

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

Conversion:
Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences:
All exchange differences are dealt with including differences arising on translation settlement of monetary items in the Statement of Profit and Loss.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

3 Share Capital

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
Authorised		
# 750,000,000 equity shares of ₹ 2 each (Previous year 75,000,000 equity shares of ₹ 10 each)	150.00	75.00
Issued		
# 549,890,090 equity shares of ₹ 2 each (Previous year 53,872,190 equity shares of ₹ 10 each)	109.98	53.87
Subscribed and paid up		
# 549,890,090 equity shares of ₹ 2 each fully called up and paid up (Previous year 53,872,190 equity shares of ₹ 10 each fully called up and paid up)	109.98	53.87
Less: 3,057,500 equity shares of ₹ 2 each (Previous year 322,674 equity shares of ₹ 10 each) held in Trust for employees under ESOP Scheme (See footnote 'e' below)	0.61	0.32
	109.37	**53.55**

Pursuant to approval of the Members:

(i) Authorised share capital of the Company was increased and subdivided from ₹ 75 crore (consisting of 75,000,000 equity shares of face value of ₹ 10 each) to ₹ 150 crore (consisting of 750,000,000 equity shares of face value of ₹ 2 each), consequent to the decision to subdivide issued capital of 53,872,190 equity shares of face value of ₹ 10 each as on the record date, i.e. 10 September 2016 (end of the day), into 269,360,950 equity shares of face value of ₹ 2 each and declaration of bonus thereon as stated in (ii) below.

(ii) On 14 September 2016, the Allotment Committee of the Board of Directors allotted 269,360,950 equity shares of face value of ₹ 2 each as bonus shares in the proportion of one bonus equity share for every one equity share of face value of ₹ 2 held as on the record date, by capitalising an amount of ₹ 538,721,900 from securities premium account. The bonus shares were listed on BSE Ltd. and National Stock Exchange of India Ltd. w.e.f. 19 September 2016.

(iii) Consequently,

(a) in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the exercise price and the number of warrants earlier issued to the promoter, Bajaj Finserv Ltd. and equity shares offered on rights basis held in abeyance*, were proportionately adjusted and

(b) in terms of the Employee Stock Option Scheme, 2009 of the Company, the grant price and the number of outstanding stock options in respect of stock options granted under the Employee Stock Option Scheme, 2009 were proportionately adjusted.

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year (Subscribed and paid up)	53,872,190	53.87	50,147,259	50.15
Adjusted no. of shares on account of sub-division of equity share #	269,360,950	53.87	–	–
Add: Issue of bonus shares during the year to eligible shareholders #	269,360,950	53.87	–	–
Add: Issued during the year – Employee Stock Option Plan	1,918,040	0.39	450,063	0.45
Add: Issued during the previous year to eligible Qualified Institutional Buyers	–	–	3,274,853	3.27
Add: Issued during the year to promoter on account of conversion of warrants +	9,250,000	1.85	–	–
Add: Issue of shares on Right basis (₹ 300, previous year ₹ 150) *	150		15	
	549,890,090	109.98	53,872,190	53.87
Less: Equity shares held in trust for employees under ESOP scheme (See footnote 'e' below)	3,057,500	0.61	322,674	0.32
Outstanding at the end of the year	546,832,590	109.37	53,549,516	53.55

+ During the year, Bajaj Finserv Ltd. (Promoter) exercised the option to convert 9,250,000 warrants, issued on preferential basis, upon payment of ₹ 306.08 crore being balance 75% amount of the issue consideration and accordingly, 9,250,000 equity shares of the face value of ₹ 2 each were allotted to Bajaj Finserv Ltd. on 23 November 2016 at a premium of ₹ 439.20 per equity share. The funds received upon allotment have been utilised for meeting funding requirements of the business activities of the Company as per the objects of the issue.

* The Company during the year 2012-13 had issued equity shares on right basis of which 8,590 shares (of face value of ₹ 2 each, adjusted for sub-division and issue of bonus shares) were held in abeyance pending adjudication of title/claim from respective shareholders. Of these, 150 shares (of face value of ₹ 2 each) were allotted during the year at a premium of ₹ 108 per share.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

3 Share Capital (Contd.)

(b) Terms/rights/restrictions attached to equity shares

(i) The Company has only one class of equity shares having a par value of ₹ 2 per share (Previous year ₹ 10 each). Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, equity shares held by Bajaj Finserv Ltd. are restricted from transfer as per details below:
(a) 308,566,130 equity shares up to 13 June 2017.
(b) 9,250,000 equity shares up to 11 December 2019.

(c) Shares held by Holding Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Nos.	₹ In Crore	Nos.	₹ In Crore
	Face value ₹ 2		Face value ₹ 10	
Bajaj Finserv Ltd.*	317,816,130	63.56	30,856,613	30.86

*An associate of Bajaj Holdings & Investments Ltd.

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	Nos.	% Holding	Nos.	% Holding
	Face value ₹ 2		Face value ₹ 10	
Bajaj Finserv Ltd.*	317,816,130	57.80%	30,856,613	57.28%

* An associate of Bajaj Holdings & Investments Ltd.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

3 Share Capital (Contd.)

(e) Shares reserved for issue under Employee Stock Option Plan

Particulars	No. of Shares
Number of equity shares approved/reserved for issue under Employee Stock Option Plan,2009 of the Company drawn in accordance with SEBI (Employee stock option Scheme and Employee Stock Purchase Scheme), Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital) as on 31 March 2016 of the face value of ₹ 10 each	2,507,116
Resultant shares due to sub-division of the face value to ₹ 2 each and issue of bonus shares	25,071,160
Number of shares allotted to the trust up to 31 March 2016 of the face value of ₹ 10 each	1,241,988
Resultant shares on sub-division and after bonus	12,419,880
Allotted to the trust during the year on 15 February 2017 of the face value of ₹ 2 each	1,918,040
Total number of shares alloted to the trust up to 31 March 2017	14,337,920
Number of equity shares reserved for issue under Employee Stock Option Plan, 2009	10,733,240
Equity shares held by the trust as on 31 March 2016 of the face value of ₹ 10 each	322,674
Option exercised up to record date of sub-division and bonus i.e.10 September 2016	133,240
Shares available with the trust on record date for sub-division and bonus	189,434
Resultant shares on sub-division and after bonus of the face value of ₹ 2 each	1,894,340
Add: Allotted on 15 Feb 2017 of the face value of ₹ 2 each	1,918,040
Less: Exercised after record date for sub-division and bonus of the face value of ₹ 2 each up to 31 March 2017	754,880
Equity shares held by the trust as on 31 March 2017 of the face value of ₹ 2 each	3,057,500

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year have been reduced against the share capital as if the trust is administered by the Company itself.

The securities premium related to the unexercised equity shares held by the trust at the close of the year aggregating ₹ 622,283,779 (As at 31 March 2016 ₹ 448,741,587) has also been reduced from securities premium account and adjusted against the loan outstanding from the trust. See note no. 29 for further details.

Dividends declared by the Company do not accrete to unexercised options. Accordingly, any dividend received by the ESOP trust is remitted to the Company and adjusted against the source from which dividend has been paid.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

4 Reserves and surplus

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Securities Premium Account		
Balance as at the beginning of the year	3,371.98	1,926.88
Add: Received during the year:		
On issue of shares under Employee Stock Option Plan	49.09	59.66
On issue of shares under qualified institutional buyers	–	1,396.72
On issue of right shares held in abeyance (₹ 16,200, Previous year ₹ 16,350)		
On conversion of warrants into 9,250,000 equity shares	406.26	–
Less: On issue of bonus shares	53.87	–
Share issue expenses as per section 52 of the Companies Act, 2013	0.96	11.28
	3,772.50	3,371.98
Less: Premium on unexercised equity shares held in trust for employees under the ESOP scheme [See note no. 3 (e)]	62.23	44.87
Balance as at the end of the year	3,710.27	3,327.11
Capital Reserve		
Amount previously received on forfeited equity shares re-issued (Previous year ₹ 5,000) (* ₹ 5,000 adjusted against share issue expenses on issue of bonus shares)	–*	
Balance as at the end of the year	–	
Reserve Fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	925.75	669.75
Add: Set aside during the year	368.00	256.00
Balance as at the end of the year	1,293.75	925.75
General Reserve		
Balance as at the beginning of the year	601.60	473.60
Add: Set aside during the year	184.00	128.00
Balance as at the end of the year	785.60	601.60
Infrastructure Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	5.75	5.75
Add: Set aside during the year	3.50	–
Balance as at the end of the year	9.25	5.75
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	2,410.85	1,684.03
Profit for the year	1,836.55	1,278.52
	4,247.40	2,962.55
Less: Appropriations:		
Transfer to Reserve Fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	368.00	256.00
Transfer to Infrastructure Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961	3.50	–
Transfer to General Reserve	184.00	128.00
Final dividend to qualified institutional buyers	–	5.89
Tax on final dividend to qualified institutional buyers and ESOP trust	–	1.28
Proposed dividend	–	37.71
Provision for tax on dividend	–	7.68
Interim dividend	–	96.97
Tax on interim dividend	–	19.74
Adjustment of dividend to ESOP trust [See note no. 3 (e)]	(0.17)	(1.57)
Total appropriations	555.33	551.70
Balance as at the end of the year	3,692.07	2,410.85
	9,490.94	**7,271.06**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Long-term borrowings

(₹ In Crore)

Particulars	Non-current		Current Maturity	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
A) Secured				
Privately placed redeemable non-convertible debentures/bonds secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and/or Company's office at Unit No. 806 admeasuring 2280 sq. ft. 8th Floor, Block, A of Wing Delta, Raheja Towers, Anna Salai, Mount Road, Chennai – 600 002 and book debts/loan receivables under financing activity as stated in the respective information memorandum	15,651.37	10,844.40	4,009.50	3,096.20
From Banks, against hypothecation of assets under finance, book debts and other receivables	11,768.75	11,836.61	2,367.86	2,347.86
Total (A)	**27,420.12**	**22,681.01**	**6,377.36**	**5,444.06**
B) Unsecured				
Privately placed partly paid redeemable non-convertible debentures	124.10	–	–	–
Privately placed redeemable non-convertible debentures	–	–	–	113.00
Privately placed Subordinated (Tier II) redeemable non-convertible debentures	3,338.30	1,278.30	–	–
Term loans from bank	–	100.00	100.00	75.00
Fixed deposits	2,109.44	1,227.66	683.91	467.18
Inter-corporate deposits	124.00	–	50.00	–
Total (B)	**5,695.84**	**2,605.96**	**833.91**	**655.18**
Total (A+B)	**33,115.96**	**25,286.97**	**7,211.27**	**6,099.24**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current Maturity	
				As at 31 March		As at 31 March	
		1 Crore(₹)	0.10 Crore(₹)	2017	2016	2017	2016
Sep 26	Bullet repayment	-	10.00	10.00	-	-	-
Jul 26	Bullet repayment	-	47.50	47.50	-	-	-
Mar 26	Bullet repayment	-	171.00	171.00	171.00	-	-
Oct 25	Bullet repayment	-	5.00	5.00	5.00	-	-
Aug 25	Bullet repayment	-	90.00	90.00	90.00	-	-
Apr 25	Bullet repayment	-	170.00	170.00	170.00	-	-
Nov 24	Bullet repayment	-	100.00	100.00	100.00	-	-
Apr 24	Bullet repayment	-	165.00	165.00	165.00	-	-
Apr 23	Bullet repayment	-	165.00	165.00	165.00	-	-
Oct 22	Bullet repayment	-	8.00	8.00	8.00	-	-
Apr 22	Bullet repayment	-	3.80	3.80	-	-	-
Mar 22	Bullet repayment	-	60.50	60.50	-	-	-
Feb 22	Bullet repayment	-	140.00	140.00	-	-	-
Jan 22	Bullet repayment	-	167.00	167.00	-	-	-
Dec 21	Bullet repayment	-	30.00	30.00	-	-	-
Nov 21	Bullet repayment	-	80.00	80.00	-	-	-
Oct 21	Bullet repayment	-	101.00	101.00	-	-	-
Sep 21	Bullet repayment	-	7.00	7.00	-	-	-
Aug 21	Bullet repayment	-	212.00	212.00	2.00	-	-
Jul 21	Bullet repayment	-	118.50	118.50	3.50	-	-
Jun 21	Bullet repayment	-	6.00	6.00	-	-	-
May 21	Bullet repayment	-	85.00	85.00	-	-	-
Apr 21	Bullet repayment	-	130.00	130.00	-	-	-
Mar 21	Bullet repayment	-	186.20	186.20	186.20	-	-
Feb 21	Bullet repayment	-	25.00	25.00	20.00	-	-
Jan 21	Bullet repayment	-	52.00	52.00	52.00	-	-
Dec 20	Bullet repayment	-	25.00	25.00	25.00	-	-
Oct 20	Bullet repayment	-	7.00	7.00	-	-	-
Sep 20	Bullet repayment	-	107.00	107.00	57.00	-	-
Aug 20	Bullet repayment	-	83.50	83.50	15.00	-	-
Jul 20	Bullet repayment	-	216.20	216.20	-	-	-
Jun 20	Bullet repayment	-	1,879.00	1,879.00	10.00	-	-
May 20	Bullet repayment	-	221.30	221.30	-	-	-
Apr 20	Bullet repayment	-	1,054.40	1,054.40*	835.00*	-	-
Mar 20	Bullet repayment	-	820.80	820.80	50.00*	-	-
Feb 20	Bullet repayment	-	359.00	359.00	-	-	-
Jan 20	Bullet repayment	-	314.00	314.00	-	-	-
Dec 19	Bullet repayment	-	560.00	560.00*	125.00*	-	-
Nov 19	Bullet repayment	-	490.00	490.00	15.00	-	-
Oct 19	Bullet repayment	-	206.00	206.00*	191.00*	-	-
Sep 19	Bullet repayment	-	965.40	948.67*	128.00*	-	-
Aug 19	Bullet repayment	-	686.90	686.90*	152.50*	-	-

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current Maturity	
				As at 31 March		As at 31 March	
		1 Crore(₹)	0.10 Crore(₹)	2017	2016	2017	2016
Jul 19	Bullet repayment	–	779.10	779.10*	149.00*	–	–
Jun 19	Bullet repayment	–	24.00	24.00	24.00	–	–
May 19	Bullet repayment	–	161.30	161.30	130.50	–	–
Apr 19	Bullet repayment	–	557.70	557.70*	547.70*	–	–
Mar 19	Bullet repayment	–	965.00	965.00*	965.00*	–	–
Feb 19	Bullet repayment	–	77.00	77.00	77.00	–	–
Jan 19	Bullet repayment	–	100.00	100.00	100.00	–	–
Dec 18	Bullet repayment	–	84.00	84.00	84.00	–	–
Nov 18	Bullet repayment	–	73.00	73.00	58.00	–	–
Oct 18	Bullet repayment	–	109.50	109.50*	102.00	–	–
Aug 18	Bullet repayment	–	401.00	401.00	401.00	–	–
Jul 18	Bullet repayment	–	207.90	207.90	157.90	–	–
Jun 18	Bullet repayment	–	436.80	436.80*	436.80*	–	–
May 18	Bullet repayment	–	209.00	209.00*	209.00*	–	–
Apr 18	Bullet repayment	–	1,151.80	1,151.80*	651.80*	–	–
Mar 18	Bullet repayment	–	181.50	–	181.50	181.50	–
Feb 18	Bullet repayment	–	29.10	–	29.10	29.10	–
Jan 18	Bullet repayment	595.00	96.50	–	691.50*	691.50*	–
Dec 17	Bullet repayment	–	199.90	–	199.90	199.90	–
Nov 17	Bullet repayment	–	388.00	–	388.00	388.00	–
Oct 17	Bullet repayment	125.00	332.80	–	457.80*	457.80*	–
Sep 17	Bullet repayment	–	261.60	–	261.60	261.60	–
Aug 17	Bullet repayment	–	445.20	–	445.20	445.20*	–
Jul 17	Bullet repayment	–	76.60	–	76.60	76.60*	–
Jun 17	Bullet repayment	–	548.50	–	548.50	548.50*	–
May 17	Bullet repayment	–	88.20	–	88.20	88.20	–
Apr 17	Bullet repayment	–	641.60	–	641.60*	641.60*	–
Mar 17	Bullet repayment	–	100.80	–	–	–	100.80
Feb 17	Bullet repayment	–	61.90	–	–	–	61.90
Jan 17	Bullet repayment	–	352.00	–	–	–	352.00*
Dec 16	Bullet repayment	–	129.00	–	–	–	129.00
Nov 16	Bullet repayment	–	188.60	–	–	–	188.60
Oct 16	Bullet repayment	–	725.00	–	–	–	725.00*
Sep 16	Bullet repayment	–	264.90	–	–	–	264.90
Aug 16	Bullet repayment	–	775.00	–	–	–	775.00*
Jul 16	Bullet repayment	–	40.00	–	–	–	40.00
May 16	Bullet repayment	–	110.00	–	–	–	110.00
Apr 16	Bullet repayment	–	349.00	–	–	–	349.00
				15,651.37	**10,844.40**	**4,009.50**	**3,096.20**

Note

As on 31 March 2017, of the total non-current secured zero coupon bonds issued, ₹ 4,025.40 crore were issued at a premium.

As on 31 March 2017, of the total non-current secured zero coupon bonds issued, ₹ 100 crore were issued at a discount.

*Related parties are current holders of ₹ 885 crore in aggregate of the referenced issue (Previous year ₹ 895 crore) (See note no. 31 for disclosures).

Interest rates range from 7.45% p.a. to 10% p.a. as at 31 March 2017. For Zero Coupon Bonds, the interest rate is on XIRR basis.

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

5 Long-term borrowings (Contd.)

D) Terms of repayment of bank loans - secured

(₹ In Crore)

		Non-current		Current Maturity	
		As at 31 March		As at 31 March	
Date of maturity	**Repayment schedule**	**2017**	**2016**	**2017**	**2016**
Sep 21	2 semi-annual payment of ₹ 135 crore starting Sep 21	270.00	–	–	–
	2 semi-annual payment of ₹ 90 crore starting Aug 21	180.00	–	–	–
	2 semi-annual payment of ₹ 75 crore starting Jul 21	150.00	–	–	–
Jun 21	Bullet repayment	150.00	–	–	–
Mar 21	Bullet repayment	200.00	200.00	–	–
Feb 21	Bullet repayment	100.00	–	–	–
Dec 20	Bullet repayment	100.00	100.00	–	–
	2 semi-annual payment of ₹ 175 crore starting Dec 20	350.00	–	–	–
Oct 20	Bullet repayment	150.00	150.00	–	–
	2 annual payment of ₹ 75 crore starting Oct 20	150.00	–	–	–
Sep 20	Bullet repayment	200.00	200.00	–	–
	4 semi-annual payment of ₹ 25 crore starting Sep 20	100.00	–	–	–
	2 semi-annual payment of ₹ 150 crore starting Sep 20	300.00	300.00	–	–
	2 semi-annual payment of ₹ 100 crore starting Sep 20	200.00	–	–	–
Aug 20	Bullet repayment	100.00	100.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Aug 20	100.00	–	–	–
Jun 20	Bullet repayment	250.00	400.00	–	–
	2 semi-annual payment of ₹ 100 crore starting Jun 20	200.00	–	–	–
	8 quarterly payment of ₹ 31.25 crore starting Jun 20	250.00	–	–	–
	2 semi-annual payment of ₹ 25 crore starting Jun 20	50.00	50.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Jun 20	–	100.00	–	–
May 20	Bullet repayment	100.00	100.00	–	–
	8 quarterly payment of ₹ 12.50 crore starting May 20	100.00	–	–	–
	2 semi-annual payment of ₹ 50 crore starting May 20	100.00	100.00	–	–
Mar 20	Bullet repayment	350.00	300.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Mar 20	100.00	–	–	–
Feb 20	Bullet repayment	100.00	100.00	–	–
Jan 20	Bullet repayment	100.00	100.00	–	–
Dec 19	Bullet repayment	400.00	300.00	–	–
	2 annual payment of ₹ 25 crore starting Dec 19	50.00	50.00	–	–
Nov 19	Bullet repayment	200.00	100.00	–	–
Oct 19	Bullet repayment	100.00	100.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Oct 19	100.00	–	–	–
Sep 19	Bullet repayment	100.00	100.00	–	–
	2 annual payment of ₹ 25 crore starting Sep 19	50.00	50.00	–	–
	2 semi-annual payment of ₹ 75 crore starting Sep 19	150.00	150.00	–	–
	4 semi-annual payment of ₹ 25 crore starting Sep 19	100.00	100.00	–	–

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

		Non-current		Current Maturity	
		As at 31 March		As at 31 March	
Date of maturity	**Repayment schedule**	**2017**	**2016**	**2017**	**2016**
Aug 19	Bullet repayment	100.00	100.00	–	–
	4 semi-annual payment of ₹ 50 crore starting Jul 19	200.00	200.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Jul 19	100.00	100.00	–	–
Jun 19	Bullet repayment	200.00	–	–	–
	4 semi-annual payment of ₹ 100 crore starting Jun 19	400.00	400.00	–	–
	8 quarterly payment of ₹ 18.75 crore starting Jun 19	150.00	150.00	–	–
	4 quarterly payment of ₹ 87.50 crore starting Jun 19	350.00	350.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Jun 19	100.00	100.00	–	–
	2 semi-annual payment of ₹ 125 crore starting May 19	250.00	250.00	–	–
	4 semi-annual payment of ₹ 87.50 crore starting May 19	350.00	350.00	–	–
Mar 19	Bullet repayment	50.00	50.00	–	–
	4 semi-annual payment of ₹ 37.50 crore starting Mar 19	150.00	150.00	–	–
	4 quarterly payment of ₹ 25 crore starting Mar 19	100.00	100.00	–	–
	4 quarterly payment of ₹ 25 crore starting Mar 19	–	100.00	–	–
	4 quarterly payment of ₹ 12.50 crore starting Mar 19	50.00	50.00	–	–
Jan 19	Bullet repayment	100.00	100.00	–	–
Dec 18	Bullet repayment	400.00	400.00	–	–
	4 quarterly payment of ₹ 25 crore starting Dec 18	100.00	100.00	–	–
	4 quarterly payment of ₹ 75 crore starting Sep 18	300.00	300.00	–	–
	4 semi-annual payment of ₹ 25 crore starting Sep 18	100.00	100.00	–	–
	4 semi-annual payment of ₹ 25 crore starting Aug 18	100.00	100.00	–	–
Jun 18	Bullet repayment	100.00	100.00	–	–
	4 semi-annual payment of ₹ 25 crore starting Jun 18	100.00	100.00	–	–
	4 quarterly payment of ₹ 62.50 crore starting Jun 18	250.00	250.00	–	–
	4 quarterly payment of ₹ 50 crore starting May 18	200.00	200.00	–	–
Apr 18	Bullet repayment	100.00	100.00	–	–
	4 semi-annual payment of ₹ 50 crore starting Apr 18	200.00	200.00	–	–
	4 quarterly payment of ₹ 25 crore starting Apr 18	100.00	100.00	–	–
Mar 18	Bullet repayment	–	200.00	100.00	–
	4 quarterly payment of ₹ 25 crore starting Mar 18	75.00	100.00	25.00	–
	4 semi-annual payment of ₹ 12.50 crore starting Mar 18	37.50	50.00	12.50	–
Feb 18	Bullet repayment	–	100.00	–	–
Jan 18	Bullet repayment	–	250.00	250.00	–
Dec 17	Bullet repayment	–	300.00	200.00	–
	4 semi-annual payment of ₹ 12.50 crore starting Dec 17	37.50	50.00	12.50	–
	4 semi-annual payment of ₹ 50 crore starting Dec 17	150.00	200.00	50.00	–
	4 quarterly payment of ₹ 100 crore starting Dec 17	200.00	400.00	200.00	–

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

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

		Non-current		Current Maturity	
		As at 31 March		As at 31 March	
Date of maturity	**Repayment schedule**	**2017**	**2016**	**2017**	**2016**
	4 quarterly payment of ₹ 12.50 crore starting Dec 17	25.00	50.00	25.00	–
	4 quarterly payment of ₹ 25 crore starting Dec 17	50.00	100.00	50.00	–
	4 semi-annual payment of ₹ 25 crore starting Dec 17	75.00	100.00	25.00	–
Oct 17	Bullet repayment	–	100.00	100.00	–
	4 semi-annual payment of ₹ 25 crore starting Sep 17	50.00	100.00	50.00	–
	4 semi-annual payment of ₹ 75 crore starting Sep 17	150.00	300.00	150.00	–
	4 semi-annual payment of ₹ 25 crore starting Sep 17	50.00	100.00	50.00	–
	4 semi-annual payment of ₹ 37.50 crore starting Sep 17	75.00	150.00	75.00	–
	4 semi-annual payment of ₹ 25 crore starting Sep 17	50.00	100.00	50.00	–
Aug 17	Bullet repayment	–	150.00	150.00	–
	4 semi-annual payment of ₹ 25 crore starting Aug 17	50.00	100.00	50.00	–
Jul 17	Bullet repayment	–	100.00	100.00	–
Jun 17	Bullet repayment	–	235.00	235.00	–
	4 semi-annual payment of ₹ 37.50 crore starting Jun 17	75.00	150.00	75.00	–
	4 semi-annual payment of ₹ 25 crore starting Jun 17	50.00	100.00	50.00	–
May 17	Bullet repayment	–	50.00	50.00	250.00
	4 semi-annual payment of ₹ 25 crore starting May 17	50.00	100.00	50.00	–
	4 semi-annual payment of ₹ 25 crore starting Mar 17	25.00	75.00	50.00	25.00
Dec 16	Bullet repayment	–	–	–	400.00
Nov 16	Bullet repayment	–	–	–	300.00
Aug 16	Bullet repayment	–	–	–	150.00
Jul 16	Bullet repayment	–	–	–	400.00
Jun 16	Bullet repayment	–	–	–	50.00
May 16	Bullet repayment	–	–	–	50.00
	4 quarterly payment of ₹ 50 crore starting Mar 16	–	–	–	150.00
	16 quarterly payment of ₹ 6.25 crore starting Feb 16	43.75	68.75	25.00	25.00
	7 quarterly payment of ₹ 36.43 crore starting Feb 16	–	72.86	72.86	145.72
	7 quarterly payment of ₹ 15 crore starting Dec 15	–	15.00	15.00	60.00
Nov 15	7 quarterly payment of ₹ 20 crore starting Nov 15	–	20.00	20.00	80.00
	7 quarterly payment of ₹ 14.29 crore starting Aug 15	–	–	–	57.14
	3 annual payments of ₹ 100 crore starting Jun 14	–	–	–	100.00
	5 semi-annual payment of ₹ 30 crore starting May 14	–	–	–	30.00
	16 quarterly payment of ₹ 18.75 crore starting May 13	–	–	–	75.00
		11,768.75	**11,836.61**	**2,367.86**	**2,347.86**

Note
Interest rates range from 8.05% p.a. to 9.70% p.a. payable monthly as at 31 March 2017.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

	Non-current		Current Maturity	
	As at 31 March		As at 31 March	
Date of maturity	**2017**	**2016**	**2017**	**2016**
Oct 29 (Partly paid)	124.10	–	–	–
Mar 17	–	–	–	13.00
Aug 16	–	–	–	100.00
	124.10	**–**	**–**	**113.00**

Note

As on 31 March 2017, partially called and paid unsecured debentures of ₹ 124.10 crore, amount to be called and paid is ₹ 120.45 crore in Oct 2017 and Oct 2018.
Interest rate at 8.06% p.a. as at 31 March 2017.

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

(₹ In Crore)

	Non-current	
	As at 31 March	
Date of maturity	**2017**	**2016**
Dec 26	105.00	–
Sep 26	500.00*	–
Aug 26	485.00*	–
Jul 26	970.00*	–
Nov 25	250.00	250.00
Oct 25	40.00	40.00
Sep 24	452.50	452.50
Apr 23	50.00	50.00
Jan 23	49.70*	49.70*
Aug 22	157.40	157.40
May 21	50.00	50.00
Oct 20	36.20*	36.20*
Sep 20	27.50	27.50
Jul 20	50.00	50.00
Jun 20	50.00*	50.00*
Apr 20	65.00	65.00
	3,338.30	**1,278.30**

Note

Interest rates range from 8.05% p.a. to 10.21% p.a. as at 31 March 2017.
*Related parties are current holders of ₹ 87.50 crore of the referenced issue (Previous year ₹ 2.50 crore). See note no. 31 for disclosures.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Long-term borrowings (Contd.)

G) Terms of repayment of bank loans - unsecured

(₹ In Crore)

		Non-current		Current Maturity	
		As at 31 March		As at 31 March	
Date of maturity	Repayment schedule	2017	2016	2017	2016
Jun 17	Bullet repayment	–	100.00	100.00	–
Nov 16	Bullet repayment	–	–	–	75.00
		–	**100.00**	**100.00**	**75.00**

Note

Interest rate at 9.20% p.a. as at 31 March 2017.

H) Terms of repayment of fixed deposits

(₹ In Crore)

	Non-current		Current Maturity	
	As at 31 March		As at 31 March	
Maturing up to	2017	2016	2017	2016
Mar 22	247.41	–	–	–
Mar 21	179.40	130.05	–	–
Mar 20	721.69	31.82	–	–
Mar 19	960.94	454.57	–	–
Mar 18	–	611.22	683.91	–
Mar 17	–	–	–	467.18
	2,109.44	**1,227.66**	**683.91**	**467.18**

Note

Interest rates range from 7.53% p.a.to 10.25% p.a. as at 31 March 2017.

Repayment is on completion of fixed term ranging from 12 months to 60 months.

Includes fixed deposits from related parties aggregating ₹ 51.78 crore (Previous year ₹ 58.48 crore). See note no.31 for disclosures.

I) Terms of repayment of inter-corporate deposits (ICD)

(₹ In Crore)

	Non-current		Current Maturity	
	As at 31 March		As at 31 March	
Maturing up to	2017	2016	2017	2016
Mar 19	124.00	–	–	–
Mar 18	–	–	50.00	–
	124.00	**–**	**50.00**	**–**

Note

Interest rates range from 7.80% p.a.to 8.48% p.a. as at 31 March 2017.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

6 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
Trade payables	50.19	44.19
Others:		
Security deposits	33.60	21.50
Other payables	5.85	4.51
Interest accrued but not due*	395.23	377.20
	484.87	**447.40**

*Includes payables to related party ₹ Nil (Previous year ₹ 1.96 crore).

7 Provisions

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Provision for employee benefits:				
Gratuity	14.36	–	–	2.42
Privilege leave entitlements	18.14	–	2.54	15.46
Other long-term service benefit	5.24	–	0.28	–
	37.74	**–**	**2.82**	**17.88**
Other provisions:				
For proposed dividend	–	–	–	37.71
For tax on proposed dividend	–	–	–	7.68
For general provision on standard assets	245.54	181.52	–	–
For restructured standard assets	68.88	52.68	–	–
For non-performing assets (NPAs)	–	–	722.08	412.85
For delinquent receivables not yet NPAs	–	–	128.40	103.62
Provision retained on sale of non-performing assets	10.05	8.74	–	–
For tax (net of advance tax ₹ 990.57 crore, previous year ₹ 691.80 crore)	–	–	79.43	62.01
	324.47	**242.94**	**929.91**	**623.87**
	362.21	**242.94**	**932.73**	**641.75**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

7 Provisions (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Movement of provisions		
Provision for delinquencies [See note no. 2(F)(ii)]		
Opening balance at the beginning of the year	516.47	436.35
Add: Net additions during the year	736.61	459.51
Less: Bad debts/advances written off during the year	402.60	379.39
Closing balance at the end of the year	850.48	516.47
Proposed dividend		
The final dividend proposed on equity shares for the year is as follows:		
Face value	₹ 2 each	₹ 10 each
Final dividend per share	₹ 3.60 each	₹ 7 each
Amount of dividend (including tax on dividend)	₹ 238.26 crore	₹ 45.39 crore

Note

The Company also paid interim dividend of ₹ 18 per share amounting ₹ 116.71 crore including tax on dividend for the year ended 31 March 2016.

8 Short-term borrowings

(₹ In Crore)

Particulars	As at 31 March 2017	2016
A) Secured		
From Banks, against hypothecation of assets under finance, book debts and other receivables:		
Cash credit	1,234.26	1,880.08
Working capital demand loan	500.00	–
Overdraft facility	86.15	239.97
Collateralised borrowing and lending obligation, against Government securities held by the Company	350.00	200.00
Total (A)	**2,170.41**	**2,320.05**
B) Unsecured		
From banks:		
Overdraft facility	502.52	642.38
Working capital demand loan	500.00	500.00
Fixed deposits	725.62	548.45
Inter-corporate deposits	435.18	–
Borrowings by issue of commercial papers	4,588.69	1,627.61
Total (B)	**6,752.01**	**3,318.44**
Total (A+B)	**8,922.42**	**5,638.49**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

8 Short-term borrowings (Contd.)

Terms of repayment of secured collateralised borrowing and lending obligation

(₹ In Crore)

Date of maturity	As at 31 March 2017	As at 31 March 2016
Apr 17	350.00	–
Apr 16	–	200.00
	350.00	**200.00**

Note: Interest rate at 5.91% p.a. as at 31 March 2017.

Terms of repayment of secured short-term loans (Working capital demand loan)

(₹ In Crore)

Date of maturity	As at 31 March 2017	As at 31 March 2016
Apr 17	500.00	–
	500.00	**–**

Note: Interest rate at 8.25% p.a. payable monthly as at 31 March 2017.

Terms of repayment of unsecured working capital demand loan from bank

(₹ In Crore)

Date of maturity	As at 31 March 2017	As at 31 March 2016
Apr 17	500.00	–
Apr 16	–	500.00
	500.00	**500.00**

Note: Interest rate stood at 8.20% p.a. payable monthly as at 31 March 2017.

Terms of repayment of commercial papers

(₹ In Crore)

Date of maturity	As at 31 March 2017	As at 31 March 2016
Mar 18	46.85	–
Feb 18	32.95	–
Jan 18	23.69	–
Nov 17	215.52	–
Aug 17	24.29	–
Jul 17	48.88*	–
Jun 17	222.25	–
May 17	3,924.48	–
Apr 17	49.78	–

Notes to financial statements for the year ended 31 March 2017 (Contd.)

8 Short-term borrowings (Contd.)

Terms of repayment of commercial papers (Contd.)

(₹ In Crore)

Date of maturity	As at 31 March 2017	2016
Nov 16	–	95.12
Aug 16	–	48.43
May 16	–	1,186.07
Apr 16	–	297.99
	4,588.69	**1,627.61**

Note

Interest rates range from 6.50% p.a. to 8.36% p.a. as at 31 March 2017.

Face value of commercial paper is ₹ 4,645 crore as at 31 March 2017 (Previous year ₹ 1,650 crore).

*Related parties are current holders of ₹ 25 crore of the referenced issue basis face value (Previous year ₹ Nil).

Terms of repayment of fixed deposits

(₹ In Crore)

Date of maturity	As at 31 March 2017	2016
Mar 18	17.38	–
Feb 18	35.22	–
Jan 18	27.36	–
Dec 17	57.85	–
Nov 17	94.40	–
Oct 17	69.65	–
Sep 17	62.22	–
Aug 17	31.02	–
Jul 17	112.97	–
Jun 17	143.26	–
May 17	48.56	–
Apr 17	25.73	–
Mar 17	–	26.54
Feb 17	–	58.29
Jan 17	–	12.48
Dec 16	–	24.91
Nov 16	–	13.35
Oct 16	–	208.67*
Sep 16	–	100.52
Aug 16	–	75.19
Jul 16	–	10.49
Jun 16	–	4.40
May 16	–	6.94
Apr 16	–	6.67
	725.62	**548.45**

Note

Interest rates range from 7.53% p.a.to 9% p.a. as at 31 March 2017.

* Includes related parties aggregating ₹ Nil (Previous year ₹ 100 crore). See note no.31 for disclosures.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

8 Short-term borrowings (Contd.)

Terms of repayment of inter-corporate deposits

(₹ In Crore)

Date of maturity	As at 31 March 2017	As at 31 March 2016
Mar 18	125.00	–
Jan 18	75.00	–
Sep 17	30.00	–
Aug 17	10.00	–
Jul 17	20.00	–
Jun 17	20.00	–
May 17	150.00	–
Apr 17	5.18	–
	435.18	**–**

Note: Interest rates range from 6.60% p.a.to 8.55% p.a. as at 31 March 2017.

9 Other current liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
Interest accrued but not due *	1,327.27	708.85
Interest accrued and due (₹ 23,317, previous year ₹ 39,967)		
Income received in advance	8.76	0.12
Unclaimed dividend	1.17	1.81
Others		
Statutory dues	83.97	72.79
Security deposits	–	0.63
Employee benefits payable **	90.35	66.20
Temporary overdraft as per books only @	1,048.83	–
Other/miscellaneous payables +	5.63	4.25
	2,565.98	**854.65**

Note

* Includes payable to related parties aggregating ₹ 6.65 crore (Previous year ₹ 4.18 crore).

** Includes payable to related parties aggregating ₹ 4.37 crore (Previous year ₹ 3.03 crore).

@ The Company manages its cash flows judiciously with the objective of maximising returns of floats available as a result of timing differences between cheques issued against loan commitments and their presentation to bank for honour. As a result, cheques issued but not presented at the Balance Sheet date give rise to temporary overdrafts as per books of accounts only. The Company safeguards against any risks on this account by ensuring availability of undrawn credit lines from banks aggregating ₹ 2,102.07 crore at the close of the year.

+ Includes payable to related parties aggregating ₹ 2.71 crore (Previous year ₹ 0.91 crore).

There are no amounts that are due and remain unpaid to Investor Education and Protection Fund as at the close of the year.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

10 Fixed assets

Current year

(₹ In Crore)

Particulars	Gross block at cost				Depreciation and amortisation				Net block
	As at 31 March 2016	Additions	Deductions/ adjustments	As at 31 March 2017	As at 31 March 2016	Deductions/ adjustments	For the Year	As at 31 March 2017	As at 31 March 2017
A) Tangible assets (b)									
Leasehold improvements	36.19	12.33	0.07	48.45	14.62	0.04	11.19	25.77	22.68
Other assets:									
Land freehold (c)	2.26	–	–	2.26	–	–	–	–	2.26
Building (a)	158.50	–	2.04	156.46	34.68	0.60	6.06	40.14	116.32
Computers	78.28	30.86	14.82	94.32	46.74	14.78	17.24	49.20	45.12
Office equipments	37.98	15.76	0.84	52.90	17.04	0.78	9.09	25.35	27.55
Furniture and fixtures	48.77	31.21	2.01	77.97	15.17	1.49	6.85	20.53	57.44
Vehicles	16.55	10.84	3.07	24.32	7.33	2.42	4.88	9.79	14.53
Total (A)	**378.53**	**101.00**	**22.85**	**456.68**	**135.58**	**20.11**	**55.31**	**170.78**	**285.90**
B) Intangible assets									
Specialised software (b)	44.05	47.03	15.85(d)	75.23	–	–	–	–	75.23
Total (B)	**44.05**	**47.03**	**15.85**	**75.23**	**–**	**–**	**–**	**–**	**75.23**

Previous year

(₹ In Crore)

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

(a) Includes cost of shares in co-operative society ₹ 250.
(b) See note no. 2 (B).
(c) Represents share in undivided portion of land, on purchase of office premises.
(d) Amount amortised as expense.
(e) Depreciation and amortisation, recognised in the Statement of Profit and Loss:

	For the year ended 31 March	
	2017	2016
Depreciation	55.31	45.12
Amortisation of intangible assets	15.85	11.22
	71.16	**56.34**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

11 Investments

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(A) In Government and Trust securities				
Other than trade				
Quoted				
Long-term				
8.27% Government of India Stock, 2020 of the face value of ₹ 25 crore	–	25.44	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 20 crore	22.68	–	–	–
8.28% Government of India Stock, 2027 of the face value of ₹ 25 crore	–	26.06	–	–
8.28% Government of India Stock, 2027 of the face value of ₹ 35 crore	–	35.60	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 15 crore	–	15.60	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 85 crore	–	87.76	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 75 crore	–	80.01	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 10 crore	–	10.58	–	–
8.08% Government of India Stock, 2022 of the face value of ₹ 10 crore	10.24	–	–	–
8.15% Government of India Stock, 2026 of the face value of ₹ 20 crore	22.01	–	–	–
8.28% Government of India Stock, 2027 of the face value of ₹ 5 crore	5.14	–	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 65 crore	67.11	–	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 45 crore	–	–	–	48.06
7.88% Government of India Stock, 2030 of the face value of ₹ 10 crore	–	10.06	–	–
8.15% Government of India Stock, 2026 of the face value of ₹ 10 crore	–	9.97	–	–
8.38% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	10.01	10.01	–	–
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 15 crore	15.02	15.02	–	–
8.67% Karnataka State Development Loan, 2026 of the face value of ₹ 8.94 crore	8.95	8.95	–	–
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	–	20.81	–	–
7.59% Government of India Stock, 2029 of the face value of ₹ 150 crore	157.48	–	–	–
7.59% Government of India Stock, 2029 of the face value of ₹ 125 crore	–	–	137.95	–
7.59% Government of India Stock, 2029 of the face value of ₹ 20 crore	–	–	–	19.93
7.59% Government of India Stock, 2026 of the face value of ₹ 10 crore	–	–	10.71	–
7.72% Government of India Stock, 2025 of the face value of ₹ 185 crore	195.53	–	–	–
7.72% Government of India Stock, 2025 of the face value of ₹ 40 crore	–	–	–	40.43
7.72% Government of India Stock, 2025 of the face value of ₹ 50 crore	–	–	54.55	–
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	24.87	–	–	–
8.83% Government of India Stock, 2023 of the face value of ₹ 15 crore	15.60	–	–	–
7.88% Government of India Stock, 2030 of the face value of ₹ 30 crore	–	–	–	30.25
8.83% Government of India Stock, 2023 of the face value of ₹ 50 crore	–	–	–	53.23
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	–	24.87	–	–
8.35% Government of India Stock, 2022 of the face value of ₹ 125 crore	–	–	141.81	–
8.35% Government of India Stock, 2022 of the face value of ₹ 25 crore	25.52	25.52	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 50 crore	–	51.54	–	–
7.16% Government of India Stock, 2023 of the face value of ₹ 90 crore	87.70	–	–	–
7.68% Government of India Stock, 2023 of the face value of ₹ 95 crore	95.38	–	–	–
	763.24	457.80	345.02	191.90
Less: Amortisation of premium [See note no. 2(D)(iii)]	(0.94)	(0.65)	–	–
Less: Marked to market losses on investments	–	–	(24.16)	(1.19)
	762.30	457.15	320.86	190.71
Short-term				
Treasury Bills - 182 day TB 30062016	–	–	–	98.21
Total (A)	**762.30**	**457.15**	**320.86**	**288.92**

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

11 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(B) In Mutual Funds				
Quoted				
- (395,353) HDFC Cash Management Fund -Savings plan - Direct plan - Growth	–	–	–	125.00
- (338,607) Reliance Liquid Fund - Treasury plan - Institutional Growth	–	–	–	125.00
- (3,131,880) Sundaram Liquid Money Fund - Direct	–	–	–	10.00
87,558,919 (-) Reliance Banking and PSU Debt Fund - Direct Growth Plan - BPAG	–	–	102.56	–
16,418,455 (-) Kotak Bond (Short Term) - Direct Plan - Growth	–	–	51.30	–
16,606,212 (-) Birla Sun Life Short Term Fund - Growth - Direct Plan	–	–	102.53	–
32,536,184 (-) L&T Short Term Opportunities Fund Direct Plan - Growth	–	–	51.19	–
112,754,496 (-) HDFC Short Term Opportunities Fund - Direct Plan - Growth Option	–	–	203.05	–
59,355,710 (-) IDFC Super Saver Income Fund - Short Term Plan - Growth (Direct Plan)	–	–	202.04	–
32,073,791 (-) Reliance Short Term Fund - Direct Growth Plan Growth Option - STAG	–	–	100.87	–
897,371 (-) Invesco India Short Term Fund - Direct Plan - Growth	–	–	200.00	–
1,109,429 (-) Axis Liquid Fund - Direct Growth - CFDG	–	–	200.00	–
7,655,927 (-) Birla Sun Life Cash Plus - Growth - Direct Plan	–	–	200.00	–
430,075 (-) DSP BlackRock Liquidity Fund - Direct Plan - Growth	–	–	100.00	–
8,890,505 (-) ICICI Prudential Money Market Fund - Direct Plan - Growth	–	–	200.00	–
749,448 (-) Kotak Floater Short Term - Direct Plan - Growth	–	–	200.00	–
897,075 (-) L&T Liquid Fund Direct Growth	–	–	200.00	–
2,617,305 (-) SBI Ultra Short Term Debt Fund - Direct Plan - Growth	–	–	550.00	–
Total (B)	**–**	**–**	**2,663.54**	**260.00**
(C) In fully paid equity shares				
Trade				
Unquoted				
Long-term				
In wholly owned subsidiary				
350,000,000 350,000,000 (50,000,000) shares of ₹ 10 each in Bajaj Housing Finance Ltd.	328.00	28.00	–	–
Other than trade				
Quoted				
Long-term				
75 (75) Shares of ₹ 10 each in Bajaj Holdings and Investments Ltd. (₹ 19,646 previous year ₹ 19,646)			–	–
150 (150) Shares of ₹ 10 each in Bajaj Auto Ltd. (₹ 7,685, previous year ₹ 7,685)			–	–
Total (C)	**328.00**	**28.00**	**–**	**–**
Total (A+B+C)	**1,090.30**	**485.15**	**2,984.40**	**548.92**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

11 Investments (Contd.)

(₹ In Crore)

Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Quoted	3,746.70*	1,006.07*	3,766.00	1,010.68
Unquoted	328.00	28.00		

Note

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

Open ended Mutual Funds though not listed are quoted on National Stock Exchange (NSE) and are transactable through the exchange with Fund Houses at previous day close Net Asset Value (NAV). Hence considered as quoted.

12 Deferred tax assets (net)

(₹ In Crore)

Particulars		As at 31 March	
		2017	2016
A) Deferred tax liability			
On account of timing difference in:			
Depreciation and amortisation		(16.34)	(13.40)
Other liabilities		(3.04)	(1.92)
Gross deferred tax liability	**Total (A)**	**(19.38)**	**(15.32)**
B) Deferred tax asset			
On account of timing difference in:			
Disallowance u/s 43B of the Income Tax Act, 1961		13.50	8.19
Provision for doubtful debts		351.40	261.02
Other assets		23.55	26.15
Gross deferred tax asset	**Total (B)**	**388.45**	**295.36**
	Total (A+B)	**369.07**	**280.04**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

13 Receivables under financing activity
(Good unless otherwise stated)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	**2016**	**2017**	**2016**
(I) Secured				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. [Includes overdue installments ₹ 586.06 crore (Previous year ₹ 409.53 crore)]	3,611.53	1,961.54	12,239.52	10,046.38
(b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	–	–	22.04	26.87
(ii) Against equitable mortgage of immovable property under finance agreements [Includes overdue installments ₹ 12.39 crore (Previous year ₹ 13.55 crore)]	13,881.57	12,833.17	1,712.03	897.46
(iii) Infrastructure finance: Against joint hypothecation of plant and machinery, immovable property and other assets [Includes overdue installments ₹ 39.83 crore (Previous year ₹ 30.65 crore)]	245.50	250.45	55.56	62.37
(iv) Loan against securities (secured by pledge of securities) [Includes overdue installments ₹ 2.16 crore (Previous year ₹ 1.73 crore)]	502.84	122.68	3,661.34	2,547.55
Total (I)	**18,241.44**	**15,167.84**	**17,690.49**	**13,580.63**
(II) Unsecured +				
Loans at agreement values less installments received [Includes overdue installments ₹ 216.06 crore (Previous year ₹ 155.48 crore)]	13,786.66	9,610.71	7,964.14	4,913.05
Total (II)	**13,786.66**	**9,610.71**	**7,964.14**	**4,913.05**
Total (I+II)	**32,028.10**	**24,778.55**	**25,654.63**	**18,493.68**

+ Includes receivables from related parties amounting to ₹ 33.97 crore (Previous year ₹ 30.93 crore)

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	**2016**	**2017**	**2016**
Capital advances	2.64	1.71	–	–
Security deposits	23.04	16.72	0.34	–
Advances/Security deposits to related parties	0.90	0.90	0.94	8.58
Advance tax (net of provision for taxation ₹ 2,547.63 crore, previous year ₹ 1,793.83 crore)	33.28	79.76	–	–
Advances to dealers	–	–	465.22	378.68
Advances recoverable in cash or kind, unsecured, considered good	–	0.70	30.29	71.63
Advances recoverable in cash or kind, unsecured, considered doubtful	–	–	4.93	3.56
Less: Provision	–	–	(4.93)	(3.56)
	–	**–**	**–**	**–**
	59.86	**99.79**	**496.79**	**458.89**

15 Cash and bank balances

(₹ In Crore)

Particulars	Current	
	As at 31 March	
	2017	**2016**
Cash and cash equivalents		
Cash on hand	44.06	38.98
Cash with collecting agents	32.00	30.33
Cash equivalents:		
Bank balance in cash credit/current accounts	279.28	242.85
Certificates of deposits (maturity less than 3 month from date of acquisition)	–	1,015.07
	355.34	**1,327.23**
Other bank balances		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	1.18	1.92
	1.18	**1.92**
	356.52	**1,329.15**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

16 Other current assets

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Interest receivable on investments	15.95	12.91
Other finance charges receivable	296.64	185.69
Receivables from related parties	7.71	2.88
Other receivables	3.46	10.34
	323.76	**211.82**

17 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Finance activity:		
(i) Interest on loans including interest subsidy	8,706.69	6,547.94
(ii) Service and administration charges	565.64	353.25
	9,272.33	**6,901.19**
Other operating revenue:		
(i) Interest:		
(a) On deposits	0.93	2.06
(b) On Government and trust securities	63.67	40.08
Less: Amortisation of premium/discount	(1.13)	(0.87)
(c) Penal and others	230.65	177.41
	294.12	218.68
(ii) Profit on sale of current investments, net *	162.19	77.88
(iii) Bad debt recoveries	30.15	22.98
(iv) Foreclosure income	46.06	2.55
(v) Miscellaneous charges and receipts	172.51	70.26
	705.03	**392.35**
	9,977.36	**7,293.54**

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

Notes to financial statements for the year ended 31 March 2017 (Contd.)

18 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Dividend from non-current investment (₹ 1,313, previous year ₹ 19,313)		
Miscellaneous income	1.86	1.23
Provisions no longer required	12.44	31.77
Sundry credit balances appropriated	7.81	1.88
Interest on income tax refunds, net	3.33	4.96
Surplus on sale of assets, net	0.51	–
	25.95	**39.84**

19 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Employees' emoluments (Includes Managerial remuneration):		
Salaries, wages and bonus	858.71	583.10
Contribution to provident and other funds	42.73	25.81
Staff welfare expenses	30.23	20.72
	931.67	**629.63**

20 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Interest expenses	3,354.87	2,584.85
Discount in respect of 'Commercial papers'	411.95	317.60
Other financing costs	36.55	24.41
	3,803.37	**2,926.86**

21 Loan losses and provisions

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Provision for standard assets	64.02	45.35
Provision for restructured standard assets	16.20	43.90
Provision for delinquencies and doubtful advances	737.97	453.60
	818.19	**542.85**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

22 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Insurance	2.56	2.12
Rent	31.05	21.79
Commission to non-executive directors	2.47	2.27
Communication expenses	33.41	26.97
Outsourcing/back office expenses	147.65	110.84
Travelling expenses	101.22	71.88
Information technology expenses	92.80	57.97
Sourcing and credit cost	132.26	91.01
Recovery costs	317.96	247.51
Bank charges	49.26	31.92
Rates and taxes	0.72	0.76
Auditors' remuneration*	0.62	0.53
Loss on sale of assets, net	–	0.25
Dealer incentive	309.35	290.21
Advertisement and publicity	67.97	75.33
Marked to market losses on investments, net	22.97	0.93
Expenditure towards Corporate Social Responsibility activities **	28.38	21.36
Sundry expenses	220.75	159.48
	1,561.40	**1,213.13**

* Payment to auditor (net of service tax)

Particulars	For the year ended 31 March 2017	2016
As auditor:		
Audit fee	0.36	0.32
Tax audit fee	0.05	0.04
Limited review	0.07	0.06
In other capacity:		
Other services (certification fees)	0.12	0.08
Reimbursement of expenses	0.02	0.03
	0.62	**0.53**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

22 Other expenses (Contd.)

** **Corporate Social Responsibility expenditure**

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
(a) Gross amount required to be spent by the Company during the year	28.37	21.31
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	–	–
(ii) On purpose other than (i) above	28.38	21.36

23 Computation of Earnings Per Share (EPS)

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

Particulars	For the year ended 31 March 2017	2016
A) Basic		
(i) Computation of Profit (numerator):		
– Net Profit attributable to shareholders (₹ In Crore)	1,836.55	1,278.52
(ii) Computation of weighted average number of shares (denominator):		
– Number of shares outstanding at the beginning of the year (as adjusted for sub-division and bonus issue)	535,495,160	500,003,980
Weighted average number of equity shares issued and outstanding during the year	4,491,258	27,663,770
Adjusted weighted average equity shares	**539,986,418**	**527,667,750**
EPS (Basic) (₹)	34.01	24.23
B) Diluted		
(i) Computation of Profit (numerator):		
– Net Profit attributable to shareholders (₹ In Crore)	1,836.55	1,278.52
(ii) Computation of weighted average number of shares (denominator):		
– Number of shares outstanding at the beginning of the year (as adjusted for sub-division and bonus issue)	535,495,160	500,003,980
Weighted average number of equity shares issued and outstanding during the year	4,491,258	27,663,770
Number of options outstanding at the close of the year*	5,451,986	7,669,760
Adjusted weighted average equity shares	**545,438,404**	**535,337,510**
EPS (Diluted) (₹)	33.67	23.88

* Dilutive equity shares under warrants outstanding and ESOPs

Notes to financial statements for the year ended 31 March 2017 (Contd.)

24 Contingent liability not provided for

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Disputed claims against the Company not acknowledged as debts	17.29	17.34
VAT matters under appeal	2.24	6.86
ESI matters under appeal	5.14	5.14
Service tax matters under appeal:		
On interest subsidy	1,147.10	–
On others	4.43	1.49
Income tax matters:		
Appeals by the Company	12.93	9.80
Appeals by the Income tax department	32.98	49.36

i) The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals/defense.

ii) The Commissioner of Service Tax, during the year, confirmed the demand of service tax on interest subsidy received from manufacturers and dealers, which was previously questioned by show cause notice issued on the Company. Consequently, the Commissioner has demanded service tax amounting of ₹ 644.65 crore for the period up to 30 September 2016, interest approximating ₹ 303.50 crore (Interest up to 31 March 2017) and penalty of ₹ 198.95 crore. The Company has disputed the said demand and in accordance with legal advice, is in the process of filing an appeal refuting the said claim.

The Company in line with the opinion obtained from an Eminent Counsel, is of view that the said demands are not tenable and has accordingly disclosed it as a contingent liability.

iii) It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

25 Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2017	2016
(A) Capital commitments: Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	17.77	19.24
(B) Other commitments: The Company's capital commitments towards partially disbursed loans	222.51	103.55

26 Expenditure in foreign currency and unhedged exposure

(A) Foreign currency expenditure

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Travelling expenses	0.55	1.38
Software expenses	16.00	10.53
Hardware	–	1.60
Other expenses	1.01	1.32

(B) Unhedged foreign currency exposure payable as on 31 March 2017 was USD 124,445 (₹ 0.82 crore) (Previous year ₹ Nil).

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

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

A) Gratuity

(₹ In Crore)

Particulars	2017	2016
Amount to be recognised in Balance Sheet		
Present value of funded obligations	57.36	37.46
Fair value of plan assets	(43.14)	(35.74)
Amount not recognised as an asset [limit in para 59(b)]	0.14	0.70
Net liability	**14.36**	**2.42**
Amounts in Balance Sheet		
Liability (Non-current as shown in note no.7)	14.36	2.42
Assets	–	–
Net liability/(asset)	**14.36**	**2.42**
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	7.44	5.58
Interest on defined benefit obligation	3.49	2.50
Expected return on plan assets	(2.81)	(1.83)
Net actuarial losses/(gains) recognised in year	10.24	3.11
Effect of the limit in para 59(b)	(0.55)	0.23
Premium allocation difference and other charges transferred	–	–
Total, included in employee benefits expense	**17.81**	**9.59**
Actual return on plan assets	3.60	2.31
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	37.46	26.83
Current service cost	7.44	5.58
Interest cost	3.49	2.50
Actuarial losses/(gain)	11.03	3.59
Benefits paid	(2.06)	(1.04)
Closing defined benefit obligation	**57.36**	**37.46**
Change in fair value of assets		
Opening fair value of plan assets	35.74	25.15
Expected return on plan assets	2.81	1.83
Actuarial gain/(losses)	0.78	0.48
Contributions by employer	5.87	9.32
Benefits paid	(2.06)	(1.04)
Closing fair value of plan assets	**43.14**	**35.74**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

A) Gratuity (Contd.)

Particulars	2017	2016
Summary of the actuarial assumptions		
Discount rate	7.35%	7.95%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate – senior staff	10.00%	10.00%
Salary escalation rate – junior staff	10.00%	10.00%

(₹ In Crore)

Particulars	2017	2016
Expected contribution to fund in the next year	9.50	5.50

Category of plan assets	2017	2016
Insurer managed funds	100%	100%

(₹ In Crore)

Particulars	2013	2014	2015	2016	2017
Experience adjustments					
Defined benefit obligation	9.89	16.39	26.83	37.46	57.37
Plan assets	15.97	23.34	25.15	35.74	43.14
Surplus/(deficit)	6.08	6.95	(1.67)	(1.72)	(14.21)
Experience adjustments on plan liabilities	0.87	2.18	1.76	3.82	6.90
Experience adjustments on plan assets	0.19	0.36	0.71	0.48	0.78

B) Compensated absences

(₹ In Crore)

Particulars	2017	2016
Present value of funded obligations	20.68	15.46
Expense recognised in the Statement of Profit and Loss	16.88	7.61
Discount rate (p.a.)	7.35%	7.95%
Salary escalation rate (p.a.) - Senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - Junior staff	10.00%	10.00%

C) Long-term service benefit liabilty

(₹ In Crore)

Particulars	2017	2016
Present value of funded obligations	5.52	-
Expense recognised in the Statement of Profit and Loss	5.52	-
Discount rate (p.a.)	7.35%	-

Notes to financial statements for the year ended 31 March 2017 (Contd.)

D) Provident fund

In case of certain employees, the provident fund contribution is made to Bajaj Auto Ltd. provident fund trust. In terms of the Guidance Note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is no shortfall as of 31 March 2017. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are:

(₹ In Crore)

Particulars	2017	2016
Amount to be recognised in Balance Sheet		
Present value of funded obligations	176.35	131.18
Fair value of plan assets	176.35	131.18
Net liability	**–**	**–**
Amounts in Balance Sheet		
Liability	–	–
Assets	–	–
Net liability/(asset)	**–**	**–**
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	12.29	8.47
Interest on defined benefit obligation	11.03	7.71
Expected return on plan assets	(12.94)	(8.87)
Net actuarial losses/(gains) recognised in year	1.91	1.16
Total, included in employee benefits expense	**12.29**	**8.47**
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	131.18	92.71
Current service cost	12.29	8.47
Interest cost	11.03	7.71
Actuarial losses/(gain)	1.76	7.78
Employees contribution	26.02	18.04
Liabilities assumed on acquisition/(settled on divestiture)	3.43	3.76
Benefits paid	(9.36)	(7.29)
Closing defined benefit obligation	**176.35**	**131.18**
Change in fair value of assets		
Opening fair value of plan assets	131.18	92.71
Expected return on plan assets	12.94	8.87
Actuarial gain/(losses)	(0.15)	6.62
Employer contributions during the period	12.29	8.47
Employee contributions during the period	26.02	18.04
Assets acquired on acquisition/(distributed on divestiture)	3.43	3.76
Benefits paid	(9.36)	(7.29)
Closing fair value of plan assets	**176.35**	**131.18**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

D) Provident fund (Contd.)

Particulars	2017	2016
Summary of the actuarial assumptions		
Discount rate	7.35%	7.95%
Expected rate of return on assets	8.90%	8.88%
Discounting rate for remaining term to maturity of investment (p.a)	7.15%	7.80%
Average historic yield on investment (p.a.)	8.70%	8.73%
Guaranteed rate of return (p.a.)	8.65%	8.75%

(₹ In Crore)

Particulars	2017	2016
Expected contribution to fund in the next year	13.52	9.32

Category of plan assets	2017	2016
Government of India securities	52%	49%
Corporate bonds	30%	32%
Special deposit scheme	6%	7%
Others	12%	12%

(₹ In Crore)

Particulars	2013	2014	2015	2016	2017
Experience adjustments					
Defined benefit obligation	51.93	71.84	92.71	131.18	176.35
Plan assets	51.93	71.84	92.71	131.18	176.35
Surplus/(deficit)	–	–	–	–	–
Experience adjustments on plan liabilities	0.21	0.81	(0.38)	7.78	1.76
Experience adjustments on plan assets	0.08	0.34	(0.39)	6.62	(0.15)

Notes to financial statements for the year ended 31 March 2017 (Contd.)

29 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 then aggregating 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 677,313 equity shares of the face value of ₹ 10 each under the Stock Options schemes of the Company i.e. Employee Stock Option Plan 2009.

The Remuneration and Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the stock option scheme. Under the scheme, nine grants have been made, details of which as on 31 March 2017 are given as under:

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12 Jan 10	35.87	1,320,000	–	–	1,282,500	37,500	–
21 Jul 10	54.20	3,267,500	130,360	–	2,817,770	319,370	130,360
28 Jul 11	70.52	3,762,000	420,250	–	2,914,750	427,000	420,250
16 May 12	87.61	3,595,000	944,600	–	2,071,150	579,250	944,600
15 May 13	138.04	3,949,300	1,098,700	678,450	1,319,150	853,000	1,777,150
1 Nov 13	135.31	197,000	–	–	49,250	147,750	–
16 Jul 14	219.66	2,816,000	720,700	1,190,500	624,550	280,250	1,911,200
20 May 15	448.16	1,935,000	249,200	1,203,000	201,300	281,500	1,452,200
24 May 16	765.37	1,430,000	–	1,318,500	–	111,500	1,318,500
Total		**22,271,800**	**3,563,810**	**4,390,450**	**11,280,420**	**3,037,120**	**7,954,260**

Above disclosures have been adjusted for sub-division of shares and issue of bonus shares thereon in the current year.

Method used for accounting for share based payment plan

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

The fair value of options used to compute pro-forma net profit and earnings per share have been estimated on the date of grant using the Black–Scholes Model. The key assumptions used in Black–Scholes Model for calculating fair value as on the date of grant are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in market at the time of the option grant (₹)*
12-Jan-10	6.70%	1-5 years	54.01%	0.62%	35.87
21-Jul-10	7.42%	3.5-6.5 years	55.38%	1.28%	54.20
28-Jul-11	8.27%	3.5-6.5 years	53.01%	1.42%	70.52
16-May-12	8.36%	3.5-6.5 years	49.58%	1.37%	87.61
15-May-13	7.32%	1-5 years	29.97%	1.09%	138.04
1-Nov-13	8.71%	1-5 years	32.83%	1.11%	135.31
16-Jul-14	8.66%	1-5 years	38.01%	0.73%	219.66
20-May-15	7.76%	3.5-6.5 years	34.88%	0.36%	448.16
24-May-16	7.38%	3.5-6.5 years	33.13%	0.47%	765.37

* Above disclosures have been adjusted for sub-division of shares and issue of bonus shares thereon in the current year.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

29 Employee stock option plan (Contd.)

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

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

(₹ In Crore)

Particulars	2017	2016
Net profit (as reported)	1,836.55	1,278.52
Add: Stock based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro-forma)	30.52	26.52
Net Profit (pro-forma)	1,806.03	1,252.00
Basic earnings per share (as reported) (₹)	34.01	24.23
Basic earnings per share (pro-forma) (₹)	33.45	23.73
Diluted earnings per share (as reported) (₹)	33.67	23.88
Diluted earnings per share (pro-forma) (₹)	33.11	23.39

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

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2017 Transaction value	2017 Outstanding amounts carried in Balance Sheet	2016 Transaction value	2016 Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries and Fellow Subsidiaries					
1. Bajaj Finserv Ltd. (Holding Company)	Dividend paid	21.60	–	111.08	–
	Contribution to equity (317,816,130 shares of ₹ 2 each, previous year 30,856,613 shares of ₹ 10 each)	–	(63.56)	–	(30.86)
	Preferential warrants application money, converted into equity capital during the year	–	–	102.03	(102.03)
	Equity contribution received (including premium)	306.08	–	–	–
	Business support charges paid	8.68	–	6.92	–
	Business support charges received	0.26	–	0.20	–
	License fees paid (₹ 505, previous year ₹ 505)		–		–
	Non-convertible debentures issued	–	(450.00)	–	(250.00)
	Commercial papers issued	–	(25.00)	–	–
	Non-convertible debentures redemption	95.00	–	–	–
	Interest paid on non-convertible debentures	34.12	–	11.82	–
	Fixed deposits accepted	–	(50.00)	150.00	(150.00)
	Fixed deposits repaid	100.00	–	–	–
	Interest incurred on fixed deposits	9.50	(6.39)	5.62	(5.62)
2. Bajaj Housing Finance Ltd. (Subsidiary)	Purchase of equity shares	300.00	328.00	–	28.00
	Assets sale	2.21	–	–	–
	Other payable (outstanding ₹ 3,700)	–		–	–
3. Bajaj Financial Securities Ltd. (Subsidiary)	Fixed deposits accepted	–	(0.11)	–	(0.11)
	Interest accrued on fixed deposits	0.01	(0.03)	0.01	(0.02)
4. Bajaj Allianz Life Insurance Company Ltd. (Fellow Subsidiary)	Group life insurance expenses	1.99	0.23	1.52	0.24
	Insurance premium adjusted (including cancellation receipts)	126.04	3.79	262.30	8.32
	Commission income	0.02	0.01	0.02	0.28
	Non-convertible debentures issued	–	(282.50)	140.00	(427.50)
	Interest paid on non-convertible debentures	29.05	–	18.47	–
	Rent and maintenance expenses	0.84	–	0.31	(0.01)
	Security deposit for property paid	–	0.60	0.60	0.60
	Business support charges received	0.04	0.04	–	–
5. Bajaj Allianz General Insurance Company Ltd. (Fellow Subsidiary)	Asset/Medical/Vehicle/Travel insurance expenses	1.06	(0.10)	0.49	–
	Insurance premium adjusted (including cancellation receipts) (Previous year outstanding ₹ 33,402)	309.72	(2.86)	242.00	
	Commission income	40.05	7.40	35.08	2.52
	Non-convertible debentures issued	–	(160.00)	75.00	(135.00)
	Interest paid on non-convertible debentures	12.47	–	5.81	–
	Other income	0.01	–	–	–
B. Individuals controlling voting power/exercising significant influence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.05	–	0.06	–
	Commission	0.10	(0.09)	0.12	(0.11)
	Dividend paid	0.01	–	0.07	–
2. Sanjiv Bajaj (Vice Chairman)	Sitting fees	0.09	–	0.09	–
	Commission	0.18	(0.16)	0.18	(0.16)
3. Madhur Bajaj (Director)	Sitting fees	0.04	–	0.04	–
	Commission	0.07	(0.06)	0.08	(0.07)
	Dividend paid	0.01	–	0.07	–

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017		2016	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
4. Rajiv Bajaj (Director)	Sitting fees	0.03	–	0.03	–
	Commission	0.06	(0.05)	0.05	(0.05)
5. Shekhar Bajaj	Nil	–	–	–	–
6. Niraj Bajaj	Nil	–	–	–	–
C. Key Managerial Personnels and their relatives					
1. Rajeev Jain (Managing Director)	Remuneration	8.45	(4.37)	6.33	(3.03)
	ESOPs exercised-perquisite	–	–	7.10	–
	Medical reimbursement	–	–	0.22	–
2. Paras Chandra Chhajer (Father of Rajeev Jain)	Dividend paid (₹ 2,002, previous year ₹ 10,296)		–		–
D. Enterprises over which anyone in (B) and (C) exercises significant influence					
1. Bajaj Auto Ltd.	Interest subsidy received	8.33	–	15.46	0.08
	Business support cost paid	20.95	–	11.77	(0.02)
	Business support cost received	0.65	–	0.82	–
	Security deposit paid	–	0.21	–	0.21
	Investment in equity shares (₹ 7,685)	–		–	
	Dividend received (₹ 750, previous year ₹ 15,000)		–		–
2. Bajaj Holdings & Investments Ltd.	Business support cost paid	2.54	–	2.54	–
	Business support charges received	0.26	–	0.20	–
	Investment in equity shares (₹ 19,646)	–		–	
	Dividend received (₹ 562, previous year ₹ 4,313)		–		–
3. Mukand Ltd.	Loan given	25.00	33.97	–	30.93
	Principal repayment received	21.96	–	15.76	–
	Income received	3.50	–	5.14	–
4. Hind Musafir Agency Ltd.	Services received	22.37	(2.24)	15.82	(0.49)
5. Bajaj Electricals Ltd.	Assets purchased	0.20	–	1.19	(0.01)
6. Jamnalal Sons Pvt. Ltd	Dividend paid (₹ 658, previous year ₹ 3,384)		–		–
	Contribution to equity (940 shares of ₹ 2 each)	–		–	
	Security deposit paid	–	0.09	0.09	0.09
	Rent and other expenses (outstanding ₹ 42,306)	0.22		0.08	–
7. Hercules Hoists Ltd.	Fixed deposits accepted	–	(1.67)	8.37	(8.37)
	Fixed deposits repaid	6.70	–	13.50	–
	Interest paid on fixed deposits	0.97	–	1.72	–
	Interest accrued on fixed deposits	0.70	(0.23)	0.50	(0.50)
8. Maharashtra Scooters Ltd.	Business support charges received	0.10	0.03	0.08	0.02
	Non-convertible debentures issued	–	(80.00)	–	(80.00)
	Interest on non-convertible debentures issued	7.20	–	7.25	–
	Contribution to equity (18,974,660 shares of ₹ 2 each)	–	(3.79)	–	(1.90)
	Dividend paid	1.33	–	6.83	–
9. Bajaj Auto Holdings Ltd.	Non-convertible debentures issued	–	–	–	(5.00)
	Non-convertible debentures redemption	5.00	–	–	–
	Interest on non-convertible debentures issued	0.47	–	0.48	–

Note

- Transaction values are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.
- Related parties as defined under clause 3 of the Accounting Standard 18 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. Accordingly, disclosure have been made in respective notes to financial statements as required by schedule III to the Companies Act, 2013.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

(₹ In Crore)

Particulars	2017	2016
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.18	0.11
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	–	–
Payment made to suppliers (other than interest) beyond the appointed day, during the year	1.39	4.04
Interest paid to suppliers under MSMED Act (other than section 16)	–	–
Interest paid to suppliers under MSMED Act (section 16)	0.07	0.13
Interest due and payable to suppliers under MSMED Act, for payments already made	–	–
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	–	–

(ii) Trade payable includes payable to related party ₹ Nil (Previous year ₹ 0.01 crore).

33 In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C. No. 87/03.02.004/2006-07 dated 4 January 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government securities to the extent of ₹ 557.38 crore (Previous year ₹ 347.11 crore) in favor of trustees representing the public deposit holders of the Company.

34 Disclosures relating to Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 as directed vide notification no. G.S.R. 308(E) of Ministry of Corporate Affairs dated 30 March 2017:

(₹ In Crore)

Particulars	Refer footnote	Amounts directly deposited into Company's bank accounts for which details of denomination are not available {Refer (ii)(b) below}	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	i	–	22.74	2.23	24.97
(+) Amount withdrawn from bank		–	–	0.01	0.01
(+) Permitted receipts	ii, iii	9.77	26.01	268.96	304.74
(-) Permitted payments/disbursements	iii	–	–	55.04	55.04
(-) Amount deposited in bank	i, ii, iii	9.77	48.75	201.23	259.75
Closing cash in hand as on 30.12.2016		**–**	**–**	**14.93**	**14.93**

Note

i. Includes ₹ 5.04 crore in-transit cash depositions as on 8 November 2016, where the Company had initiated deposition of cash into its bank accounts on or before 8 November 2016 through Cash Management Services (CMS) of banks which were collected by the CMS personnel by 17 November 2016 due to unprecedented work load.

ii. (a) The Company's collection agencies deposit cash collected from the Company's customers to the Company's branches which are in turn along with other direct collections deposited into the Company's bank accounts with details of denominations. The said information has been tabulated above. The cash collected by collection agencies on or before 8 November 2016 was submitted to the Company across more than 430 branches between 9 November 2016 and 16 November 2016. The Company has taken due efforts in ensuring that amounts received from collection agencies (more than 6,000 agencies) in SBNs were evidenced by collections made by its agencies on or before 8 November 2016.

(b) The Company provides a facility to its collection agencies to directly deposit collections made by them from the Company's customers, as also to customers to directly deposit their installments into the Company's bank accounts.

The Reserve Bank of India vide notification no. RBI/2016-17/112 dated 8 November 2016 specifically restricted acceptance of SBNs by bank in third party accounts unless specific authorisation therefor accorded by the third party is presented to the bank.

However, the Company had not authorised any of its banks to accept any SBN deposits directly into its bank account by third parties in SBNs except in respect of its two-wheelers and three-wheelers financing business, where due to its penetration into remote markets and corresponding profile of customers, the Company had authorised banks to accept deposit of cash collected by its agents on or before 8 November 2016 directly into the Company's bank accounts but not beyond 16 November 2016, aggregating to ₹ 9.77 crore. Whilst the Company has taken due efforts in ensuring that amounts received from collection agencies in SBNs were evidenced by collections made by its agencies on or before 8 November 2016, the information in this regards has been presented only to the extent of information available and received from the collection agents in absence of any information forthcoming from banks in this regard and hence disclosures are not verifiable by the statutory auditors.

iii. The Company has not authorised any transaction, collections or otherwise, in SBNs post 8 November 2016. All cash collected in accordance with the Company's policies and procedures are deposited into the bank accounts.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

35 (i) Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

(ii) The Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31 March 2017 are attached herewith.

36 Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes 1 to 36

As per our attached report of even date

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Annexure (Forming part of the financial statements)

I Schedule to Balance Sheet

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

(₹ In Crore)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side		
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
(a) Debentures: Secured (including interest accrued thereon ₹ 1,380.62 crore)	21,041.49	–
Unsecured (including interest accrued thereon ₹ 186.43 crore) (Other than falling within the meaning of public deposit *)	3,648.83	–
(b) Deferred credits	–	–
(c) Term loans (including interest accrued thereon ₹ 0.40 crore)	14,237.01	–
(d) Inter-corporate loans and borrowings	630.49	–
(e) Commercial paper	4,588.69	–
(f) Public deposits *(including interest accrued thereon ₹ 133.56 crore)	3,652.53	–
(g) Other loans: (CBLO, Short-term Loans, cash credit and working capital demand loan-including interest accrued thereon ₹ 0.18 crore)	3,173.11	–
* Please see note no. 1 below		
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)		
(a) In the form of unsecured debentures	–	–
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	–	–
(c) Other public deposits *	3,652.53	–
* Please see note no. 1 below		

(₹ In Crore)

Particulars	Amount Outstanding
Asset Side	
3) Break-up of loans and advances including bills receivables (other than those included in (4) below)	
(a) Secured	20,058.84
(b) Unsecured	22,631.21
4) Break up of leased assets and assets under finance and hypothecation loans counting towards asset finance activities	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	–
(b) Operating lease	–
(ii) Stock under finance including financing charges under sundry debtors	
(a) Assets under finance, net of unmatured finance charges and advance EMI	15,851.05
(b) Repossessed assets	22.04
(iii) Hypothecation loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	–
(b) Loans other than (a) above	–

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

I Schedule to Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Amount Outstanding
5) Break up of investments	
Current investments	
1. Quoted:	
(i) Shares: (a) Equity	–
(b) Preference	–
(ii) Debentures and bonds	–
(iii) Units of mutual funds	2,663.54
(iv) Government securities (including trust securities)	320.86
(v) Others	–
2. Unquoted:	
(i) Shares: (a) Equity	–
(b) Preference	–
(ii) Debentures and bonds	–
(iii) Units of mutual funds	–
(iv) Government securities (including trust securities)	–
(v) Others	–
Long-term investments	
1. Quoted:	
(i) Shares: (a) Equity (₹ 27,331)	
(b) Preference	–
(ii) Debentures and bonds	–
(iii) Units of mutual funds	–
(iv) Government securities (including trust securities)	762.30
(v) Others	–
2. Unquoted:	
(i) Shares: (a) Equity	328.00
(b) Preference	–
(ii) Debentures and bonds	–
(iii) Units of mutual funds	–
(iv) Government securities (including trust securities)	–
(v) Others	–

6) Borrower group-wise classifications of all leased assets, stock under financing and loans and advances (Please see note no. 2 below)

(₹ In Crore)

Category	Amount net of provision		
	Secured	Unsecured	Total
1. Related parties**			
(a) Subsidiaries	–	–	–
(b) Companies in the same group	–	9.55	9.55
(c) Other related parties	–	33.97	33.97
2. Other than related parties	35,931.93	22,587.69	58,519.62
	35,931.93	**22,631.21**	**58,563.14**

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

I Schedule to Balance Sheet (Contd.)

(₹ In Crore)

7) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) (Please see note no. 3 below)

Category	Market value/Break up or Fair value or NAV $	Book value (net of provisions)
1. Related parties **		
(a) Subsidiaries	328.00	328.00
(b) Companies in the same group: (₹ 27,331)		
(c) Other related parties	–	–
2. Other than related parties	3,766.00	3,746.70
	4,094.00	**4,074.70**

** As per Accounting Standard of ICAI (Please see note no. 3).
$ Government securities valued at cost less amortisation of premium.

8) Other information

(₹ In Crore)

Particulars	Amount
Gross Non-Performing Assets	
(i) Gross non-performing assets	
(a) Related parties	–
(b) Other than related parties	982.39
Net Non-Performing Assets	
(ii) Net non-performing assets	
(a) Related parties	–
(b) Other than related parties	255.38
(iii) Assets acquired in satisfaction of debt	–

Note

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

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

(₹ In Crore)

Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
Asset classification Details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (opening figures)	No. of borrowers	–	–	–	–	–	–	–	–	–	–	1	229	9	–	239	1	229	9	–	239
	Amount outstanding	–	–	–	–	–	–	–	–	–	–	175.60	53.98	15.06	–	244.64	175.60	53.98	15.06	–	244.64
	provision thereon	–	–	–	–	–	–	–	–	–	–	52.68	12.69	5.50	–	70.87	52.68	12.69	5.50	–	70.87
Fresh restructuring during the year	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	507	–	–	507	–	507	–	–	507
	Amount outstanding	–	–	–	–	–	–	–	–	–	–	(3.39)	97.45	–	–	94.06	(3.39)	97.45	–	–	94.06
	provision thereon	–	–	–	–	–	–	–	–	–	–	16.20	28.38	–	–	44.58	16.20	28.38	–	–	44.58
Upgradations to restructured standard category during the FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	(93)	–	–	(93)	–	(93)	–	–	(93)
	Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	(21.23)	–	–	(21.23)	–	(21.23)	–	–	(21.23)
	provision thereon	–	–	–	–	–	–	–	–	–	–	–	(2.21)	–	–	(2.21)	–	(2.21)	–	–	(2.21)
Downgradations of restructured accounts during the FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	(1)	1	–	–	–	(1)	1	–	–
	Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	(0.28)	0.28	–	–	–	(0.28)	0.28	–	–
	provision thereon	–	–	–	–	–	–	–	–	–	–	–	(0.06)	0.06	–	–	–	(0.06)	0.06	–	–
Write-offs of restructured accounts during the FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	(52)	–	–	(52)	–	(52)	–	–	(52)
	Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	(28.92)	–	–	(28.92)	–	(28.92)	–	–	(28.92)
	provision thereon	–	–	–	–	–	–	–	–	–	–	–	(7.86)	–	–	(7.86)	–	(7.86)	–	–	(7.86)
Restructured accounts as on 31 March of the FY (Closing figures)	No. of borrowers	–	–	–	–	–	–	–	–	–	–	1	590	10	–	601	1	590	10	–	601
	Amount outstanding	–	–	–	–	–	–	–	–	–	–	172.21	101.00	15.34	–	288.55	172.21	101.00	15.34	–	288.55
	provision thereon	–	–	–	–	–	–	–	–	–	–	68.88	30.94	5.56	–	105.38	68.88	30.94	5.56	–	105.38

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

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

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

Assets transferred during FY2017

(₹ In Crore)

Particulars	Amount
Gross amount of assets assigned including exposure retained by the seller	3,393.01
Total amount of exposure retained by the NBFC to comply with MRR – In form of on-Balance Sheet retention of Assets	339.30
Total Amount of exposure retained by NBFC other than MRR – In form of on-Balance Sheet retention of Assets	–
Net amount of assets transferred through direct assignment in 2016-17	3,053.71
The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2017	3,361.62

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

(1) Capital

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
(i) CRAR (%)	20.30%	19.50%
(ii) CRAR Tier I capital (%)	14.56%	16.06%
(iii) CRAR Tier II capital (%)	5.74%	3.44%
(iv) Amount of subordinated debt raised as Tier II capital * (Raised during the year ₹ 2,060 crore, previous year ₹ 290 crore)	3,338.30	1,278.30
(v) Amount raised by issue of perpetual debt instruments	–	–

* Discounted value of ₹ 3,236.82 crore (Previous year ₹ 1,232.56 crore) considered for Tier II capital against the book value of ₹ 3,338.30 crore (Previous year ₹ 1,278.30 crore).

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

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

(2) Investments

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
1. Value of investments:		
(i) Gross value of invesments:		
In India	4,099.80	1,035.91
Outside India	–	–
(ii) Provisions for depreciation/amortisations:		
In India	25.10	1.84
Outside India	–	–
(iii) Net value of investments:		
In India	4,074.70	1,034.07
Outside India	–	–
2. Movement of provisions held towards depreciation/amortisations on investments:		
(i) Opening balance	1.84	0.38
(ii) Add: Provisions during the year	23.26	1.46
(iii) Less: Write off/write back of excess provisions during the year	–	–
(iv) Closing balance	25.10	1.84

(3) Details of assignment transactions undertaken by the NBFC

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
(i) No. of accounts	12,723	8,384
(ii) Aggregate value (net of provisions) of accounts sold, Gross Exposure	9,551.41	6,158.40
(iii) Aggregate consideration for assigned portion	7,064.76	4,011.05
(iv) Additional consideration realised in respect of accounts transferred in earlier years	–	–
(v) Aggregate gain/loss over net book value	–	–

(4) Details of Non-performing financial assets sold

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
No. of accounts sold	4,490	1,873
Aggregate outstanding (net of provisions)	21.09	46.75
Aggregate consideration received	25.70	55.49

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

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

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

(₹ In Crore)

Particulars	Up to 1 month	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Deposits made	0.34	–	–	–	–	20.78	–	2.82	23.94
Advances (Receivables under financing activity)	4,294.41	2,901.95	2,635.58	6,620.75	9,201.93	15,385.73	5,062.67	11,579.71	57,682.73
Investments	2,984.40	–	–	–	–	–	–	1,090.30	4,074.70
Borrowings (including deposits accepted)	1,141.80	4,382.17	1,371.53	1,799.11	7,439.07	18,635.36	10,361.61	4,119.00	49,249.65
Foreign currency assets	–	–	–	–	–	–	–	–	–
Foreign currency liabilities	–	–	–	–	–	–	–	–	–

(6) Exposures

(a) Exposures to real estate sector

(₹ In Crore)

Category	As at 31 March 2017	As at 31 March 2016
(i) Residential mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	9,696.07	8,662.33
(ii) Commercial real estate Lending secured by mortgages on commercial real estates	2,725.51	932.29
(iii) Investments in mortgage backed securities	–	–

(b) Exposure to capital market

(₹ In Crore)

Category	As at 31 March 2017	As at 31 March 2016
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	–	–
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	–	–
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	4,164.18	2,670.23
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	–	–
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	–	–
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	–	–
(vii) Bridge loans to companies against expected equity flows/issues	–	–
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	–	–
Total exposure to capital market	**4,164.18**	**2,670.23**

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

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

(7) Registration obtained from other financial sector regulators

Regulator	Registration No.
Insurance Regulatory and Development Authority	
As a corporate agent for:	
Bajaj Allianz Life Insurance Company Ltd.	CA0101
Bajaj Allianz General Insurance Company Ltd.	
Max Bupa Health Insurance Company Ltd.	
Future Generali Life Insurance Company Ltd.	
HDFC Life Insurance Company Ltd.	
TATA AIG General Insurance Company Ltd.	

(8) Ratings assigned by credit rating agencies

(₹ In Crore)

Rating agency	Programme	Rating assigned	Migration in ratings during the year	2016-17	2015-16
India Ratings	Non-convertible Debenture	IND AAA/Stable	NIL	10,000.00	4,000.00
	Subordinate Debt	IND AAA/Stable	NIL	2,000.00	1,000.00
	Long-term Bank Rating	IND AAA/Stable	NIL	30,000.00	30,000.00
	Short-term Bank Rating	IND A1+	NIL		
CRISIL	Non-convertible Debenture	CRISIL AAA/Stable	Rating upgraded from CRISIL AA+/Positive to CRISIL AAA/Stable	10,052.80	9,850.00
	Lower Tier II Bond	CRISIL AAA/Stable	Rating upgraded from CRISIL AA+/Positive to CRISIL AAA/Stable	700.00	700.00
	Fixed deposit	FAAA/Stable	NIL	NA	NA
	Long-term Bank Rating	CRISIL AAA/Stable	Rating upgraded from CRISIL AA+/Positive to CRISIL AAA/Stable	21,000.00	21,000.00
	Short-term Bank rating	CRISIL A1+	NIL		
	Subordinate Debt	CRISIL AAA/Stable	Rating upgraded from CRISIL AA+/Positive to CRISIL AAA/Stable	2,000.00	2,000.00
	Short-term debt	CRISIL A1+	NIL	10,000.00	6,500.00
ICRA	Non-convertible Debenture	ICRA AA+(Positive)	Outlook revised to Positive from Stable	8,000.00	8,000.00
	Lower Tier II Bond	ICRA AA+(Positive)	Outlook revised to Positive from Stable	700.00	700.00
	Fixed deposit	MAAA(Stable)	NIL	NA	NA
	Subordinate Debt	ICRA AA+(Positive)	Outlook revised to Positive from Stable	1,000.00	1,000.00
	Short-term Debt	ICRA A1+	NIL	10,000.00	6,500.00
CARE	Non-convertible Debenture	CARE AAA/Stable	NIL	2,545.00	
	Subordinate debt	CARE AAA/Stable	NIL	2,455.00	

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

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

(9) Provisions and contingencies

(₹ In Crore)

Break up of provisions and contingencies shown under the head expenditure in the Statment of Profit and Loss	For the year ended 31 March 2017	2016
Provision for depreciation/amortisation on investment	24.10	1.80
Provisions for NPA	310.59	74.54
Provision for income tax/deferred tax and tax adjustments of earlier years	980.97	686.05
Provision for standard assets	64.02	45.35
Other provisions and contingencies:		
Provision for restructured standard assets	16.20	43.90
Provision for delinquent receivables not yet NPA, net	24.78	6.80
Provision for interest sacrifice	–	(7.13)

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

(₹ In Crore)

Particulars	Amount
(a) Concentration of deposits	
Total deposits of 20 largest depositors	1,607.31
Percentage of deposits of 20 largest depositors to total deposits of the Company	38.94%
(b) Concentration of advances	
Total advances to 20 largest borrowers	3,029.82
Percentage of advances to 20 largest borrowers to total advances of the Company	5.25%
(c) Concentration of exposures	
Total exposures to 20 largest borrowers/customers	3,029.82
Percentage of exposures to 20 largest borrowers/customers to total exposure of the Company on borrowers/customers	5.25%
(d) Concentration of NPAs	
Total exposure to top 4 NPA accounts	42.89

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

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

(e) Sector wise NPAs

Sector	% of gross NPAs to total advances in the sector	% of net NPAs to total advances in the sector
Agriculture and allied activities	0.00%	0.00%
MSME	0.00%	0.00%
Corporate borrowers	1.12%	0.42%
Services	0.00%	0.00%
Unsecured personal loans	1.36%	0.10%
Auto loans	5.15%	1.93%
Advances	0.00%	0.00%
Other personal loans	2.16%	0.18%
Total	**1.68%**	**0.44%**

(11) Movement of NPAs

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
(i) Net NPAs to net advances (%)	0.44%	0.28%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	538.57	484.41
(b) Additions during the year	759.83	367.58
(c) Reductions during the year	316.02	313.42
(d) Closing balance	982.38	538.57
(iii) Movement of net NPAs		
(a) Opening balance	122.93	142.53
(b) Additions during the year	209.67	95.58
(c) Reductions during the year	77.22	115.18
(d) Closing balance	255.38	122.93
(iv) Movement of provisions for NPAs (excluding provisions for standard assets)		
(a) Opening balance	415.64	341.87
(b) Provisions made during the year	550.16	272.00
(c) Write offs/write back of excess provisions	238.80	198.23
(d) Closing balance	727.00	415.64

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

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

(12) Disclosure of complaints

Particulars	Count
(a) No. of complaints pending at the beginning of the year	–
(b) No. of complaints received during the year	595
(c) No. of complaints redressed during the year	595
(d) No. of complaints pending at the end of the year	–

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

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Total gold loan portfolio	543.96	146.78
Total assets	57,682.73	43,272.23
Gold loan portfolio as % of total assets	0.94%	0.34%

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

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Number of loan accounts	Nil	Nil
Outstanding amount	Nil	Nil
Value fetched on auctions	Nil	Nil

Statement containing salient features of the financial statement of subsidiaries/ associate companies/joint ventures

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

(Amount in ₹)

1	Name of the subsidiary	Bajaj Housing Finance Ltd.	Bajaj Financial Securities Ltd.
2	The date since when subsidiary was acquired	01.11.2014	01.11.2014
3	Reporting period for the subsidiary concerned, if different from the Holding company's reporting period	01.04.2016 – 31.03.2017	01.04.2016 – 31.03.2017
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA
5	Share capital	3,500,000,000	140,000,000
6	Reserves and surplus	(251,311,959)	(14,151,523)
7	Total assets	3,250,819,299	126,321,720
8	Total liabilities	2,127,258	473,243
9	Investments	3,223,807,351	125,432,274
10	Turnover	31,649,544	5,749,757
11	Profit before taxation	1,169,643	5,395,578
12	Provision for taxation (net)	–	570,000
13	Profit after taxation	1,169,643	4,825,578
14	Proposed dividend	NA	NA
15	% of shareholding	100%	100%*

* Held by Bajaj Housing Finance Ltd.

Part B: Associates and Joint Ventures – Not Applicable

Rajeev Jain
Managing Director

Rahul Bajaj
Chairman

Sandeep Jain
Chief Financial Officer

Sanjiv Bajaj
Vice Chairman

Anant Damle
Company Secretary

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Pune: 17 May 2017

Consolidated Financial Statements

Independent Auditors' Report on the Consolidated Financial Statements

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

1. We have audited the accompanying consolidated financial statements of Bajaj Finance Ltd. ('hereinafter referred to as the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), (See note no. 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the consolidated financial statements').

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

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

Report on other legal and regulatory requirements

8. As required by section 143(3) of the Act, we report, to the extent applicable, that:

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

   (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India, including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and its subsidiaries incorporated in India.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India including relevant records relating to the preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

   (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact, if any, of pending litigations as at 31 March 2017 on the consolidated financial position of the Group.

      ii. Provision has been made in the consolidated financial statements, as required under the applicable Law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts as at 31 March 2017. The Group did not have long-term derivative contracts as at 31 March 2017.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts required to be transferred to Investor Education and Protection Fund by subsidiary companies incorporated in India for the year ended 31 March 2017.

      iv. The Company has provided requisite disclosures in the financial statements as to its direct holdings as well as dealings in Specified Bank Notes during the period 8 November 2016 to 30 December 2016, which based on audit procedures and relying on Management representations are in agreement with the books of accounts maintained by the Company and as produced to us for our verification. However, disclosures of holdings on 8 November 2016 and depositions thereof made directly by collecting agents, in SBN and other denomination, in respect of its two-wheelers and three-wheelers financing business as detailed in note no. 28(ii)(b) to the financial statements are only to the extent of information available and received by the Company and hence are not verifiable by us.

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

S Venkatesh
Partner
Membership Number: 037942
Pune: 17 May 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the Members of Bajaj Finance Ltd. on the consolidated financial statements for the year ended 31 March 2017

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Bajaj Finance Ltd. (hereinafter referred to as 'the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

6. The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that

    i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

    ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and

Annexure A to Independent Auditors' Report (Contd.)

iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Partner
Membership Number: 037942
Pune: 17 May 2017

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2017	2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	109.37	53.55
Reserves and surplus	4	9,490.89	7,271.18
Money received against share warrants	3 a	-	102.03
		9,600.26	7,426.76
Non-current liabilities			
Long-term borrowings	5	33,115.96	25,286.86
Other long-term liabilities	6	484.87	447.40
Long-term provisions	7	362.21	242.94
		33,963.04	25,977.20
Current liabilities			
Current maturities of long-term borrowings	5	7,211.16	6,099.24
Short-term borrowings	8	8,922.42	5,638.49
Trade payables			
Total outstanding dues to micro enterprises and small enterprises	27 (i)	0.18	0.11
Total outstanding dues to creditors other than micro enterprises and small enterprises	27 (ii)	528.63	334.80
Other current liabilities	9	2,566.21	854.72
Short-term provisions	7	932.73	641.75
		20,161.33	13,569.11
Total		**63,724.63**	**46,973.07**
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		287.51	242.95
Intangible assets		75.23	44.05
		362.74	287.00
Goodwill on consolidation		3.27	3.27
Non-current investments	11	762.30	457.15
Deferred tax assets (net)	12	369.07	280.04
Receivables under financing activity	13	32,028.15	24,778.55
Long-term loans and advances	14	59.90	99.82
Other non-current assets		-	0.02
		33,585.43	25,905.85
Current assets			
Current investments	11	3,307.21	571.95
Receivables under financing activity	13	25,654.63	18,493.68
Cash and bank balances	15	356.81	1,330.85
Short-term loans and advances	14	496.79	458.89
Other current assets	16	323.76	211.85
		30,139.20	21,067.22
Total		**63,724.63**	**46,973.07**
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements

In terms of our report of even date

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2017	2016
INCOME			
Revenue from operations	17	9,977.36	7,293.54
Other income	18	29.17	40.02
Total income (I)		**10,006.53**	**7,333.56**
EXPENDITURE			
Employee benefits expense	19	931.67	629.63
Finance costs	20	3,803.71	2,926.85
Depreciation and amortisation	10	71.17	56.34
Loan losses and provisions	21	818.19	542.85
Other expenses	22	1,564.38	1,213.21
Total expenditure (II)		**7,189.12**	**5,368.88**
Profit before tax (I-II)		**2,817.41**	**1,964.68**
Tax expense:			
Current tax		1,070.06	753.81
Deferred tax expense/(credit)		(89.03)	(67.76)
Total tax expense		**981.03**	**686.05**
Profit for the year		**1,836.38**	**1,278.63**
Earnings per share:	23		
(Nominal value per share ₹ 2)			
Basic (₹)		34.01	24.23
Diluted (₹)		33.67	23.88
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements

In terms of our report of even date

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

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Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Consolidated Cash Flow Statement

(₹ In Crore)

Particulars	for the year ended 31 March 2017	2016
A. Cash flow from operating activities		
Profit before tax	2,817.41	1,964.68
Adjustments for:		
Add/(Less):		
Depreciation and amortisation	71.17	56.34
Amortisation of premium on Government securities	1.13	0.87
Finance costs	3,803.71	2,926.85
Share issue expenses	2.60	–
Loan loss and provisions	818.19	542.85
Loss on sale of tangible assets, net	0.26	0.25
Marked to market losses on investments	22.97	0.93
Sundry credit balance appropriated	(7.84)	(1.88)
Provision no longer required	(12.45)	(31.78)
Interest on Government securities	(63.67)	(40.08)
Profit on sale of investments	(165.83)	(77.91)
Interest on fixed deposits	(0.06)	(0.12)
	4,470.18	3,376.32
Cash from operations before working capital changes	7,287.59	5,341.00
Changes in working capital:		
Increase in trade payables	211.08	94.89
Increase in short-term provisions	318.95	516.03
Increase in long-term provisions	39.05	8.74
Increase in other current liabilities	1,095.76	40.76
Increase in other long-term liabilities	20.05	16.60
(Increase) in long-term loans and advances	(5.63)	(2.34)
(Increase) in short-term loans and advances	(39.05)	(156.56)
(Increase) in other current assets	(106.52)	(41.38)
	1,533.69	476.74
	8,821.28	5,817.74
Taxes paid (net of refunds)	(1,006.14)	(739.52)
Finance costs paid	(3,167.27)	(2,415.60)
	(4,173.41)	(3,155.12)
	4,647.87	2,662.62
(Increase) in receivables under financing activity, current	(7,897.56)	(5,873.41)
(Increase) in receivables under financing activity, non-current	(7,249.60)	(6,658.88)
	(15,147.16)	(12,532.29)
Net cash from operating activities (A)	**(10,499.29)**	**(9,869.67)**
Carried forward	(10,499.29)	(9,869.67)

Consolidated Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	for the year ended 31 March 2017	2016
Brought forward	(10,499.29)	(9,869.67)
B. Cash flow from investing activities		
Capital expenditure including advances	(149.14)	(95.46)
Sale proceeds of assets/adjustments to gross block	1.04	0.84
Purchase of investments	(130,736.40)	(95,297.56)
Sale of investments	127,837.74	94,670.85
Interest on fixed deposits	0.06	0.09
Interest on Government securities	60.66	34.42
Net cash from investing activities (B)	**(2,986.04)**	**(686.82)**
C. Cash flow from financing activities		
Dividends paid	(38.18)	(190.52)
Share issue expenses	(3.57)	(11.28)
Dividend distribution tax	(7.68)	(39.40)
Proceeds from borrowings	126,898.58	95,795.09
Repayment of borrowings	(114,673.63)	(85,425.09)
Increase in share capital and securities premium	337.92	1,425.37
Share application money including received against share warrants	–	102.03
Net cash from financing activities (C)	**12,513.44**	**11,656.20**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(971.89)**	**1,099.71**
Cash and cash equivalents at the beginning of the year	**1,327.52**	**227.81**
Cash and cash equivalents at the end of the year	**355.63**	**1,327.52**

Components of cash and cash equivalents

(₹ In Crore)

Particulars	for the year ended 31 March 2017	2016
Cash and cash equivalents at the end of the year		
i. Cash on hand	76.06	69.31
ii. Balances with scheduled banks in:		
Current accounts	279.57	243.14
Deposits with original maturity of less than three months	–	1,015.07
Total cash and cash equivalents at the end of the year	**355.63**	**1,327.52**

1. The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS) 3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014.
2. All figures in brackets indicate outflow.

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Rajeev Jain
Managing Director

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Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

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

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

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

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

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

(₹ In Crore)

Name of the Company	Net Assets (i.e. total assets minus total liabilities)		Share in Profit or Loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Bajaj Finance Ltd.	96.49%	9,263.00	100%	1,836.55
Bajaj Housing Finance Ltd.	3.38%	324.87		0.12
Bajaj Financial Securities Ltd.	0.13%	12.58		0.48

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

2 I. Statement of significant accounting policies and practices

(a) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company, i.e. year ended 31 March.

(b) The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the change in accounting policies explained below. The complete financial statements have been prepared along with all disclosures required by the other relevant provisions of the Companies Act, 1956, Reserve Bank of India and National Housing Bank Guidelines/Regulations to the extent applicable.

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

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

II. Principles of consolidation

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

(b) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.

(c) The excess of the cost to the Parent Company of its investments in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the financial statements as goodwill.

III. Since the business of the subsidiary viz. Bajaj Housing Finance Ltd. is insignificant in context of the consolidated group, the consolidated financial statements largely reflect the results of the parent and hence other significant accounting policies followed by the group can be referred to in note no. 2 to the standalone financial statements of the parent, to which these consolidated financial statements are attached.

3 Share Capital

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
Authorised		
# 750,000,000 equity shares of ₹ 2 each (Previous year 75,000,000 equity shares of ₹ 10 each)	150.00	75.00
Issued		
# 549,890,090 equity shares of ₹ 2 each (Previous year 53,872,190 equity shares of ₹ 10 each)	109.98	53.87
Subscribed and paid up		
# 549,890,090 equity shares of ₹ 2 each fully called up and paid up (Previous year 53,872,190 equity shares of ₹ 10 each fully called up and paid up)	109.98	53.87
Less: 3,057,500 equity shares of ₹ 2 each (Previous year 322,674 equity shares of ₹ 10 each) held in Trust for employees under ESOP Scheme (See footnote 'e' below)	0.61	0.32
	109.37	**53.55**

\# Pursuant to approval of the Members:

(i) Authorised share capital of the Company was increased and subdivided from ₹ 75 crore (consisting of 75,000,000 equity shares of face value of ₹ 10 each) to ₹ 150 crore (consisting of 750,000,000 equity shares of face value of ₹ 2 each), consequent to the decision to subdivide issued capital of 53,872,190 equity shares of face value of ₹ 10 each as on the record date, i.e. 10 September 2016 (end of the day), into 269,360,950 equity shares of face value of ₹ 2 each and declaration of bonus thereon as stated in (ii) below.

(ii) On 14 September 2016, the Allotment Committee of the Board of Directors allotted 269,360,950 equity shares of face value of ₹ 2 each as bonus shares in the proportion of one bonus equity share for every one equity share of face value of ₹ 2 held as on the record date, by capitalising an amount of ₹ 538,721,900 from securities premium account. The bonus shares were listed on BSE Ltd. and National Stock Exchange of India Ltd. w.e.f. 19 September 2016.

(iii) Consequently,

(a) in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the exercise price and the number of warrants earlier issued to the promoter, Bajaj Finserv Ltd. and equity shares offered on rights basis held in abeyance*, were proportionately adjusted and

(b) in terms of the Employee Stock Option Scheme, 2009 of the Company, the grant price and the number of outstanding stock options in respect of stock options granted under the Employee Stock Option Scheme, 2009 were proportionately adjusted.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

3 Share Capital (Contd.)

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year (Subscribed and paid up)	53,872,190	53.87	50,147,259	50.15
Adjusted no. of shares on account of sub-division of equity share #	269,360,950	53.87	–	–
Add: Issue of bonus shares during the year to eligible shareholders #	269,360,950	53.87	–	–
Add: Issued during the year - Employee Stock Option Plan	1,918,040	0.39	450,063	0.45
Add: Issued during the previous year to eligible Qualified Institutional Buyers	–	–	3,274,853	3.27
Add: Issued during the year to promoter on account of conversion of warrants +	9,250,000	1.85	–	–
Add: Issue of shares on Right basis (₹ 300, previous year ₹ 150) *	150		15	
	549,890,090	109.98	53,872,190	53.87
Less: Equity shares held in trust for employees under ESOP scheme (see footnote 'e' below)	3,057,500	0.61	322,674	0.32
Outstanding at the end of the year	546,832,590	109.37	53,549,516	53.55

+ During the year, Bajaj Finserv Ltd. (Promoter) exercised the option to convert 9,250,000 warrants, issued on preferential basis, upon payment of ₹ 306.08 crore being balance 75% amount of the issue consideration and accordingly, 9,250,000 equity shares of the face value of ₹ 2 each were allotted to Bajaj Finserv Ltd. on 23 November 2016 at a premium of ₹ 439.20 per equity share. The funds received upon allotment have been utilised for meeting funding requirements of the business activities of the Company as per the objects of the issue.

* The Company during the year 2012-13 had issued equity shares on right basis of which 8,590 shares (of face value of ₹ 2 each, adjusted for sub-division and issue of bonus shares) were held in abeyance pending adjudication of title/claim from respective shareholders. Of these, 150 shares (of face value of ₹ 2 each) were allotted during the year at a premium of ₹ 108 per share.

(b) Terms/rights/restrictions attached to equity shares

(i) The Company has only one class of equity shares having a par value of ₹ 2 per share (Previous year ₹ 10 each). Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, equity shares held by Bajaj Finserv Ltd. are restricted from transfer as per details below:
(a) 308,566,130 equity shares up to 13 June 2017.
(b) 9,250,000 equity shares up to 11 December 2019.

(c) Shares held by Holding Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Nos.	₹ In Crore	Nos.	₹ In Crore
	Face value ₹ 2		Face value ₹ 10	
Bajaj Finserv Ltd.*	317,816,130	63.56	30,856,613	30.86

*An associate of Bajaj Holdings & Investments Ltd.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

3 Share Capital (Contd.)

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	Nos.	% Holding	Nos.	% Holding
	Face value ₹ 2		Face value ₹ 10	
Bajaj Finserv Ltd.*	317,816,130	57.80%	30,856,613	57.28%

* An associate of Bajaj Holdings & Investments Ltd.

(e) Shares reserved for issue under Employee Stock Option Plan

Particulars	No. of Shares
Number of equity shares approved/reserved for issue under Employee Stock Option Plan,2009 of the Company drawn in accordance with SEBI (Employee stock option Scheme and Employee Stock Purchase Scheme), Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital) as on 31 March 2016 of the face value of ₹ 10 each	2,507,116
Resultant shares due to sub-division of the face value to ₹ 2 each and issue of bonus shares	25,071,160
Number of shares allotted to the trust up to 31 March 2016 of the face value of ₹ 10 each	1,241,988
Resultant shares on sub-division and after bonus	12,419,880
Allotted to the trust during the year on 15 February 2017 of the face value of ₹ 2 each	1,918,040
Total number of shares alloted to the trust up to 31 March 2017	14,337,920
Number of equity shares reserved for issue under Employee Stock Option Plan, 2009	10,733,240
Equity shares held by the trust as on 31 March 2016 of the face value of ₹ 10 each	322,674
Option exercised up to record date of sub-division and bonus i.e.10 September 2016	133,240
Shares available with the trust on record date for sub-division and bonus	189,434
Resultant shares on sub-division and after bonus of the face value of ₹ 2 each	1,894,340
Add: Allotted on 15 February 2017 of the face value of ₹ 2 each	1,918,040
Less: Exercised after record date for sub-division and bonus of the face value of ₹ 2 each up to 31 March 2017	754,880
Equity shares held by the trust as on 31 March 2017 of the face value of ₹ 2 each	3,057,500

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year have been reduced against the share capital as if the trust is administered by the Company itself.

The securities premium related to the unexercised equity shares held by the trust at the close of the year aggregating ₹ 622,283,779 (As at 31 March 2016 ₹ 448,741,587) has also been reduced from securities premium account and adjusted against the loan outstanding from the trust.

Dividends declared by the Company do not accrete to unexercised options. Accordingly, any dividend received by the ESOP trust is remitted to the Company and adjusted against the source from which dividend has been paid.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

4 Reserves and surplus

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Securities Premium Account		
Balance as at the beginning of the year	3,371.98	1,926.88
Add: Received during the year:		
On issue of shares under Employee Stock Option Plan	49.09	59.66
On issue of shares under qualified institutional buyers	–	1,396.72
On issue of right shares held in abeyance (₹ 16,200, Previous year- ₹ 16,350)		
On conversion of warrants into 9,250,000 equity shares	406.26	–
Less: On issue of bonus shares	53.87	–
Less: Share issue expenses as per section 52 of the Companies Act, 2013	0.96	11.28
	3,772.50	3,371.98
Less: Premium on unexercised equity shares held in trust for employees under the ESOP scheme [See note no. 3 (e)]		
	62.23	44.87
Balance as at the end of the year	3,710.27	3,327.11
Capital Reserve		
Amount previously received on forfeited equity shares re-issued (Previous year ₹ 5,000) (*₹ 5,000 adjusted against share issue expenses on issue of bonus shares)	–*	
Balance as at the end of the year	–	
Reserve Fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	925.75	669.75
Add: Set aside during the year	368.00	256.00
Balance as at the end of the year	1,293.75	925.75
Reserve Fund in terms of section 29C of the National Housing Bank Act, 1987		
Balance as at the beginning of the year	0.01	–
Add: Set aside during the year	0.02	0.01
Balance as at the end of the year	0.03	0.01
General Reserve		
Balance as at the beginning of the year	601.60	473.60
Add: Set aside during the year	184.00	128.00
Balance as at the end of the year	785.60	601.60
Infrastructure Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	5.75	5.75
Add: Set aside during the year	3.50	–
Balance as at the end of the year	9.25	5.75
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	2,410.96	1,684.04
Profit for the year	1,836.38	1,278.63
	4,247.34	2,962.67
Less: Appropriations:		
Transfer to Reserve Fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	368.00	256.00
Transfer to Reserve Fund in terms of section 29C of the National Housing Bank Act, 1987	0.02	0.01
Transfer to Infrastructure Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961	3.50	–
Transfer to General Reserve	184.00	128.00
Final dividend to qualified institutional buyers	–	5.89
Tax on final dividend to qualified institutional buyers and ESOP trust	–	1.28
Proposed dividend	–	37.71
Interim dividend	–	96.97
Tax on interim dividend	–	19.74
Provision for tax on dividend	–	7.68
Adjustment of dividend to ESOP trust {See note no. 3 (e)}	(0.17)	(1.57)
Total appropriations	555.35	551.71
Balance as at the end of the year	3,691.99	2,410.96
	9,490.89	**7,271.18**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

5 Long-term borrowings

(₹ In Crore)

Particulars	Non-current		Current Maturity	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
A) Secured				
Privately placed redeemable non convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and/or Company's office at Unit No. 806 admeasuring 2280 sq. ft. 8th Floor, Block, A of Wing Delta, Raheja Towers, Anna Salai, Mount Road, Chennai – 600 002 and book debts/loan receivables under financing activity as stated in the respective information memorandum	15,651.37	10,844.40	4,009.50	3,096.20
From Banks, against hypothecation of assets under finance, book debts and other receivables	11,768.75	11,836.61	2,367.86	2,347.86
Total (A)	**27,420.12**	**22,681.01**	**6,377.36**	**5,444.06**
B) Unsecured				
Privately placed partly paid redeemable non-convertible debentures	124.10	–	–	–
Privately placed redeemable non-convertible debentures	–	–	–	113.00
Privately placed Subordinated (Tier II) redeemable non-convertible debentures	3,338.30	1,278.30	–	–
Term loans from bank	–	100.00	100.00	75.00
Fixed deposits	2,109.44	1,227.55	683.80	467.18
Inter-corporate deposits	124.00	–	50.00	–
Total (B)	**5,695.84**	**2,605.85**	**833.80**	**655.18**
Total (A+B)	**33,115.96**	**25,286.86**	**7,211.16**	**6,099.24**

Note

The above borrowings represent the borrowings of the Parent Company and hence the details of the same are better visited in note no. 5 to standalone financial statements of the Company.

6 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2017	2016
Trade payables	50.19	44.19
Others:		
Security deposits	33.60	21.50
Other payables	5.85	4.51
Interest accrued but not due *	395.23	377.20
	484.87	**447.40**

* Includes payables to related party ₹ Nil (Previous year ₹ 1.96 crore)

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

7 Provisions

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2017	**2016**	**2017**	**2016**
Provision for employee benefits:				
Gratuity	14.36	–	–	2.42
Privilege leave entitlements	18.14	–	2.54	15.46
Other long-term service benefit	5.24	–	0.28	–
	37.74	**–**	**2.82**	**17.88**
Other provisions:				
For proposed dividend	–	–	–	37.71
For tax on proposed dividend	–	–	–	7.68
For general provision on standard assets	245.54	181.52	–	–
For restructured standard assets	68.88	52.68	–	–
For non-performing assets (NPAs)	–	–	722.08	412.85
For delinquent receivables not yet NPAs	–	–	128.40	103.62
Provision retained on sale of non-performing assets	10.05	8.74	–	–
For tax (net of advance tax ₹ 990.57 crore, previous year ₹ 691.80 crore)	–	–	79.43	62.01
	324.47	**242.94**	**929.91**	**623.87**
	362.21	**242.94**	**932.73**	**641.75**

(₹ In Crore)

Particulars	As at 31 March	
	2017	**2016**
Movement of provisions		
Provision for delinquencies [See note no. 2(F)(ii)]		
Opening balance at the beginning of the year	516.47	436.35
Add: Net additions during the year	736.61	459.51
Less: Bad debts/advances written off during the year	402.60	379.39
Closing balance at the end of the year	850.48	516.47
Proposed dividend		
The final dividend proposed on equity shares for the year is as follows:		
Face value	₹ 2 each	₹ 10 each
Final dividend per share	₹ 3.60 each	₹ 7 each
Amount of dividend (including tax on dividend)	₹ 238.26 crore	₹ 45.39 crore

Note

The Company also paid interim dividend of ₹ 18 per share amounting ₹ 116.71 crore including tax on dividend for the year ended 31 March 2016.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

8 Short-term borrowings

(₹ In Crore)

Particulars	As at 31 March 2017	2016
A) Secured		
From Banks, against hypothecation of assets under finance, book debts and other receivables:		
Cash credit	1,234.26	1,880.08
Working capital demand loan	500.00	–
Overdraft facility	86.15	239.97
Collateralised borrowing and lending obligation, against Government securities held by the Company	350.00	200.00
Total (A)	**2,170.41**	**2,320.05**
B) Unsecured		
From banks:		
Overdraft facility	502.52	642.38
Working capital demand loan	500.00	500.00
Fixed deposits	725.62	548.45
Inter-corporate deposits	435.18	–
Borrowings by issue of commercial papers	4,588.69	1,627.61
Total (B)	**6,752.01**	**3,318.44**
Total (A+B)	**8,922.42**	**5,638.49**

Note

The above borrowings represent the borrowings of the Parent Company and hence the details of the same are better visited in note no. 8 to standalone financial statements of the Company.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

9 Other current liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
Interest accrued but not due *	1,327.24	708.83
Interest accrued and due (₹ 23,317, previous year ₹ 39,967)		
Income received in advance	8.76	0.12
Unclaimed dividend	1.17	1.81
Others		
Statutory dues	84.00	72.79
Security deposits	–	0.63
Employee benefits payable **	90.35	66.20
Temporary overdraft as per books only @	1,048.83	–
Other/miscellaneous payables +	5.86	4.34
	2,566.21	**854.72**

Note

* Includes payable to related parties aggregating ₹ 6.65 crore (Previous year ₹ 4.18 crore).

** Includes payable to related parties aggregating ₹ 4.37 crore (Previous year ₹ 3.03 crore).

@ The Company manages its cash flows judiciously with the objective of maximising returns of floats available as a result of timing differences between cheques issued against loan commitments and their presentation to bank for honour. As a result, cheques issued but not presented at the Balance Sheet date give rise to temporary overdrafts as per books of accounts only. The Company safeguards against any risks on this account by ensuring availability of undrawan credit lines from banks aggregating ₹ 2,102.07 crore at the close of the year.

+ Includes payable to related parties aggregating ₹ 2.71 crore (Previous year ₹ 0.91 crore).

There are no amounts that are due and remain unpaid to investor Education and Protection Fund as at the close of the year.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

10 Fixed assets

Current year

(₹ In Crore)

Particulars	Gross block at cost				Depreciation and amortisation				Net block
	As at 31 March 2016	Additions	Deductions/ adjustments	As at 31 March 2017	As at 31 March 2016	Deductions/ adjustments	For the Year	As at 31 March 2017	As at 31 March 2017
A) Tangible assets (b)									
Leasehold improvements	36.19	12.33	0.07	48.45	14.62	0.04	11.19	25.77	22.68
Other assets:									
Land freehold (a)	2.26	–	–	2.26	–	–	–	–	2.26
Building (a)	158.50	0.18	–	158.68	34.68	–	6.07	40.75	117.93
Computers	78.28	30.86	14.82	94.32	46.74	14.78	17.24	49.20	45.12
Office equipments	37.98	15.76	0.84	52.90	17.04	0.78	9.09	25.35	27.55
Furniture and fixtures	48.77	31.21	2.01	77.97	15.17	1.49	6.85	20.53	57.44
Vehicles	16.55	10.84	3.07	24.32	7.33	2.42	4.88	9.79	14.53
Total (A)	**378.53**	**101.18**	**20.81**	**458.90**	**135.58**	**19.51**	**55.32**	**171.39**	**287.51**
B) Intangible assets									
Specialised software (b)	44.05	47.03	15.85(b)	75.23	–	–	–	–	75.23
Total (B)	**44.05**	**47.03**	**15.85**	**75.23**	**–**	**–**	**–**	**–**	**75.23**

Previous year

(₹ In Crore)

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

(a) Represents share in undivided portion of land, on purchase of office premises and includes cost of shares in co-operative society ₹ 250.
(b) Amount amortised as expense.
(c) Depreciation and amortisation, recognised in the Statement of Profit and Loss:

	For the year ended 31 March	
	2017	2016
Depreciation	55.32	45.12
Amortisation of intangible assets	15.85	11.22
	71.17	**56.34**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

11 Investments

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(A) In Government and Trust Securities				
Other than trade				
Quoted				
Long-term				
8.27% Government of India Stock, 2020 of the face value of ₹ 25 crore	–	25.44	–	–
8.60% Government of India Stock, 2020 of the face value of ₹ 20 crore	22.68	–	–	–
8.28% Government of India Stock, 2027 of the face value of ₹ 25 crore	–	26.06	–	–
8.28% Government of India Stock, 2027 of the face value of ₹ 35 crore	–	35.60	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 15 crore	–	15.60	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 85 crore	–	87.76	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 75 crore	–	80.01	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 10 crore	–	10.58	–	–
8.08% Government of India Stock, 2022 of the face value of ₹ 10 crore	10.24	–	–	–
8.15% Government of India Stock, 2026 of the face value of ₹ 20 crore	22.01	–	–	–
8.28% Government of India Stock, 2027 of the face value of ₹ 5 crore	5.14	–	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 65 crore	67.11	–	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 45 crore	–	–	–	48.06
7.88% Government of India Stock, 2030 of the face value of ₹ 10 crore	–	10.06	–	–
8.15% Government of India Stock, 2026 of the face value of ₹ 10 crore	–	9.97	–	–
8.38% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	10.01	10.01	–	–
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 15 crore	15.02	15.02	–	–
8.67% Karnataka State Development Loan, 2026 of the face value of ₹ 8.94 crore	8.95	8.95	–	–
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	–	20.81	–	–
7.59% Government of India Stock, 2029 of the face value of ₹ 150 crore	157.48	–	–	–
7.59% Government of India Stock, 2029 of the face value of ₹ 125 crore	–	–	137.95	–
7.59% Government of India Stock, 2029 of the face value of ₹ 20 crore	–	–	–	19.93
7.59% Government of India Stock, 2026 of the face value of ₹ 10 crore	–	–	10.71	–
7.72% Government of India Stock, 2025 of the face value of ₹ 185 crore	195.53	–	–	–
7.72% Government of India Stock, 2025 of the face value of ₹ 40 crore	–	–	–	40.43
7.72% Government of India Stock, 2025 of the face value of ₹ 50 crore	–	–	54.55	–
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	24.87	–	–	–
8.83% Government of India Stock, 2023 of the face value of ₹ 15 crore	15.60	–	–	–
7.88% Government of India Stock, 2030 of the face value of ₹ 30 crore	–	–	–	30.25
8.83% Government of India Stock, 2023 of the face value of ₹ 50 crore	–	–	–	53.23
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	–	24.87	–	–
8.35% Government of India Stock, 2022 of the face value of ₹ 125 crore	–	–	141.81	–
8.35% Government of India Stock, 2022 of the face value of ₹ 25 crore	25.52	25.52	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 50 crore	–	51.54	–	–
7.16% Government of India Stock, 2023 of the face value of ₹ 90 crore	87.70	–	–	–
7.68% Government of India Stock, 2023 of the face value of ₹ 95 crore	95.38	–	–	–
	763.24	457.80	345.02	191.90
Less: Amortisation of premium (See note no. 2(D)(iii) to Standalone financial statements)	(0.94)	(0.65)	–	–
Less: Marked to market losses on investments	–	–	(24.16)	(1.19)
	762.30	457.15	320.86	190.71
Short-term				
Treasury Bills - 182 day TB 30062016	–	–	–	98.21
Total (A)	**762.30**	**457.15**	**320.86**	**288.92**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

11 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(B) In mutual funds				
Quoted				
395,353 (-) HDFC Cash Management Fund -Savings plan - Direct plan- Growth	-	-	-	125.00
338,607 (-) Reliance Liquid Fund - Treasury plan - Institutional Growth	-	-	-	125.00
3,131,880 (-) Sundaram Liquid Money Fund - Direct	-	-	-	10.00
87,558,919 (-) Reliance Banking and PSU Fund Direct - Growth	-	-	102.56	-
16,418,455 (-) Kotak Bond Fund Short Term Direct- Growth	-	-	51.30	-
16,606,211 (-) Birla Sunlife Short Term Fund Direct - Growth	-	-	102.53	-
32,536,183 (-) L&t Short Term Opportunities Fund Direct Plan - Growth	-	-	51.19	-
112,754,496 (-) HDFC Short Term Opportunities Fund - Direct - Growth	-	-	203.05	-
59,355,710 (-) IDFC SSIF - Short Term - Direct - Growth	-	-	202.04	-
32,073,790 (-) Reliance Short Term Fund - Direct - Growth	-	-	100.87	-
897,370 (-) Invesco India Short Term Fund - Direct - Growth	-	-	200.00	-
1,109,428 (-) Axis Liquid Fund Direct Growth	-	-	200.00	-
7,655,927 (-) Birla Sunlife Cash Plus Direct Growth	-	-	200.00	-
430,074 (-) DSP Black Rock Liquidity Fund Direct Growth	-	-	100.00	-
8,890,504 (-) ICICI Prudential Money Market Fund Direct Growth	-	-	200.00	-
749,447 (-) Kotak Floater Short Term - Direct Plan - Growth	-	-	200.00	-
897,074 (-) L&T Liquid Fund Direct Growth	-	-	200.00	-
2,617,305 (-) SBI Ultra Short Term Debt Fund Growth	-	-	550.00	-
188,912 (-) UTI - Treasury Advantage Fund Institutional Plan Direct Plan - Growth	-	-	40.00	-
972,401 (-) IDFC Ultra Short Term Fund - Growth - Direct Plan	-	-	2.25	-
16,096,126 (-) Kotak Treasury Advantage Fund - Direct Plan - Growth	-	-	40.00	-
15,012,535 (-) HDFC Floating Rate Income Fund - Short Term Plan - Direct Plan- Wholesale option - Growth option	-	-	40.00	-
186,570 (-) Reliance Money Manager Fund - Direct Growth Plan Growth option	-	-	40.00	-
116,208 (-) Invesco India Ultra Short Term Fund - Direct Plan Growth	-	-	25.00	-
125,553 (-) SBI Ultra Short Term Debt Fund Direct Plan - Growth	-	-	25.00	-
34,799 (-) Tata Floater Fund Direct Growth	-	-	8.12	-
41,715 (-) ICICI Prudential Liquid - Direct Plan - Growth	-	-	1.00	-
3,366,739 (-) L&T Ultra Short Term Fund Direct Plan - Growth	-	-	9.00	-
1,331,278 (418,357) Birla Sun Life Savings Fund - Growth - Direct Plan	-	-	40.00	11.00
- (79,301) IDFC Money Manager Fund Treasury Plan C - Growth - Defunt	-	-	-	0.10
- (263,987) IDFC Money Manager Fund Treasury Plan C - Growth - Direct	-	-	-	0.55
530,590 (564,818) ICICI Prudential Flexible Income - Regular Plan - Growth	-	-	9.24	9.83
1,473,016 (57,112) ICICI Prudential Flexible Income - Direct Plan - Growth	-	-	43.20	1.55
Total (B)	**-**	**-**	**2,986.35**	**283.03**
(C) Other than trade				
Quoted				
Long-term				
75 (75) Shares of ₹ 10 each in Bajaj Holdings & Investments Ltd. (₹ 19,646, previous year ₹ 19,646)			-	-
150 (150) Shares of ₹ 10 each in Bajaj Auto Ltd. (₹ 7,685, previous year ₹ 7,685)			-	-
Total (C)			**-**	-
Total (A+B+C)	**762.30**	**457.15**	**3,307.21**	**571.95**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

11 Investments (Contd.)

(₹ In Crore)

Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Quoted	4,069.51*	1,029.10*	4,115.17	1,010.68

Note

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

Open Ended Mutual Funds though not listed are quoted on National Stock Exchange (NSE) and are transactable through the exchange with fund houses at previous day close Net Asset Value (NAV). Hence considered as quoted.

12 Deferred tax assets (net)

(₹ In Crore)

Particulars		As at 31 March 2017	As at 31 March 2016
A) Deferred tax liability			
On account of timing difference in:			
Depreciation and amortisation		(16.34)	(13.40)
Other liabilities		(3.04)	(1.92)
Gross deferred tax liability	**Total (A)**	**(19.38)**	**(15.32)**
B) Deferred tax asset			
On account of timing difference in:			
Disallowance u/s 43B of the Income Tax Act, 1961		13.50	8.19
Provision for doubtful debts		351.40	261.02
Other assets		23.55	26.15
Gross deferred tax asset	**Total (B)**	**388.45**	**295.36**
	Total (A+B)	**369.07**	**280.04**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

13 Receivables under financing activity
(Good unless otherwise stated)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(I) Secured				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. [Includes overdue installments ₹ 586.06 crore (Previous year ₹ 409.53 crore)]	3,611.53	1,961.54	12,239.52	10,046.38
(b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	–	–	22.04	26.87
(ii) Against equitable mortgage of immovable property under finance agreements [Includes overdue installments ₹ 12.39 crore (Previous year ₹ 13.55 crore)]	13,881.62	12,833.17	1,712.03	897.46
(iii) Infrastructure Finance: Against joint hypothecation of plant and machinery, immovable property and other assets [Includes overdue installments ₹ 39.83 crore (Previous year ₹ 30.65 crore)]	245.50	250.45	55.56	62.37
(iv) Loan against securities (secured by pledge of securities) [Includes overdue installments ₹ 2.16 crore (Previous year ₹ 1.73 crore)]	502.84	122.68	3,661.34	2,547.55
Total (I)	**18,241.49**	**15,167.84**	**17,690.49**	**13,580.63**
(II) Unsecured +				
Loans at agreement values less installments received [Includes overdue installments ₹ 216.06 crore (Previous year ₹ 155.48 crore)]	13,786.66	9,610.71	7,964.14	4,913.05
Total (II)	**13,786.66**	**9,610.71**	**7,964.14**	**4,913.05**
Total (I+II)	**32,028.15**	**24,778.55**	**25,654.63**	**18,493.68**

+ Includes receivables from related parties amounting to ₹ 33.97 crore (Previous year ₹ 30.93 crore).

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

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

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	**2016**	**2017**	**2016**
Capital advances	2.64	1.71	–	–
Security deposits	23.04	16.72	0.34	–
Advances/Security deposits to related parties	0.90	0.90	0.94	8.58
Advance tax (net of provision for taxation ₹ 2,547.63 crore, previous year ₹ 1,793.83 crore)	33.30	79.79	–	–
Advances to dealers	–	–	465.22	378.68
Advances recoverable in cash or kind, unsecured, considered good	0.02	0.70	30.29	71.63
Advances recoverable in cash or kind, unsecured, considered doubtful	0.13	–	4.93	3.56
Less: Provision	(0.13)	–	(4.93)	(3.56)
	–	**–**	**–**	**–**
	59.90	**99.82**	**496.79**	**458.89**

15 Cash and bank balances

(₹ In Crore)

Particulars	Current	
	As at 31 March	
	2017	**2016**
Cash and cash equivalents		
Cash on hand	44.06	38.98
Cash with collecting agents	32.00	30.33
Cash equivalents		
Bank balance in cash credit/current accounts	279.57	243.14
Certificates of deposits (maturity less than 3 month from date of acquisition)	–	1,015.07
	355.63	**1,327.52**
Other bank balances		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	1.18	1.92
Deposit with banks	–	1.41
	1.18	**3.33**
	356.61	**1,330.85**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

16 Other current assets

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Interest receivable on investments	15.95	12.94
Other finance charges receivable	296.64	185.69
Receivables from related parties	7.71	2.88
Other receivables	3.46	10.34
	323.76	**211.85**

17 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 2017	2016
Finance activity:		
(i) Interest on loans including interest subsidy	8,706.69	6,547.94
(ii) Service and administration charges	565.64	353.25
	9,272.33	**6,901.19**
Other operating revenue:		
(i) Interest:		
(a) On deposits	0.93	2.06
(b) On Government and trust securities	63.67	40.08
Less: Amortisation of premium/discount	(1.13)	(0.87)
(c) Penal and others	230.65	177.41
	294.12	218.68
(ii) Profit on sale of current investments, net *	162.19	77.88
(iii) Bad debt recoveries	30.15	22.98
(iv) Foreclosure income	46.06	2.55
(v) Miscellaneous charges and receipts	172.51	70.26
	705.03	**392.35**
	9,977.36	**7,293.54**

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

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

18 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Dividend from non-current investment (₹ 1,313, previous year ₹ 19,313)		
Miscellaneous income	1.86	1.25
Provisions no longer required	12.45	31.78
Sundry credit balances appropriated	7.84	1.88
Interest on income tax refunds, net	3.33	4.96
Net gain/(loss) on sale of investments	3.64	0.03
Interest accrued on fixed deposits	0.05	0.12
	29.17	**40.02**

19 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Employees' emoluments (Includes Managerial remuneration):		
Salaries, wages and bonus	858.71	583.10
Contribution to provident and other funds	42.73	25.81
Staff welfare expenses	30.23	20.72
	931.67	**629.63**

20 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Interest expenses	3,354.86	2,584.84
Discount in respect of 'Commercial papers'	411.95	317.60
Other financing costs	36.90	24.41
	3,803.71	**2,926.85**

21 Loan losses and provisions

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Provision for standard assets	64.02	45.35
Provision for restructured standard assets	16.20	43.90
Provision for delinquencies and doubtful advances	737.97	453.60
	818.19	**542.85**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

22 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
Insurance	2.56	2.12
Rent	31.05	21.79
Commission to non-executive directors	2.47	2.27
Communication expenses	33.41	26.97
Share issue expenses	2.60	–
Outsourcing/back office expenses	147.65	110.84
Travelling expenses	101.22	71.88
Information technology expenses	92.80	57.97
Sourcing and credit cost	132.26	91.01
Recovery costs	317.96	247.51
Bank charges	49.26	31.92
Rates and taxes	0.72	0.76
Auditors' remuneration *	0.65	0.55
Loss on sale of assets, net	0.26	0.25
Advertisement and publicity	67.97	75.33
Dealer incentive	309.35	290.21
Marked to market losses on investments, net	22.97	0.93
Expenditure towards Corporate Social Responsibility activities **	28.38	21.36
Sundry expenses	220.84	159.54
	1,564.38	**1,213.21**

* Payment to auditor (net of service tax)

Particulars	For the year ended 31 March 2017	2016
As auditor:		
Audit fee	0.38	0.33
Tax audit fee	0.05	0.04
Limited review	0.07	0.06
In other capacity:		
Other services (certification fees)	0.13	0.09
Reimbursement of expenses	0.02	0.03
	0.65	**0.55**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

22 Other expenses (Contd.)

** **Corporate Social Responsibility expenditure**

(₹ In Crore)

Particulars	For the year ended 31 March 2017	2016
(a) Gross amount required to be spent by the Company during the year	28.37	21.31
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	–	–
(ii) On purposes other than (i) above	28.38	21.36

23 Computation of Earnings Per Share (EPS)

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

Particulars	For the year ended 31 March 2017	2016
A) Basic		
(i) Computation of Profit (numerator)		
– Net Profit attributable to shareholders (₹ In Crore)	1,836.38	1,278.63
(ii) Computation of weighted average number of shares (denominator)		
– Number of shares outstanding at the beginning of the year (as adjusted for sub-division and bonus issue)	535,495,160	500,003,980
Weighted average number of equity shares issued and outstanding during the year	4,491,258	27,663,770
Adjusted weighted average equity shares	**539,986,418**	**527,667,750**
EPS (Basic) (₹)	34.01	24.23
B) Diluted		
(i) Computation of Profit (numerator)		
– Net Profit attributable to shareholders (₹ In Crore)	1,836.38	1,278.63
(ii) Computation of weighted average number of shares (denominator)		
– Number of shares outstanding at the beginning of the year (as adjusted for sub-division and bonus issue)	535,495,160	500,003,980
Weighted average number of equity shares issued and outstanding during the year	4,491,258	27,663,770
Number of options outstanding at the close of the year *	5,451,986	7,669,760
Adjusted weighted average equity shares	**545,438,404**	**535,337,510**
EPS (Diluted) (₹)	33.67	23.88

* Dilutive equity shares under warrants outstanding and ESOPs.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

24 Contingent liability not provided for

(₹ In Crore)

Particulars	As at 31 March 2017	2016
Disputed claims against the Company not acknowledged as debts	17.29	17.34
VAT matters under appeal	2.24	6.86
ESI matters under appeal	5.14	5.14
Service tax matters under appeal:		
On interest subsidy	1,147.10	–
On others	4.43	1.49
Income tax matters:		
Appeals by the Company	12.93	9.80
Appeal by the Income tax department	32.98	49.36

(i) The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals/defense.

(ii) The Commissioner of Service Tax, during the year, confirmed the demand of service tax on interest subsidy received from manufacturers and dealers, which was previously questioned by show cause notice issued on the Company. Consequently, the Commissioner has demanded service tax amounting of ₹ 644.65 crore for the period up to 30 September 2016, interest approximating ₹ 303.50 crore (Interest up to 31 March 2017) and penalty of ₹ 198.95 crore. The Company has disputed the said demand and in accordance with legal advice, is in the process of filing an appeal refuting the said claim.

The Company in line with the opinion obtained from an Eminent Counsel, is of view that the said demands are not tenable and has accordingly disclosed it as a contingent liability.

(iii) It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

25 Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2017	2016
(A) Capital commitments Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	17.77	19.24
(B) Other commitments The Company's capital commitments towards partially disbursed loans	222.87	103.55

26 Disclosure of transactions with related parties as required by Accounting Standard 18 are given in the annexure forming part of these consolidated financial statements.

27 (i) Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year end are furnished in note no. 32(i) to the standalone financial statements of the Parent Company.

(ii) Trade payable includes payable to related party ₹ Nil (Previous year ₹ 0.01 crore).

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

28 Disclosures relating to Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 as directed vide notification no. G.S.R. 308(E) of Ministry of Corporate Affairs dated 30 March 2017:

(₹ In Crore)

Particulars	Refer footnote	Amounts directly deposited into Company's bank accounts for which details of denomination are not available {Refer (ii)(b) below}	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	i	–	22.74	2.23	24.97
(+) Amount withdrawn from bank		–	–	0.01	0.01
(+) Permitted receipts	ii, iii	9.77	26.01	268.96	304.74
(-) Permitted payments/disbursements	iii	–	–	55.04	55.04
(-) Amount deposited in bank	i, ii, iii	9.77	48.75	201.23	259.75
Closing cash in hand as on 30.12.2016		**–**	**–**	**14.93**	**14.93**

Note

i. Includes ₹ 5.04 crore in-transit cash depositions as on 8 November 2016, where the Company had initiated deposition of cash into its bank accounts on or before 8 November 2016 through Cash Management Services (CMS) of banks which were collected by the CMS personnel by 17 November 2016 due to unprecedented work load.

ii. (a) The Company's collection agencies deposit cash collected from the Company's customers to the Company's branches which are in turn along with other direct collections deposited into the Company's bank accounts with details of denominations. The said information has been tabulated above. The cash collected by collection agencies on or before 8 November 2016 was submitted to the Company across more than 430 branches between 9 November 2016 and 16 November 2016. The Company has taken due efforts in ensuring that amounts received from collection agencies (more than 6,000 agencies) in SBNs were evidenced by collections made by its agencies on or before 8 November 2016.

(b) The Company provides a facility to its collection agencies to directly deposit collections made by them from the Company's customers, as also to customers to directly deposit their installments into the Company's bank accounts.

The Reserve Bank of India vide notification no. RBI/2016-17/112 dated 8 November 2016 specifically restricted acceptance of SBNs by bank in third party accounts unless specific authorisation therefor accorded by the third party is presented to the bank.

However, the Company had not authorised any of its banks to accept any SBN deposits directly into its bank account by third parties in SBNs except in respect of its two-wheelers and three-wheelers financing business, where due to its penetration into remote markets and corresponding profile of customers, the Company had authorised banks to accept deposit of cash collected by its agents on or before 8 November 2016 directly into the Company's bank accounts but not beyond 16 November 2016, aggregating to ₹ 9.77 crore. Whilst the Company has taken due efforts in ensuring that amounts received from collection agencies in SBNs were evidenced by collections made by its agencies on or before 8 November 2016, the information in this regards has been presented only to the extent of information available and received from the collection agents in absence of any information forthcoming from banks in this regard and hence disclosures are not verifiable by the statutory auditors.

iii. The Company has not authorised any transaction, collections or otherwise, in SBNs post 8 November 2016. All cash collected in accordance with the Company's policies and procedures are deposited into the bank accounts.

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

(ii) Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

Signatures to Notes 1 to 29

As per our attached report of even date

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 17 May 2017

Rajeev Jain
Managing Director

Sandeep Jain
Chief Financial Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

Annexure: Disclosure of transactions with related parties as required by Accounting Standard-18

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017 Transaction value	2017 Outstanding amounts carried in Balance Sheet	2016 Transaction value	2016 Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries and Fellow Subsidiaries					
1. Bajaj Finserv Ltd. (Holding Company)	Dividend paid	21.60	–	111.08	–
	Contribution to equity (317,816,130 shares of ₹ 2 each, previous year 30,856,613 shares of ₹ 10 each)	–	(63.56)	–	(30.86)
	Preferential warrants application money, converted into equity capital during the year	–	–	102.03	(102.03)
	Equity contribution received (including premium)	306.08	–	–	–
	Business support charges paid	8.68	–	6.92	–
	Business support charges received	0.26	–	0.20	–
	Licencse fee paid (₹ 505, previous year ₹ 505)		–		–
	Non-convertible debentures issued	–	(450.00)	–	(250.00)
	Commercial papers issued	–	(25.00)	–	–
	Non-convertible debentures redemption	95.00	–	–	–
	Interest paid on non-convertible debentures	34.12	–	11.82	–
	Fixed deposits accepted	–	(50.00)	150.00	(150.00)
	Fixed deposits repaid	100.00	–	–	–
	Interest incurred on fixed deposits	9.50	(6.39)	5.62	(5.62)
2. Bajaj Allianz Life Insurance Company Ltd. (Fellow Subsidiary)	Group life insurance expenses	1.99	0.23	1.52	0.24
	Insurance premium adjusted (including cancellation receipts)	126.04	3.79	262.30	8.32
	Commission income	0.02	0.01	0.02	0.28
	Non-convertible debentures issued	–	(282.50)	140.00	(427.50)
	Interest paid on non-convertible debentures	29.05	–	18.47	–
	Rent and maintenance expenses	0.84	–	0.31	(0.01)
	Security deposit for property paid	–	0.60	0.60	0.60
	Business support charges received	0.04	0.04	–	–
3. Bajaj Allianz General Insurance Company Ltd. (Fellow Subsidiary)	Asset/Medical/Vehicle/Travel insurance expenses	1.06	(0.10)	0.49	–
	Insurance premium adjusted (including cancellation receipts) (Previous year outstanding ₹ 33,402)	309.72	(2.86)	242.00	
	Commission income	40.05	7.40	35.08	2.52
	Other income	0.01	–	–	–
	Non-convertible debentures issued	–	(160.00)	75.00	(135.00)
	Interest paid on non-convertible debentures	12.47	–	5.81	–
B. Individuals controlling voting power/exercising significant influence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.05	–	0.06	–
	Commission	0.10	(0.09)	0.12	(0.11)
	Dividend paid	0.01	–	0.07	–
2. Sanjiv Bajaj (Vice Chairman)	Sitting fees	0.09	–	0.09	–
	Commission	0.18	(0.16)	0.18	(0.16)
3. Madhur Bajaj (Director)	Sitting fees	0.04	–	0.04	–
	Commission	0.07	(0.06)	0.08	(0.07)
	Dividend paid	0.01	–	0.07	–
4. Rajiv Bajaj (Director)	Sitting fees	0.03	–	0.03	–
	Commission	0.06	(0.05)	0.05	(0.05)
5. Shekhar Bajaj	Nil	–	–	–	–
6. Niraj Bajaj	Nil	–	–	–	–

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017		2016	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
C. Key Managerial Personnels and their relatives					
1. Rajeev Jain (Managing Director)	Remuneration	8.45	(4.37)	6.33	(3.03)
	ESOPs exercised-perquisite	-	-	7.10	-
	Medical reimbursement	-	-	0.22	-
2. Paras Chandra Chhajer (Father of Rajeev Jain)	Dividend paid (₹ 2,002, previous year ₹ 10,296)		-		-
D. Enterprises over which anyone in (B) and (C) exercises significant influence					
1. Bajaj Auto Ltd.	Interest subsidy received	8.33	-	15.46	0.08
	Business support cost paid	20.95	-	11.77	(0.02)
	Business support cost received	0.65	-	0.82	-
	Security deposit paid	-	0.21	-	0.21
	Investment in equity shares (₹ 7,685)	-		-	
	Dividend received (₹ 750, previous year ₹ 15,000)		-		-
2. Bajaj Holdings & Investments Ltd.	Business support cost paid	2.54	-	2.54	-
	Business support charges received	0.26	-	0.20	-
	Investment in equity shares (₹ 19,646)	-		-	
	Dividend received (₹ 562, previous year ₹ 4,313)		-		-
3. Mukand Ltd.	Loan given	25.00	33.97	-	30.93
	Principal repayment received	21.96	-	15.76	-
	Income received	3.50	-	5.14	-
4. Hind Musafir Agency Ltd.	Services received	22.37	(2.24)	15.82	(0.49)
5. Bajaj Electricals Ltd.	Assets purchased	0.20	-	1.19	(0.01)
6. Jamnalal Sons Pvt. Ltd.	Dividend paid (₹ 658, previous year ₹ 3,384)		-		-
	Contribution to equity (940 shares of ₹ 2 each)	-		-	
	Security deposit paid	-	0.09	0.09	0.09
	Rent and other expenses (outstanding ₹ 42,306)	0.22		0.08	-
7. Hercules Hoists Ltd.	Fixed deposits accepted	-	(1.67)	8.37	(8.37)
	Fixed deposits repaid	6.70	-	13.50	-
	Interest paid on fixed deposits	0.97	-	1.72	-
	Interest accrued on fixed deposits	0.70	(0.23)	0.50	(0.50)
8. Maharashtra Scooters Ltd.	Business support charges received	0.10	0.03	0.08	0.02
	Non-convertible debentures issued	-	(80.00)	-	(80.00)
	Interest on non-convertible debentures issued	7.20	-	7.25	-
	Contribution to equity (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(1.90)
	Dividend paid	1.33	-	6.83	-
9. Bajaj Auto Holdings Ltd.	Non-convertible debentures issued	-	-	-	(5.00)
	Non-convertible debentures redemption	5.00	-	-	-
	Interest on non-convertible debentures issued	0.47	-	0.48	-

Note

- Transaction values are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.
- Related parties as defined under clause 3 of the Accounting Standard 18 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. Accordingly, disclosure have been made in respective notes to financial statements as required by schedule III to the Companies Act, 2013.

Notes

Notes

Bajaj Finance Limited
Regd. Office: Akurdi, Pune - 411 035, India.
Tel: (020) 30186403 Fax: (020) 30186364
www.bajajfinserv.in/finance

