19 July 2018

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

Subject: Submission of Annual Report under Regulation 34 of SEBI Listing Regulations, 2015

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI Listing Regulations, 2015, we submit herewith copy of the Annual Report for the year 2017-18, including Business Responsibility Statement and necessary documents and disclosures as stated under Regulation 34(2) and 34(3) of the above referred Regulations duly approved by the members as per provisions of the Companies Act, 2013.

Kindly acknowledge receipt and take the same on record.

Thanking you,

Yours faithfully,

For Bajaj Finserv Limited

Sonal R Tiwari

Sonal R Tiwari
Company Secretary

Encl: as above

BAJAJ FINSERV LIMITED * PUNE-411035. *

Bajaj Finserv Limited

Corporate Office: 6th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411 014, Maharashtra, India
Registered Office: Mumbai - Pune Road, Akurdi, Pune - 411 035, Maharashtra, India

Tel: +91 20 30405700
Fax: +91 20 30405792

www.bajajfinserv.in
Corporate ID No: L65923PN2007PLC130075

BAJAJ FINSERV LIMITED
CIN:L65923PN2007PLC130075

Regd. Office:
Bajaj Auto Ltd.Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035
www.bajajfinserv.in

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the shareholders of Bajaj Finserv Ltd. will be held on **Thursday, 19 July 2018** at **4.15 p.m.** at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the standalone financial statements and the consolidated financial statements of the Company for the year ended 31 March 2018, together with the Directors' and Auditors' Reports thereon.

2. To declare a dividend.

3. To appoint a director in place of Rajiv Bajaj (DIN 00018262), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

4. To authorise the Board to fix the remuneration of S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company.

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   'RESOLVED that pursuant to section 142 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the resolution passed by the members of the Company at the 10th Annual General Meeting held on 19 July 2017 in respect of the appointment of S R B C & CO LLP, Chartered Accountants (firm registration no. 324982E/E300003) till the conclusion of the 15th Annual General Meeting, the Board of Directors be and is hereby authorised to fix the remuneration of Statutory Auditors for the period commencing from the year 2018-19, until the conclusion of the 15th Annual General Meeting of the Company scheduled in the year 2022.'

SPECIAL BUSINESS

5. **Ratification of remuneration to Cost Auditor**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   'RESOLVED that pursuant to section 148(3) of the Companies Act, 2013 and Rules made thereunder, approval of the shareholders be and is hereby accorded for the ratification of remuneration of ₹ 55,000 (Rupees fifty-five thousand only) plus taxes, out-of-pocket, travelling and living expenses payable to Dhananjay V Joshi & Associates, Cost Accountants (firm registration no. 000030) appointed by the Board of Directors as Cost Auditor of the Company for the financial year 2018-19.'

6. **Appointment of Dr. Naushad Forbes as an independent director**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   'RESOLVED that Dr. Naushad Forbes (DIN 00630825) who was appointed by the Board of Directors as an additional director under section 161(1) of the Companies Act, 2013 and who vacates his office at this Annual General Meeting and in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013, as amended, has been received in the prescribed manner, be and is hereby appointed as an independent director of the Company pursuant to section 149 of the Companies Act, 2013 and Rules made thereunder, for a period of five years with effect from 13 September 2017 up to 12 September 2022.

'RESOLVED FURTHER that pursuant to the provisions of section 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Dr. Naushad Forbes be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.'

7. **Approval for the Bajaj Finserv Ltd. Employee Stock Option Scheme**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

'RESOLVED that pursuant to the provisions of section 62(1)(b), 67(3)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the rules thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as 'SEBI Regulations'), including any statutory modification(s) or re-enactment(s) of the Act, the rules or the SEBI Regulations, for the time being in force and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company in its sole discretion (hereinafter referred to as the 'Board', which expression shall also include any committee including Compensation Committee constituted by the Board for this purpose), consent of the Company be and is hereby accorded to the Board to create, issue, offer, grant and allot to or for the benefit of such person(s), who are the permanent Employees or Directors of the Company as may be permissible under the SEBI Regulations (hereinafter referred to as 'Employees') and as may be decided by the Board under the scheme titled 'Bajaj Finserv Ltd. Employee Stock Option Scheme' (hereinafter referred to as 'BFS-ESOS'), not exceeding 4,500,000 stock options convertible into 4,500,000 equity shares of the face value of ₹ 5 each fully paid-up, in such manner, during such period, in one or more tranches and on such terms and conditions including the price as the Board may decide in accordance with the SEBI Regulations or other provisions of the law as may be prevailing at the relevant time.

'RESOLVED FURTHER that the equity shares to be issued on exercise of stock options may be allotted directly to the Employees or through any appropriate mechanism, including a trust, which may be set up in any permissible manner for implementation of the BFS-ESOS and that the BFS-ESOS may include provisions for providing loan/financial assistance by the Company, its holding, and/or subsidiary company(ies), if any, to the trust/the Employees from time to time, on such terms as it may think fit, to enable the trust/the Employees to subscribe to or purchase the equity shares of the Company.

'RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot fully paid-up equity shares to be issued on exercise of stock options from time to time in accordance with the BFS-ESOS and the said equity shares shall rank pari-passu in all respects with the then existing fully paid-up equity shares of the Company.

'RESOLVED FURTHER that in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, change in capital structure and others, if any, additional stock options of the Company are issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling of 4,500,000 options convertible into 4,500,000 equity shares be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

'RESOLVED FURTHER that in case the equity shares of the Company are either sub-divided or consolidated, the number of equity shares arising out of and/or the price of acquisition payable by the Employees under the BFS-ESOS shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of ₹ 5 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the Employees.

'RESOLVED FURTHER that the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the BFS-ESOS and make any modifications, changes, variations, alterations or revisions in the BFS-ESOS from time to time or to suspend, withdraw or revive the BFS-ESOS from time to time as may be specified by any statutory authority and/or to give effect to any laws, rules, regulations, amendment(s) thereto and to do all other acts, deeds, matters and things as are necessary to give effect to the above resolution and with power on behalf of the Company to settle any questions or difficulties that may arise with regard to the creation, offer, issue, grant and allotment of stock options and/or equity shares arising therefrom without requiring the Board to secure any further consent or approval of the members of the Company in this respect.'

8. **Issue and allotment of equity shares to employees of holding and subsidiary company(ies) under the Bajaj Finserv Ltd. Employee Stock Option Scheme**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

'RESOLVED that pursuant to section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as 'SEBI Regulations'), including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI Regulations, for the time being in force and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company in its sole discretion (hereinafter referred to as the 'Board', which expression shall also include any committee including Compensation Committee constituted by the Board for this purpose), consent of the Company be and is hereby accorded to extend the benefits of the Bajaj Finserv Ltd. Employee Stock Option Scheme (hereinafter referred to as 'BFS-ESOS') referred to in resolution no. 7 of this Notice to the person(s), who are the permanent Employees or Directors of holding or subsidiary company(ies), if any, of the Company as may be permissible under the SEBI Regulations (hereinafter referred to as 'Employees'), in such manner, during such period, in one or more tranches and on such terms and conditions including the price as the Board may decide in accordance with the SEBI Regulations or other provisions of the law as may be prevailing at the relevant time, within the overall ceiling of 4,500,000 stock options convertible into 4,500,000 equity shares of the face value of ₹ 5 each fully paid-up as mentioned in the aforesaid resolution.

'RESOLVED FURTHER that the equity shares to be issued on exercise of stock options may be allotted directly to the Employees or through any appropriate mechanism, including a trust, which may be set up in any permissible manner for implementation of the BFS-ESOS and that the BFS-ESOS may include provisions for providing loan/financial assistance by the Company, its holding, and/or subsidiary company(ies), if any, to the trust/the Employees from time to time, on such terms as it may think fit, to enable the trust/the Employees to subscribe to or purchase the equity shares of the Company.

'RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot fully paid-up equity shares to be issued on exercise of stock options from time to time in accordance with the BFS-ESOS and the said equity shares shall rank pari-passu in all respects with the then existing fully paid-up equity shares of the Company.

'RESOLVED FURTHER that in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, change in capital structure and others, if any, additional stock options of the Company are issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling of 4,500,000 options convertible into 4,500,000 equity shares be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

'RESOLVED FURTHER that in case the equity shares of the Company are either sub-divided or consolidated, the number of equity shares arising out of and/or the price of acquisition payable by the Employees under the BFS-ESOS shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of ₹ 5 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the Employees.

'RESOLVED FURTHER that the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the BFS-ESOS and make any modifications, changes, variations, alterations or revisions in the BFS-ESOS from time to time or to suspend, withdraw or revive the BFS-ESOS from time to time as may be specified by any statutory authority and/or to give effect to any laws, rules, regulations, amendment(s) thereto and to do all other acts, deeds, matters and things as are necessary to give effect to the above resolution and with power on behalf of the Company to settle any questions or difficulties that may arise with regard to the creation, offer, issue, grant and allotment of stock options and/or equity shares arising therefrom without requiring the Board to secure any further consent or approval of the members of the Company in this respect.'

9. **Approval of acquisition of equity shares from secondary market for implementation of Bajaj Finserv Ltd. Employee Stock Option Scheme to the employees of the Company and that of the employees of holding and subsidiary companies**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

'RESOLVED that pursuant to section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations'), including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI Regulations, for the time being in force and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company in its sole discretion (hereinafter referred to as the 'Board', which expression shall also include any committee including Compensation Committee constituted by the Board for this purpose), consent of the Company be and is hereby accorded to the Board to acquire the equity shares of the Company from the secondary market through a trust (hereinafter referred to as 'Trust') to be set up for implementation of Bajaj Finserv Ltd. Employee Stock Option Scheme (hereinafter referred to as 'BFS-ESOS') referred to in resolution no. 7 and 8 of this Notice so that the total number of equity shares under secondary acquisition held by the Trust shall not exceed, at any time, 5% of the number of paid-up equity shares of the Company as on 31 March 2018.

'RESOLVED FURTHER that the number of equity shares of the Company that can be acquired by the Trust from the secondary market in any financial year shall not exceed 2% of the number of paid-up equity shares of the Company as at the end of the previous financial year.

'RESOLVED FURTHER that in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, change in capital structure and others, if any, additional stock options of the Company are issued to the Employees pursuant to the BFS-ESOS for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling of 5% of the number of paid-up equity shares be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

'RESOLVED FURTHER that in case the equity shares of the Company are either sub-divided or consolidated, the above ceiling of 5% of the number of paid-up equity shares shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of ₹ 5 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation.

'RESOLVED FURTHER that the Board be and is hereby authorised on behalf of the Company to do all the acts, deeds, matters and things as are necessary and settle any questions or difficulties that may arise to give effect to the above resolution without requiring any further consent or approval of the members of the Company in this respect.'

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

Sonal R Tiwari

Sonal R Tiwari
Company Secretary

Pune: 17 May 2018

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS UP TO AND NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.

2. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days' written notice is given to the Company.

3. Explanatory Statement pursuant to section 102 of the Companies Act, 2013, forms part of this Notice.

4. Brief details of the director who is seeking appointment/re-appointment are annexed hereto as per requirements of regulation 36(3) of the SEBI Listing Regulations, 2015.

5. Pursuant to the provisions of section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company will remain closed from **Saturday, 7 July 2018** to **Thursday, 19 July 2018,** both days inclusive.

6. Subject to the provisions of section 126 of the Companies Act, 2013, dividend on equity shares, if declared at the Annual General Meeting, will be credited/dispatched on **24 July 2018** and/or **25 July 2018** as under:

   a) 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 close of business hours on **Friday, 6 July 2018;** and

   b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent [i.e., Karvy Computershare Pvt. Ltd. ('Karvy')] on or before the closing hours on **Friday, 6 July 2018**.

7. As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, 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 will be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by account payee/not negotiable instruments/warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on such payment instruments.

   For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, on or before **Friday, 6 July 2018**, 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 Permanent Account Number (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, 6 July 2018**. The request for updating particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.

8. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company. Members are requested to keep the same updated.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every person dealing in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to the depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Karvy.

10. In terms of section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including financial statements, board report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.

11. **To receive shareholders' communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their email address with their respective depository participants, where shares are held in electronic form. If, however, shares are held in physical form, members are advised to register their email address with Karvy on** mohsin.mohd@karvy.com

12. With a view to help us serve the members better, those members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.

13. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

14. Documents referred to in the Notice and in the Explanatory Statement shall be open for inspection by the members at the registered office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. except holidays, up to the date of the meeting.

15. The Company has been maintaining, inter alia, the following statutory registers at its registered office at Akurdi, Pune, which are open for inspection in terms of the applicable provisions of the Companies Act, 2013, by members and others:

    i) Register of contracts or arrangements in which directors are interested under section 189 of the Companies Act, 2013, on all working days during business hours. The said register shall also be produced at the commencement of the Annual General Meeting of the Company and shall remain open and accessible for the duration of the meeting to any person having the right to attend the meeting.

    ii) Register of directors and key managerial personnel and their shareholding under section 170 of the Companies Act, 2013, on all working days during business hours. The said register shall be kept open for inspection at the Annual General Meeting of the Company and shall be made accessible to any person attending the meeting.

16. Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 (a copy of which is available on the website of the Company) with the Company's share transfer agent.

    In respect of shares held in electronic/demat form, the members may please contact their respective depository participants.

17. In terms of section 124(5) of the Companies Act, 2013, dividend amount for the year ended 31 March 2011 remaining unclaimed for a period of seven years shall become due for transfer in August 2018 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

    Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of seven years, the corresponding shares shall be transferred to the IEPF demat account.

    Members who have not claimed dividends/shares in respect of the financial years from 2010-11 onwards are requested to approach the Company/Karvy for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF demat account.

18. For more details on shareholders' matters, please refer to the chapter on General Shareholder Information, included in the Annual Report.

19. Corporate members are requested to send in advance, a duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend the Annual General Meeting.

20. Members/Proxies are requested to bring the attendance slip/proxy form duly filled and signed for attending the Meeting. Proxies are requested to bring their identity proof to the meeting for the purpose of identification.

21. Please note that for security reasons, no article/baggage will be allowed at the venue of the meeting.

22. Route map for directions to the venue of the meeting is available on https://www.bajajfinserv.in/miscellaneous-route-map.pdf

23. Voting through electronic means –

In terms of the provisions of section 108 of the Companies Act, 2013 (the Act), read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the SEBI Listing Regulations, 2015, the Company is providing remote e-voting to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on **13 July 2018** (end of day), being the Cut-off date for the purpose of rule 20(4)(vii) of the Rules fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by Karvy or to vote at the Annual General Meeting. Any person who is not a member as on the cut-off date should consider this Notice for information purposes only.

The instructions for remote e-voting are as under:

A. For members who receive Notice of Annual General Meeting through email:

i. Use the following URL for e-voting: https://evoting.karvy.com

ii. Enter the login credentials, i.e., user id and password mentioned in your email. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.

iii. After entering the details appropriately, click on LOGIN.

iv. You will reach the Password change menu, wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). **It is strongly recommended not to share your password with any other person and to take utmost care to keep your password confidential.**

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the EVENT, i.e., **Bajaj Finserv Ltd.**

vii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, then enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. **Once you confirm, you will not be allowed to modify your vote subsequently.** During the voting period, you can login multiple times, till you have confirmed that you have voted on the resolution.

x. Corporate/Institutional Members (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board resolution/authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutiniser through email cssdlimaye@gmail.com
They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'Corporate Name_EVENT No.'

xi. Remote e-voting facility where members can cast their vote online shall be open from **16 July 2018 (9.00 a.m.)** till **18 July 2018 (5.00 p.m.)** and at the end of the remote e-voting period, the facility shall forthwith be blocked.

xii. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of https://evoting.karvy.com or call Karvy on 1800 345 4001 (toll free).

B. For members who receive the Notice of Annual General Meeting in physical form:

i. Members holding shares either in demat or physical mode who are in receipt of the Notice in physical form, may cast their votes using the e-voting facility for which the User ID and initial password are provided in the attendance slip sent along with this Notice. Please follow steps from Sr. No. (i) to (xii) under heading A above to vote through e-voting platform.

C. Voting facility at Annual General Meeting:

i. In addition to the remote e-voting facility as described above, the Company has made voting facility available at the venue of the Annual General Meeting through electronic voting system and members attending the meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the meeting.

ii. Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again.

D. General Instructions:

i. The Board of Directors has appointed Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587 CP No. 572) as the Scrutiniser for the e-voting process and voting at the venue of the Annual General Meeting in a fair and transparent manner.

ii. The Scrutiniser shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unlock the votes through e-voting in the presence of at least 2 (two) witnesses, not in the employment of the Company and make, not later than 3 (three) days from the conclusion of the meeting, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.

iii. The Scrutiniser shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the Scrutiniser's report shall be placed on the Company's website www.bajajfinserv.in and on the website of Karvy https://evoting.karvy.com and shall also be communicated to the stock exchanges. The resolution shall be deemed to be passed at the Annual General Meeting of the Company scheduled to be held on **Thursday, 19 July 2018**.

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36(3) OF THE SEBI LISTING REGULATIONS, 2015

Item No. 3 of the Notice

Rajiv Bajaj (DIN 00018262)

As regards re-appointment of Rajiv Bajaj referred to in item no. 3 of the Notice, the following necessary disclosures are made for the information of the members:

Information about the appointee

Rajiv Bajaj, 51, graduated first in class, with distinction, in Mechanical Engineering from the University of Pune in 1988, and then completed his Masters in Manufacturing Systems Engineering, with distinction, from the University of Warwick in 1990.

He has since worked at Bajaj Auto in the areas of Manufacturing and Supply Chain (1990-95), R+D and Engineering (1995-2000), and Marketing and Sales (2000-2005), and has been its Managing Director since April 2005.

His current priority is the application of the scientific principles of Homoeopathy to the task of building a brand centred strategy at Bajaj Auto with the objective of achieving its vision of being one of the world's leading motorcycle manufacturers.

His directorships/committee positions in other public limited companies:

Major Directorships

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.
Kamalnayan Investment and Trading Pvt. Ltd.
Rahul Securities Pvt. Ltd.
KTM AG

Committee positions: Nil

Shareholding in the Company: He holds 3,450 equity shares (includes beneficial shareholding held in other capacity) of ₹ 5 each in the Company as on 31 March 2018.

Rajiv Bajaj is not disqualified from being re-appointed as a Director in terms of section 164 of the Act and will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company.

Disclosures of his relationship inter-se with other directors and on the number of Board meetings attended by him are given in the Corporate Governance Report.

He was first appointed on the Board with effect from the date of incorporation, i.e., 30 April 2007 and his last drawn remuneration during the year 2017-18 was ₹ 400,000. More details about the remuneration are available in the Annual Report.

He is not related to any of the Directors or Key Managerial Personnel of the Company, except Rahul Bajaj and Sanjiv Bajaj.

None of the Directors or Key Managerial Personnel or their relatives, except Rahul Bajaj, Rajiv Bajaj and Sanjiv Bajaj, are concerned or interested in the said item.

The Board commends item No. 3 of the Notice for approval by shareholders.

Explanatory Statement to item No. 5 of the Notice

The Board of Directors, at its meeting held on 17 May 2018, on recommendation of the Audit Committee, approved the re-appointment of Dhananjay V. Joshi & Associates, (firm registration no. 000030), Cost Accountants, as the Cost Auditor of the Company for the financial year 2018-19 on a remuneration of ₹ 55,000 (Rupees fifty-five thousand only) plus taxes, out-of-pocket, travelling and living expenses.

Section 148(3) of the Companies Act, 2013 (as amended) and Rules made thereunder require the Board to appoint an individual, who is a cost accountant or a firm of cost accountants, as Cost Auditor on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders. The Board has given the necessary approvals with due recommendation from the Audit Committee. The resolution contained in item no. 5 of the Notice, accordingly, seeks members' approval/ratification for the remuneration of Cost Auditor of the Company for the financial year 2018-19.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested in the said resolution.

The Board commends this ordinary resolution set out in item No. 5 of the Notice for approval by shareholders.

Explanatory Statement to item No. 6 of the Notice

Dr. Naushad Forbes (DIN 00630825)

Dr. Naushad Forbes, 57, was appointed by the Board of Directors of the Company at its meeting held on 13 September 2017 as an additional director in the capacity of independent director with effect from 13 September 2017. He holds office until the ensuing Annual General Meeting under section 161(1) of the Companies Act, 2013.

He has submitted the declaration of Independence, as required pursuant to section 149 (7) of the Companies Act, 2013, stating that he meets the criteria of independence as provided in section 149(6) and regulation 16 of SEBI Listing Regulations, 2015. Dr. Forbes is not disqualified from being appointed as a Director in terms of section 164 of the Act.

In respect of the appointment of Dr. Forbes, a notice in writing in the prescribed manner, as required by section 160 of the Companies Act, 2013 (as amended) and Rules made thereunder, has been received by the Company, regarding his candidature for the office of the director.

According to section 152 of the Companies Act, 2013, read with Schedule IV to the Companies Act, 2013, in the opinion of the Board, the proposed appointment of Dr. Forbes as an Independent Director fulfils the conditions specified in the Act and the Rules made thereunder as also the SEBI Listing Regulations, 2015 and that the proposed appointment of Dr. Forbes is independent of the Management.

Brief Profile

Dr. Naushad Forbes is the Co-Chairman of Forbes Marshall, India's leading Steam Engineering and Control Instrumentation firm. He chairs the Steam Engineering Companies within that group.

Dr. Forbes was an occasional Lecturer and Consulting Professor at Stanford University from 1987 to 2004, where he developed courses on Technology in Newly Industrializing Countries. He received his Bachelors, Masters and PhD Degrees from Stanford University.

He is on the Board of several educational institutions and companies. He is the Chairman of Centre for Technology, Innovation and Economic Research in Pune. He has long been an active member of CII and has at various times chaired the National Committees on Higher Education, Innovation, Technology and International Business. He was President of CII for 2016–17.

Major Directorships

Forbes Marshall Pvt. Ltd.
Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Holdings & Investment Ltd.
Zodiac Clothing Company Ltd.
Forbes Solar Pvt. Ltd.
J N Marshall Pvt. Ltd.
Forbes Marshall Arca Pvt. Ltd.
Krohne Marshall Pvt. Ltd.

Forbes Marshall (Hyd) Pvt. Ltd.
Forbesvyncke Pvt. Ltd.
Centre for Technology Innovation and Economic Research

Committee positions

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

Shareholding in the Company as on 31 March 2018 is Nil.

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

The Board commends this ordinary resolution set out in item No. 6 of the Notice for approval by shareholders.

Explanatory Statement to item No. 7, 8 and 9 relating to Approval of Bajaj Finserv Ltd. Employee Stock Option Scheme, Issue and allotment of equity shares to employees of holding and subsidiary company(ies), and Acquisition of equity shares from secondary market through trust for implementation of BFS-ESOS

The members of the Company vide special resolution dated 15 July 2009, had accorded their consent for the Employee Stock Option Scheme, for the Employees of the Company, its holding or subsidiary companies, framed pursuant to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as 'SEBI Guidelines'). The Scheme was not implemented by the Company. Securities and Exchange Board of India (SEBI) has, vide its notification dated 28 October 2014, notified the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as 'SEBI Regulations') for regulation of, inter alia, employee stock option schemes of the listed companies and has since repealed the SEBI Guidelines.

Stock options have long been recognised internationally as an effective instrument to align the interest of employees with those of the company and its shareholders, providing an opportunity to employees to share the growth of the company, and to create long-term wealth in the hands of the employees. It creates a sense of ownership between the company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholders value.

In the present competitive economic environment in the country and in the long-term interests of the Company and its shareholders, it is necessary that the Company adopts suitable measures for attracting and retaining qualified, talented and competent personnel. An employee stock option scheme, designed to foster a sense of ownership and belonging amongst personnel, is a well-accepted approach to this end. It is, therefore, appropriate to consider an Employee Stock Option Scheme for the employees of the Company, its holding and subsidiary company(ies), if any.

The Board of Directors of the Company at its meeting held on 20 May 2009 has constituted a Compensation Committee, consisting of a majority of independent directors, for the administration and superintendence of BFS-ESOS and has approved appointment of merchant banker as required under the SEBI Regulations.

Based on the recommendation of the Compensation Committee and subject to the approval of members, the Board of Directors of the Company, at its meeting held on 17 May 2018 approved the BFS-ESOS for the benefit of permanent Employees and/or Directors of the Company and/or its holding or subsidiary company(ies), if any, as may be permissible under the SEBI Regulations.

Disclosure/main features of BFS ESOS pursuant to the SEBI Regulations and the Companies Act, 2013 are as under:

1. Brief description of the Scheme:

The BFS-ESOS provides for grant of stock options to the permanent Employees and/or Directors of the Company and/or its holding or subsidiary company(ies), if any, as may be permissible under the SEBI Regulations (hereinafter referred to as 'Employees'). Each stock option will be, upon exercise, converted into one fully paid-up equity share of the Company of face value of ₹ 5.

2. Total number of stock options to be granted:

Total stock options up to 4,500,000 convertible into 4,500,000 equity shares of the face value of ₹ 5 each fully paid-up would be available for being granted under the BFS-ESOS. Each option when exercised would be converted into one equity share of ₹ 5 each fully paid-up. Vested options lapsed due to non-exercise and/or unvested options which get cancelled due to resignation of the Employees or otherwise, would be available for being re-granted at a future date.

Considering the maximum number of stock options that may be granted under the BFS-ESOS, the dilution of the interest of public shareholders is expected to be 1.15% approximately.

3. Identification of classes of Employees entitled to participate in the Scheme:

The class of Employees eligible for participating in the BFS-ESOS shall be determined on the basis of grade of the Employee, role/ designation of the Employee, length of service with the Company, his role in and contribution to overall performance of the Company, the performance of profit centre/division to which he/she belongs, merits of the Employee, past performance record, future potential of the Employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion from time to time.

The stock options granted will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death of stock option grantee while in employment, the right to exercise all the options granted to him till such date shall be transferred to his nominees or legal heirs.

4. Requirements of vesting and maximum period of vesting:

The stock options granted shall vest so long as the Employee continues to be in the employment of the Company, its holding and subsidiary company(ies), if any. The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest. The options would vest not earlier than one year and up to 10 years from the date of grant of options as may be decided by the Compensation Committee at the time of each grant. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee.

5. Exercise price:

The exercise price for the purpose of grant of options will be the closing market price one day prior to the date of grant on the stock exchange where the highest trading volume of the equity shares of the Company is registered.

6. Exercise period and the process of exercise:

The exercise period may commence from the date of vesting and will expire on completion of eight years from the date of vesting of options, or such period as may be decided by the Compensation Committee at its sole discretion from time to time. The Compensation Committee will decide on the expiry period of options for Employees leaving the Company after grant of options in their favour. The equity shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

The options will be exercised by the Employees by a written application to the designated officer of the Company/trust set up for the purpose of administration of the BFS-ESOS to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time.

The option will lapse if not exercised within the exercise period, if specified. The option may also lapse under certain circumstances as determined by the Compensation Committee even before expiry of the specified exercise period.

7. The appraisal process for determining the eligibility of the Employees for the Scheme:

The appraisal process for determining the eligibility of the Employee will be specified by the Compensation Committee and will be based on criteria such as grade of the Employee, role/designation of the Employee, length of service with the Company, his role in and contribution to overall performance of the Company, the performance of profit centre/division to which he/she belongs, merits of the Employee, past performance record, future potential of the Employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion from time to time.

8. Maximum number of options to be issued per Employee and in aggregate under the scheme(s):

The maximum number of options granted per Employee will not exceed 800,000 options [i.e., 0.5% of total shares as on 31 March 2018]

Total stock options up to 4,500,000 convertible into 4,500,000 equity shares of the face value of ₹ 5 each fully paid-up would be available for being granted under the BFS-ESOS.

9. Maximum quantum of benefits to be provided per employee:

The maximum quantum of benefits underlying the options issued to an employee shall be equal to the difference between the option exercise price and the market price of the shares on the exercise date.

10. Whether the Scheme is to be implemented and administered directly by the Company or through a Trust:

The BFS-ESOS is proposed to be implemented and administered through Bajaj Finserv ESOP Trust (hereinafter referred to as 'Trust'). However, in the case of primary issue, the scheme may be implemented and administered directly by the Company as permitted under the SEBI Regulations.

11. Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the Trust or both:

At the discretion of the Compensation Committee, the BFS-ESOS may involve new issue of shares by the Company or secondary acquisition by the trust or both.

12. The amount of loan to be provided for implementation of the Scheme by the Company to the Trust, its tenure, utilisation, repayment terms, etc.:

The Company and/or its holding and subsidiary company(ies) may provide an interest free loan to the Trust to the extent required by it for the purchase of and/or subscription to equity shares of the Company for the purpose of issue of equity shares to the Employees of the respective company on exercise of stock options granted to them. The loan will be repaid by the Trust to the respective company upon receipt of exercise price by the Trust on exercise of stock options.

13. Maximum percentage of secondary acquisition that can be made by the Trust for the purposes of the Scheme:

The Trust can undertake secondary acquisition of equity shares of the Company so that the total number of shares under secondary acquisition held by the Trust shall not exceed, at any time, 5% of the paid-up equity shares of the Company as on 31 March 2018. Further, the number of equity shares of the Company that can be acquired by the Trust from the secondary market in any financial year shall not exceed 2% of the number of paid-up equity shares of the Company as at the end of the previous financial year.

14. Disclosure and Accounting Policies:

The Company and its holding and subsidiary company(ies), if any, shall comply with the disclosure and accounting policies prescribed by SEBI Regulations and any other authorities concerned, from time to time. The difference between the fair value of the options on the date of grant and the exercise price will be borne by the Company as an expense and amortised over the vesting period. The fair value charge in respect of the stock options granted to Employees of the holding and subsidiary company(ies), if any, will be considered as capital contribution to the respective company.

15. Method of Option Valuation by the Company:

The Company shall use the Fair Value Method for valuation of the options granted under the BFS-ESOS.

16. Class of Employees for whose benefit the Scheme is being implemented and money is being provided for purchase of or subscription to shares:

As mentioned in clause 3 and 12 above.

17. Particulars of the trustees or Employees in whose favour such shares are to be registered:

The BFS-ESOS is proposed to be administered through Bajaj Finserv ESOP Trust. However, in the case of primary issue, the scheme may be implemented and administered directly by the Company as permitted under the SEBI Regulations. The Trust may acquire equity shares of the Company from the secondary market as well. The equity shares acquired by the Trust from the allotment and/or the secondary market shall be transferred to the Employees on exercise of stock options.

18. Particulars of Trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any:

Name of the Trust	Name of the Trustee	Address of the Trustee	Occupation of Trustee	Nationality of Trustee	Relation of Trustee with promoters, directors or key managerial personnel
Bajaj Finserv ESOP Trust	Bajaj Finserv Direct Ltd.	Mumbai – Pune Road, Akurdi, Pune – 411035	Business	Not applicable	Not applicable (Subsidiary of BFS)

The trustee is a wholly-owned subsidiary of the Company.

19. Any interest of key managerial personnel, directors or promoters in such Scheme or Trust and effect thereof:

As per the SEBI Regulations, the promoters and independent directors of the Company are not entitled to any stock options. The key managerial personnel and non-independent directors of the Company may be deemed to be concerned or interested in the Scheme or Trust to the extent of stock options that may be granted to them pursuant to the BFS-ESOS.

20. Detailed particulars of benefits which will accrue to the Employees from the implementation of the Scheme:

The Employees will be entitled to exercise the options granted to them at the exercise price during the exercise period pursuant to BFS-ESOS.

21. Details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the BFS-ESOS would be exercised:

The voting rights in respect of the shares will be exercised by the Employees on transfer of shares by the Trust to them upon exercise of the stock options. The trustee of Bajaj Finserv ESOP Trust shall not vote in respect of the shares held by the Trust.

Pursuant to section 62(1)(b) and 67(3)(b) of the Companies Act, 2013 and Regulation 6 of the SEBI Regulations, the BFS-ESOS requires approval of the shareholders by special resolution which is proposed in item no. 7 of this Notice. Further, as per Regulation 6 of the SEBI Regulations, the grant of stock options to Employees of the holding and subsidiary company(ies) and secondary acquisition of shares for the purpose of implementing the BFS-ESOS require separate resolution of the members, which are proposed in item no. 8 and 9 of this Notice respectively.

A copy of the BFS-ESOS will be kept open for inspection by shareholders at the registered office of the Company during business hours.

None of the Directors, key managerial personnel of the Company and their relatives are, concerned or interested, in these resolutions, except to the extent of their respective shareholding, if any, in the Company and number of options which may be granted to them, if any, pursuant to the BFS-ESOS.

The Board commends the special resolutions set out in item No. 7, 8 and 9 of the Notice for approval by shareholders.

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

Sonal R Tiwari

Sonal R Tiwari
Company Secretary

Pune: 17 May 2018

BAJAJ FINSERV LIMITED
(CIN: L65923PN2007PLC130075)

Registered office:
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road, Pune 411 035
Email: investors@bajajfinserv.in
Website: www.bajajfinserv.in
Phone: (020)6610 7458, **Fax:** (020)2740 7380

PROXY FORM

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014*]*

CIN : L65923PN2007PLC130075
Name of the Company : BAJAJ FINSERV LIMITED
Registered office : Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035

Name of the member(s) : _____
Registered address : _____
Email ID : _____
Folio No./Client ID : _____
DP ID : _____

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint:

(1) Name : _____ Address : _____
Email Id : _____ Signature : _____ or failing him

(2) Name : _____ Address : _____
Email Id : _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the ELEVENTH Annual General Meeting of the Company, to be held on **Thursday, 19 July 2018** at **4.15 p.m.** at Bajaj Auto Ltd. Complex, Mumbai–Pune Road, Akurdi, Pune 411 035 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	For	Against	Item No.	Description	For	Against
	Ordinary Business				**Special Business**		
1.	Adoption of standalone and consolidated financial statements for the year ended 31 March 2018 and the Directors' and Auditors' Reports thereon			5.	Ratification of remuneration to Cost Auditor for the year 2018-19		
				6.	Appointment of Dr. Naushad Forbes as an Independent Director		
2	Declaration of dividend of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each, for the year ended 31 March 2018			7.	Approval for the BFS-ESOS		
				8.	Issue and allotment of equity shares to employees of holding and subsidiary company(ies) under the BFS-ESOS		
3.	Re-appointment of Rajiv Bajaj (DIN 00018262), who retires by rotation						
4.	To authorise the Board to fix the remuneration of S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company			9.	Approval of acquisition of equity shares from secondary market for implementation of BFS-ESOS		

Signed this_____ day of _____ 2018

Affix revenue stamp

Signature of shareholder

Signature of proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed, signed, stamped and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. As provided under regulation 44 of the SEBI Listing Regulations, 2015, a shareholder may vote either for or against each resolution.

BAJAJ FINSERV LIMITED
(CIN:L65923PN2007PLC130075)
Registered office:
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road, Akurdi, Pune 411 035
E-mail: investors@bajajfinserv.in
Website: www.bajajfinserv.in
Phone: (020) 6610 7458; **Fax**: (020) 2740 7380

ATTENDANCE SLIP

Reg. Folio No./DP ID No./Client ID No. :

Name and Address :

Name(s) of Joint Member(s),if any :

No. of shares held :

Folio No./DP ID/Client ID

Name
Add 1
Add 2
Add 3
Add 4
PIN

Joint Holder 1
Joint Holder 2

Shares

I/We certify that I/we am/are member(s)/proxy for the member(s) of the Company.

I/We hereby record my/our presence at the ELEVENTH Annual General Meeting of the Company on **Thursday, 19 July 2018** at **4.15 p.m.** at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035.

Signature of First holder/Proxy/Authorised Representative

Signature of Joint holder(s)

Place:
Date:

Notes:

1. Please sign this attendance slip and hand it over at the meeting venue.
2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.

E-VOTING

Users who wish to opt for e–voting may use the following login credentials

EVEN (E–Voting Event No.)	USER ID	PASSWORD

Note: Please follow steps for remote e-voting procedure as given in the Notice of AGM by logging on to **https://evoting.karvy.com** and the same is available on Company's website **www.bajajfinserv.in**



BAJAJ FINSERV LIMITED

11th ANNUAL REPORT 2017-18

BAJAJ FINSERV



Contents

Board of Directors 02

Chairman's Letter 04

Management Discussion and Analysis 07

Corporate Governance 23

General Shareholder Information 38

Directors' Report 47
(including Annual Report on CSR activities)

Consolidated Financial Statements 83

Standalone Financial Statements 177

Board of Directors

Rahul Bajaj
Chairman

Nanoo Pamnani
Vice Chairman

Sanjiv Bajaj
Managing Director & CEO

Madhur Bajaj

Rajiv Bajaj

D J Balaji Rao

Dr. Gita Piramal

Dr. Naushad Forbes

Audit Committee

Nanoo Pamnani
Chairman

D J Balaji Rao

Dr. Gita Piramal

Dr. Naushad Forbes

Stakeholders Relationship Committee

Dr. Gita Piramal
Chairperson

Nanoo Pamnani

Sanjiv Bajaj

Nomination and Remuneration Committee

Nanoo Pamnani
Chairman

D J Balaji Rao

Dr. Gita Piramal

Rahul Bajaj

Corporate Social Responsibility Committee

Rahul Bajaj
Chairman

Nanoo Pamnani

Sanjiv Bajaj

Risk Management Committee

Nanoo Pamnani
Chairman

Sanjiv Bajaj

S Sreenivasan, CFO

Duplicate Share Certificate Issuance Committee

Rahul Bajaj
Chairman

Sanjiv Bajaj

Rajiv Bajaj

Management

Sanjiv Bajaj
Managing Director & CEO

Ranjit Gupta
President (Insurance)

Kevin D'sa
President (Business Development)

V Rajagopalan
President (Legal & Taxation)

Ganesh Mohan
Head - Strategy

Deepak Reddy
Group Head - Human Resources

Ajay Sathe
Head - Group Risk Management

Rajeev Jain
Managing Director, Bajaj Finance Ltd.

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

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

CFO

S Sreenivasan

Company Secretary

Sonal R Tiwari

Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Cost Auditor

Dhananjay V Joshi & Associates
Cost Accountants

Bankers

Citibank N A

HDFC Bank

Registered under the Companies Act, 1956

Registered Office

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

CIN: L65923PN2007PLC130075

Corporate Office

Bajaj Finserv House
Viman Nagar, Pune-411 014.

Leading the Way


Nanoo Pamnani


Sanjiv Bajaj


S Sreenivasan


Ranjit Gupta


Kevin D'sa


V Rajagopalan


Ganesh Mohan


Deepak Reddy


Ajay Sathe


Rajeev Jain


Tapan Singhel


Tarun Chugh



Chairman's Letter

Dear Shareholder,

Bajaj Finserv is the holding company under which there are three key financial sector businesses: (i) lending through Bajaj Finance Ltd. (BFL), which is itself a listed company; (ii) general insurance, under Bajaj Allianz General Insurance Company Ltd., or BAGIC; and (iii) life insurance, under Bajaj Allianz Life Insurance Company Ltd., or BALIC. The insurance businesses are unlisted. In addition, there are wind-farm assets in Maharashtra with an installed capacity of 65.2 MW.

Let me briefly share with you the key achievements of your Company in FY2018 under BFL, BAGIC and BALIC.

Lending: Bajaj Finance Ltd. (BFL)

In a tough year where real GDP is expected to have grown by 6.6% — less than the 7.1% achieved in FY2017, and 8.2% in FY2016 — BFL has continued to deliver outstanding results.

- Standalone assets under management (AUM) increased by 34% to ₹ 80,444 crore. Consolidated AUM rose by 40% to ₹ 84,033 crore.
- Total income rose by 33% to ₹ 13,329 crore.
- Profit after tax also increased by 44% to ₹ 2,647 crore.
- BFL's net NPA at 0.38% was among the lowest in the NBFC industry.
- Capital adequacy as on 31 March 2018 was 24.71%, which was well above the RBI norms.

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

BAGIC is a composite insurer offering various types of general insurance including motor, marine, health and various forms of corporate insurances. It ranks among the more profitable general insurers vis-a-vis peers of comparable size. Its combined ratio of 92.3% - a ratio below 100% indicates that the Company's core insurance business is profitable - is among the best in the industry.

BAGIC's results for FY2018 were as follows:

- Some 13 million policies were issued in the year, versus 10 million in FY2017.
- Gross written premium (GWP) rose by 23% to ₹ 9,487 crore.
- Net earned premium grew by 23% to ₹ 6,059 crore.
- Profit after tax increased by 27% to ₹ 921 crore.
- Solvency margin as at 31 March 2018 stood at 276%, which was well above the regulatory minimum margin of 150%.
- Return on average equity was 23%, same as the previous year.

Life Insurance:
Bajaj Allianz Life Insurance Company Ltd. (BALIC)

BALIC has also done reasonably well for FY2018, recording strong growth in new business, as the figures below indicate.

- Individual rated new business (NB) premium increased by 38% to ₹ 1,397 crore.
- NB premium grew by 29% to ₹ 4,291 crore.
- Gross written premium (GWP) grew by 23% to ₹ 7,578 crore.
- 13th month persistency saw improvement: up at 77% versus 68% in FY2017.
- Assets under management (AUM) grew by 5% to ₹ 51,970 crore as on 31 March 2018.
- Profit after tax was ₹ 716 crore.
- Solvency margin as at 31 March 2018 was 592%, which was well above the regulatory minimum margin of 150%.

I am also pleased to share with you several pieces of good news.

Firstly, BFL and BAGIC have again had record years – BFL has recorded its highest ever assets under management and profit after tax while BAGIC has registered its highest ever gross written premium and profit after tax.

Secondly, for the first time since their incorporation, BAGIC and BALIC have declared dividends of 100% and 70% respectively.

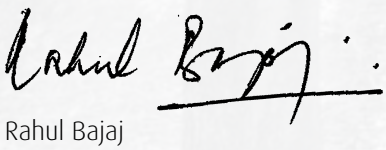
Finally, your Managing Director, Sanjiv Bajaj, has been selected by a prestigious jury as the Ernst and Young (EY) 'Entrepreneur of the Year for India, 2017'. My congratulations to him and BFS on this award.

So, as you can see, all the cylinders are firing. BFL continues to perform extraordinarily — delivering industry beating performance. BAGIC has also done very well. And BALIC has stabilised to produce growth with profit.

I hope that we will see even better performance next year.

Thank you for your support.

Yours sincerely,



Rahul Bajaj
Chairman

17 May 2018

Management Discussion and Analysis

Bajaj Finserv Ltd. ('Bajaj Finserv' or 'the Company') is the holding company for the various financial services businesses under the Bajaj group. It serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance and retirement and savings solutions.

More specifically, the areas are:

Lending

The Company participates in the financing business through Bajaj Finance Ltd. (BFL), a company listed on The Stock Exchange, Mumbai (the BSE) and the National Stock Exchange (NSE). On 29 September 2017, BFL was included in the benchmark Nifty Fifty index of the top 50 stocks in India.

BFL also operates through a 100% subsidiary, namely, Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing') which is registered with National Housing Bank (NHB) as a Housing Finance Company (HFC) for its mortgage business. BHFL started its operations in FY2018 and all the incremental mortgage business is now done through BHFL.

During financial year 2017-18 or FY2018, BFL raised approximately ₹ 4,500 crore through Qualified Institutional Placement (QIP) route by issuing 2,66,27,218 equity shares of face value of ₹ 2 each and a premium of ₹ 1,688 per share. This was the largest QIP of equity shares by an NBFC in India. After this, the shareholding of Bajaj Finserv in BFL stood at 54.99% as at the end of the reporting year.

Protection and Savings

These are done through (i) Bajaj Allianz General Insurance Company Ltd. (BAGIC) for general insurance including health insurance; and (ii) Bajaj Allianz Life Insurance Company Ltd. (BALIC) for life insurance and retirement plans. BAGIC and BALIC are both unlisted joint ventures with Allianz SE, one of the world's leading composite insurers. As at 31 March 2018, Bajaj Finserv held 74% of the equity capital in both BAGIC and BALIC, with the balance being held by Allianz.

Bajaj Finserv also has investments in renewable energy in the form of 138 windmills situated in Maharashtra with an aggregate installed capacity of 65.2 MW.

Bajaj Finserv is a Core Investment Company (CIC) under the regulations of the Reserve Bank of India (RBI), not requiring registration with RBI.

From 2 April 2018, Bajaj Finserv, along with BFL, was included in the benchmark Nifty Fifty index.

Macroeconomic Overview

FY2018 began uncertainly with the economy still dealing with the impact of demonetisation of ₹ 500 and ₹ 1,000 bank notes. Further, second quarter (July-September 2017) saw considerable disruption in economic activity on account of teething troubles that accompanied the rollout of the Goods and Services Tax (GST). The third quarter, however, has shown an uptick — posting 7.2% GDP growth vis-a-vis the same quarter in the previous year. This has prompted some to argue that the economy has recovered from demonetisation and the transition to GST, and that one should now expect a period of higher growth.

As it stands, however, the second advance estimates of national income for FY2018 released by the Central Statistics Office (CSO) on 28 February 2018 forecasts real GDP growth for the year at 6.6%, which is 50 basis points less than the 7.1% growth witnessed in FY2017.

Table 1 gives data on real GDP and gross value added (GVA) growth over the last four financial years.

Table 1: Growth in Real GDP and GVA, India

Particulars	FY2015	FY2016	FY2017	FY2018(E)
Real GDP growth	7.5%	8.2%	7.1%	6.6%
Real GVA growth	7.2%	8.1%	7.1%	6.4%

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

There are, however, some worrying trends. The first is the rising current account deficit (CAD). Slowdown in export growth and a sharp rise in crude oil prices threatens India's CAD, which crossed 2% of GDP during the quarter ended 31 December 2017. Though manageable, the room for manoeuvre is getting reduced, especially if crude oil prices remain above US$ 70 per barrel. The second is rising inflation. 'Core inflation' (that is, excluding food and fuel) averaged at 4.7% during FY2018, which exceeds the RBI's medium-term target of 4%. If this continues, one could expect the RBI to again pursue a tight monetary policy. The third is the slower than anticipated bankruptcy resolution, which has effectively put a brake on bank credit.

Moreover, market interest rates have begun to harden. Bank lending rates have started rising; and other market driven interest rates such as that of the benchmark 10-year Government security have seen significant volatility during January-March 2018.

A positive is India should see higher GDP growth in next year. RBI has issued a growth forecast of 7.4% for FY2019. BFS, too, expects higher GDP growth, but is also prepared for greater uncertainties and higher interest rates.

Lending

Bajaj Finance Ltd. (BFL)

Over the last decade, BFL has established itself as one of the premier non-banking financial companies (NBFCs) in India. It has built a diversified lending business covering retail consumers, small and medium enterprises and commercial borrowers. The business model of BFL is built on well-defined customer segmentation, multiple product offerings and extensive use of data analytics supported by robust risk management and a framework of operational excellence.

BFL focuses on six broad categories: (i) consumer lending, (ii) SME lending, (iii) commercial lending, (iv) rural lending, (v) deposits, and (vi) partnerships and services.

BFL 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 (AUM) of ₹ 80,444 crore (standalone) and ₹ 84,033 crore (consolidated), BFL is one of the leading diversified NBFCs in the country today. Highlights of the FY2018 results follow.

Bajaj Finance: Performance Highlights FY2018

- In FY2018, new loans booked exceeded 15 million.
- Assets under management consolidated: up 40% to ₹ 84,033 crore.
- Assets under management standalone: up 34% to ₹ 80,444 crore.
- Receivables under financing: up 36% to ₹ 77,125 crore.
- Consolidated total income: up 35% to ₹ 13,466 crore.
- Loan losses and provisions: ₹ 1,030 crore. BFL's net NPA at 0.38% was among the lowest in the NBFC industry.
- Profit before tax consolidated: up 45% to ₹ 4,096 crore.
- Profit after tax consolidated: up 46% to ₹ 2,674 crore.
- Capital adequacy as at 31 March 2018 was 24.71%, which is well above the RBI norms.

Chart A depicts BFL's consolidated assets under management (AUM) over the last five years, while Table 2 gives its break down across major business verticals.

Chart A: BFL's consolidated assets under management (₹ In Crore)

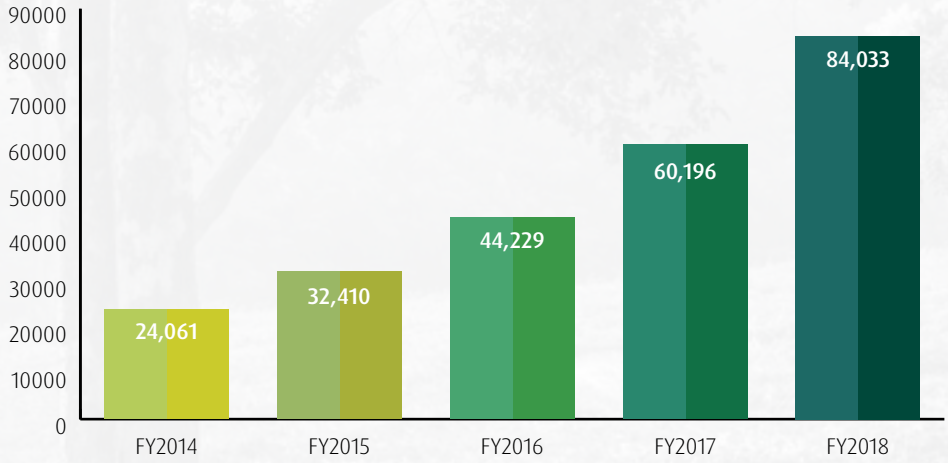


Table 2: BFL's consolidated assets under management

(₹ In Crore)

Particulars	FY2018	FY2017	% Change
Consumer lending	39,161	27,159	44%
SME lending	26,366	22,082	19%
Commercial lending	12,375	7,883	57%
Rural lending	6,131	3,072	100%
Total	**84,033**	**60,196**	**40%**

Business update

The Company is present in 1,332 locations across the country, including 602 Rural locations.

Consumer lending

- BFL continued to be the dominant consumer durables lender in India in FY2018. It financed 9.9 million purchases versus 7.2 million in the previous year, a growth of 38%. Its unique Existing Member Identification (EMI) card, with over 12.9 million cards in operation, enables customers to avail instant finance after the first purchase.
- It was the largest financier of Bajaj motorcycles and three-wheelers in FY2018. Its gross deployments in FY2018 were ₹ 5,323 crore — a growth of 18% over FY2017.
- Over the years, BFL has expanded its EMI financing business to digital products and lifestyle products finance business.
- Lifestyle products finance business financed approximately 315,000 transactions, which represented a growth of 33% from FY2017.
- BFL financed over 702,000 purchases on e-commerce platforms during FY2018 versus 167,000 purchases during FY2017, a growth of 320% over the previous year.
- Personal loans cross-sell (PLCS) and salaried personal loans (SPL) AUMs grew by 42% and 54% respectively over FY2017.

SME lending

- SME lending offers secured and unsecured loans to its customers. Till January 2018, secured lending was being done by BFL through three product offerings: loan against property, lease rental discounting and home loans. From February 2018 incremental loans sourcing under these three categories as well as developer financing are being done through BHFL.
- Unsecured lending is done through two product offerings: business loans to small and medium enterprises and self-employed, and professional loans.

Commercial lending

- Commercial lending comprises six products: loan against securities, financial institution group lending, warehouse receipt financing, working and growth capital financing for the auto component business, light engineering and speciality chemical industry verticals. The commercial lending business closed FY2018 with an AUM of ₹ 12,375 crore, representing a growth of 57% over FY2017.

Rural lending

- The business had a consolidated AUM of ₹ 6,131 crore as at 31 March 2018 compared to ₹ 3,072 crore a year earlier, representing a growth of 100%.

Deposits

- As at 31 March 2018, BFL had a deposit book of ₹ 7,569 crore, representing a growth of 83% over the end of FY2017. The deposit book's contribution to BFL's overall borrowing was 12%. Investments made to expand retail and HNI deposits and online distribution channel partnership with reputed institutional players have helped to rapidly grow the deposits Balance Sheet in FY2018.

Partnerships and services

- In partnership with various financial service providers, the Company offers the following products to its customers: life insurance, health insurance, extended warranty, comprehensive asset care, co-branded credit card, co-branded wallets and financial fitness reports. BFL continued to grow its co-branded credit cards business with RBL Bank. The number of cards-in-force stood at over 380,000 as at 31 March 2018.

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- BFL entered into a strategic partnership with One Mobikwik Systems Private Ltd. ('Mobikwik') in August 2017, and has invested ₹ 225 crore in the equity shares and cumulative compulsorily convertible preference shares of Mobikwik. This partnership will enable BFL to provide debit and credit engagement tools for its customers. A digitised EMI card for its existing and new customers, launched in October 2017, is one such tool.

Financial performance

Table 3 gives BFL's consolidated financial performance for FY2018 vis-a-vis the previous year, consolidating the results of its wholly owned subsidiary Bajaj Housing Finance Ltd.

Table 3: BFL's consolidated financials

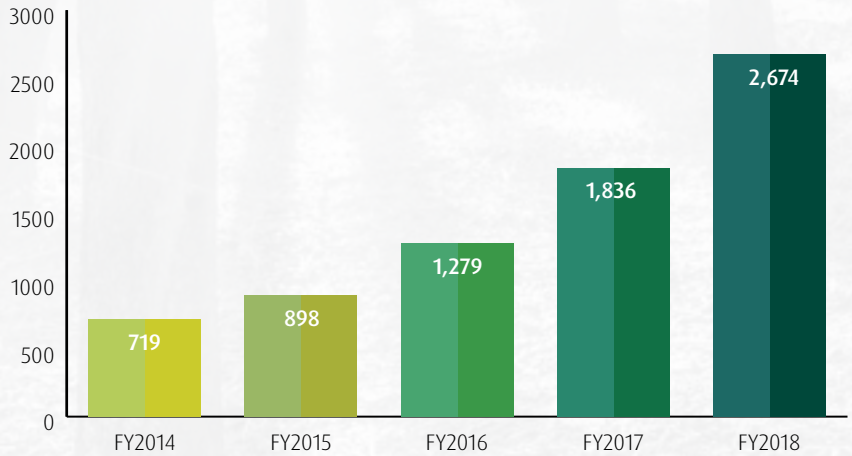
(₹ In Crore)

Particulars	FY2018	FY2017	% Change
Total income	**13,466**	**9,992**	**35%**
Interest and finance charges	4,635	3,804	22%
Net interest income	8,831	6,188	43%
Operating expenses	3,690	2,567	44%
Pre-provisioning operating profit	5,141	3,621	42%
Loan losses and provisions	1,045	804	30%
Profit before tax	4,096	2,817	45%
Profit after tax	**2,674**	**1,836**	**46%**
Earnings per share, basic, in ₹	47.54	34.01	40%
Earnings per share, diluted, in ₹	47.05	33.67	40%
Book value per share, in ₹	287.87	175.73	64%

BFL's capital adequacy stood at a healthy 24.71%. Its Tier I capital adequacy was 19.68%.

Chart B plots consolidated profit after tax over the last five years.

Chart B: BFL's consolidated profit after tax (₹ In Crore)



Protection and Savings

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

BAGIC is one of India's leading composite general insurers offering all types of general insurance including motor, health, crop, marine, and various forms of corporate insurance. In an extremely competitive and dynamic market, BAGIC has built a strong retail franchise and retained a leading position among private insurers. It is one of the most respected brands in general insurance and focuses on building a quality portfolio with strong underwriting, multi-channel distribution and prudent financial management. In a market where competition is chasing market share, BAGIC has differentiated itself by focusing on building a profitable and diversified portfolio.

Industry update

The general insurance industry posted a solid growth of 16.8% for FY2018.
This was largely driven by significant growth in motor, health and crop insurance under the Pradhan Mantri Fasal Bima Yojana launched by the Central Government in FY2017. Against this, BAGIC posted a healthy, industry beating growth rate of 23.7%. The growth rates in gross direct premium in India (excluding reinsurance accepted) of the industry and of BAGIC, including and excluding crop insurance are shown in Table 4.

Table 4: Gross direct premium in India, general insurance industry*

(₹ In Crore)

Particulars	Gross premium		Gross premium excluding crop insurance	
	FY2018	FY2017	FY2018	FY2017
Bajaj Allianz	**9,445**	**7,633**	**7,610**	**6,184**
Private Sector	65,424	53,806	53,532	43,889
Public Sector	67,785	60,218	62,467	56,147
Industry	133,209	114,024	115,999	100,036
Growth rates				
Bajaj Allianz	**23.7%**	**30.9%**	**23.1%**	**13.2%**
Private Sector	21.6%	35.5%	22.0%	15.7%
Public Sector	12.6%	26.3%	11.3%	17.5%
Industry	16.8%	30.5%	16.0%	16.7%

Source: GI Council figures, IRDA website and IRDA, Handbook of Insurance Statistics. * excluding specialised and standalone health insurers

Business update

- BAGIC was a leading participant in the newly launched Pradhan Mantri Fasal Bima Yojana (PMFBY), recording gross premium of ₹ 1,835 crore in FY2018. It participated in the crop insurance programmes of Rajasthan, Uttar Pradesh, Chhattisgarh, Haryana, Maharashtra and Telangana and insured more than 32 lakh farmers by issuing over 311,800 policies. BAGIC also participated this year in the government health schemes of Gujarat and Chhattisgarh.
- BAGIC continued its focus on balancing growth with profitability. It did so by (a) robust and prudent underwriting practices, (b) generation of cash flows through strong retention of premium and judicious investments of the proceeds, and (c) focus on high quality customer service.

- It continues to be among the more profitable general insurers vis-a-vis peers of comparable size in the public and private sectors. At 92.3% in FY2018, it has one of the lowest combined ratios in the industry, reflecting a sound balance between growth and profitability.

- Motor and retail health insurance are the major focus areas, and 61% of its gross premium (excluding crop insurance) were reported from these lines. BAGIC's online sales channel, which offers 24x7 ease of buying, grew by 45% during FY2018. The online channel is ideally suited for off-the-shelf retail products like motor and health.

- BAGIC has built a large network of bancassurance partners including private banks, public sector banks, regional banks, small finance banks and co-operative banks. It has one of the largest networks of independent partner banks in the private sector. During FY2018, large banks like Union Bank of India, HDFC Bank and Bandhan Bank became corporate agents of BAGIC.

Bajaj Allianz General Insurance: Performance Highlights FY2018

- Gross written premium (GWP) rose by 23% for FY2018 to ₹ 9,487 crore.
- BAGIC's market share increased to 7.1% in FY2018 versus 6.7% in FY2017, excluding specialised and standalone health insurers.
- Net earned premium for FY2018 grew by 23% to ₹ 6,059 crore.
- Profit after tax increased by 27% to ₹ 921 crore in FY2018.
- Some 13 million policies were issued in the year, versus 10 million in FY2017.
- 1,205,421 claims were reported in the year, compared to 942,189 in FY2017.
- Solvency as at 31 March 2018 stood at 276%, which was well above the regulatory margin of 150%.

Financial performance

BAGIC's financial performance for FY2018 is summarised in Table 5.

Table 5: BAGIC's financials

(₹ In Crore)

Particulars	FY2018	FY2017	% Change
Gross written premium (GWP)	**9,487**	**7,687**	**23%**
Net earned premium	6,059	4,937	23%
Underwriting result	293	64	
Profit before tax	1,353	1,078	26%
Profit after tax	**921**	**728**	**27%**
Claims ratio	66.7%	70.4%	
Combined ratio	92.3%	96.8%	
Return on average equity	23.0%	23.0%	

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

Bajaj Allianz General Insurance :

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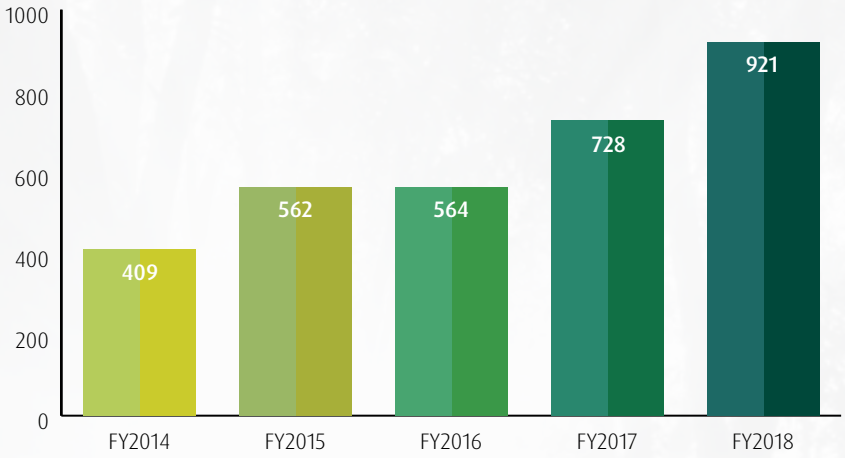
Relationship Beyond Insurance

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call at : Sales - **1800 209 0144** / Service - **1800 209 5858** (Toll Free No.)

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Chart C plots BAGIC's profit after tax over the last five years.

Chart C: BAGIC's profit after tax (₹ In Crore)



Capital and solvency

- Paid up capital, including share premium, stood at ₹ 277 crore as at 31 March 2018. No fresh capital was infused in FY2018. BAGIC is the most capital efficient general insurer in the industry.
- Shareholders' equity of BAGIC was ₹ 4,466 crore as at 31 March 2018, versus ₹ 3,535 crore a year earlier.
- As at 31 March 2018, BAGIC's solvency margin was at 276%, which is well above the normal regulatory requirement of 150%.

Investments

- BAGIC's cash and investments as at 31 March 2018 stood at ₹ 14,823 crore versus ₹ 10,829 crore in the previous year. Cash flow generation continues to be strong.

Life Insurance: Bajaj Allianz Life Insurance Company Ltd. (BALIC)

Industry update

The past few years have been positive for the life insurance industry in India. In FY2018, the industry recorded a growth in rated individual new business premium of 19.3%. However, the growth in new business premium was a more subdued 10.7%, indicating a move away from single premium to more long-term products. Within the industry, the private sector growth was much higher: at 24.3% on rated individual new business premium and 17.1% on new business premium. The growth rates in premium in India of the industry and of BALIC are shown in Table 6.

Table 6: Premium in India – life insurance industry

(₹ In Crore)

Particulars	Rated individual new business		New business (NB)	
	FY2018	FY2017	FY2018	FY2017
BALIC	**1,397**	**1,010**	**4,291**	**3,338**
Private sector	35,668	28,699	59,313	50,674
LIC	27,802	24,519	134,552	124,396
Industry	63,470	53,218	193,865	175,070
Growth rates				
BALIC	**38.3%**	**40.8%**	**28.5%**	**15.7%**
Private sector	24.3%	26.4%	17.1%	23.5%
LIC	13.4%	14.7%	8.2%	27.4%
Industry	19.3%	20.7%	10.7%	26.2%
Market share				
Private sector	56.2%	53.9%	30.6%	28.9%
LIC	43.8%	46.1%	69.4%	71.1%

Note: Rated individual NB = 100% of first year premium and 10% of single premium excluding group products. Group business considered as single premium (group) and rated accordingly.

Source: Life Council statistics. .

Group premium contributes to more than half the business for the industry. For the industry as a whole, this accounted for 52.5% of the overall new business premium in FY2018, compared to 55.5% in FY2017. Of the total growth experienced by the industry, the individual new business grew by 18.5% and group new business by 5.0% in FY2018.

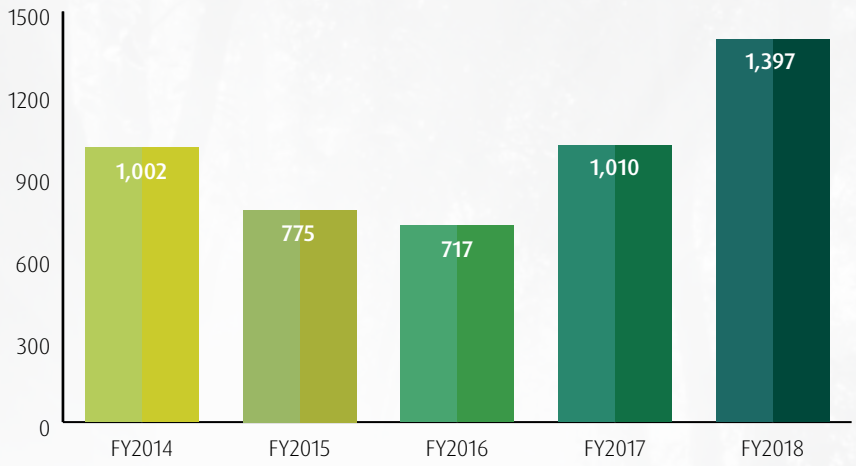
Business update

- BALIC continued its journey of transforming its business with a focus on revamping its product portfolio, distribution structures and customer/geographic segmentation on the one hand while maintaining lean operations, quality of business and superior technology on the other. The results have been visible through the growth of new business and renewal premium, a revamped product portfolio and technological advancements in several customer and distributor related processes. During the year, BALIC took a big leap by channelising the entire sales and support orientation towards goal-based sales for the customer.

- BALIC has also improved its 13th month persistency from 68% in FY2017 to 77% in FY2018. Also, against an industry growth of 10.7% in new business, BALIC has been able to record a growth of 28.5%.

- In terms of rated individual new business premium, BALIC registered a growth of 38.3% which is significantly higher than the industry growth rate of 19.3%. The growth is evident in Chart D.

Chart D: BALIC's rated individual NB premium (₹ In Crore)



Bajaj Allianz Life Insurance: Performance Highlights FY2018

- Rated individual new business premium increased by 38% in FY2018 to ₹ 1,397 crore.
- New business premium grew by 29% to ₹ 4,291 crore.
- Gross written premium grew by 23% in FY2018 to ₹ 7,578 crore.
- Profit after tax for FY2018 was ₹ 716 crore.
- BALIC's AUM grew by 5% to ₹ 51,970 crore as at 31 March 2018.
- 13th month persistency saw an improvement to 77% in FY2018, from 68% in FY2017.
- Customer grievances saw a significant decline by 20% in FY2018 over FY2017.
- Solvency ratio as at 31 March 2018 stood at 592%, well above the regulatory margin of 150%.

Financial performance

BALIC's financial performance in FY2018 is summarised in Table 7.

Table 7: BALIC's financials

(₹ In Crore)

Particulars	FY2018	FY2017	% Change
Gross written premium	**7,578**	**6,183**	**23%**
New business premium	4,291	3,338	29%
Rated individual new business premium	1,397	1,010	38%
Renewal premium	3,287	2,845	16%
Policyholders' surplus	192	227	-15%
Shareholders' profit after tax	**716**	**836**	**-14%**

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Investments

As at 31 March 2018, BALIC's AUM was ₹ 51,970 crore — up by 5% from ₹ 49,270 crore on 31 March 2017. Table 8 gives the data.

Table 8: BALIC's assets under management

(₹ In Crore)

Particulars	FY2018	FY2017
Shareholders' funds	8,490	7,396
Policyholders' linked funds	21,389	21,394
Policyholders' non linked funds	22,091	20,480
Total AUM	**51,970**	**49,270**

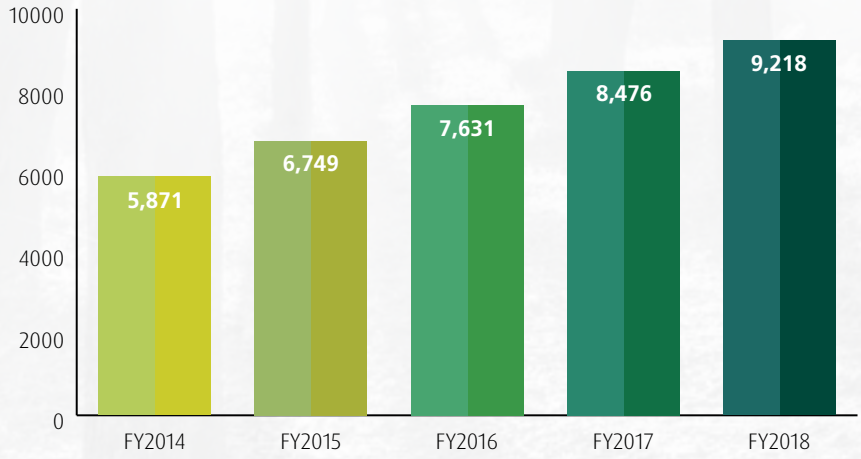
BALIC's unit-linked funds have performed well, with many generating returns that have beaten the benchmark. Traditional funds are managed keeping in mind the duration requirements arising out of the asset-liability management framework. BALIC regularly monitors its asset-liability matching, making adjustments when required to balance return and risk.

Capital and solvency

- The total capital infused by shareholders' in BALIC was ₹ 1,211 crore as at 31 March 2018. No fresh capital was infused in FY2018.
- Including accumulated profit of ₹ 7,965 crore as at 31 March 2018, the shareholders' net worth was ₹ 9,218 crore. For the previous year, accumulated profit was ₹ 7,249 crore, and shareholders' net worth was ₹ 8,476 crore.
- BALIC is soundly capitalised with a solvency ratio of 592% as at 31 March 2018, which is well in excess of the minimum regulatory requirement of 150%.

Chart E plots net worth over the last five years.

Chart E: BALIC's net worth (₹ In Crore)



Renewable energy and conservation of environment

Bajaj Finserv owns and operates 138 windmills in Maharashtra with a total installed capacity of 65.2 MW. During FY2018, the Company continued generating green energy, thereby contributing to conservation of the environment. Apart from revenue from sale of power generated by these wind farms, BFS also earns revenue from Renewable Energy Certificates (RECs).

During FY2018, wind farms generated net wind energy of 734 lakh units compared to 867 lakh units in FY2017. Revenue generated from renewable energy in FY2018 was ₹ 72 crore versus ₹ 70 crore in the previous year, mainly due to increase in sale of RECs.

Financials of Bajaj Finserv

Standalone financials

The standalone financials of the Company are given in Table 9.

Table 9: Standalone financials of Bajaj Finserv

(₹ In Crore)

Particulars	FY2018	FY2017	% Change
A. Income from wind-farm activity	72	70	
Administrative expenses	43	28	
Profit from wind-farm activity	**29**	**42**	
B. Income from investments and others	**180**	**95**	
Other expenses	42	33	
Profit before tax	**167**	**104**	**61%**
Tax expense	26	34	
Profit after tax	**141**	**70**	**101%**

Consolidated financials

The consolidated results are given in Table 10. These include the results of subsidiaries and joint venture and are prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India.

Table 10: Consolidated financials of Bajaj Finserv

(₹ In Crore)

Segment revenue			Segment results-profit/(loss) from each segment		
Particulars	**FY2018**	**FY2017**	**Particulars**	**FY2018**	**FY2017**
Insurance	17,111	14,463	Insurance	2,139	2,020
Wind-farm	72	70	Wind-farm	29	42
Retail finance	13,466	9,992	Retail finance	4,170	2,877
Investments and others	229	148	Investments and others	(28)	(14)
	30,878	**24,673**		**6,310**	**4,925**
Less: inter-segment	279	165	Tax expense	1,970	1,475
			Minority interest	1,599	1,188
Total	**30,599**	**24,508**	**Total**	**2,741**	**2,262**

BAGIC and BALIC have declared dividend of 100% and 70% respectively for the first time since incorporation. BFS will receive dividend of ₹ 82 crore and ₹ 78 crore from them respectively in FY2019.

Awards

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

- Sanjiv Bajaj, Managing Director, was awarded the 'Entrepreneur of the Year India 2017' by Ernst and Young (EY).
- Sanjiv Bajaj, Managing Director featured in the 'India Today Top 50' power list of 2017-18.

BFL

- 'India's Leading NBFC - Other than Infrastructure Financing' by Dun and Bradstreet.
- The Mint Corporate Strategy Award – in the 'Shaping' category. The Mint Corporate Strategy Awards recognise excellence in corporate governance.
- 'Best NBFC of the year 2017' by Outlook Money for value proposition and innovations.

BAGIC

- Tapan Singhel, MD and CEO, honoured as 'The Most Promising Business Leaders of Asia 2017' at 2nd edition of Asian Business Leaders Conclave organised by The Economic Times.
- Outlook Money Non-Life Insurer of the Year Award 2017.
- Private Sector General Insurance Company of the Year at Fintelekt Insurance Awards 2017.
- Twin gold for its Mobile Asana Campaign in Social Media Marketing and Mobile Marketing categories at the prestigious SAARC AWARDS 2017.

BALIC

- Fintelekt Insurance Award 2017 for 'Private Sector - Life Insurance Claims Service Leader of the Year'.
- Best Rural Activation for Brand Awareness – Silver for its Insurance Awareness Roadshow Initiative, at the ACEF Branding and Marketing Awards 2017.
- ASSOCHAM Insurance Company of the Year Award 2017 at the ASSOCHAM Insurance Excellence Awards 2017.

Cautionary statement

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

Corporate Governance

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policies and practices of Bajaj Finserv Ltd. ('the Company' or 'BFS' or 'Bajaj Finserv') for the financial year 2017-18.

This Report, therefore, states compliance as per requirements of the Companies Act, 2013 and the SEBI Listing Regulations, 2015, as applicable to the Company. As will be seen, Bajaj Finserv's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws, including the SEBI Listing Regulations, 2015.

Philosophy

The commitment of the Bajaj Group to the highest standards of good corporate governance practices predates SEBI and the provisions of the SEBI Listing Regulations, 2015. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust of the working of the Bajaj Group. Bajaj Finserv maintains the same tradition and commitment.

Board of Directors

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

Composition

As on 31 March 2018, the Board of the Company consisted of eight Directors, of whom one was executive (Managing Director & CEO), four were non-executive independent (including one woman director) and three were non-executive and non-independent. The Board has no institutional nominee director. The Company has a non-executive promoter Chairman.

In view of the sad demise of Naresh Chandra on 9 July 2017, an independent director of the Company, pursuant to regulation 25(6) of the SEBI Listing Regulations, 2015, the Board of Directors of the Company at its meeting held on 13 September 2017 appointed Dr. Naushad Forbes as an additional, non-executive, independent director of the Company with effect from 13 September 2017.

According to regulation 17(1)(b) of the SEBI Listing Regulations, 2015, where the non-executive chairman is a promoter, at least one half of the Board of the Company should consist of independent directors. As Table 1 shows, this provision is met at Bajaj Finserv.

Number of meetings of the Board

During the financial year 2017-18, the Board of Directors met six times, viz., 17 May 2017, 19 July 2017, 13 September 2017, 16 October 2017, 1 February 2018 and 12 March 2018. The gap between any two meetings has been less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2017-18

Name of director	Category	Relationship with other directors	No. of Board Meetings attended	Whether attended last AGM
Rahul Bajaj	Chairman, non-executive	Father of Rajiv Bajaj and Sanjiv Bajaj	6/6	Yes
Nanoo Pamnani	Vice Chairman (non-executive, independent)	–	5/6	Yes
Sanjiv Bajaj	Managing Director & CEO, executive	Son of Rahul Bajaj and brother of Rajiv Bajaj	6/6	Yes
Madhur Bajaj	Non-executive	–	6/6	Yes
Rajiv Bajaj	Non-executive	Son of Rahul Bajaj and brother of Sanjiv Bajaj	4/6	Yes
D J Balaji Rao	Non-executive, independent	–	5/6	Yes
Naresh Chandra*	Non-executive, independent	–	1/1	NA
Dr. Gita Piramal	Non-executive, independent	–	6/6	Yes
Dr. Naushad Forbes**	Non-executive, independent	–	3/3	NA

*Naresh Chandra expired on 9 July 2017

**Dr. Naushad Forbes was appointed as an additional director in the category of non-executive, independent director with effect from 13 September 2017

Non-executive directors' compensation

The shareholders of the Company, vide a special resolution passed at the Annual General Meeting of the Company held on 19 July 2017, have by way of an enabling provision approved the payment of commission up to a sum not exceeding one percent of the net profit of the Company, calculated in accordance with the provisions of section 197 and 198 of the Companies Act, 2013, to the non-executive directors (other than the Managing Director & CEO) as may be decided by the Board of Directors in respect of the profits of the Company for each year for a period of five years commencing from 1 April 2017.

In terms of the said approvals, non-executive directors of the Company are being paid, in addition to the sitting fee of ₹ 50,000 per meeting for every meeting of the Board and its Committees, commission at the rate of ₹ 50,000 per meeting of the Board and its Committees attended by them, as a member, subject to overall ceiling of one percent of net profits.

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

Information supplied to the Board

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

In terms of quality and importance, the information supplied by the Management to the Board of the Company is far ahead of the list mandated under regulation 17(7) read with Part A of Schedule II to the SEBI Listing Regulations, 2015. As stated elsewhere, the independent directors of the Company at their meeting held on 12 March 2018 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

With a view to leveraging technology and moving towards paperless systems for the preservation of the environment, the Company has adopted a web-based application for transmitting Board/ Committee meetings papers. The Directors of the Company receive the board papers in electronic form through this secured application. The application meets the high standards of security and integrity required for storage and transmission of Board/Committee papers in electronic form.

Orderly succession to Board and Senior Management

The Board of the Company has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

Directorships and memberships of Board Committees

Table 2: Number of directorships/committee positions of directors as on 31 March 2018

	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 Member (including as Chairman)	As Chairman
Rahul Bajaj	4	2	8	–	–
Nanoo Pamnani	5	2	–	10	5
Sanjiv Bajaj	6	4	7	7	–
Madhur Bajaj	6	–	3	–	–
Rajiv Bajaj	4	–	2	–	–
D J Balaji Rao	6	–	–	7	3
Dr. Gita Piramal	4	–	2	6	1
Dr. Naushad Forbes	4	–	8	3	–

Notes: None of the directors holds office as a director, including as alternate director, in more than twenty companies at the same time.

None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary company of a public company are included and in dormant companies are excluded.

As per the declarations received, none of the directors serves as an independent director in more than seven listed companies. Further, the whole-time director in the Company does not serve as an independent director in more than three listed companies.

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

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 under section 8 of the Companies Act, 2013, have been excluded. Only audit committee and stakeholders relationship committee are considered for the purpose of reckoning committee positions.

Review of legal compliance reports

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

Code of Conduct

Regulation 17(5) of the SEBI Listing Regulations, 2015, requires listed companies to lay down a Code of Conduct for its directors and senior management, incorporating duties of directors as laid down in the Companies Act, 2013.

As required under clause 49 of the erstwhile Listing Agreement (corresponding to regulation 17(5) of the SEBI Listing Regulations, 2015), the Board at its meeting held on 10 September 2014 adopted a revised Code of Conduct for all Directors and Senior Management of the Company and the same is placed on https://www.bajajfinserv.in/miscellaneous-code-of-conduct.pdf

All Directors and Senior Management personnel have affirmed compliance with the code for the year 2017-18. A declaration to this effect signed by the Managing Director & CEO is given in this Annual Report.

Maximum tenure of independent directors

The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and regulation 25(2) of the SEBI Listing Regulations, 2015.

Formal letter of appointment to independent directors

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013. As per regulation 46(2) of the SEBI Listing Regulations, 2015, the terms and conditions of appointment of independent directors are placed on the Company's website www.bajajfinserv.in

Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, 2015, the Board has carried out an annual evaluation of its own performance, and that of its Committees, Chairperson and Individual Directors. The manner in which such formal annual evaluation was made by the Board during the year 2017-18 is given below:

- Performance evaluation criteria for the Board, Committees of the Board and Directors as approved by the Board at its meeting held on 10 September 2014 were revised, in terms of SEBI Guidance Note dated 5 January 2017 on Board Evaluation, by the Board at its meeting held on 14 March 2017 and the same are placed on the Company's website www.bajajfinserv.in

- Based on the said revised criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of the performance of the Board, its Committees, Chairperson and Individual Directors (except for the director being evaluated) for the year under review.

- A consolidated summary of the ratings given by each of the directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees, Chairperson and Individual Directors during the year under review.

- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on 12 March 2018.

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

Details on the evaluation of the Board, non-independent Directors and Chairperson of the Company as carried out by the independent directors at their meeting held on 12 March 2018 have been furnished in a separate para elsewhere in this Report.

Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a Remuneration Policy providing (a) criteria for determining qualifications, positive attributes and independence of directors, and (b) a policy on remuneration for directors, key managerial personnel and other employees.

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

The policy is placed on Company website https://www.bajajfinserv.in/policies-and-codes

Board Diversity Policy

In compliance with the provisions of the SEBI Listing Regulations, 2015, 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 comprises an 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 meets the above objective.

Familiarisation programmes

With a view to familiarising the independent directors with the Company's operations, as required under regulation 25(7) of the SEBI Listing Regulations, 2015, the Company has held various familiarisation programmes for the independent directors throughout the year on an ongoing and continuous basis. The details of such familiarisation programmes are placed on https://www.bajajfinserv.in/policies-and-codes

Whistle Blower Policy/Vigil mechanism

Pursuant to section 177(9) of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement (corresponding to regulation 22 of the SEBI Listing Regulations, 2015), the Board at its meeting held on 14 May 2014 amended the existing Whistle Blower Policy.

The Whistle Blower Policy/Vigil mechanism provides a mechanism for the directors/employees to report, without fear of victimisation, any unethical behaviour, suspected or actual fraud, violation of the Code of Conduct, etc. which are detrimental to the organisation's interest. The mechanism protects the whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice. The Company affirms that no employee has been denied access to the Audit Committee.

The directors in all cases and employees in appropriate or exceptional cases have direct access to the Chairman of the Audit Committee. The said Policy is placed on the Company's website www.bajajfinserv.in

Dividend Distribution Policy

As mandated under regulation 43A of the SEBI Listing Regulations, 2015, for the top 500 companies as on 31 March 2016 by market capitalisation, the Board of Directors of the Company at its meeting held on 27 October 2016 adopted a Dividend Distribution Policy for the Company.

The Policy sets out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders. As a green initiative, the Dividend Distribution Policy is placed on https://www.bajajfinserv.in/policies-and-codes

A physical copy of the Policy will be made available to any shareholder on request.

Subsidiary companies

The Company has Bajaj Finance Ltd. as its listed 'material subsidiary' and Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. as unlisted 'material subsidiaries' as prescribed under regulation 16(1)(c) of the SEBI Listing Regulations, 2015.

A Policy on 'material subsidiaries' in terms of clause 49 of the erstwhile Listing Agreement was formulated by the Board at its meeting held on 10 September 2014. Pursuant to regulation 16(1)(c) of the SEBI Listing Regulations, 2015, the Board of Directors at its meeting held on 3 February 2016 modified the aforesaid Policy. The same is placed on https://www.bajajfinserv.in/policies-and-codes

Provisions under regulation 24 of the SEBI Listing Regulations, 2015, with reference to subsidiary companies were duly complied with to the extent applicable.

During the year under review, the Audit Committee reviewed the financial statements of and in particular, the investments made by each of its unlisted subsidiary companies to the extent applicable. Minutes of the Board meetings of these subsidiary companies were regularly placed before the Board of the Company along with a statement of significant transactions and arrangements entered into by these subsidiary companies, as applicable.

Related party transactions

All Related Party Transactions (RPTs) entered into by the Company during the financial year under review, were on arms' length basis and in the ordinary course of business and did not attract provisions of section 188 of the Companies Act, 2013 and were also not material RPTs under regulation 23 of the SEBI Listing Regulations, 2015.

During the year 2017-18, as required under section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for approval.

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

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

A Policy on materiality of RPTs and also on dealing with RPTs has been formulated by the Board at its meeting held on 16 July 2014 and amended on 14 October 2014. The same is placed on https://www.bajajfinserv.in/miscellaneous-policy-on-materiality-of-related-party-transactions.pdf

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

The Company had set up its Audit Committee on 30 January 2008 under the Companies Act, 1956 and clause 49 of the erstwhile Listing Agreement. To meet the additional requirement of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement (corresponding to regulation 18 of the SEBI Listing Regulations, 2015), the terms of reference of the Committee were amended by the Board at its meeting held on 14 May 2014. The said terms of reference are placed on https://www.bajajfinserv.in/miscellaneous-terms-of-reference-for-audit-committee

The Board has been reviewing the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

During the year under review, in view of the vacancy arising out of the sad demise of Naresh Chandra and to further strengthen the Committee, the Board at its meeting held on 13 September 2017 appointed Dr. Naushad Forbes and Dr. Gita Piramal, independent directors, as the members of the Audit Committee of the Company.

All members of the Audit Committee are independent, non-executive directors and are 'financially literate' as required under the provisions of the Companies Act, 2013 and regulation 18(1)(c) of the SEBI Listing Regulations, 2015. Moreover, the Chairman and members of the Audit Committee have 'accounting or related financial management expertise'.

Meetings and attendance

During 2017-18, the Audit Committee met four times, viz., 17 May 2017, 19 July 2017, 16 October 2017 and 1 February 2018. The meetings were scheduled well in advance. The gap between any two meetings has been less than one hundred and twenty days.

In addition to the members of the Audit Committee, these meetings were attended by the heads of finance, internal audit functions, Cost Auditor and the Statutory Auditors of the Company and those executives who were considered necessary for providing inputs to the Committee. Further, on invitation, directors who are not members of the Committee also attended the meetings of the Committee.

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

Table 3: Composition of the Audit Committee and attendance record of members for 2017-18

Name of director	Category	No. of Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	3/4
D J Balaji Rao	Non-executive, independent	3/4
Naresh Chandra*	Non-executive, independent	1/1
Dr. Gita Piramal **	Non-executive, independent	2/2
Dr. Naushad Forbes **	Non-executive, independent	2/2

*Naresh Chandra expired on 9 July 2017
**Dr. Gita Piramal and Dr. Naushad Forbes were appointed as members of Audit Committee with effect from 13 September 2017

Pursuant to the terms of reference, the Audit Committee, inter alia, discussed and deliberated on the financial results, appointment/re-appointment of statutory auditors, review of internal audit functions, review and approval of related party transactions including granting of omnibus approval for the proposed transactions, review of investment related reports of the Company etc.

Nanoo Pamnani, Chairman of the Audit Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2017.

Nomination and Remuneration Committee

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

The Board of Directors, at its meeting held on 14 May 2014, renamed the Committee as 'Nomination and Remuneration Committee' and revised the terms of reference for this Committee at its meeting held on 10 September 2014 in compliance with section 178 of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement (corresponding to regulation 19 of the SEBI Listing Regulations, 2015). Further, to bring the current terms of reference in line with the Companies (Amendment) Act, 2017 and to incorporate the recommendations made in SEBI Guidance Note dated 5 January 2017, the Board at its meeting held on 1 February 2018 amended the terms of reference of the Committee. The amended terms of reference are placed on https://www.bajajfinserv.in/miscellaneous-terms-of-reference-for-nomination-and-remuneration-committee

During the year under review, in view of the vacancy arising out of the sad demise of Naresh Chandra, erstwhile Chairman of the Nomination and Remuneration Committee, the Board at its meeting held on 19 July 2017 appointed Dr. Gita Piramal, independent director, as a member of the Committee and appointed Nanoo Pamnani, a current member of the Nomination and Remuneration Committee as its Chairman.

During the year under review, the Committee met thrice, i.e., on 17 May 2017, 13 September 2017 and 12 March 2018.

Table 4: Composition of the Nomination and Remuneration Committee and attendance record of members for 2017-18

Name of director	Category	No. of Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	3/3
D J Balaji Rao	Non-executive, independent	3/3
Dr. Gita Piramal*	Non-executive, independent	2/2
Rahul Bajaj	Chairman of the Board, non-executive	3/3
Naresh Chandra**	Non-executive, independent	1/1

* Dr. Gita Piramal was appointed as a member of the Nomination and Remuneration Committee on 19 July 2017
**Naresh Chandra expired on 9 July 2017.

Further, on invitation, directors who are not members of the Committee also attended the meetings of the Committee.

Sonal R Tiwari, Company Secretary acted as the secretary to this Committee.

As provided under the terms of reference of this Committee, the members, inter alia, deliberated on the following:

i) Approval of remuneration payable to Sanjiv Bajaj as Managing Director for a fresh term of five years with effect from 1 April 2017;

ii) Review of change in remuneration to Senior Management Personnel;

iii) Appointment of Dr. Naushad Forbes as an Independent Director;

iv) Specifying the manner for performance evaluation; and

v) Recommendation of its report on evaluation of the Board, its Committees, Chairperson and the Individual Directors for the year 2017-18.

Nanoo Pamnani, Chairman of the Nomination and Remuneration Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2017.

Risk Management Committee

As per the RBI Guidelines on Corporate Governance, the Board of Directors of the Company had constituted a Risk Management Committee in 2010, consisting of senior executives, and this Committee was functioning since 2010 with meetings being held every quarter.

SEBI subsequently, vide its circular dated 15 September 2014, revised clause 49 of the erstwhile Listing Agreement (corresponding to regulation 21 of the SEBI Listing Regulations, 2015), making risk management committees applicable to the top 100 listed companies by market capitalisation as at the end of the immediate previous financial year. The list includes Bajaj Finserv Ltd.

In light of the above, the Board at its meeting held on 14 October 2014 has re-constituted the Risk Management Committee.

During the year under review, the Committee met twice, on 13 September 2017 and 12 March 2018.

Table 5: Composition of the Risk Management Committee and attendance record of members for 2017-18

Name of member	Category	No. of meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	2/2
Sanjiv Bajaj	Managing Director & CEO	2/2
S Sreenivasan	Chief Financial Officer	2/2

Further, on invitation, directors who are not members of the Committee attended these meetings.

Sonal R Tiwari, Company Secretary acted as the secretary to this Committee.

At these meetings, risk aspects of the Company and that of its insurance subsidiaries, viz., Bajaj Allianz General Insurance Company Ltd. and Bajaj Allianz Life Insurance Company Ltd. and the consumer finance subsidiary, Bajaj Finance Ltd., covering, inter alia, liquidity risk, credit risk, technology risk and human resources risk were discussed at length. This Committee supplements the Risk Committees of each subsidiary of the Company.

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

Stakeholders Relationship Committee

The Board of Directors of the Company constituted its Shareholders' and Investors' Grievance Committee at its meeting held on 30 January 2008. This Committee was constituted to specifically look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends, etc.

In addition, the Committee also looked into matters that can facilitate better investor services and relations. The Board was kept apprised of all the major developments on investors' issues through various reports and statements furnished to the Board from time to time throughout the year.

In compliance with the provisions of section 178 of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement (corresponding to regulation 20 of the SEBI Listing Regulations, 2015), the Board renamed the Committee as 'Stakeholders Relationship Committee' and revised the terms of reference of said Committee as follows:

i) To look into the redressal of complaints of security-holders on matters relating to transfer of shares, dematerialisation of shares, non-receipt of annual report, non-receipt of dividend, matters relating to issue of new share certificates, etc.

ii) To look into matters that can facilitate better security-holders services and relations.

During the year under review, the Committee met on 1 February 2018 to, inter alia, review the status of investors' services rendered.

Table 6: Composition of the Stakeholders Relationship Committee and attendance record of members for 2017-18

Name of director	Category	Attendance at the meeting held on 1 February 2018
Dr. Gita Piramal	Chairperson, non-executive and independent	Yes
Nanoo Pamnani	Non-executive, independent	Yes
Sanjiv Bajaj	Managing Director & CEO	Yes

Sonal R Tiwari, Company Secretary and the Compliance Officer acted as the secretary to this Committee.

On invitation, directors who are not members of the Committee attended this meeting. The Secretarial Auditor was also present.

The Committee expressed its satisfaction on the overall status of compliances and actions taken on various investors related matters.

Dr. Gita Piramal, Chairperson of the Stakeholders Relationship Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2017.

Table 7: Investors' complaints attended and resolved during 2017-18

Investors' complaints	Attended/resolved during 2017-18
Pending at the beginning of the year	Nil
Received during the year	9
Disposed of during the year	9
Remaining unresolved at the end of the year	Nil

Pursuant to circular issued by SEBI in December 2010 (corresponding to regulation 39(4) of the SEBI Listing Regulations, 2015), for dealing with physical unclaimed shares, the Company has a demat account with HDFC Bank titled 'Bajaj Finserv Ltd.- Unclaimed Suspense Account', to which all the unclaimed shares stand transferred in terms of the said circular.

More details on this subject and on shareholders' related matters have been furnished in the chapter on General Shareholder Information.

Independent Directors' meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on 12 March 2018, without the attendance of non-independent Directors and members of the Management, inter alia, to discuss the following:

i) Noting of appointment of Dr. Naushad Forbes as an Independent Director;

ii) Noting of the report of performance evaluation for 2017-18 from Chairman of the Board;

iii) Review of the performance of non-independent directors and the Board;

iv) Review of the performance of the Chairperson of the Company; and

v) Assessment of the quality, quantity and timeliness of flow of information to the Board.

The independent directors present elected Dr. Naushad Forbes as Chairman for the meeting.

All independent directors were present at the meeting, deliberated on the above and expressed their satisfaction on all matter.

Duplicate Share Certificate Issuance Committee

The Board of Directors at its meeting held on 3 February 2016, to meet the 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 SEBI Listing Regulations, 2015, constituted a Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

During the year under review, the Committee met on 5 February 2018.

Table 8: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for 2017-18

Name of director	Category	Attendance at the meeting held on 5 February 2018
Rahul Bajaj	Chairman, non-executive	Yes
Sanjiv Bajaj	Managing Director & CEO, executive	Yes
Rajiv Bajaj	Non-executive	Yes

Remuneration of directors

Pecuniary transactions with non-executive directors

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

The register of contracts is maintained by the Company under section 189 of the Companies Act, 2013. The register is signed by the directors present at the respective Board meetings.

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, provide leadership and strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company.

As stated earlier, the Remuneration Policy, inter alia, disclosing the criteria of making payments to directors, key managerial personnel and employees is placed on the Company's website https://www.bajajfinserv.in/policies-and-codes

Non-executive directors

Non-executive directors are paid sitting fees and commission as separately stated in this Report.

Managing Director and Chief Executive Officer (CEO)

During the year under review, the Company has paid remuneration to Sanjiv Bajaj, Managing Director & CEO of the Company, as provided in detail in an annexure to the Directors' Report in section VI(A) of form MGT-9, i.e., extract of the Annual Return.

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

Pursuant to section 197(14) of the Companies Act, 2013, Sanjiv Bajaj, Managing Director & CEO of the Company, who is also the Non-executive, Vice Chairman of Bajaj Finance Ltd. (BFL) has been paid sitting fees of ₹ 9.50 lakh and is being given commission of ₹ 19 lakh from subsidiary, BFL for the year 2017-18, in the same manner as is done for the other non-executive directors of BFL.

Details of remuneration to directors

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

In 2017-18, the Company did not advance any loans to any of the non-executive directors and/or Managing Director & CEO. Details of remuneration paid/payable to directors during 2017-18 are provided in an annexure to the Directors' Report in section VI(B) of form MGT-9, i.e., extract of the Annual Return.

Shareholding of directors

Information on shares held by directors in the Company as on 31 March 2018 is provided in an 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 the Annual Report.

Disclosure of material transactions

Under regulation 26(5) of the SEBI Listing Regulations, 2015, the Senior Management has made periodical disclosures to the Board stating that there were no 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.

Compliances regarding insider trading

The Company had in place a 'Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended. These regulations have been substituted by SEBI with a new set of regulations, which have come into effect from 15 May 2015.

Accordingly, the Board at its meeting held on 23 March 2015, approved and adopted:

i) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and

ii) Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons.

The Code referred to in (i) above is placed on the Company's website www.bajajfinserv.in
The said Codes were adhered to during the year under review.

During the year under review, the Board at its meeting held on 16 October 2017 adopted an additional policy for better implementation of the Company's Insider Trading Code.

Means of Communication

Quarterly, half-yearly, annual financial results and other public notices issued for the shareholders of Company are published in numerous leading dailies, such as Financial Express, Business Standard, Sakal, Mint, Hindu Business Line, Hindustan Times, Anand Bazaar Patrika and Economic Times. An official press release is also issued. The Company also sends the half-yearly financial results, along with a detailed write-up, to each household of shareholders.

The Company has its own website www.bajajfinserv.in which contains all important public domain information including presentations, if any, made to the media, analysts and institutional investors. The website contains information as prescribed under the Companies Act, 2013 and the SEBI Listing Regulations, 2015, including details of the corporate contact persons and share transfer agent of the Company, shareholding pattern, etc.

Section 20 and 129 of the Companies Act, 2013 read with Companies (Accounts) Amendment Rules, 2017, permit companies to service delivery of documents electronically on the registered members'/shareholders' email addresses. The Company, during the year under review, sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report, credit of dividend intimation letters, etc. in electronic form to the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form, upon request.

All financial and other vital official news releases and documents under the SEBI Listing Regulations, 2015, are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

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

During the preceding three years, the Annual General Meetings (AGM) of the Company were held at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai Pune Road, Akurdi, Pune 411 035 on the following dates and time and special resolutions were passed thereat as under:

Details of AGM	Date and time of AGM	Details of Special Resolution (s) passed at the AGMs, if any
8th AGM	22 July 2015 at 4.15 p.m.	No special resolution was passed
9th AGM	26 July 2016 at 4.15 p.m.	Approval for increase in limit of investments, loans etc. up to ₹ 10,000 crore under section 186 of the Companies Act, 2013.
10th AGM	19 July 2017 at 4.15 p.m.	i) Approval of re-appointment of Sanjiv Bajaj as Managing Director of the Company and to fix his remuneration; and ii) Approval for payment of commission to Non-executive Directors for a period of five years commencing from 1 April 2017.

During the year under review, the Company did not adopt postal ballot for passing any resolution by the shareholders.

Details of capital market non-compliance, if any

There was no non-compliance by the Company of any legal requirements; nor has there been any penalty/stricture imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years, except that the Company had issued to its shareholders Rights Equity Shares in the year 2012. Out of this issue, 3,317 rights equity shares kept earlier in abeyance were allotted on 16 October 2017. Application for listing of these shares was filed with BSE and NSE in 30 days and 29 days respectively from the date of allotment, which was beyond the prescribed 20 days' period. The delay was due to certain interpretational issues and also for technical reasons. NSE and BSE levied a fine of ₹ 180,000 and ₹ 200,000 respectively, which the Company paid under protest.

Compliance certificate

The Managing Director & CEO and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) read with Part B of Schedule II to the SEBI Listing Regulations, 2015.

Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance for the year 2017-18.

The Company has been regularly submitting the quarterly compliance report to the stock exchanges, as required under regulation 27 of the SEBI Listing Regulations, 2015.

Auditors' certificate on corporate governance

The Company has obtained the certificate from its Statutory Auditors regarding compliance with the provisions relating to corporate governance laid down in Part E of Schedule V to the SEBI Listing Regulations, 2015. This certificate is annexed to the Directors' Report and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

Compliance of mandatory and discretionary requirements

Mandatory

The Company has complied with the mandatory requirements of the SEBI Listing Regulations, 2015.

Discretionary

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

A. The Board

The Non-executive Chairman has an office in the Company's premises and 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 shareholders.

C. Modified opinion(s) in audit report

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

D. Separate posts of Chairperson and Chief Executive Officer (CEO)

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

E. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

General Shareholder Information

11th Annual General Meeting

Date	19 July 2018
Time	4.15 p.m.
Venue	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035.

Financial calendar

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

Dividend

The Board of Directors of the Company has proposed a dividend of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each for the financial year 2017-18, subject to approval by the shareholders at the ensuing Annual General Meeting. Dividend paid in the previous year was also ₹ 1.75 per equity share (35%).

Dates of book closure

The register of members and share transfer books of the Company will remain closed from **Saturday, 7 July 2018 to Thursday, 19 July 2018,** both days inclusive.

Date of dividend payment

Dividend on equity shares, if declared at the Annual General Meeting, will be credited/dispatched on **24 July 2018** and/or **25 July 2018** as under:

a) 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 close of business hours on **Friday, 6 July 2018**; and

b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent [i.e. Karvy Computershare Pvt. Ltd. ('Karvy')] on or before the close of business hours on **Friday, 6 July 2018**.

Payment of dividend

As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. 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 updated particulars of their bank account to the share transfer agent of the Company 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 changes, if any, are recorded by them correctly. The request for updating particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.

Unclaimed dividends

As per section 205C of the Companies Act, 1956, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called the Investor Education and Protection Fund (Fund) set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the financial years 2007-08 and 2008-09 was transferred by the Company to the said Fund in September 2015 and 2016 respectively.

The Ministry of Corporate Affairs (MCA) notified the commencement date as 7 September 2016 for section 124 and a few sub-sections of section 125 of the Companies Act, 2013 and also notified the new Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), outlining the detailed procedure for implementation regarding the Fund and the Authority under the Companies Act, 2013. Accordingly, the unpaid/unclaimed dividend for the financial year 2009-10 was transferred to the Fund in September 2017.

As previously provided under IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, and now under the IEPF Rules, 2016, the Company filed the necessary particulars of all the unclaimed and unpaid amounts through e-form IEPF 2 with MCA on 4 October 2017 for the financial year ended 31 March 2017. The details of unpaid and unclaimed dividends for the financial years 2009-10 to 2016-17 have been uploaded on the Company's website www.bajajfinserv.in

Unpaid/unclaimed dividend for the financial year 2010-11 shall become due for transfer to the said Fund in August 2018. Members are requested to verify their records and send their claim, if any, for the financial year 2010-11, before the amount becomes due for transfer to the Fund. Communication is being sent to the members who have not yet claimed dividend for the financial year 2010-11, requesting them to claim the same as well as unpaid dividend, if any, for the subsequent years.

Transfer of shares to IEPF

As informed in previous year, under section 124(6) of the Companies Act, 2013, as amended, there has been a further provision that all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF.

Accordingly, in due compliance of the provisions of rule 6(3) of IEPF Rules, 2016, the Company sent individual letters through Speed Post to such shareholders, in respect of whom dividend for a consecutive period of seven years had remained unpaid. Further, public notice was released in newspapers on 10 December 2016 and 25 April 2017 and the particulars of shares liable to be transferred to IEPF Suspense Account were made available on the website of the Company.

MCA vide its notification dated 28 February 2017 amended the IEPF Rules 2016 called as the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, prescribing certain modified procedure for the activities under the IEPF Rules, 2016. Further, after a series of other changes, MCA by circular dated 16 October 2017 fixed a fresh due date for transfer of shares whose dividend had remained unpaid or unclaimed for seven consecutive years or more as at 31 October 2017.

In view of the same, during the year under review, the Company transferred 30,143 equity shares of the face value of ₹ 5 each in respect of 229 shareholders to the Demat Account of the IEPF Authority held with NSDL and filed necessary eform IEPF-4 with MCA on 20 December 2017. Details of such shareholders, whose shares are transferred to IEPF and their unpaid dividends for the subsequent years are available to the concerned shareholders on the website of the Company www.bajajfinserv.in

As provided under these Rules, the shareholder shall be allowed to claim such unpaid dividends and the shares transferred to the Fund by following the required procedure. The said IEPF Rules, 2016 and amendment thereunder are available on the Company's website www.bajajfinserv.in

Shareholders are requested to get in touch with the compliance officer for further details on the subject at investors@bajajfinserv.in

Share transfer agent

The Company has appointed Karvy as its share transfer agent and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities have been outsourced to Karvy, Hyderabad with effect from 10 July 2008.

All physical transfers, transmission, transposition, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants, etc. as well as requests for dematerialisation/ rematerialisation are being processed in periodical cycles at Karvy. The work related to dematerialisation/rematerialisation is handled by Karvy through connectivity with NSDL and CDSL.

Share transfer system

Share transfers received by the share transfer agent/Company 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 the physical category during 2017-18 was 4,994,433 versus 5,132,523 during 2016-17. The details thereof were placed before the Board of Directors on a quarterly basis.

Dematerialisation/rematerialisation of shares and liquidity

During 2017-18, 145,372 shares were dematerialised, compared to 329,223 shares during 2016-17. Total number of shares rematerialised during 2017-18 was 197 shares. Shares held in physical and electronic mode as on 31 March 2018 are as given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2018		Position as on 31 March 2017		Net change during 2017-18	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	10,006,210	6.29	10,166,313	6.39	(160,103)	(0.10)
Demat						
NSDL	145,071,910	91.16	145,416,465	91.38	(344,555)	(0.22)
CDSL	4,056,977	2.55	3,549,002	2.23	507,975	0.32
Sub-total	149,128,887	93.71	148,965,467	93.61	163,420	0.10
Total	**159,135,097**	**100.00**	**159,131,780**	**100.00**	**3,317**	

Stock code

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

Listing on stock exchanges

Shares of the Company are currently listed on the following 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

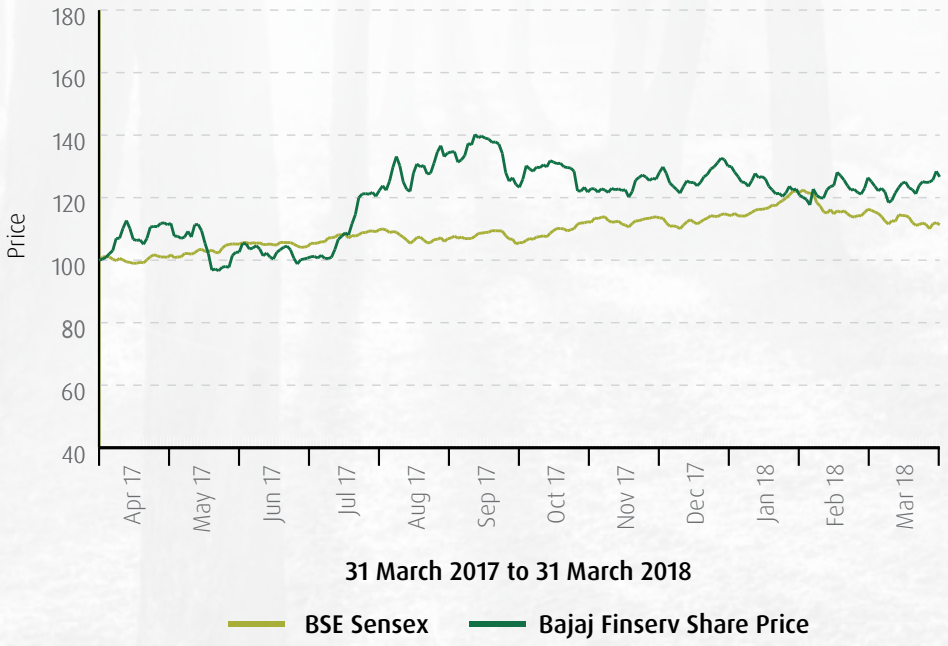
Pursuant to the SEBI Listing Regulations, 2015, the Company has entered into a Uniform Listing Agreement with BSE and NSE. For the year 2017-18, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of equity shares of Bajaj Finserv Ltd. during 2017-18 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 17	4,741.95	4,070.00	4,750.00	4,065.00	29,918.40
May 17	4,665.00	3,796.35	4,671.75	3,801.00	31,145.80
Jun 17	4,343.15	3,956.00	4,343.45	3,950.00	30,921.61
Jul 17	5,103.75	4,093.60	5,098.00	4,080.00	32,514.94
Aug 17	5,625.00	4,915.80	5,630.00	4,913.00	31,730.49
Sep 17	5,835.00	5,007.00	5,790.00	5,001.75	31,283.72
Oct 17	5,453.10	4,889.55	5,448.80	4,827.10	33,213.13
Nov 17	5,349.45	4,851.25	5,349.00	4,850.00	33,149.35
Dec 17	5,447.65	4,914.60	5,444.90	4,905.00	34,056.83
Jan 18	5,306.05	4,736.70	5,308.75	4,736.45	35,965.02
Feb 18	5,346.80	4,444.00	5,350.00	4,500.00	34,184.04
Mar 18	5,298.85	4,803.65	5,299.00	4,800.00	32,968.68

Bajaj Finserv Ltd. stock performance Vs BSE Sensex, during 2017-18, indexed to 100 on 31 March 2017



Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2018, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholding across categories

Categories	31 March 2018		31 March 2017	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	92,855,208	58.35	92,852,783	58.35
Friends and associates of promoters	16,318,335	10.25	16,456,767	10.34
Foreign Institutional Investors/Foreign Portfolio Investors	12,451,118	7.82	13,075,844	8.22
Public Financial Institutions	4,724,096	2.97	3,589,509	2.26
Mutual Funds	6,014,406	3.78	6,411,024	4.03
Nationalised and other banks	142,516	0.09	105,432	0.07
Alternate Investment Fund	299,109	0.19	71,500	0.04
NRIs and OCBs	1,076,832	0.68	934,025	0.59
Others	25,253,477	15.87	25,634,896	16.10
Total	**159,135,097**	**100.00**	**159,131,780**	**100.00**

Table 4: Distribution of shareholding according to size class as on 31 March 2018

Categories	Number of shareholders	% to total shareholders	Number of shares	% to total shares
1 to 500	89,044	94.45	4,306,406	2.71
501 to 1000	1,912	2.03	1,388,020	0.87
1001 to 2000	1,266	1.34	1,827,309	1.15
2001 to 3000	557	0.59	1,393,942	0.88
3001 to 4000	272	0.29	950,089	0.60
4001 to 5000	205	0.22	932,778	0.58
5001 to 10000	397	0.42	2,741,812	1.72
10001 and above	622	0.66	145,594,741	91.49
Total	**94,275**	**100.00**	**159,135,097**	**100.00**

Shareholders' and investors' grievances

The Board of Directors of the Company currently has a Stakeholders Relationship Committee to specifically look into and resolve grievances of security-holders on various matters.

Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and/or bank particulars. As on 31 March 2018, there were no pending issues to be addressed or resolved.

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

Demat suspense account with HDFC Bank for unclaimed shares

In accordance with the provisions contained in clause 5A of the Listing Agreement (corresponding to regulation 39(4) of the SEBI Listing Regulations, 2015), as amended by SEBI vide circular dated 16 December 2010, the Company, during the year 2011-12, had sent three reminders to such shareholders whose shares were lying 'undelivered/unclaimed' with the Company, followed by opening of the unclaimed share suspense demat account with HDFC Bank in April 2012.

After completing the necessary formalities, 17,947 shares held by 100 shareholders were transferred to the said suspense account in April 2012. Voting rights on such shares are to remain frozen till the rightful owner claims the shares.

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in regulation 39(4) of the SEBI Listing Regulations, 2015.

The summary of this account for the year 2017-18 is as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1 April 2017	90	9,456
ii.	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2017-18	2	170
iii.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2017-18	2	170
iv.	Number of shareholders whose shares were transferred to IEPF Authority during the year 2017-18	73	7,955
v.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31 March 2018	15	1,331

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form (SH-13) will be sent by the share transfer agent of the Company upon such request and is also available on the Company's website www.bajajfinserv.in

Nomination facility for shares held in electronic form is also available with depository participants.

Voting through electronic means

Pursuant to section 108 of the Companies Act, 2013 and the Rules made thereunder and provisions under the SEBI Listing Regulations, 2015, 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, the authorised agency for this purpose, to facilitate such e-voting for its members.

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of Annual General Meeting through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014, as amended, the Company shall also be making arrangements to provide for e-voting facility at the venue of the Annual General Meeting.

Shareholders who are attending the meeting and who have not already cast their votes by remote e-voting shall be able to exercise their right of voting at the meeting.

Cut-off date, as per the said Rules, shall be **13 July 2018** and the remote e-voting shall be open for a period of 3 (three) days, from **16 July 2018 (9.00 a.m.)** till **18 July 2018 (5.00 p.m.)**.

The Board has appointed Shyamprasad D Limaye, Practising Company Secretary as Scrutiniser for the e-voting process.

Detailed procedure is given in the Notice of the Eleventh Annual General Meeting and is also placed on the website of the Company.

Shareholders may get in touch with the Company Secretary for further assistance.

Address for correspondence

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

Share transfer agent

Karvy Computershare Pvt. Ltd.
Unit: Bajaj Finserv 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) 6716 2222
Fax No: (040) 2300 1153
Toll Free No: 1800 345 4001
Email: mohsin.mohd@karvy.com
Website: www.karvy.com

Company

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

Company Secretary and Compliance Officer
Sonal R Tiwari
Tel No: (020) 6610 7458
Fax No: (020) 2740 7380
Email: investors@bajajfinserv.in
Website: www.bajajfinserv.in

Directors' Report

The directors present their Eleventh Annual Report and audited financial statements for the year ended 31 March 2018.

Financial results

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

The highlights of the Standalone Financial Results are as under:

(₹ In Crore)

Particulars	FY2018	FY2017
Total revenue	252.24	165.00
Total expenses	85.45	61.00
Profit before tax	166.79	104.00
Tax expense	25.45	33.98
Profit for the year	**141.34**	**70.02**
Balance carried to Balance Sheet	141.34	70.02
Earnings per share (₹)	8.9	4.4
Proposed dividend (%)	35%	35%
Dividend and tax thereon	27.85	27.85

The highlights of the Consolidated Financial Results are as under:

(₹ In Crore)

Particulars	FY2018	FY2017
Total revenue	30,599.41	24,507.72
Total expenses	24,289.24	19,583.19
Profit before tax	6,310.17	4,924.53
Tax expense	1,970.29	1,474.82
Profit after tax	4,339.88	3,449.71
Minority interest	1,598.44	1,187.79
Profit for the year	**2,741.44**	**2,261.92**
Earnings per share (₹)	172.3	142.1

Dividend

Your directors recommend for consideration of the shareholders at the ensuing Annual General Meeting (AGM) payment of a dividend of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each for the year ended 31 March 2018. The amount of dividend and the tax thereon to the extent applicable aggregate to ₹ 27.85 crore.

For the year ended 31 March 2017, the dividend paid was also ₹ 1.75 per equity share (35%) of face value of ₹ 5 each. The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 27.85 crore.

Share capital

The paid-up equity share capital as on 31 March 2018 was ₹ 79.57 crore consisting of 159,135,097 fully paid-up equity shares of face value of ₹ 5 each. During the Rights Issue of equity shares made by the Company in 2012, certain shares had been kept in abeyance as required by law. With resolution of a few cases during the year under review, the Company has allotted 3,317 equity shares of the face value of ₹ 5 each at the original Rights Issue price of ₹ 650 per share to the eligible shareholders.

There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year under review. The Company has not issued shares with differential voting rights or sweat equity shares. It has not granted any stock options.

Classification of the Company as a Core Investment Company (CIC)

The Company having satisfied the criteria specified for being a CIC, not requiring registration with RBI pursuant to the provisions of section 45-IA of RBI Act, 1934, had applied to RBI in this regard on 26 June 2015.

In response to the above, RBI vide its Order dated 23 October 2015 has cancelled the certificate of registration to carry on the business of NBFC issued to the Company and has confirmed the eligibility of the Company as a CIC, not requiring registration with RBI, pursuant to the provisions of section 45-IA of the RBI Act, 1934. The Company is thus a CIC under the said provisions.

Operations

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

Inclusion in NIFTY 50 Index

With effect from 2 April 2018, the Company has been included in the NIFTY 50 Index of National Stock Exchange of India Limited.

Commencement of operations by Bajaj Finserv Direct Ltd.

During the year under review, Bajaj Financial Holdings Ltd., a wholly-owned subsidiary, has firmed up new business plans for undertaking activities on digital and online platform to augment the business of the Company's subsidiaries and has changed its name to Bajaj Finserv Direct Ltd. with effect from 27 February 2018.

Adoption of Confederation of Indian Industry (CII) Charters

Your Company, being a member of CII, has adopted the following Code/Charters:

1. Model Code of Conduct for Ethical Business Practices;
2. Charters on Fair & Responsible Workplace Guidelines for Collaborative Employee Relations; and
3. Charters on Fair & Responsible Workplace Guidelines for Contact Labour.

Extract of annual return

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

Number of meetings of the Board

Six meetings of the Board were held during the year. Detailed information is given in the Corporate Governance Report.

Directors' responsibility statement

As required under clause (c) of sub-section (3) of section 134 of the Companies Act, 2013, directors, to the best of their knowledge and belief, state that:

- in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had 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 had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of frauds reported by auditors under section 143(12)

During the year under review, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

Declaration by independent directors

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

Directors' Remuneration Policy and criteria for matters under section 178

Information regarding Directors' Remuneration Policy and criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 are provided in the Corporate Governance Report.

Particulars of loans, guarantees or investments

Information regarding loans, guarantees and investments covered under section 186 of the Companies Act, 2013 are detailed in the financial statements.

Related party transactions

No Related Party Transactions (RPTs) were entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions as defined under regulation 23 of the SEBI Listing Regulations, 2015, there are no details to be disclosed in form AOC-2 in that regard.

During the year 2017-18, pursuant to section 177 of the Companies Act, 2013, and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

The policy on RPTs as approved by the Board is uploaded on the Company's website www.bajajfinserv.in

Material changes and commitments

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year and the date of this Report.

Conservation of energy and technology absorption

The Company is engaged in wind-farm activities in addition to its financial services activities. A summary of the performance of the wind power division is available in the Management Discussion and Analysis which forms part of this Annual Report. Being essentially a financial services Company, no particulars regarding technology absorption are required to be given in this Report.

Particulars regarding conservation of energy are given below:

a) Steps taken to conserve energy and utilise alternate sources of energy:

The Company has installed a renewable energy (wind) project with a capacity of 65.2 MW. During the year under review, it generated 734 lakh units which it sold to third parties.

It, however, is unable to make captive use of wind energy, because new regulations do not permit the same where monthly demand is less than 700 KW. The Company has installed LED lamps in place of failed tube lights and CFL, thereby reducing energy consumption in lighting by around 16507 KWh units during the year.

b) Capital investment on energy conservation equipment:

Not applicable, since BFS is a non-manufacturing Company, not coming under the notified industries covered under Energy Conservation Act, 2001. Also, energy demand/ connected load of building utilised for the Company's corporate/commercial activities, etc. is less than 500 KW, which is the minimum threshold for applicability of the Energy Conservation Act, 2001.

Foreign exchange earnings and outgo

Total foreign exchange earned by the Company was ₹ Nil during the year under review, as well as during the previous year.

Total foreign exchange outflow during the year under review was ₹ 0.67 crore, as against ₹ 0.62 crore during the previous year.

Risk Management Policy

Information on the development and implementation of a Risk Management Policy for the Company including identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the Company, is given in the Corporate Governance Report.

Corporate Social Responsibility (CSR)

Detailed information on the CSR Policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to section 135 of the Companies Act, 2013, is given in the annexed Annual Report on CSR activities.

Formal annual evaluation of the performance of the Board, its Committees, Chairperson and Individual Directors

Information on the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees, Chairperson and Individual Directors is given in the Corporate Governance Report.

Subsidiary and Joint Venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2018

Name of the company	% Shareholding	Status
Bajaj Allianz Life Insurance Company Ltd.	74%	Subsidiary
Bajaj Allianz General Insurance Company Ltd.	74%	Subsidiary
Bajaj Finance Ltd.	54.99%	Subsidiary
Bajaj Housing Finance Ltd. (100% subsidiary of Bajaj Finance Ltd.)	–	Subsidiary
Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Housing Finance Ltd.)	–	Subsidiary
Bajaj Finserv Direct Ltd.* (formerly known as Bajaj Financial Holdings Ltd.)	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.	50%	Joint Venture
Bajaj Allianz Staffing Solutions Ltd. (100% subsidiary of Bajaj Allianz Financial Distributors Ltd.)	–	Joint Venture

*Name has changed with effect from 27 February 2018

Detailed information on the performance and financial position of each subsidiary/joint venture of the Company is covered in the Management Discussion and Analysis Report.

Directors and Key Managerial Personnel-Changes

The directors regret to inform the sad demise of Naresh Chandra, an independent director of the Company, on 9 July 2017. The directors record their very sincere appreciation of the valuable services rendered by him during his long tenure in the Company. In his place, pursuant to section 149 of the Companies Act, 2013 and regulation 17(1)(b) read with regulation 25(6) of the SEBI Listing Regulations, 2015, Dr. Naushad Forbes was appointed as an additional director in the category of non-executive, independent director of the Company, in the meeting of the Board held on 13 September 2017, to hold office up to the date of the ensuing Annual General Meeting (AGM) of the Company. Resolution for appointment of Dr. Naushad Forbes is put up for the approval of shareholders in the Notice of ensuing AGM.

Pursuant to the provisions of the Companies Act, 2013, Dr. Naushad Forbes, if appointed at the ensuing AGM, shall be an independent director under the said Act for a period of 5 years with effect from 13 September 2017.

As per the provisions of the Companies Act, 2013, Rajiv Bajaj retires from the Board by rotation this year and being eligible, offers himself for re-appointment. The information as required to be disclosed under regulation 36(3) of the SEBI Listing Regulations, 2015 in case of re-appointment of the director is provided in the Notice of the ensuing Annual General Meeting.

There was no other change in the Directors and Key Managerial Personnel during the year under review except as above.

Detailed information on the directors is provided in the Corporate Governance Report.

Significant and material orders passed by the regulators or courts

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals, which may impact the going concern status of the Company and its operations in future.

Details of internal financial controls with reference to the financial statements

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

This ensures orderly and efficient conduct of its business, including adherence to the 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.

Presentation of financial statements

The audited financial statements of the Company for the year ended 31 March 2018 have been disclosed as per Schedule III (Division I) 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 and joint ventures, and as prepared in compliance with the Companies Act, 2013, applicable Accounting Standards and the SEBI Listing Regulations, 2015.

A separate statement containing the salient features of our subsidiaries and joint ventures in the prescribed form AOC-1 is annexed.

Statutory disclosures

The summary of the key financials of the Company's subsidiaries and joint venture in form AOC-1 is included in this Annual Report. A copy of the audited financial statements for each of the subsidiary companies will be made available to members of the Company seeking such information at any point of time. The audited financial statements for each of the subsidiaries will be kept for inspection by any member of the Company at its registered office during business hours. The same are placed on the Company's website www.bajajfinserv.in

Details as required under section 197(12) of the Companies Act, 2013, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed to this Report.

Details as required under 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 forms part of the Directors' Report, will be made available to any shareholder on request, as per the provisions of section 136(1) of the said Act.

A Cash Flow Statement for the year 2017-18 is attached to the Balance Sheet.

Pursuant to the legislation 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has a Policy on Prevention of Sexual Harassment at Workplace. There was no case reported during the year under review under the said Policy.

Corporate governance

Pursuant to the SEBI Listing Regulations, 2015, a separate chapter titled Corporate Governance has been included in this Annual Report, along with the reports on Management Discussion and Analysis and General Shareholder Information.

All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2017-18. A declaration to this effect signed by the Managing Director & CEO of the Company is contained in this Annual Report.

The Managing Director & CEO and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

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

Business Responsibility Report

Regulation 34(2) of the SEBI Listing Regulations, 2015, inter alia, provides that the annual report of the top 500 listed entities based on market capitalisation (calculated as on 31 March of every financial year) shall include a Business Responsibility Report (BRR).

Since BFS is one of the top 500 listed entities, the Company, as in the previous years, has presented its BRR for the financial year 2017-18, which is part of this Annual Report. As a green initiative, the BRR has been hosted on the Company's website www.bajajfinserv.in

A physical copy of the BRR will be made available to any shareholder on request.

Secretarial standards of ICSI

Pursuant to the approval given on 10 April 2015, by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India (ICSI), the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1 July 2015. The said standards were amended with effect from 1 October 2017. The Company is in compliance with the same.

Auditors

Statutory Auditor

Pursuant to the provisions of section 139 of the Companies Act, 2013, the members at the Annual General Meeting of the Company held on 19 July 2017 appointed S R B C & CO LLP, Chartered Accountants (firm registration No. 324982E/E300003) as Statutory Auditors of the Company from the conclusion of 10th Annual General Meeting till the conclusion of 15th Annual General Meeting, covering one term of five consecutive years, subject to ratification by the members at each intervening annual general meeting.

In view of the amendment to the said section 139 through the Companies (Amendment) Act, 2017 notified on 7 May 2018, ratification of auditors' appointment is no longer required. However, under section 142 of the Companies Act, 2013, a proposal is put up for approval of members for authorising the Board of Directors of the Company to fix Auditors' remuneration for the year 2018-19 and thereafter. The members are requested to approve the same.

The Statutory Audit Report for the year 2017-18 does not contain any qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors.

Secretarial Auditor

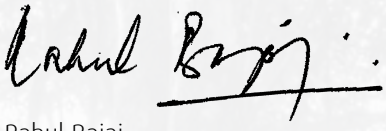
Pursuant to the provisions of section 204 of the Companies Act, 2013, and the Rules made thereunder, the Company has re-appointed Shyamprasad D Limaye, Practising Company Secretary (membership no. 1587), to undertake the secretarial audit of the Company. The Secretarial Audit Report for the year 2017-18 as issued by him in the prescribed form MR-3 is annexed to this Report.

The said Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditor except that the Company had issued to its shareholders Rights Equity Shares in the year 2012. Out of this issue, 3,317 rights equity shares earlier kept in abeyance were allotted on 16 October 2017. Application for listing of these shares was filed with BSE and NSE in 30 days and 29 days respectively from the date of allotment, which was beyond the prescribed 20 days' period. The delay was due to certain interpretational issues and for technical reasons. NSE and BSE levied a fine of ₹ 180,000 and ₹ 200,000 respectively, which the Company paid under protest.

Cost Auditor

Pursuant to section 148 of the Companies Act, 2013, and the Rules made thereunder, the Board of Directors had, on the recommendation of the Audit Committee, re-appointed Dhananjay V Joshi & Associates (firm registration no. 000030), Cost Accountants, to audit the cost accounts of the Company for the financial year 2018-19 on a remuneration of ₹ 55,000 plus service tax, out-of-pocket, travelling and living expenses, subject to ratification by the shareholders at the ensuing Annual General Meeting. Accordingly, a resolution seeking members' ratification for the remuneration payable to the Cost Auditor is included in the Notice convening the Annual General Meeting.

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune: 17 May 2018

Annual Report on CSR activities

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

Introduction

The Corporate Social Responsibility (CSR) activities of the Bajaj Group are guided by the vision and philosophy of its Founder, Late 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, water, environment conservation, infrastructure and community development, and response to natural calamities. For society, thus, 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.

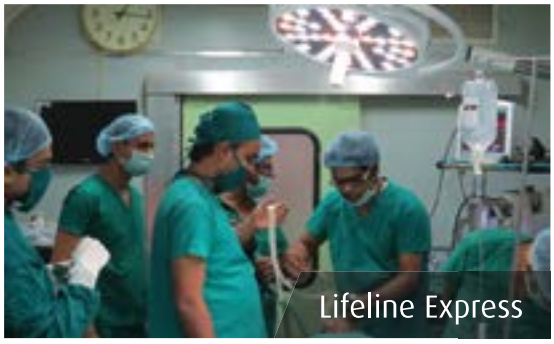
Guiding Principles

The Bajaj Group believes that social investments should:

- **Benefit generations:** The Company believes in 'investment in resource creation' for use over generations. It 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 pre-requisite for both education and productivity.
- **Encourage 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 a presence and hence can effectively guide, monitor and implement specific projects.
- **Target those who need it most:** Care for sections of society which 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 least adverse impact on the environment – Growth with Mother Nature's blessings.

Society must profit from profit itself

The words of our founding father that inspire our CSR initiatives









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

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

Through its social investments, Bajaj Finserv Group takes sustainable initiatives in the areas of health, education, employability and women empowerment.

Healthcare

Education

Employability

Women Empowerment

CSR Policy

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

- Philosophy
- Scope
- List of CSR activities
- Modalities of execution of Projects/Programmes
- Implementation through CSR Cell
- Monitoring and Assessment of Projects/Programmes

The CSR Policy gives an overview of the projects or programmes that will be undertaken by the Company from time to time.

The CSR Policy is placed on https://www.bajajfinserv.in/miscellaneous-csr-policy.pdf

2. The Composition of the CSR Committee

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

Rahul Bajaj, Chairman
Nanoo Pamnani
Sanjiv Bajaj

During the year under review, the Committee met four times, on 11 July 2017, 17 August 2017, 20 November 2017 and 12 February 2018.

3. Average net profit of the Company for last three financial years prior to 2017-18: ₹ 91.38 crore.

4. Prescribed CSR Expenditure (2% of amount as in Item No. 3): ₹ 1.83 crore.

5. Details of CSR spent during the financial year:

(₹ In Crore)

Particulars	
a. Total amount to be spent:	1.83
b. Amount spent:	1.90
c. Amount unspent, if any (a-b):	Nil
d. Manner in which the amount spent/committed during the financial year:	As provided in Table 1

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

In addition, 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 that were taken up anew by the Bajaj Group through such entities during the year under review are given in another detailed Report, which is hosted on the Company's website www.bajajfinserv.in and a physical copy of this Report will be made available to any shareholder on request.

7. Responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the company.

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 CSR Committee

Sanjiv Bajaj
Managing Director & CEO

Pune: 17 May 2018

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2018

(₹ In Crore)

Sr. No.	Direct/Name and details 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 during the year	Cumulative expenditure up to 31 March 2018
1	Direct-Employability and Skill Development Initiative, Pune	Employment enhancing vocational skills training for fresh graduates seeking career in banking, finance and insurance sector	Education and Employment enhancing vocational skills	Pune, Maharashtra	1.94	0.75	1.42
2	IBTADA, Alwar	Construction of Hostel Building for Girls and training centre for out of school girls	Setting up homes/hostel for women	Naogaon, Alwar, Rajasthan	0.30	0.21	0.30
3	Muktangan Mitra, Pune	Solar Lighting Systems in Campus	Setting up homes/hostel for women	Pune, Maharashtra	0.28	0.16	0.28
4	Nimbkar Agricultural Research Institute (NARI), Phaltan	Creating four Bajaj fellows at NARI	Rural Development	Phaltan, Maharashtra	0.60	0.00	0.20
5	Swayam Sikshan Prayog, Pune	Pilot on Sakhi Resource Centres- as an ecosystem for promotion of grassroots women's entrepreneurship and leadership	Livelihood enhancement	Osmanabad, Maharashtra	0.48	0.10	0.34
6	The Education Audiology and Research Society (EAR), Mumbai	Therapy of hearing impaired students	Special education	Mumbai, Maharashtra	0.60	0.18	0.18
7	Institute of Psychological Health (IPH), Pune	Community Mental Health Centre	Healthcare	Pune, Maharashtra	0.70	0.35	0.35
8	Impact India Foundation	Support 3 Life Line Express Projects	Healthcare	Rajasthan (Ganganagar or Jaisalmer or Barmer)	0.10	0.10	0.10
	Total (A)					**1.85**	
	Overhead expenses (restricted to 5% of total CSR expenditure) (B)					**0.05**	
	Grand Total (A+B)					**1.90**	

Notes: Amounts mentioned above under Serial No. 2 to 8 relate to amounts spent through implementing agencies, while Serial No. 1 relates to amount spent directly by the Company.

Extract of Annual Return (Form MGT-9)

As on the financial year ended 31 March 2018

[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

Corporate Identification Number (CIN)	L65923PN2007PLC130075
Registration Date	30 April 2007
Name of the Company	Bajaj Finserv Ltd.
Category/Sub-category of the Company	Core Investment Company (CIC) w.e.f. 23 October 2015 (Non-Banking Financial Company up to 22 October 2015)
Address of the registered office and contact details	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035, Maharashtra Email: investors@bajajfinserv.in Tel. No: (020) 6610 7458
Whether listed company	Yes (BSE and NSE)
Name, address and contact details of the Registrar and Transfer Agent	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: mohsin.mohd@karvy.com Website: www.karvy.com

II. Principal business activities of the Company

Sr. No.	Name and description of the main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Investment activity	6430	67%
2	Electric power generation	3510	29%

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name of company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held as on 31 March 2018	Applicable section
1	Bajaj Finance Ltd. (BFL)	L65910MH1987PLC042961	Subsidiary	54.99	Section 2(87)
2	Bajaj Allianz Life Insurance Company Ltd.	U66010PN2001PLC015959	Subsidiary	74.00	Section 2(87)
3	Bajaj Allianz General Insurance Company Ltd.	U66010PN2000PLC015329	Subsidiary	74.00	Section 2(87)
4	Bajaj Housing Finance Ltd. (BHFL) [100% shares held by BFL]	U65910PN2008PLC132228	Subsidiary	-	Section 2(87)
5	Bajaj Financial Securities Ltd. [100% shares held by BHFL]	U67120PN2010PLC136026	Subsidiary	-	Section 2(87)
6	Bajaj Finserv Direct Ltd. (erstwhile Bajaj Financial Holdings Ltd.)	U65923PN2014PLC150522	Subsidiary	100.00	Section 2(87)
7	Bajaj Allianz Financial Distributors Ltd. (BAFDL)	U65923PN2007PLC129802	Joint Venture	50.00	-
8	Bajaj Allianz Staffing Solutions Ltd. [100% shares held by BAFDL]	U74900PN2015PLC154364	Joint Venture	-	-

IV. Shareholding pattern (equity share capital break up as percentage of total equity)

i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2017				No. of shares held at the end of the year as on 31 March 2018				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1) Indian									
a) Individual/HUF	8,300,905	-	8,300,905	5.22	8,244,370	-	8,244,370	5.18	(0.04)
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	84,551,878	-	84,551,878	53.13	84,610,838	-	84,610,838	53.17	0.04
e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	**92,852,783**	**-**	**92,852,783**	**58.35**	**92,855,208**	**-**	**92,855,208**	**58.35**	**0.00**
2) Foreign									
a) NRIs-Individual	-	-	-	-	-	-	-	-	-
b) Others-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**92,852,783**	**-**	**92,852,783**	**58.35**	**92,855,208**	**-**	**92,855,208**	**58.35**	**0.00**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	6,410,149	875	6,411,024	4.03	6,013,981	425	6,014,406	3.78	(0.25)
b) Banks/Financial Institutions	96,045	10,395	106,440	0.07	143,746	9,945	153,691	0.10	0.03
c) Central Government	-	-	-	-	-	-	-	-	-

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2017				No. of shares held at the end of the year as on 31 March 2018				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
d) State Government(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	3,588,551	300	3,588,851	2.26	4,712,971	300	4,713,271	2.96	0.70
g) Foreign Institutional Investors/Foreign Portfolio Investors	13,074,419	1,425	13,075,844	8.22	12,449,968	1,150	12,451,118	7.82	(0.40)
h) Alternate Investment Fund	71,500	–	71,500	0.04	299,109	–	299,109	0.19	0.15
i) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
j) Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**23,240,664**	**12,995**	**23,253,659**	**14.61**	**23,619,775**	**11,820**	**23,631,595**	**14.85**	**0.24**
2) Non-Institutions									
a) Bodies Corporate									
i) Indian	12,207,953	642,963	12,850,916	8.08	11,705,338	642,513	12,347,851	7.76	(0.32)
ii) Overseas	–	675	675	0.00	–	75	75	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	11,712,244	12,83,542	12,995,786	8.17	1,198,158	1,161,209	13,149,367	8.26	0.09
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6,536,442	8,213,628	14,750,070	9.27	6,362,420	8,178,828	14,541,248	9.14	(0.13)
c) Others									
i) Non-resident Indians	920,840	12,510	933,350	0.59	1,064,992	11,765	1,076,757	0.68	0.09
ii) Clearing Members	56,081	–	56,081	0.04	65,219	–	65,219	0.04	0.00
iii) Trusts	1,366,843	–	1,366,843	0.86	1,412,635	–	1,412,635	0.89	0.03
iv) NBFCs	63,045	–	63,045	0.04	20,153	–	20,153	0.01	(0.03)
v) Foreign Bodies - DR	8,547	–	8,547	0.01	4,727	–	4,727	0.00	(0.01)
vi) Foreign Nationals	25	–	25	0.00	119	–	119	0.00	0.00
vii) IEPF	–	–	–	–	30,143	–	30,143	0.02	0.02
Sub-total (B)(2)	**32,872,020**	**10,153,318**	**43,025,338**	**27.04**	**32,653,904**	**9,994,390**	**42,648,294**	**26.80**	**(0.24)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**56,112,684**	**10,166,313**	**66,278,997**	**41.65**	**56,273,679**	**10,006,210**	**66,279,889**	**41.65**	**(0.00)**
C. Shares held by Custodian for GDRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**148,965,467**	**10,166,313**	**159,131,780**	**100.00**	**149,128,887**	**10,006,210**	**159,135,097**	**100.00**	–

ii) Shareholding of promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2017			Shareholding at the end of the year as on 31 March 2018			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Anant Bajaj	497,107	0.31	–	30,107	0.02	–	(0.29)
2	Deepa Bajaj	11,675	0.01	–	11,675	0.01	–	–
3	Geetika Bajaj	20,700	0.01	–	191,250	0.12	–	0.11
4	Kiran Bajaj	424,725	0.27	–	1,238,525	0.78	–	0.51
5	Kriti Bajaj	38,500	0.02	–	38,500	0.02	–	–
6	Kumud Bajaj	533,434	0.34	–	359,934	0.23	–	(0.11)
7	Madhur Bajaj	1,010,193	0.63	–	1,088,393	0.68	–	0.05
8	Minal Bajaj	74,700	0.05	–	164,200	0.10	–	0.05
9	Neelima Bajaj Swamy	305,519	0.19	–	305,519	0.19	–	–
10	Nimisha Jaipuria	181,285	0.11	–	181,285	0.11	–	–
11	Niraj Bajaj	1,467,415	0.92	–	1,408,115	0.88	–	(0.04)
12	Niravnayan Bajaj	205,866	0.13	–	205,866	0.13	–	–
13	Rahulkumar Bajaj	1,662,685	1.04	–	1,662,685	1.04	–	–
14	Rajivnayan Bajaj	3,450	0.00	–	3,450	0.00	–	–
15	Rishabnayan Bajaj	9,400	0.01	–	9,400	0.01	–	–
16	Sanjali Bajaj	10,100	0.01	–	10,100	0.01	–	–
17	Sanjivnayan Bajaj	465,024	0.29	–	465,024	0.29	–	–
18	Shefali Bajaj	11,000	0.01	–	11,000	0.01	–	–
19	Shekhar Bajaj	548,486	0.34	–	37,276	0.02	–	(0.32)
20	Siddhantnayan Bajaj	8,300	0.01	–	8,300	0.01	–	–
21	Suman Jain	575,904	0.36	–	578,329	0.36	–	–
22	Sunaina Kejriwal	235,437	0.15	–	235,437	0.15	–	–
23	Bachhraj and Company Pvt. Ltd.	2,041,478	1.28	–	1,971,478	1.24	–	(0.04)
24	Bachhraj Factories Pvt. Ltd.	1,078,787	0.68	–	1,078,787	0.68	–	–
25	Bajaj Auto Holdings Ltd.	209,005	0.13	–	209,005	0.13	–	–
26	Bajaj Holdings & Investment Ltd.	62,314,214	39.16	–	62,314,214	39.16	–	–
27	Bajaj Sevashram Pvt. Ltd.	2,355,606	1.48	–	2,355,606	1.48	–	–
28	Baroda Industries Pvt. Ltd.	919,001	0.58	–	919,001	0.58	–	–
29	Hercules Hoists Ltd.	92,063	0.06	–	92,063	0.06	–	–
30	The Hindustan Housing Company Ltd.	8,000	0.01	–	8,000	0.01	–	–
31	Jamnalal Sons Pvt. Ltd.	15,110,824	9.50	–	15,239,784	9.58	–	0.08
32	Kamalnayan Investment and Trading Pvt. Ltd.	61,200	0.04	–	61,200	0.04	–	–
33	Madhur Securities Pvt. Ltd.	40,700	0.03	–	40,700	0.03	–	–
34	Niraj Holdings Pvt. Ltd.	10,300	0.01	–	10,300	0.01	–	–
35	Rahul Securities Pvt. Ltd.	143,000	0.09	–	143,000	0.09	–	–
36	Rupa Equities Pvt. Ltd.	137,400	0.09	–	137,400	0.09	–	–
37	Shekhar Holdings Pvt. Ltd.	30,300	0.02	–	30,300	0.02	–	–
	Total	**92,852,783**	**58.35**	**–**	**92,855,208**	**58.35**	**–**	**–**

iii) Change in promoters' shareholding

Sr. No.	Name of promoters	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year 1 April 2017	92,852,783	58.35	–	–
	Date-wise increase/(decrease)				
1	**Suman Jain**				
	14 July 2017 – Market Purchase	2,425	0.00	92,855,208	58.35
2	**Niraj Bajaj**				
	29 December 2017- Transferred as Gift (Off market transaction)	(206,300)	(0.13)	92,648,908	58.22
3	**Niraj Bajaj - A/C Nirav Trust**				
	29 December 2017- Received as Gift (Off market transaction)	206,300	0.13	92,855,208	58.35
4	**Shekhar Bajaj**				
	29 December 2017- Transferred as Gift (Off market transaction)	(452,650)	(0.28)	92,402,558	58.07
5	**Anant Bajaj**				
	29 December 2017- Transferred as Gift (Off market transaction)	(467,000)	(0.29)	91,935,558	57.77
6	**Shekhar Bajaj - A/C Anant Bajaj Trust**				
	29 December 2017- Received as Gift (Off market transaction)	919,650	0.58	92,855,208	58.35
7	**Geetika Bajaj**				
	29 December 2017- Market Purchase	170,550	0.11	93,025,758	58.46
8	**Kiran Bajaj - A/C Geetika Trust no.2**				
	29 December 2017- Market Purchase	40,000	0.03	93,065,758	58.48
9	**Kumud Bajaj**				
	29 December 2017 - Market Purchase	326,500	0.21	93,392,258	58.69
10	**Madhur Bajaj**				
	29 December 2017 - Market Purchase	441,500	0.28	93,833,758	58.96

iii) Change in promoters' shareholding (Contd.)

Sr. No.	Name of promoters	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11	**Niraj Bajaj - A/C Niravnayan Trust**				
	29 December 2017 - Market Purchase	147,000	0.09	93,980,758	59.06
12	**Shekhar Bajaj - A/C Geetika Trust**				
	29 December 2017 - Market Purchase	400	0.00	93,981,158	59.06
13	**Shekhar Bajaj- A/C Anant Bajaj Trust**				
	29 December 2017 - Market Sale	(919,650)	(0.58)	93,061,508	58.48
14	**Niraj Bajaj - A/C Nirav Trust**				
	29 December 2017 - Market Sale	(206,300)	(0.13)	92,855,208	58.35
15	**Madhur Bajaj**				
	12 January 2018 - Transferred as Gift (Off market transaction)	(363,300)	(0.23)	92,491,908	58.12
16	**Kumud Bajaj**				
	12 January 2018 - Transferred as Gift (Off market transaction)	(500,000)	(0.31)	91,991,908	57.81
17	**Minal Bajaj**				
	12 January 2018 - Received as Gift (Off market transaction)	89,500	0.06	92,081,408	57.86
18	**Kiran Bajaj**				
	12 January 2018 - Received as Gift (Off market transaction)	773,800	0.49	92,855,208	58.35
22	**Bachhraj and Company Pvt. Ltd.**				
	9 March 2018 - Market Sale	(70,000)	(0.04)	92,785,208	58.31
23	**Jamnalal Sons Pvt. Ltd.**				
	16 March 2018 - Market Purchase	128,960	0.08	92,914,168	58.39
24	**Shekhar Bajaj- A/C Bajaj Trading Co.**				
	16 March 2018 - Market Sale	(58,960)	(0.04)	92,855,208	58.35
	At the end of the year 31 March 2018			**92,855,208**	**58.35**

iv) Change in shareholding of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Jaya Hind Investments Pvt. Ltd.**				
	At the beginning of the year 1 April 2017	6,394,663	4.02		
	Date-wise increase/(decrease)				
	23-06-2017 - Sale	(75,000)	(0.05)	6,319,663	3.97
	14-07-2017 - Sale	(300,000)	(0.19)	6,019,663	3.78
	At the end of the year 31 March 2018			6,019,663	3.78
2	**Life Insurance Corporation of India**				
	At the beginning of the year 1 April 2017	3,173,565	1.99		
	Date-wise increase/(decrease)				
	03-11-2017 - Purchase	26,807	0.02	3,200,372	2.01
	10-11-2017 - Purchase	94,595	0.06	3,294,967	2.07
	17-11-2017 - Purchase	128,274	0.08	3,423,241	2.15
	24-11-2017 - Purchase	130,802	0.08	3,554,043	2.23
	01-12-2017 - Purchase	100,001	0.06	3,654,044	2.30
	08-12-2017 - Purchase	262,912	0.17	3,916,956	2.46
	15-12-2017 - Purchase	161,240	0.10	4,078,196	2.56
	22-12-2017 - Purchase	142,828	0.09	4,221,024	2.65
	29-12-2017 - Purchase	76,961	0.05	4,297,985	2.70
	At the end of the year 31 March 2018			4,297,985	2.70
3	**Maharashtra Scooters Ltd.**				
	At the beginning of the year and at the end of the year-No change for the year ended 31 March 2018	3,725,740	2.34	3,725,740	2.34
4	**ICICI Prudential Focused Bluechip Equity Fund**				
	At the beginning of the year 1 April 2017	4,050,885	2.55		
	Date-wise increase/(decrease)				
	07-04-2017 - Purchase	323	0.00	4,051,208	2.55
	07-04-2017 - Sale	(15,865)	(0.01)	4,035,343	2.54
	14-04-2017 - Purchase	46	0.00	4,035,389	2.54
	14-04-2017 - Sale	(61,708)	(0.04)	3,973,681	2.50
	21-04-2017 - Purchase	132	0.00	3,973,813	2.50
	21-04-2017 - Sale	(1,827)	(0.00)	3,971,986	2.50
	28-04-2017 - Purchase	85	0.00	3,972,071	2.50

iv) Change in shareholding of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	28-04-2017 - Sale	(17,772)	(0.01)	3,954,299	2.48
	05-05-2017 - Purchase	65,593	0.04	4,019,892	2.53
	05-05-2017 - Sale	(75,220)	(0.05)	3,944,672	2.48
	12-05-2017 - Purchase	66,892	0.04	4,011,564	2.52
	12-05-2017 - Sale	(99,289)	(0.06)	3,912,275	2.46
	19-05-2017 - Purchase	240	0.00	3,912,515	2.46
	19-05-2017 - Sale	(75,512)	(0.05)	3,837,003	2.41
	26-05-2017 - Sale	(152)	(0.00)	3,836,851	2.41
	02-06-2017 - Purchase	388	0.00	3,837,239	2.41
	02-06-2017 - Sale	(1)	(0.00)	3,837,238	2.41
	09-06-2017 - Purchase	52	0.00	3,837,290	2.41
	09-06-2017 - Sale	(36,957)	(0.02)	3,800,333	2.39
	16-06-2017 - Sale	(12,827)	(0.01)	3,787,506	2.38
	23-06-2017 - Purchase	36,043	0.02	3,823,549	2.40
	23-06-2017 - Sale	(72,719)	(0.05)	3,750,830	2.36
	30-06-2017 - Purchase	91	0.00	3,750,921	2.36
	30-06-2017 - Sale	(34,457)	(0.02)	3,716,464	2.34
	07-07-2017 - Purchase	87,300	0.05	3,803,764	2.39
	07-07-2017 - Sale	(191,069)	(0.12)	3,612,695	2.27
	14-07-2017 - Purchase	182	0.00	3,612,877	2.27
	14-07-2017 - Sale	(314,486)	(0.20)	3,298,391	2.07
	21-07-2017 - Purchase	44	0.00	3,298,435	2.07
	21-07-2017 - Sale	(131,205)	(0.08)	3,167,230	1.99
	28-07-2017 - Purchase	181	0.00	3,167,411	1.99
	28-07-2017 - Sale	(111,139)	(0.07)	3,056,272	1.92
	04-08-2017 - Purchase	83	0.00	3,056,355	1.92
	04-08-2017 - Sale	(209,339)	(0.13)	2,847,016	1.79
	11-08-2017 - Purchase	137	0.00	2,847,153	1.79
	11-08-2017 - Sale	(24,838)	(0.02)	2,822,315	1.77
	18-08-2017 - Purchase	137	0.00	2,822,452	1.77
	18-08-2017 - Sale	(15,458)	(0.01)	2,806,994	1.76
	25-08-2017 - Purchase	156	0.00	2,807,150	1.76
	25-08-2017 - Sale	(60,730)	(0.04)	2,746,420	1.73
	01-09-2017 - Purchase	267	0.00	2,746,687	1.73
	01-09-2017 - Sale	(78,859)	(0.05)	2,667,828	1.68
	08-09-2017 - Purchase	128	0.00	2,667,956	1.68
	08-09-2017 - Sale	(200,000)	(0.13)	2,467,956	1.55
	15-09-2017 - Purchase	281	0.00	2,468,237	1.55
	15-09-2017 - Sale	(42,685)	(0.03)	2,425,552	1.52
	22-09-2017 - Purchase	250	0.00	2,425,802	1.52

iv) Change in shareholding of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	22-09-2017 - Sale	(50,307)	(0.03)	2,375,495	1.49
	29-09-2017 - Purchase	288	0.00	2,375,783	1.49
	29-09-2017 - Sale	(6,865)	(0.00)	2,368,918	1.49
	06-10-2017 - Purchase	720	0.00	2,369,638	1.49
	06-10-2017 - Sale	(73,454)	(0.05)	2,296,184	1.44
	13-10-2017 - Purchase	455	0.00	2,296,639	1.44
	13-10-2017 - Sale	(184,848)	(0.12)	2,111,791	1.33
	20-10-2017 - Purchase	63	0.00	2,111,854	1.33
	27-10-2017 - Purchase	36	0.00	2,111,890	1.33
	31-10-2017 - Purchase	16	0.00	2,111,906	1.33
	31-10-2017 - Sale	(51,522)	(0.03)	2,060,384	1.29
	03-11-2017 - Purchase	41	0.00	2,060,425	1.29
	10-11-2017 - Purchase	178	0.00	2,060,603	1.29
	17-11-2017 - Purchase	230	0.00	2,060,833	1.30
	24-11-2017 - Purchase	349	0.00	2,061,182	1.30
	01-12-2017 - Purchase	315	0.00	2,061,497	1.30
	08-12-2017 - Purchase	654	0.00	2,062,151	1.30
	08-12-2017 - Sale	(13,484)	(0.01)	2,048,667	1.29
	15-12-2017 - Purchase	224	0.00	2,048,891	1.29
	22-12-2017 - Purchase	297	0.00	2,049,188	1.29
	29-12-2017 - Purchase	599	0.00	2,049,787	1.29
	29-12-2017 - Sale	(29,000)	(0.02)	2,020,787	1.27
	05-01-2018 - Purchase	128	0.00	2,020,915	1.27
	05-01-2018 - Sale	(37,527)	(0.02)	1,983,388	1.25
	12-01-2018 - Purchase	71,081	0.04	2,054,469	1.29
	12-01-2018 - Sale	(69,711)	(0.04)	1,984,758	1.25
	19-01-2018 - Purchase	137	0.00	1,984,895	1.25
	26-01-2018 - Purchase	343	0.00	1,985,238	1.25
	02-02-2018 - Purchase	103,079	0.06	2,088,317	1.31
	02-02-2018 - Sale	(191,375)	(0.12)	1,896,942	1.19
	09-02-2018 - Purchase	156,270	0.10	2,053,212	1.29
	16-02-2018 - Purchase	40	0.00	2,053,252	1.29
	23-02-2018 - Purchase	12,276	0.01	2,065,528	1.30
	02-03-2018 - Purchase	382	0.00	2,065,910	1.30
	02-03-2018 - Sale	(6,729)	(0.00)	2,059,181	1.29
	09-03-2018 - Purchase	10,656	0.01	2,069,837	1.30
	09-03-2018 - Sale	(6,532)	(0.00)	2,063,305	1.30
	16-03-2018 - Purchase	44,544	0.03	2,107,849	1.32
	16-03-2018 - Sale	(51,153)	(0.03)	2,056,696	1.29
	23-03-2018 - Purchase	195	0.00	2,056,891	1.29

iv) Change in shareholding of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	30-03-2018 - Purchase	24,888	0.02	2,081,779	1.31
	30-03-2018 - Sale	(1,750)	(0.00)	2,080,029	1.31
	At the end of the year 31 March 2018			2,080,029	1.31
5	**Niraj Bajaj (Trustee of Yamuna Trust, Bajaj Group Trust)**				
	At the beginning of the year and at the end of the year-No change for the year ended 31 March 2018	1,829,958	1.15	1,829,958	1.15
6	**Niraj Bajaj (Trustee of Narmada Trust, Bajaj Group Trust)**				
	At the beginning of the year and at the end of the year-No change for the year ended 31 March 2018	1,092,075	0.69	1,092,075	0.69
7	**Abhay Firodia**				
	At the beginning of the year 1 April 2017	1,092,184	0.69		
	Date-wise increase/(decrease)				
	14-07-2017 - Sale	(50,000)	(0.03)	1,042,184	0.65
	At the end of the year 31 March 2018			1,042,184	0.65
8	**SBI Blue Chip Fund**				
	At the beginning of the year 1 April 2017	121	0.00		
	Date-wise increase/(decrease)				
	07-04-2017 - Purchase	16	0.00	137	0.00
	28-04-2017 - Purchase	1	0.00	138	0.00
	05-05-2017 - Purchase	36	0.00	174	0.00
	12-05-2017 - Purchase	467	0.00	641	0.00
	19-05-2017 - Purchase	60,618	0.04	61,259	0.04
	26-05-2017 - Purchase	38,833	0.02	100,092	0.06
	02-06-2017 - Purchase	70,164	0.04	170,256	0.11
	09-06-2017 - Purchase	31,306	0.02	201,562	0.13
	16-06-2017 - Purchase	20,000	0.01	221,562	0.14
	23-06-2017 - Purchase	49,519	0.03	271,081	0.17
	07-07-2017 - Purchase	1	0.00	271,082	0.17
	21-07-2017 - Purchase	324,342	0.20	595,424	0.37
	04-08-2017 - Purchase	1	0.00	595,425	0.37
	18-08-2017 - Purchase	2	0.00	595,427	0.37

iv) Change in shareholding of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	25-08-2017 - Purchase	38	0.00	595,465	0.37
	01-09-2017 - Purchase	9,138	0.01	604,603	0.38
	08-09-2017 - Purchase	240	0.00	604,843	0.38
	22-09-2017 - Sale	(1)	(0.00)	604,842	0.38
	29-09-2017 - Sale	(1,624)	(0.00)	603,218	0.38
	06-10-2017 - Purchase	27	0.00	603,245	0.38
	13-10-2017 - Purchase	3	0.00	603,248	0.38
	27-10-2017 - Sale	(1)	(0.00)	603,247	0.38
	31-10-2017 - Sale	(2)	(0.00)	603,245	0.38
	03-11-2017 - Purchase	387	0.00	603,632	0.38
	03-11-2017 - Sale	(3,000)	(0.00)	600,632	0.38
	10-11-2017 - Sale	(14)	(0.00)	600,618	0.38
	17-11-2017 - Purchase	26	0.00	600,644	0.38
	01-12-2017 - Purchase	102	0.00	600,746	0.38
	15-12-2017 - Purchase	25	0.00	600,771	0.38
	29-12-2017 - Sale	(13)	(0.00)	600,758	0.38
	19-01-2018 - Sale	(3)	(0.00)	600,755	0.38
	02-02-2018 - Purchase	48	0.00	600,803	0.38
	09-02-2018 - Purchase	51,585	0.03	652,388	0.41
	16-02-2018 - Purchase	6,642	0.00	659,030	0.41
	23-02-2018 - Purchase	41,798	0.03	700,828	0.44
	02-03-2018 - Purchase	250	0.00	701,078	0.44
	09-03-2018 - Purchase	22	0.00	701,100	0.44
	At the end of the year 31 March 2018			701,100	0.44
9	**Vanguard Emerging Markets Stock Index Fund**				
	At the beginning of the year 1 April 2017	666,575	0.42		
	Date-wise increase/(decrease)				
	07-04-2017 - Purchase	7,412	0.00	673,987	0.42
	28-04-2017 - Purchase	680	0.00	674,667	0.42
	05-05-2017 - Purchase	5,440	0.00	680,107	0.43
	12-05-2017 - Purchase	1,700	0.00	681,807	0.43
	19-05-2017 - Purchase	3,672	0.00	685,479	0.43
	02-06-2017 - Purchase	1,496	0.00	686,975	0.43
	07-07-2017 - Purchase	2,380	0.00	689,355	0.43
	14-07-2017 - Purchase	1,700	0.00	691,055	0.43
	04-08-2017 - Purchase	1,496	0.00	692,551	0.44
	11-08-2017 - Purchase	1,972	0.00	694,523	0.44

iv) Change in shareholding of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	01-09-2017 - Purchase	2,448	0.00	696,971	0.44
	08-09-2017 - Purchase	3,468	0.00	700,439	0.44
	15-09-2017 - Purchase	3,128	0.00	703,567	0.44
	06-10-2017 - Purchase	2,040	0.00	705,607	0.44
	13-10-2017 - Purchase	2,108	0.00	707,715	0.44
	20-10-2017 - Purchase	1,564	0.00	709,279	0.45
	27-10-2017 - Purchase	1,428	0.00	710,707	0.45
	22-12-2017 - Sale	(23,759)	(0.01)	686,948	0.43
	26-01-2018 - Purchase	2,632	0.00	689,580	0.43
	02-02-2018 - Purchase	2,352	0.00	691,932	0.43
	23-03-2018 - Purchase	691,932	0.43	1,383,864	0.87
	23-03-2018 - Sale	(691,932)	(0.43)	691,932	0.43
	30-03-2018 - Sale	(2,700)	(0.00)	689,232	0.43
	At the end of the year 31 March 2018			689,232	0.43
10	**Government of Singapore**				
	At the beginning of the year 1 April 2017	615,885	0.39		
	Date-wise increase/(decrease)				
	07-04-2017 - Sale	(1,134)	(0.00)	614,751	0.39
	14-04-2017 - Sale	(404)	(0.00)	614,347	0.39
	21-04-2017 - Sale	(403)	(0.00)	613,944	0.39
	28-04-2017 - Sale	(178)	(0.00)	613,766	0.39
	05-05-2017 - Sale	(9,515)	(0.01)	604,251	0.38
	12-05-2017 - Purchase	1,257	0.00	605,508	0.38
	26-05-2017 - Sale	(471)	(0.00)	605,037	0.38
	02-06-2017 - Purchase	29,183	0.02	634,220	0.40
	09-06-2017 - Purchase	1,855	0.00	636,075	0.40
	23-06-2017 - Sale	(421)	(0.00)	635,654	0.40
	07-07-2017 - Purchase	83,235	0.05	718,889	0.45
	14-07-2017 - Purchase	19,434	0.01	738,323	0.46
	21-07-2017 - Purchase	25,167	0.02	763,490	0.48
	04-08-2017 - Sale	(1,233)	(0.00)	762,257	0.48
	18-08-2017 - Sale	(26,614)	(0.02)	735,643	0.46
	25-08-2017 - Sale	(21,443)	(0.01)	714,200	0.45
	01-09-2017 - Sale	(10,965)	(0.01)	703,235	0.44
	08-09-2017 - Sale	(23,097)	(0.01)	680,138	0.43
	15-09-2017 - Purchase	29	0.00	680,167	0.43
	15-09-2017 - Sale	(4,700)	(0.00)	675,467	0.42
	29-09-2017 - Sale	(37)	(0.00)	675,430	0.42

iv) Change in shareholding of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	06-10-2017 - Purchase	30,702	0.02	706,132	0.44
	20-10-2017 - Purchase	1,275	0.00	707,407	0.44
	03-11-2017 - Purchase	4,624	0.00	712,031	0.45
	10-11-2017 - Purchase	17	0.00	712,048	0.45
	17-11-2017 - Sale	(295)	(0.00)	711,753	0.45
	01-12-2017 - Sale	(16,834)	(0.01)	694,919	0.44
	08-12-2017 - Sale	(37,069)	(0.02)	657,850	0.41
	05-01-2018 - Purchase	13,548	0.01	671,398	0.42
	12-01-2018 - Sale	(1,249)	(0.00)	670,149	0.42
	19-01-2018 - Purchase	11,063	0.01	681,212	0.43
	26-01-2018 - Purchase	6,993	0.00	688,205	0.43
	02-02-2018 - Purchase	2,841	0.00	691,046	0.43
	09-02-2018 - Sale	(1,051)	(0.00)	689,995	0.43
	16-02-2018 - Sale	(2,100)	(0.00)	687,895	0.43
	23-02-2018 - Sale	(2,263)	(0.00)	685,632	0.43
	02-03-2018 - Sale	(13,507)	(0.01)	672,125	0.42
	09-03-2018 - Sale	(40,211)	(0.03)	631,914	0.40
	30-03-2018 - Purchase	4,225	0.00	636,139	0.40
	At the end of the year 31 March 2018			636,139	0.40

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of directors/ key managerial personnel (KMP)	Shareholding at the beginning of the year (1 April 2017)		Cumulative shareholding during the year ended (31 March 2018)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Rahulkumar Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2018	1,662,685	1.04	1,662,685	1.04
2	**Sanjivnayan Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2018	465,024	0.29	465,024	0.29
3	**Madhur Bajaj**				
	At the beginning of the year 1 April 2017	1,010,193	0.63		
	29-12-2017 Purchase			441,500	0.28
	12-01-2018 Sale			(363,300)	(0.23)
	At the end of the year 31 March 2018			1,088,393	0.68
4	**Rajivnayan Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2018	3,450	0.00	3,450	0.00
5	**S Sreenivasan (CFO)**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2018	1,650	0.00	1,650	0.00

Notes: (1) Shareholding of other Directors-Nil
(2) Sonal R Tiwari (Company Secretary) does not hold any shares in the Company.

V. Indebtedness

As on 31 March 2018, indebtedness of the Company including interest outstanding/accrued, but not due for payment is ₹ Nil.

VI. Remuneration of directors and key managerial personnel during the financial year 2017-18

A. Remuneration to managing director(MD), whole-time directors (WTD) and/or Manager

(in ₹)

Sr. No.	Particulars of remuneration	Sanjiv Bajaj (MD & CEO)	Total amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12,141,000	12,141,000
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	1,590,600	1,590,600
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–
2	Stock Options	–	–
3	Sweat Equity	–	–
4	Commission	–	–
	-as % of profit	–	–
	-others (thrice the annual basic salary)	34,020,000	34,020,000
5	Others - Contribution to Provident Fund, etc.	2,474,287	2,474,287
	TOTAL (A)	**50,225,887**	**50,225,887**
	Ceiling as per the Act		**86,100,000**

Notes: Salary and perquisites include all elements of remuneration, i.e., salary, allowances and benefits. No bonus, pension and performance linked incentive is paid to any of the directors. The Company has not issued any stock options to any of the directors.

The term of Managing Director & CEO does not exceed five years.

Appointment of Managing Director & CEO is governed by a service contract for a period of five years and notice period is of ninety days and is in compliance with the applicable provisions of the Companies Act, 2013.

B. Remuneration to other directors

1. Independent Directors

(In ₹)

Particulars of remuneration	D J Balaji Rao	Nanoo Pamnani	Late Naresh Chandra	Dr. Gita Piramal	Dr. Naushad Forbes	Total
i. Fee for attending Board/ Committee Meetings	550,000	700,000	150,000	550,000	250,000	2,200,000
ii. Commission	550,000	700,000	150,000	550,000	250,000	2,200,000
iii. Others	–	–	–	–	–	–
TOTAL (B)(1)	**1,100,000**	**1,400,000**	**300,000**	**1,100,000**	**500,000**	**4,400,000**

2. Non-independent Non-executive Directors

(In ₹)

Particulars of remuneration	Rahul Bajaj	Madhur Bajaj	Rajiv Bajaj	Total
i. Fee for attending Board/Committee Meetings	450,000	300,000	200,000	950,000
ii. Commission	450,000	300,000	200,000	950,000
iii. Others	–	–	–	–
TOTAL (B)(2)	**900,000**	**600,000**	**400,000**	**1,900,000**
TOTAL (B)(1) + (B)(2)				**6,300,000**
Total Managerial Remuneration (A+B)				**56,525,887**
Overall ceiling as per the Act				**103,300,000**

Note: Overall ceiling as per Act is not applicable to sitting fees paid to non-executive directors.

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

(In ₹)

		Key managerial personnel		
		Company Secretary	Chief Financial Officer	
Sr. No.	Particulars of remuneration	Sonal R Tiwari	S Sreenivasan	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3,468,851	35,443,458	38,912,309
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	50,004	89,604	139,608
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–
2	Stock Options	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	-as % of profit	–	–	–
	others	–	–	–
5	Others-Contribution to Provident Fund, etc.	269,992	1,730,826	2,000,818
	Total	**3,788,847**	**37,263,888**	**41,052,735**

VII. Penalties/punishment/compounding of offences:

During the year 2017-18, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Annexure to Directors' Report

Remuneration Details under Rule 5(1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (as amended) for the year ended 31 March 2018

Name of Director/KMP	Ratio of Remuneration of director to Median Remuneration of employees	% increase in the financial year
(A) Whole-time director/Managerial Personnel		
Sanjiv Bajaj-Managing Director & CEO	19.39	4.99
(B) Non-Executive directors[1]		
Rahul Bajaj	0.17	50.00
Madhur Bajaj	0.12	0.00
Rajiv Bajaj	0.08	(33.33)
Nanoo Pamnani	0.27	(6.67)
Naresh Chandra[3]	0.06	(75.00)
D J Balaji Rao	0.21	22.22
Dr. Gita Piramal	0.21	83.33
Dr. Naushad Forbes[4]	0.10	0.00
(C) Key Managerial Personnel		
Sanjiv Bajaj, Managing Director & CEO		4.99
S Sreenivasan, CFO		63.52
Sonal R Tiwari, Company Secretary		18.27
(D) Remuneration of Median Employee (other than whole-time director)		3.26
(E) Permanent employees as on 31 March 2018[2]: 24		

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

2 'Permanent employees' does not include trainees, probationers and contract employees.
3 Naresh Chandra expired on 9 July 2017 and hence figures in his case are not comparable.
4 Dr. Naushad Forbes was appointed with effect from 13 September 2017. Figures in his case are therefore not comparable.

Notes on Disclosures under Rule 5

A In 2017-18, the remuneration of median employee other than Whole-time Director increased by 3.26% over the previous year.

B Increase in the remuneration of Managerial Person, which was 4.99% during the year under review, was given keeping in view the trends of remuneration in industry.

C The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial Audit Report (Form MR-3)

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

For the financial year ended 31 March 2018.

To The Members,
Bajaj Finserv Ltd.
(CIN: L65923PN2007PLC130075)
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2018, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2018, 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;

(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, 2009;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the 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 Non-Deposit taking NBFC/Core Investment Company which are specifically applicable to the Company.

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

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, regulations, directions, guidelines, standards, etc. mentioned above except that the Company made allotment on 16 October 2017 of 3,317 equity shares on 'right basis', out of the shares kept in abeyance earlier. Pursuant to regulation 108 of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company was required to file application for listing these shares on BSE and NSE within 20 days of allotment. The Company filed application with delay of 10 days and 9 days with BSE and NSE respectively.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including one woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

I further report that the Company allotted 3,317 equity shares on 'right basis', out of the shares kept in abeyance earlier and complied with the Act and Rules formed thereunder, during the reporting period.

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

Pune: 17 May 2018

Shyamprasad D Limaye
FCS No. 1587 C P No. 572

Independent Auditor's Report on compliance with the conditions of Corporate Governance

[As per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To The Members,
Bajaj Finserv Ltd.
(CIN: L65923PN2007PLC130075)
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035

1. The Corporate Governance Report prepared by Bajaj Finserv Ltd. (hereinafter the 'Company'), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations') ('Applicable criteria') with respect to Corporate Governance for the year ended 31 March 2018. This report is required by the Company to be annexed with the Directors' Report, in terms of Para E of Schedule V to the aforesaid Listing Regulations, for further being sent to the shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

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

7. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

    i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the reporting period;

iii. Obtained and read the Directors Register as on 31 March 2018 and verified that atleast one women director was on the Board during the year;

iv. Obtained and read the minutes of the following meetings held between 1 April 2017 to 31 March 2018;
   (a) Board of Directors meetings;
   (b) Audit Committee meetings;
   (c) Annual General meeting;
   (d) Nomination and Remuneration Committee meetings;
   (e) Risk Management Committee meetings; and
   (f) Stakeholders Relationship Committee meetings

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. Performed necessary inquiries with the Management and also obtained necessary specific representations from Management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31 March 2018, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report 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.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 17 May 2018

Declaration by Chief Executive Officer

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

I, Sanjiv Bajaj, Managing Director & CEO of Bajaj Finserv Ltd. hereby declare that all members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company for the year ended 31 March 2018.

Sanjiv Bajaj
Managing Director & CEO

Pune: 17 May 2018

Consolidated Financial Statements

Independent Auditors' Report on the Consolidated Financial Statements

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Bajaj Finserv Ltd. (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its jointly controlled entity, comprising of the consolidated Balance Sheet as at 31 March 2018, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entity in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its jointly controlled entity 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 have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

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, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 auditor's 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 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. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary and jointly controlled entity, 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 and its jointly controlled entity as at 31 March 2018, their consolidated profit, and their consolidated cash flows for the year ended on that date.

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

Other matters

(a) The consolidated financial statements of the Company for the year ended 31 March 2017, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on 17 May 2017.

(b) We did not audit the financial statements and other financial information, in respect of one subsidiary and one jointly controlled entity, whose financial statements include total assets of ₹ 16,954 crore and net assets of ₹ 4,477 crore as at 31 March 2018, total revenues of ₹ 7,201 crore and net cash inflows of ₹ 275 crore for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and the jointly controlled entity, and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled entity, is based solely on the reports of such other auditors.

(c) The auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2018 is the responsibility of the BALIC's Appointed Actuary. The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2018 has been duly certified by the BALIC's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. BALIC's auditors have relied upon Appointed Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in Financial Statements of BALIC.

(d) The auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that the actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) of BAGIC is the responsibility of the BAGIC's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2018 has been duly certified by the BAGIC's Appointed Actuary. The BAGIC's Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms, issued by IRDAI and the Institute of Actuaries of India in concurrence with the Authority. BAGIC's auditors have relied upon the BAGIC's Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of BAGIC.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary and jointly controlled entity as noted in the Other matters paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

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

(d) In our opinion, the aforesaid consolidated financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with 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 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies and jointly controlled entity incorporated in India, none of the directors of the Group's companies and its jointly controlled entity incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of section 164(2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and jointly controlled entity incorporated in India, refer to our separate report in Annexure 1 to this report;

(g) With respect to the other matters to be included in the Auditor's 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 of pending litigations on its consolidated financial position of the Group and its jointly controlled entity – Refer note 31 to the consolidated financial statements;

ii. The Group and its jointly controlled entity did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2018.

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 its subsidiaries and jointly controlled entity incorporated in India during the year ended 31 March 2018.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

Annexure 1 to Independent Auditors' Report

Annexure 1 referred to in paragraph (f) under the heading 'Report on other legal and regulatory requirements' of our report of even date on the consolidated financial statements of Bajaj Finserv Ltd.

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of Bajaj Finserv Ltd. as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Bajaj Finserv Ltd. (hereinafter referred to as the 'Holding Company') and its subsidiary companies and its jointly controlled entity, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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

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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A 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. A company's internal financial control over financial reporting includes those policies and procedures that

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

Annexure 1 to Independent Auditors' Report (Contd.)

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

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

Inherent limitations of internal financial controls over financial reporting

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

In our opinion, the Holding Company, its subsidiary companies and its jointly controlled entity, which are companies incorporated in India, have, maintained 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 2018, based on the internal control over financial reporting criteria established by the Holding 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.

Other matters

(a) The auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the BALIC's Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the 'IRDA Financial Statements Regulations'), and has been relied upon by them, as mentioned in 'Other matter' para of their audit report on the financial statements of BALIC as at and for the year ended 31 March 2018. Accordingly, the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the BALIC's Appointed Actuary and has been relied upon by them.

(b) The auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that the actuarial valuation for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), has been duly certified by the BAGIC's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'Authority') and the Institute of Actuaries of India in concurrence with the Authority and has been relied upon by them, as mentioned in 'Other matter' paragraph of their audit report on

Annexure 1 to Independent Auditors' Report (Contd.)

the financial statements of BAGIC as at and for the year ended 31 March 2018. Accordingly, their opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of internal controls over valuation and accuracy of aforesaid actuarial liabilities.

(c) Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to one subsidiary and one jointly controlled entity, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and jointly controlled entity incorporated in India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2018	2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	79.57	79.57
Reserves and surplus	6	20,639.05	15,736.50
Fair value change account		28.47	12.70
		20,747.09	**15,828.77**
Fund for future appropriations	7	435.52	321.56
Minority interest		11,047.02	7,200.83
Non-current liabilities			
Long-term borrowings	8	45,068.81	32,388.46
Deferred tax liabilities (net)		7.34	9.49
Policy liabilities		19,138.81	17,534.52
Linked liabilities		3,828.42	3,644.94
Discontinued fund liabilities		428.32	278.67
Other long-term liabilities	9	501.20	486.58
Long-term provisions	10	1,184.76	1,117.03
		70,157.66	**55,459.69**
Current liabilities			
Current maturities of long-term borrowings	8	7,792.83	6,996.16
Short-term borrowings	11	10,757.11	8,897.42
Trade payables	12		
Total outstanding dues of micro enterprises and small enterprises		2.56	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,129.44	7,450.60
Policy liabilities		1,805.87	1,614.39
Linked liabilities		16,454.29	16,754.73
Discontinued fund liabilities		66.64	159.90
Other current liabilities	13	4,635.64	3,686.62
Short-term provisions	10	5,094.47	4,252.30
		56,738.85	**49,812.30**
Total		**159,126.14**	**128,623.15**

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipment	14	929.63	869.66
Intangible assets	15	134.79	80.51
Capital work-in-progress		25.13	3.54
		1,089.55	953.71
Goodwill on consolidation of subsidiary		689.34	689.34
Non-current investments	16	10,369.31	9,402.96
Policyholders' investments		25,779.39	22,007.01
Assets held to cover linked liabilities		4,810.86	4,692.33
Deferred tax assets (net)		439.58	433.39
Long-term loans and advances	17	595.05	412.78
Receivables under financing activity	18	47,267.92	32,028.15
Other non-current assets	20	408.69	353.57
		91,449.69	**70,973.24**
Current assets			
Current investments	16	4,150.42	4,164.96
Policyholders' investments		7,221.30	6,251.21
Assets held to cover linked liabilities		15,966.79	16,145.88
Receivables under financing activity	18	34,332.18	25,654.78
Trade receivables	19	1,199.79	1,253.12
Cash and bank balances	21	1,687.78	1,498.67
Short-term loans and advances	17	500.55	683.10
Other current assets	20	2,617.64	1,998.19
		67,676.45	**57,649.91**
Total		**159,126.14**	**128,623.15**

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2018	2017
Revenue			
Revenue from operations	22	13,561.64	10,090.49
Premium from insurance business		13,546.34	11,059.15
Other operating income from insurance business		3,490.89	3,357.53
Other income	23	0.54	0.55
Total revenue		**30,599.41**	**24,507.72**
Expenses			
Employee benefits expense	24	1,491.98	1,000.73
Claims incurred pertaining to insurance business		12,144.05	9,676.11
Commission, operating and other expenses pertaining to insurance business		2,754.25	2,720.96
Finance costs	25	4,551.43	3,716.28
Loan losses and provisions	26	1,045.19	803.89
Depreciation and amortisation expense	27	103.43	72.63
Other expenses	28	2,198.91	1,592.59
Total expenses		**24,289.24**	**19,583.19**
Profit before tax		**6,310.17**	**4,924.53**
Tax expense			
Current tax		1,978.22	1,565.60
Share of current tax of joint venture		0.41	0.41
Deferred tax		(8.35)	(91.20)
Share of deferred tax of joint venture		0.01	0.01
Total tax expense		1,970.29	1,474.82
Profit after tax		**4,339.88**	**3,449.71**
Minority interest		1,598.44	1,187.79
Profit for the year		**2,741.44**	**2,261.92**
Basic and diluted Earnings per share (in ₹)	29	172.3	142.1
(Nominal value per share ₹ 5)			

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Nanoo Pamnani
Chairman – Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2018

1 (a) The consolidated financial statements include results of the following subsidiaries and joint ventures of Bajaj Finserv Ltd., consolidated in accordance with Accounting Standard 21 'Consolidated Financial Statements' and Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures'.

Name of the company	Country of incorporation	% Shareholding of Bajaj Finserv Ltd.	Consolidated as
Bajaj Allianz General Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Allianz Life Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Finance Ltd.*	India	54.99%	Subsidiary
Bajaj Finserv Direct Ltd. (Formerly Bajaj Financial Holdings Ltd.)	India	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.**	India	50%	Joint Venture

* The consolidated financial results of Bajaj Finance Ltd. include 100% interest in Bajaj Housing Finance Ltd. (alongwith later's wholly-owned subsidiary Bajaj Financial Securities Ltd.) as a subsidiary.

** The consolidated financial results of Bajaj Allianz Financial Distributors Ltd. include 100% interest in Bajaj Allianz Staffing Solutions Ltd.

(b) These financial statements have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, as amended and the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI/IRDA/NHB guidelines/regulations to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. The accounting policy adopted in preparation of financial statements are consistent with those followed in previous year.

2 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements to which these consolidated financial statements are attached.

3 No adjustments have been made to the financial statements of the two insurance subsidiaries on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of Bajaj Finserv Ltd. and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

4 Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent

A. Bajaj Allianz Life Insurance Company Ltd.

Significant accounting policies followed by the Company

Basis of preparation

The accompanying financial statements are prepared and presented under the historical cost convention, unless otherwise stated, and on the accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP). The Company has prepared the financial statements in compliance with the Accounting Standards ('AS') notified under the Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Amendment Rules, 2016 and in accordance with the provisions of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority Act, 1999, and the regulations framed thereunder, the Master Circular on Preparation of Financial Statements and Filing of Returns of

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Life Insurance Business Ref No. IRDA/F&A/Cir/232/12/2013 dated 11 December 2013 ('the Master Circular') and other circulars issued by the IRDAI from time to time and the practices prevailing within the insurance industry in India.

The accounting policies have been consistently applied by the Company. The Management evaluates all newly issued or revised accounting pronouncements on an ongoing basis to ensure due compliance.

Use of estimates

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

a) Revenue recognition

Premium income

In case of traditional business, premium is recognised as income when due from policyholders. For unit linked business, premium is recognised as income when the associated units are created.

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

Top up premiums paid by unit linked policyholders' are considered as single premium and recognised as income when the associated units are created.

Reinsurance premium ceded and commission thereon

Reinsurance premium ceded is accounted in accordance with the terms and conditions of the relevant treaties with the reinsurer.

Commission received on reinsurance ceded is recognised as income, and net off against commission paid, in the period in which reinsurance premium is ceded. Profit commission on reinsurance ceded is recognised as income, and net off against reinsurance premium, in the period in which reinsurance premium is ceded.

Income from investments

Interest income

Interest income is recognised on accrual basis.

Amortised income/cost

Premium or discount on acquisition, as may be the case, in respect of debt securities, pertaining to non-linked investments is amortised/accreted over the period of maturity/holding using the effective yield methodology.

Dividend

In case of listed equity and preference shares, dividend income is recognised on the 'ex-dividend' date. In case of unlisted equity and preference shares, dividend income is recognised when the right to receive dividend is established.

Income from securities lending and borrowing

Fee received on lending of equity shares under securities lending and borrowing scheme (SLB) is recognised as income over the period of lending on straight line basis.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Rent on investment property

Lease rental on investment property is recognised on accrual basis and does not include any notional rent as prescribed by IRDA (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002. Costs related to operating and maintenance of investment property are recognised as expense in the Profit and Loss or the Revenue Account, as relevant.

Profit/(loss) on sale of equity shares and mutual fund

Profit or loss on sale/redemption of equity shares/equity exchange traded funds (ETFs), preference shares and mutual fund units is the difference between the net sale consideration and the weighted average cost in the books of the Company.

Profit or loss on sale/redemption of such securities in other than linked investments is recognised on trade/ redemption date and includes effects of accumulated fair value changes, as applicable and previously recognised.

Realised gain/(loss) on debt securities for non-linked business

Profit or loss on sale/redemption of debt securities held under other than linked business is the difference between the net sale consideration and the amortised cost computed on weighted average basis as on the date of sale.

Realised gain/(loss) on debt securities for linked business

Profit or loss on sale/redemption on debt securities held for linked business is the difference between the net sale consideration and the weighted average cost as on the date of sale.

Unrealised gain/(loss) for linked business

Unrealised gains and losses for linked business are recognised in the Revenue Account of respective fund.

Income from loans

Interest income on loan is recognised on accrual basis.

Other income from unit linked policies

Income from unit linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, if any, are recovered from the unit linked funds in accordance with terms and conditions of policies issued and are recognised when due. These charges are shown on the face of the Fund Revenue Account though net off against unit fund reserves in the Policyholders' Revenue Account in line with the disclosure requirements prescribed by IRDAI in the Accounting Regulations.

Fees, charges and other income

Interest income on loans to policyholders is recognised as income on an accrual basis and disclosed under other income.

Interest on overdue premium is recognised as income on reinstatement of the policy.

b) Acquisition cost

Acquisition costs are costs that vary with and are primarily related to acquisition of new insurance contracts. Acquisition cost mainly consist of commission, medical costs, stamp duty and other related expenses. These costs are expensed out in the year in which they are incurred.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Additional first year commission is accrued in the year of sale of the policy, but due and payable after receipt of second year renewal premium. Claw back in future, if any, for the first year commission paid, is accounted for in the year in which it is recovered.

c) Benefits paid

Benefits paid comprise of policy benefits and claim settlement costs.

Death and rider claims are accounted for on receipt of intimation. Survival, maturity and annuity benefits are accounted when due as per the terms of the contract with the policyholder. Withdrawals and surrenders under non-linked policies are accounted on the receipt of intimation. Withdrawals and surrenders under unit linked policies are accounted when the associated units are cancelled. Surrender charges recovered, if any, are net off against the claim expense incurred.

Reinsurance recoveries are accounted for in the same period as the related claims and net off against the claim expense incurred. Repudiated claims disputed before judicial authorities are provided for based on the best judgment of the Management considering the facts and evidence in respect of each such claim.

d) Actuarial (Policy) liability

Actuarial liabilities are calculated in accordance with accepted actuarial practice, requirements of Insurance Act, 1938, regulations notified by the Insurance Regulatory and Development Authority of India and Actuarial Practice Standards of the Institute of Actuaries of India.

The Company provides for liabilities in respect of all 'in force' policies and 'lapsed policies' that are likely to be revived in future, based on actuarial valuation done by the Appointed Actuary as per gross premium method in accordance with accepted actuarial practices, requirements of IRDAI and the Institute of Actuaries of India.

Linked liabilities comprise unit liability representing the fund value of policies and non-unit liability for meeting insurance claims and expenses, etc. This is determined based on an actuarial valuation carried out by the Appointed Actuary.

e) Fund for future appropriations (FFA)

Funds for future appropriations includes the amount of unappropriated profits held in the Balance Sheet based on the recommendations of the Appointed Actuary. Transfers to and from the fund reflect the excess or deficit of income over expenses respectively and appropriations in each accounting period arising in the Company's Policyholders' Fund. Any allocation of bonus to the participating policyholders would also give rise to a transfer to Shareholders' Profit and Loss Account in the required proportion.

f) Investments

Investments are made and accounted for in accordance with the Insurance Act, 1938, as amended from time to time including the amendment brought by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority of India (Investments) Regulations, 2016 as amended from time to time, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and various other circulars/notifications issued by the IRDAI in this context from time to time.

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

Broken period interest paid/received is debited/credited to interest accrued but not due account.

Bonus and rights entitlements are recognised as investments on ex-date basis.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

i) Classification

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

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

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount, as may be the case, over the remaining period of maturity using the effective yield basis.

AT1 – Additional Tier 1 Basel III compliant perpetual bonds are valued at fair value as per the IRDAI Investment Master Circular of May 2017. AT1 bonds with a residual maturity of over 182 days are valued on a yield to maturity basis, by using spreads over the benchmark rate (based on the matrix released by the CRISIL on daily basis) to arrive at the yield for pricing the security.

AT1 – Additional Tier 1 Basel III compliant perpetual bonds with a residual maturity upto 182 days are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.

Money market instruments (including treasury bills, certificate of deposits, commercial papers and collateralised borrowing and lending obligation – CBLO) are valued at historical cost and adjusted for amortisation of premium or accretion of discount, as may be the case, over the period of maturity/holding on a straight line basis.

Listed equity shares are stated at fair value being the last quoted closing price on the National Stock Exchange of India (NSE). In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on Bombay Stock Exchange Ltd. (BSE). Unlisted equity shares are stated at historical cost.

Equity shares lent under the securities lending and borrowing scheme (SLB) continue to be recognised in the Balance Sheet as the Company retains all the associated risks and rewards of these securities. These securities are valued as stated above for equity shares.

Redeemable preference shares are considered as 'held to maturity' and accordingly valued at historical cost and is subject to amortisation of premium or accretion of discount.

Listed preference shares other than redeemable preference shares are valued at fair value, being the last quoted closing price on NSE at the Balance Sheet date. In case the preference shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE. If price is not available on Balance Sheet date, the quoted price on the earliest previous day is used for valuation.

In case of unlisted preference shares other than redeemable preference shares and listed preference (other than redeemable preference) shares that are not regularly traded in active markets and which are classified as 'thinly traded' as per the guidelines governing mutual funds for valuation of thinly traded securities laid down by Securities Exchange Board of India (SEBI) are valued at historical cost, subject to provision for diminution in the value, if any, of such investments determined separately for each individual investment.

Mutual fund units are stated at fair value being the net asset value per unit on the Balance Sheet date declared by respective mutual fund.

Unrealised gains/losses on changes in fair values of listed equity shares, mutual funds and AT1 – Additional Tier 1 Basel III compliant perpetual bonds are taken to the 'Fair value change account' in the Balance Sheet.

Investment in alternative investment funds and security receipts are valued at cost.

Investment in fixed deposits and reverse repos are valued at cost.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Loans are valued at cost.

Investment property is held to earn rental income or for capital appreciation and is not occupied by the Company. Investment property is initially valued at cost including any directly attributable transaction costs. Investment property is revalued at least once in every three years. The change in carrying amount of investment property is taken to 'Revaluation reserve' in the Balance Sheet.

The Company assesses at each Balance Sheet date whether there is any evidence of impairment of any investments. In case of impairment, the carrying value of such investment is reduced to its fair value and the impairment loss is recognised in the Revenue Account or Profit and Loss Account after adjusting it with previously recognised revaluation reserve/fair value change account. However, at the Balance Sheet date if there is any indication that a previously recognised impairment loss no longer exists, then such loss is reversed and the investment is restated to that extent.

iii) Valuation – linked business

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

Debt securities other than government securities with a residual maturity of over 182 days are valued on a yield to maturity basis, by using spreads over the benchmark rate (based on the matrix released by the CRISIL on daily basis) to arrive at the yield for pricing the security.

Debt securities with a residual maturity upto 182 days are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.

Listed equity shares are valued at fair value, being the last quoted closing price on the NSE. In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE.

Equity shares lent under securities lending and borrowing scheme (SLB) are valued as equity shares as the Company retains the risk and reward of the shares lent. The securities are valued as stated above for equity shares.

Listed preference shares are valued and stated at fair value, being the last quoted closing price on NSE at the Balance Sheet date. In case the preference shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE.

If preference shares are not traded either on the NSE or BSE on the Balance Sheet date, then the price at which the preference shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation.

Unrealised gains or losses arising on such valuations are accounted for in the Revenue Account.

Listed equity and preference shares that are not regularly traded in active markets and which are classified as 'thinly traded' as per the guidelines governing mutual funds for valuation of thinly traded securities laid down by SEBI, are valued at historical cost, subject to provision for diminution in the value, if any, of such investment determined separately for each individual investment.

Equity Exchange Traded Funds (ETFs) are valued as equity shares. In case the ETF is not traded either on NSE or BSE on any day, Net Asset Value (NAV) as published by the mutual fund is considered for valuation.

Money market instruments (including treasury bills, certificate of deposits, commercial papers and collateralised borrowing and lending obligation- CBLO) are valued at cost and adjusted for amortisation of premium or accretion of discount, as the case, over the period of maturity/holding on a straight line basis.

Investments in fixed deposit and reverse repos are valued at cost.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Mutual fund units are valued at the last available net asset value per unit declared for the respective fund.

Unrealised gains and losses are recognised in the Revenue Account as prescribed by IRDAI (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002.

Securities with call option are valued at the lower of the value as obtained by valuing the security up to final maturity date or the call option date. In case there are multiple call options, the security is valued at the lowest value obtained by valuing the security at various call dates or up to the final maturity date.

Securities with put option are valued at the higher of the value as obtained by valuing the security up to final maturity date or the put option date. In case there are multiple put options, the security is valued at the highest value obtained by valuing the security at various put dates or up to the final maturity date.

The securities with both put and call option on the same day would be deemed to mature on the put/call date and would be valued on a yield to maturity basis, by using spreads over the benchmark rate based on the matrix released by CRISIL.

iv) Provision for non-performing asset (NPA)

All asset where the interest and/or instalment of principal repayment remain overdue for more than 90 days at the Balance Sheet date are classified as NPA and provided in the manner required by the IRDAI regulations on this behalf.

v) Provision for standard asset

In accordance with the IRDAI guidelines on 'Prudential norms for income recognition, asset classification, provisioning and other related matter in respect of debt portfolio' vide the Master circular, adequate provisions are made for estimated loss arising on account from/under recovery of loans and advances relating to investments (other than loans granted against insurance policies issued by the insurer) outstanding at the Balance Sheet date in respect of standard asset.

vi) Transfer of investments

Transfer of investments from Shareholders' Account to the Policyholders' Account to meet the deficit in the Policyholders' Account is done at cost price or market price, whichever is lower.

No transfer of securities is done between non-linked Policyholders' funds.

Transfer of investments between unit linked funds is done at market price of the latest trade in case of equity, preference shares, ETF and government securities. In case the trade has not taken place on the day of transfer and for all other securities, previous day valuation price is considered.

g) Loans

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

h) Property, plant and equipment, intangibles, depreciation and impairment

i) Tangible assets and depreciation

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment loss, if any. Cost includes the purchase price net of trade discounts and rebates, if any, and any cost directly attributable to bringing the asset to its working condition for its intended use and other incidental expenses incurred upto that date.

Subsequent expenditure incurred on tangible assets is expensed out except where such expenditure results in an increase in future benefits from the existing assets beyond its previously assessed standard of performance.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

In respect of liabilities incurred in acquisition of fixed assets in foreign exchange, the net gain or loss arising on conversion/settlement is charged to Revenue Account or Profit and Loss Account.

Asset costing upto ₹ 5,000 are charged off as revenue expenses.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Revenue Account or Profit and Loss Account when the asset is derecognised.

The estimated useful life of assets determined is as follows:

Asset class	Useful life (in years)
Leasehold improvement	Over the balance period of lease
Buildings	60
Electrical fittings	10
Furniture and fittings	10
Information technology equipment	3
Server and networks	6
Air conditioner	5
Vehicles (in common use)	8
Vehicles (in use by specified employees)	4
Office equipment	5
Mobile Phones/tablets	2

Depreciation is charged using straight line method (SLM) on pro rata basis from the month in which the assets is ready to use and incase of assets sold, upto the previous month of sale, based on estimated useful life for each class of asset.

As per Company policy, mobile phone/tablet is transferred to employee on completion of two years or written down value (WDV) in case of separation of employee before two years. Accordingly, the Company has depreciated the mobile phones/tablets over two years.

ii) Intangibles

Intangible assets comprising software are stated at cost less amortisation. Significant expenditure on improvements to software are capitalised when it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably. Subsequent expenditures are amortised over the remaining useful life of original software. Software expenses are amortised on straight line basis over a period of three years from the date of being ready to use.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Revenue Account when the asset is derecognised.

iii) Capital work in progress

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date and the cost of fixed assets not ready for its intended use before such date are disclosed under capital work-in-progress.

iv) Impairment of assets

At each Balance Sheet date, Management assesses whether there is any indication, based on internal/external factors, that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

An assessment is made at the Balance Sheet date to see if there is an indication that a previously assessed impairment loss no longer exists or may have decreased. If such indication exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to maximum of depreciable historical cost.

After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

i) Taxation

i. Direct taxes

The Income-tax Act, 1961 prescribes that profits and gains of life insurance companies will be the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938.

Income tax expense comprises of:

Current tax – which is the amount of tax for the year determined in accordance with the Income-tax Act, 1961 after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961.

Deferred tax – this could be a charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year. Deferred tax asset and liabilities are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax asset in respect of unabsorbed depreciation or carried forward loss are recognised only if there is a virtual certainty of realisation of such assets. At each Balance Sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The Company allocates tax to the respective lines of businesses in the Revenue Account in order to ensure that the expenses pertaining to and identifiable with a particular line of business are represented as such to enable a more appropriate presentation of the financial statements.

ii. Indirect taxes

Service tax was replaced by Goods and Service Tax (GST) from 1 July 2017 during the financial year.

Service tax/GST liability on premium and charges are set-off against available service tax/GST credits from service tax/GST payments made for eligible input services respectively for Service tax and GST. The eligible unutilised credits of Service tax, to the extent permitted for set off under transitionary provisions were carried forward and set off against the GST liability after 1 July 2017. Unutilised GST credits, if any, are carried forward under 'Advances and other Assets' for adjustments/set-off in subsequent periods, after creating a provision based on estimated realisation of the unutilised credit. Such provisions are subsequently reversed only on reasonable certainty that the credits will be utilised in future periods.

j) Provisions and contingencies

The Company creates a provision when there is present legal obligation as a result of a past event/(s) that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate to settle

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

the obligation on the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

A contingent liability is a possible obligation that arises from past event(s) whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. It also includes a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Accordingly, the Company does not recognise a contingent liability but discloses the existence of a contingent liability 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.

Contingent assets are neither recognised nor disclosed.

k) Long-term contracts

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long-term contracts has been made in the financial statements. For insurance contracts, actuarial valuation of liabilities for policies in force is done by the Appointed Actuary of the Company. The assumptions used in valuation of liabilities for policies in force are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI.

B. Bajaj Allianz General Insurance Company Ltd.

Significant accounting policies followed by the Company

Basis of preparation

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles followed in India under the historical cost convention and accrual basis of accounting and comply with applicable Accounting Standards referred to in Companies Act, 2013 under section 133 read with rule 7 of the Companies (Accounts) Rules, 2014 (i.e. Companies (Accounting Standards) Rule, 2006, as amended from time to time) and in accordance with the statutory requirements of the Insurance Act, 1938 (amended by the Insurance laws (Amendment) Act, 2015), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') and orders and directions issued by the IRDAI in this behalf, the Companies Act, 2013 ('the Act') (to the extent applicable) and current practices prevailing in the insurance industry.

Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

a. Revenue recognition

i) Premium income

Premium (net of service tax or goods and service tax as applicable), including reinstatement premium on direct business and reinsurance accepted, is recognised as income at the commencement of risk over the contract

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

period or the period of risk, whichever is appropriate, on a gross basis and for installment cases, it is recognised on installment due dates. Any subsequent revisions to premium are recognised in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

ii) Interest/dividend income

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

iii) Premium/discount on purchase of investments

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

iv) Profit/loss on sale of securities

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

v) Commission on reinsurance ceded

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

b. Reinsurance ceded

Reinsurance premium in respect of proportional reinsurance is ceded at the commencement of the risk over the contract period or the period of risk. Non-proportional reinsurance premium is ceded when incurred and due. Any subsequent revisions to, refunds or cancellations of premiums are recognised in the year in which they occur.

c. Reinsurance accepted

Reinsurance inward acceptances are accounted for on the basis of reinsurance slips accepted from the reinsurers.

d. Acquisition costs

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

e. Premium received in advance

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

f. Reserve for unexpired risk

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of Marine Hull business and in case of other line of business based on net premium written on all unexpired policies at Balance Sheet date by applying 1/365th method on the unexpired period of respective policies.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

g. Premium deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. The Company considers maintenance costs as relevant direct costs incurred for ensuring claim handling operations. Further, as per IRDAI circular IRDA/F&A/CIR/FA/126/07/2013, dated 3 July 2013 (Corrigendum to Master Circular IRDA/F&I/CIR/F&A/231/10/2012, dated 5 October 2012), premium deficiency, if any, has been recognised at segmental Revenue Account level. In computing the premium deficiency in miscellaneous Revenue Account, the premium deficiency arising out of reinsurance acceptances from declined risk pool was not considered as per regulatory guidelines. The expected claim costs is calculated and duly certified by the Appointed Actuary.

h. Claims incurred

Claims are recognised as and when reported. Claims incurred comprises claims paid, change in the outstanding provision of claims and estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER). It also includes survey fees, legal expenses and other costs directly attributable to claims.

Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) are charged to the respective Revenue Account when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognised at the time of sale.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid against each claim, as anticipated and estimated by the Management in light of past experience and subsequently modified for changes, as appropriate.

Amounts received/receivable from the reinsurers and coinsurers, under the terms of the reinsurance and coinsurance arrangements respectively, are recognised together with the recognition of the claim.

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

Incurred But Not Reported (IBNR) reserve is a provision for all claims that have occurred prior to the end of the current accounting period but have not been reported to the Company. The IBNR reserve also includes provision for claims Incurred But Not Enough Reported (IBNER). The said liability is determined by Appointed Actuary based on actuarial principles. The actuarial estimate is derived in accordance with relevant IRDAI regulations and guidance note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

j. Income from investments and other income

Income earned from investments, gains or loss on sale of investments is allocated to Revenue Account and Profit and Loss Account on the basis of actual holding of the investments of the policyholders and shareholders as bifurcated according to the IRDAI Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated 4 April 2016 with effect from 1 October 2016. Till 30 September 2016, income earned from investments, gains or loss on sale of investments was allocated to Revenue Account and Profit and Loss Account on the basis of funds available from insurance operations and shareholders' funds. The income earned from investments, gains or loss on sale of investments and other income are further allocated to the lines of business in proportion of net premium.

k. Fixed assets and depreciation/amortisation

Tangible fixed assets and depreciation

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Depreciation on other assets is provided based on Management's assessment of useful life which is in accordance with the Useful life specified in Schedule II of the Companies Act, 2013, as follows:

Nature of assets	Useful life (in years) as per Management's assessment	Useful life (in years) as per Schedule II of the Companies Act, 2013
Information technology equipment		
End user devices, such as, desktops, laptops, etc.	3	3
Servers and networks	6	6
Vehicles**	8	8
Office equipment	5	5
Furniture and fixtures	10	10
Buildings	60	60
Air conditioner (part of office equipment)	5	5
Electrical fittings (part of furniture and fittings)*	10	10

*Electrical fittings installed at leased premises are depreciated over an estimated useful life of 3 years

** Useful file of vehicle allotted to the employees is considered 4 years as per Management estimation.

Leasehold improvements to leased properties are depreciated over the primary period of lease which is generally 3 years.

Intangible fixed assets and amortisation

Intangible fixed assets representing software are recorded at its acquisition price and are amortised over their estimated useful life on a straight line basis, commencing from the date the assets are available for use. The Management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the Management at each Balance Sheet date.

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

Capital work in progress and advances

Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses and advances paid for purchase of fixed assets.

Impairment of assets

(i) The carrying amounts of all assets are reviewed by the Company at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. In assessing value in use the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the Management.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life, if any.

I. Investments

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Classification:

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

The investments funds are segregated into Policyholders' and Shareholders' fund on security level basis in compliance with circular no IRDA/F&A/CIR/CPM/056/03/2016 dated – 4 April 2016. Subsequently, IRDAI issued circular IRDA/F&A/CIR/CPM/010/01/2017 dated – 12 January 2017 to 'bifurcate the Policyholders' and Shareholders' funds at the end of each quarter at the 'fund level' on 'notional basis'. Furthermore, the Company has communicated to regulators that it will continue to follow the same practice of segregating the investments into Policyholders' and Shareholders' funds at security level on quarterly basis in compliance with circular no IRDA/F&A/CIR/CPM/056/03/2016.

Valuation:

Debt securities and non-convertible preference shares

All debt securities including government securities and non-convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Account and Profit and Loss Account over the period of maturity/holding.

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

Equities (listed and actively traded)

Listed and actively traded securities are stated at the last quoted closing price on the National Stock Exchange of India Ltd. (NSE). In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE Ltd. Unrealised gains or losses are credited/debited to the Fair value change account.

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

Mutual fund units

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

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

Loans – investment

Loans given are stated at historical cost.

Fair value change account

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Impairment of investment

The Company assesses at each Balance Sheet date whether any impairment has occurred in respect of investment in equity and mutual fund. The impairment loss, if any, is recognised in the Profit and Loss Account and the carrying value of such investment is reduced to its recoverable value.

If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed to Profit and Loss Account and the investment is reinstated to that extent.

m. Contributions to Terrorism and Third Party Insurance Pools

i) Terrorism Pool

In accordance with the requirements of IRDAI, the Company, together with other insurance companies, participated in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ('TAC') are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of ₹ 15.50 billion (previous year ₹ 15.50 billion) per location/compound.

In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool is recorded in accordance with the latest statement received from GIC which is generally one quarter in lag.

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

ii) Motor Third Party Obligation (MTP)

IRDAI issued a circular towards 'Obligation of insurer in respect of Motor Third Party Insurance Business, Regulations, 2015' w.e.f. from 1 April 2015. Every insurer, for the purpose of section 32D of the Insurance Act, 1938, during a financial year, shall underwrite such minimum percentage of the 90% of the overall motor third party insurance business premium of the industry for the immediate preceding financial year. Every insurer shall submit the financial returns to the IRDAI for every quarter of the financial year within forty five days from the end of the quarter.

n. Contributions to Solatium funds

The Company provides for contribution to Solatium fund at 0.10% of total Third Party Premium of direct business as per requirements of IRDAI circular.

o. Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences for earlier years. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward business losses, deferred tax assets

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against sufficient future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax asset (net of the deferred tax liability) is disclosed on the face of the Balance Sheet. The break-up of deferred tax assets and deferred tax liabilities into major components of the respective balances has been disclosed in the notes.

p. Service tax/goods and service tax (GST)

Effective 1 July 2017, applicability of Service Tax has been replaced by Goods and Service Tax (GST). Service tax/ GST collected is considered as a liability against which service tax/GST paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilised Service Tax credits if any outstanding on 30 June 2017 were eligible to be carried forward and utilised against future GST liability within specified time. Unutilised GST credits, if any, are carried forward under 'Others – Unutilised GST carried forward' and disclosed for adjustments in subsequent periods and GST liability to be remitted to the appropriate authority is disclosed under 'Others- GST payable'. Service tax/GST paid for eligible input services not recoverable by way of credits is recognised in the Revenue Account as expenses under a separate line item.

q. Provisions, contingent liabilities and contingent assets

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

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.

Contingent assets are neither recognised nor disclosed in the financial statements.

C. Bajaj Finance Ltd.

Significant accounting policies followed by the Company

a. Property, plant and equipment and depreciation thereof

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Cost includes purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gain or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

Depreciation on property, plant and equipment

Depreciation is provided on a pro rata basis for all property, plant and equipment on straight line method over the useful life of assets, except buildings which is determined on written down value method.

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

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.

Assets having unit value upto ₹ 5,000 is charged off fully in the year of purchase of assets.

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.

Property, plant and equipment 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

Intangible Assets and Amortisation thereof

Costs relating to acquisition and development of computer software are capitalised in accordance with the Accounting Standard 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life.

b. Revenue recognition

(i) Revenue from operations

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, penal, dishonour, foreclosure charges etc., where income is recognised on realisation basis.

(ii) Income from investment

Dividend income is recognised when the Company's right to receive dividend is established by the Balance Sheet date.

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

Profit/loss earned on sale of investments is recognised on settlement date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

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

(iii) Income from assignment

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

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 master directions/ NHB directions.

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

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

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

(v) Other Income

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

c. Receivables under financing activity and provisioning/write-off of assets

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

The provisioning/write-off on overdue assets is as per the Management estimates, subject to the minimum provision required as per the NBFC Master Directions/NHB directions.

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 'Long-term provisions' in the financial statements. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the NBFC Master Directions.

Contingent provision against standard asset, as required by the NBFC Master Directions/NHB directions, is also made by the Company on the standard assets outstanding which is disclosed under 'Provisions' in notes to the financial statements.

d. Borrowing costs

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

e. 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 Company use intrinsic value method to account for the compensation cost of stock options to employees of 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.

D. Bajaj Allianz Financial Distributors Ltd.

Background

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

D. Bajaj Allianz Financial Distributors Ltd. (Contd.)

Bajaj Allianz Staffing Solutions Ltd. is a wholly subsidiary of Bajaj Allianz Financial Distributors Ltd., incorporated on 16 March 2015 with an objective to engage in the business of providing manpower and recruitment support services.

Significant accounting policies followed by the Company

Accounting assumptions

The financial statements are prepared under the historical cost convention, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting Standards as specified under section 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2014 The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

Use of estimates

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

a) Revenue recognition

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

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

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

b) Investments

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

Transfer of current investment to non-current Investment, valuation has been done at the lower of cost and fair value at the date of transfer.

c) Provisions and contingent liabilities

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

Contingent liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

5 Share capital

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised:		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
Issued, subscribed and fully paid-up shares:		
159,135,097 (31 March 2017: 159,131,780) equity shares of ₹ 5 each	79.57	79.57
	79.57	79.57

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

Particulars	As at 31 March 2018 Nos.	2018 ₹ In Crore	As at 31 March 2017 Nos.	2017 ₹ In Crore
Equity shares				
At the beginning of the year	159,131,780	79.57	159,131,453	79.56
Equity shares earlier held in abeyance, issued during the year [See note 5 d.]	3,317		327	0.01
Outstanding at the end of the year	159,135,097	79.57	159,131,780	79.57

b. Terms/rights attached to equity shares

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

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

	As at 31 March 2018		As at 31 March 2017	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,239,784	9.58%	15,110,824	9.50%

d. Shares reserved for issue at a subsequent date

16,764 (20,081) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

The Company received ₹ 16,585 (₹ 1,635) from the shares issued out of the shares held in abeyance.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

6 Reserves and surplus

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Securities premium account		
Balance as at the beginning of the year	2,599.63	2,599.62
Add/(Less): Adjustment because of change in shareholding in subsidiary	(105.92)	17.49
Add/(Less): Received during the year	2,521.90	(16.93)
Add/(Less): Share issue expenses	(29.26)	(0.55)
Balance as at the end of the year	4,986.35	2,599.63
Revaluation reserve		
Balance as at the beginning of the year	12.03	6.30
Add: Addition during the year	11.64	5.73
Balance as at the end of the year	23.67	12.03
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	711.72	494.23
Add/(Less): Adjustment because of change in shareholding in subsidiary	(36.32)	4.80
Add: Transferred from surplus in Statement of Profit and Loss	291.44	212.69
Balance as at the end of the year	966.84	711.72
Reserve Fund in terms of Section 29C of the National Housing Bank Act, 1987		
Balance as at the beginning of the year	0.03	0.01
Add: Transferred from surplus in Statement of Profit and Loss	2.45	0.02
Balance as at the end of the year	2.48	0.03
Infrastructure reserve in terms of Section 36 (1) (viii) of the Income-tax Act, 1961		
Balance as at the beginning of the year	5.34	3.29
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.26)	0.03
Add: Transferred from surplus in Statement of Profit and Loss	-	2.02
Balance as at the end of the year	5.08	5.34
General reserve		
Balance as at the beginning of the year	2,074.08	1,831.56
Add/(Less): Adjustment because of change in shareholding in subsidiary	(22.09)	136.17
Add: Transferred from surplus in Statement of Profit and Loss	-	106.35
Balance as at the end of the year	2,051.99	2,074.08
Carried over	8,036.41	5,402.83

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

6 Reserves and surplus (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Brought over	8,036.41	5,402.83
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	10,333.67	8,376.53
Add/(Less): Adjustment because of change in shareholding in subsidiary and others	(127.90)	16.30
Profit for the year	2,741.44	2,261.92
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	291.44	212.69
Transfer to Reserve Fund in terms of section 29 C of the National Housing Bank Act, 1987	2.45	0.02
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	–	2.02
Transfer to General reserve	–	106.35
Adjustment of dividend to ESOP Trust	(0.46)	–
Final dividend, declared and paid during the year	27.85	–
Tax on final dividend	23.29	–
Total appropriations	344.57	321.08
Balance as at the end of the year	12,602.64	10,333.67
	20,639.05	15,736.50

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

7 Fund for future appropriations in policyholders' account

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Premiums earned – net		
(a) Premium	7,578.37	6,183.32
(b) Reinsurance ceded	(61.06)	(61.22)
Sub-total	7,517.31	6,122.10
Income from investment		
(a) Interest, dividend and rent – gross	2,066.10	1,940.80
(b) Profit on sale/redemption of investments	2,951.75	2,616.31
(c) Loss on sale/redemption of investments	(454.17)	(534.70)
(d) Transfer/gain on revaluation/change in fair value	(573.64)	1,146.28
(e) Accretion of discount/(amortisation of premium) (net)	154.47	204.13
Other income	42.54	35.04
Contribution from the shareholders' account	157.44	141.86
Sub-total	4,344.49	5,549.72
Total (A)	11,861.80	11,671.82
Commission	203.17	146.44
Operating expenses related to insurance business	1,207.57	1,056.30
Provision for doubtful debts	0.47	(0.09)
Provision for others	3.09	–
Service tax charge on linked charges	113.98	94.63
Total (B)	1,528.28	1,297.28
Benefits paid (net)	8,053.55	6,170.06
Interim bonuses paid	47.94	29.76
Change in valuation of liability against life policies in force		
(a) Gross	1,803.85	2,149.02
(b) Fund reserve	(116.96)	1,246.07
(c) Reserve for discontinuance fund	56.39	139.54
(d) Unclaimed reserve	17.62	27.86
(e) Amount ceded in reinsurance	(8.09)	68.54
Total (C)	9,854.30	9,830.85
Surplus/(deficit) before tax (D) = (A) – (B) – (C)	479.22	543.69
Provision for income-tax	15.71	60.59
Surplus/(deficit) after tax	463.51	483.10
Opening balance of fund for future appropriations	321.56	207.38
Less: Transfer to shareholders' account	349.55	368.92
Closing balance of fund for future appropriations	435.52	321.56

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

8 Long-term borrowings*

(₹ In Crore)

Particulars	Non-current portion		Current maturities	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Secured				
Privately placed redeemable non convertible debentures	23,263.15	15,061.37	3,780.00	3,794.50
From Banks, against hypothecation of assets under finance, book debts and other receivables	13,983.75	11,768.75	2,750.00	2,367.86
	37,246.90	26,830.12	6,530.00	6,162.36
Unsecured				
Privately placed redeemable non convertible debentures	444.55	124.10	–	–
Privately placed subordinated (Tier II) redeemable non convertible debentures	3,825.80	3,250.80	–	–
Term loans from banks	–	–	–	100.00
Fixed deposits	2,959.56	2,059.44	1,102.83	683.80
Inter corporate deposits	592.00	124.00	160.00	50.00
	7,821.91	5,558.34	1,262.83	833.80
	45,068.81	32,388.46	7,792.83	6,996.16

* For details and terms of repayment refer note 30 C. 4

9 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Trade payables	–	0.01
Security deposits	52.58	35.31
Interest accrued but not due	425.62	395.23
Others	23.00	56.03
	501.20	486.58

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

10 Provisions

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Provision for employee benefits				
Provision for gratuity	28.23	18.46	–	–
Share of provision for gratuity of joint venture	0.75	0.85	–	–
Provision for compensated absences	–	–	43.97	40.67
Share of provision for compensated absences of joint venture	–	–	0.24	0.35
Provision for long-term service plan/awards	48.10	30.84	23.42	13.13
	77.08	50.15	67.63	54.15
Other provisions				
Fair value change account	–	–	792.63	615.52
Reserve for unexpired risk	–	–	3,610.39	2,936.42
Premium deficiency	–	–	4.41	–
General provision on standard assets	198.41	136.33	142.70	109.21
Provision for restructured standard assets	11.16	70.54	–	–
Provision for non-performing assets (NPAs)	862.41	722.08	–	–
Provision for delinquent receivables not yet NPAs	23.85	126.74	–	–
Provision retained on sale of non performing assets	10.30	10.05	–	–
Provision for tax (net of tax paid in advance)	–	–	476.30	536.59
Share of provision for tax (net of tax paid in advance) of joint venture	1.55	1.14	0.41	0.41
	1,107.68	1,066.88	5,026.84	4,198.15
	1,184.76	1,117.03	5,094.47	4,252.30

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

11 Short-term borrowings*

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Secured		
From Banks, against hypothecation of assets under finance, book debts and other receivables		
Cash credit and demand loans	1,260.45	1,234.26
Working capital demand loan	850.00	500.00
Overdraft facility	489.41	86.15
Other short-term loans	160.00	–
Collateralised borrowing and lending obligation	1,059.62	350.00
	3,819.48	2,170.41
Unsecured		
From banks		
Overdraft facility	500.00	502.52
Working capital demand loan	–	500.00
Fixed deposits	1,642.63	725.62
Inter corporate deposits	1,111.98	435.18
	3,254.61	2,163.32
Borrowings by issue of Commercial Papers	3,683.02	4,563.69
	6,937.63	6,727.01
	10,757.11	8,897.42

* For details and terms of repayment refer note 30 C. 5

12 Trade payables

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Total outstanding dues of micro enterprises and small enterprises	2.56	0.18
Total outstanding dues of micro enterprises and small enterprises (share of joint venture)	–	–
	2.56	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,012.20	815.68
Total outstanding dues of creditors other than micro enterprises and small enterprises (share of joint venture)	0.01	0.09
Outstanding claims	6,003.12	4,641.93
Agents' balances	186.33	80.08
Balances due to other insurance companies	1,500.29	814.82
Unallocated premiums	564.10	363.84
Unclaimed amount of policyholders/insured	863.39	734.16
	10,129.44	7,450.60

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

13 Other current liabilities

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Premiums received in advance	328.41	355.47
Solatium fund	8.09	6.06
Unsettled investment contract payable	335.39	310.99
Interest accrued but not due	1,741.98	1,327.24
Income received in advance	–	8.76
Share of income received in advance of joint venture	0.23	0.23
Security deposits	2.43	–
Unclaimed dividend	1.76	1.42
Book overdraft	1,100.28	1,096.25
Unit payable	158.79	139.04
Directors' remuneration and commission payable	3.77	3.64
Share of employee benefits payable of joint venture	0.35	0.26
Employee benefits payable	186.45	97.39
Share of taxes payable of joint venture	1.48	0.51
Taxes payable	371.13	106.57
Share of other payables of joint venture	1.28	1.39
Other payables	393.82	231.40
	4,635.64	3,686.62

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

14 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 17	Additions	Deductions/ adjustments	As at 31 March 18	As at 1 April 17	Deductions	For the year	As at 31 March 18	As at 31 March 18
Land freehold	23.11	–	1.22	21.89	–	–	–	–	21.89
Land leasehold	8.19	–	–	8.19	–	–	–	–	8.19
Buildings	659.22	0.87	10.05	650.04	101.75	2.36	13.86	113.25	536.79
Leasehold improvements	92.90	25.51	3.72	114.69	63.83	3.70	16.40	76.53	38.16
Freehold improvements	2.42	–	–	2.42	2.42	–	–	2.42	–
Information technology equipment	343.20	58.23	80.03	321.40	246.54	79.53	42.23	209.24	112.16
Office equipment	108.20	36.20	3.30	141.10	72.71	2.85	19.76	89.62	51.48
Furniture and fixtures	167.34	55.38	3.81	218.91	84.12	3.35	24.14	104.91	114.00
Electric fittings	3.28	–	–	3.28	1.95	–	0.34	2.29	0.99
Vehicles	34.66	21.06	3.46	52.26	13.73	2.37	9.12	20.48	31.78
Wind energy generators	283.72	–	–	283.72	269.53	–	–	269.53	14.19
Total	**1,726.24**	**197.25**	**105.59**	**1,817.90**	**856.58**	**94.16**	**125.85**	**888.27**	**929.63**
Share of fixed assets of joint ventures	0.01	–	–	0.01	0.01	–	–	0.01	–

Previous year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 16	Additions	Deductions/ adjustments	As at 31 March 17	As at 1 April 16	Deductions	For the year	As at 31 March 17	As at 31 March 17
Land freehold	23.11	–	–	23.11	–	–	–	–	23.11
Land leasehold	8.19	–	–	8.19	–	–	–	–	8.19
Buildings	651.23	10.89	2.90	659.22	88.14	0.25	13.86	101.75	557.47
Leasehold improvements	98.04	17.58	22.72	92.90	72.49	22.63	13.97	63.83	29.07
Freehold improvements	2.42	–	–	2.42	2.42	–	–	2.42	–
Information technology equipment	292.53	77.26	26.59	343.20	242.05	26.43	30.92	246.54	96.66
Office equipment	91.14	20.17	3.11	108.20	61.10	2.85	14.46	72.71	35.49
Furniture and fixtures	137.29	36.61	6.56	167.34	75.33	5.93	14.72	84.12	83.22
Electric fittings	3.33	–	0.05	3.28	1.65	–	0.30	1.95	1.33
Vehicles	24.80	14.65	4.79	34.66	10.52	3.87	7.08	13.73	20.93
Wind energy generators	283.72	–	–	283.72	269.53	–	–	269.53	14.19
Total	**1,615.80**	**177.16**	**66.72**	**1,726.24**	**823.23**	**61.96**	**95.31**	**856.58**	**869.66**
Share of fixed assets of joint ventures	0.10	–	0.09	0.01	0.10	0.09	–	0.01	–

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

15 Intangible assets

Current year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 17	Additions	Deductions/ adjustments	As at 31 March 18	As at 1 April 17	Deductions	For the year	As at 31 March 18	As at 31 March 18
Computer softwares	184.55	87.67	4.59	267.63	104.04	4.59	33.39	132.84	134.79

Previous year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 16	Additions	Deductions/ adjustments	As at 31 March 17	As at 1 April 16	Deductions	For the year	As at 31 March 17	As at 31 March 17
Computer softwares	131.46	53.09	–	184.55	85.54	–	18.50	104.04	80.51

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

16 Investments

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
(A) Long-term investments:				
In Investment Property:				
Unquoted:				
Cost of premises given on operating lease	8.25	8.25	–	–
Add: Additions during the year	–	–	–	–
Less: Accumulated depreciation	2.49	2.36	–	–
	5.76	5.89	–	–
In Fully Paid Equity Shares:				
Others:				
Quoted:				
Held by insurance companies*	218.39	93.13	406.13	–
Unquoted:				
10 (–) Shares of ₹ 10 each in One Mobikwik Sytems Pvt. Ltd.	0.01	–	–	–
Held by insurance companies*	15.00	–	–	–
In Preference Shares:				
Others:				
Unquoted:				
315,314 (–) Series D cumulative compulsorily convertible preference shares (CCCPS) of ₹ 100 each in One Mobikwik Sytems Pvt. Ltd.	224.99	–	–	–
In Government and Trust Securities:				
Others:				
Quoted:				
8.60% Government of India Stock, 2028 of the face value of ₹ 20 crore	22.68	22.68	–	–
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	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	–	–
8.38% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	–	10.01	–	–
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 15 crore	–	15.02	–	–
Carried over	44.69	152.21	–	–
Carried over	464.15	99.02	406.13	–

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

16 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	464.15	99.02	406.13	–
In Government and Trust Securities: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	44.69	152.21	–	–
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	10.01	–	–	–
8.67% Karnataka State Development Loan, 2026 of the face value of ₹ 8.94 crore	8.95	8.95	–	–
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 ₹ 150 crore	157.48	157.48	–	–
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, 2022 of the face value of ₹ 125 crore	–	–	–	141.81
7.72% Government of India Stock, 2025 of the face value of ₹ 185 crore	195.52	195.53	–	–
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 ₹ 50 crore	–	–	–	54.55
8.35% Government of India Stock, 2022 of the face value of ₹ 25 crore	–	25.52	–	–
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	–	–
7.42% Maharashtra State Development Loan, 2022 of the face value of ₹ 15.95 crore	15.79	–	–	–
7.55% Maharashtra State Development Loan, 2021 of the face value of ₹ 22.38 crore	22.38	–	–	–
7.56% Andra Pradesh State Development Loan, 2021 of the face value of ₹ 27.22 crore	27.23	–	–	–
7.77% Andra Pradesh State Development Loan, 2021 of the face value of ₹ 100 crore	100.11	–	–	–
8.65% Gujarat State Development Loan, 2021 of the face value of ₹ 5 crore	5.15	–	–	–
Carried over	587.31	763.24	–	345.02
Carried over	464.15	99.02	406.13	–

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

16 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion As at 31 March 2018	Non-current portion As at 31 March 2017	Current maturities/investments As at 31 March 2018	Current maturities/investments As at 31 March 2017
Brought over	464.15	99.02	406.13	–
In Government and Trust Securities: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	587.31	763.24	–	345.02
9.19% Karnataka State Development Loan, 2021 of the face value of ₹ 5 crore	5.24	–	–	–
Held by insurance companies*	6,599.38	5,268.43	–	–
	7,191.93	6,031.67	–	345.02
Less: Amortisation of premium/(discount) on acquisition	2.35	0.94	–	–
Less: Marked to market losses on investments	–	–	–	24.16
	7,189.58	6,030.73	–	320.86
In Bonds and Debentures:				
Fully paid:				
Others				
Quoted:				
Held by insurance companies*	2,413.09	2,969.20	704.12	49.27
Less: Amortisation of premium/(discount) on acquisition	1.48	(1.29)	0.12	(13.50)
	2,411.61	2,970.49	704.00	62.77
Unquoted:				
Held by insurance companies*	205.29	250.46	103.68	45.98
In Securitised assets:				
Unquoted:				
Pass Through Certificates representing securitisation of loan receivables in Visage Holdings & Finance Pvt. Ltd.	7.00	–	13.84	–
Pass Through Certificates representing securitisation of loan receivables in Indian School Finance Company Pvt. Ltd.	15.38	–	6.20	–
	22.38	–	20.04	–
In Mutual Fund Units:				
Quoted:				
Share of joint venture	4.32	4.32	–	–
Carried over	10,297.33	9,355.02	1,233.85	429.61

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

16 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	10,297.33	9,355.02	1,233.85	429.61
In Fixed Deposits:				
Unquoted:				
Held by insurance companies*	6.25	6.00	–	30.00
In Others:				
Real Estate held by insurance companies*	65.73	41.94	–	–
Total (A)	10,369.31	9,402.96	1,233.85	459.61
(B) Current investments:				
In Fully Paid Equity Shares:				
Others:				
Unquoted:				
Held by insurance companies*	–	–	59.24	1.25
In Government and Trust Securities:				
Others:				
Quoted:				
Treasury Bills – 182 day TB 30082018	–	–	292.18	–
Treasury Bills – 182 day TB 05072018	–	–	112.19	–
Treasury Bills – 182 day TB 12072018	–	–	156.66	–
Treasury Bills – 182 day TB 14062018	–	–	122.99	–
Treasury Bills – 182 day TB 21062018	–	–	17.88	–
Treasury Bills – 182 day TB 26072018	–	–	182.75	–
Treasury Bills – 364 day TB 07062018	–	–	98.86	–
Treasury Bills – 364 day TB 10052018	–	–	153.95	–
Treasury Bills – 91 day TB 12042018	–	–	37.38	–
	–	–	1,174.84	–
In Certificate of Deposit:				
Unquoted:				
10,000 Axis (face value ₹ 100,000 each)	–	–	98.81	–
5,000 ICICI (face value ₹ 100,000 each)	–	–	49.43	–
5,000 Certificate of Deposit – Kotak (face value ₹ 100,000 each)	–	–	49.17	–
Carried over	–	–	197.41	–
Carried over	–	–	1,234.08	1.25

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

16 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	–	–	1,234.08	1.25
In Certificate of Deposit: (Contd.)				
Unquoted: (Contd.)				
Brought over	–	–	197.41	–
10,000 SIDBI (Face value ₹ 100,000 each)	–	–	98.90	–
	–	–	296.31	–
Less: Amortisation of premium/(discount) on acquisition	–		–	–
	–	–	296.31	–
In Commercial Paper:				
Unquoted:				
2,000 NABARD - 21052018 (face value ₹ 500,000 each)	–	–	99.06	–
2,000 Power Finance Corp - 25062018 (face value ₹ 500,000 each)	–	–	98.39	–
2,000 National Housing Bank - 07062018 (face value ₹ 500,000 each)	–	–	98.74	–
	–	–	296.19	–
Less: Amortisation of premium/(discount) on acquisition	–		–	–
	–	–	296.19	–
In Mutual Fund Units:				
Quoted:				
563,050 (829,039.59) ICICI Prudential Money Market Fund - Direct Growth	–	–	13.52	18.65
– (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 Blackrock Liquidity Fund Direct Growth	–	–	–	100.00
– (8,890,504) ICICI Prudential Money Market Fund - Direct Growth	–	–	–	200.00
Carried over	–	–	13.52	1,732.19
Carried over	–	–	1,826.58	1.25

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

16 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	–	–	1,826.58	1.25
In Mutual Fund Units: Contd.)				
Quoted: (Contd.)				
Brought over	–	–	13.52	1,732.19
– (749,447) Kotak Floater ST Direct 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
1,792,845 (-) Aditya Birla Sun Life Cash Plus - Growth- Direct Plan	–	–	50.00	–
210,076.00 (-) L&T Liquid Fund Direct Growth	–	–	50.00	–
– (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) Birla Sun Life Savings Fund - Growth - Direct Plan	–	–	–	40.00
– (530,590) ICICI Prudential Flexible Income - Regular Plan - Growth	–	–	–	9.24
– (1,473,016) ICICI Prudential Flexible Income - Direct Plan - Growth	–	–	–	45.60
44,800,793 (-) HDFC Floating Rate Income Fund Short-term Plan Direct Plan Wholesale Option Monthly Dividend	–	–	45.50	–
4,556,371 (-) Aditya Birla Saving Fund Weekly Dividend Direct Plan	–	–	45.76	–
6,617,917 (-) ICICI Prudential Flexible Income Direct Monthly Dividend Reinvest	–	–	45.70	–
69,715 (-) Invesco India Ultra Short-term Fund Direct Discretionary Dividend - Reinvest	–	–	38.45	–
441,146 (-) UTI Treasury Advantage Fund Direct Plan Monthly Dividend Reinvest	–	–	45.59	–
259,790 (-) Axis Liquid Fund Direct Growth	–	–	50.00	–
Carried over	–	–	384.52	3,007.40
Carried over	–	–	1,826.58	1.25

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

16 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	–	–	1,826.58	1.25
In Mutual Fund Units: (Contd.)				
Quoted: (Contd.)				
Brought over	–	–	384.52	3,007.40
2,082,285 (-) ICICI Prudential Liquid Money Market Fund - Direct Plan - Growth	–	–	50.00	–
104,640 (-) Invesco India Liquid Fund Direct Plan Growth	–	–	25.00	–
118,105 (-) Reliance Liquid Fund Treasury Plan Direct Growth Plan Growth Option	–	–	50.00	–
88,008 (-) UTI Liquid Cash Plan Institutional Direct Plan Growth	–	–	25.00	–
Held by insurance companies*	–	–	490.71	317.77
Share of joint venture	–	–	4.76	4.01
	–	–	1,029.99	3,329.18
In Fixed Deposits:				
Unquoted:				
Held by insurance companies*	–	–	60.00	125.00
In Others:				
Unquoted:				
CBLO - Held by insurance companies*	–	–	–	249.92
Total (B)	–	–	2,916.57	3,705.35
Total (A+B)	10,369.31	9,402.96	4,150.42	4,164.96

*See Note 3

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

17 Loans and advances

(Unsecured, good, considered unless stated otherwise)

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Capital advances	6.60	5.96	–	4.89
Security deposits	112.74	55.05	27.34	12.91
Share of security deposits of joint venture	0.07	0.07	–	–
Policy loans	220.51	170.02	15.12	9.62
Advances to dealers	–	–	204.61	465.22
Advances recoverable in cash or kind				
Secured considered good	–	–	63.82	53.99
Unsecured considered good	93.50	64.07	45.49	27.67
Doubtful	–	0.39	5.05	4.97
	93.50	64.46	114.36	86.63
Provision for doubtful advances	0.05	1.37	6.72	5.18
	93.45	63.09	107.64	81.45
Other loans and advances				
Prepaid expenses	2.99	3.39	14.62	17.17
VAT refund receivable	2.09	2.15	–	–
GST/CENVAT credit receivable	–	–	129.67	90.21
Share of GST/CENVAT credit receivable of joint venture	–	–	0.14	0.19
Advance income-tax (net of provision for tax)	137.28	93.68	–	–
Share of advance income-tax (net of provision for tax) of joint venture	3.59	3.60	–	–
MAT credit entitlement	15.70	15.70	–	–
Share of others advances of joint venture	–	–	0.16	0.13
Other advances	0.03	0.07	1.25	1.31
	161.68	118.59	145.84	109.01
	595.05	412.78	500.55	683.10

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

18 Receivables under financing activity

(Good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
(I) Secured:				
(i) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue instalments ₹ 460.52 crore) (previous year ₹ 586.06 crore)	5,418.91	3,611.53	14,856.70	12,261.53
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue instalments ₹ 7.07 crore) (previous year ₹ 12.39 crore)	19,243.06	13,881.62	1,198.84	1,712.03
(iii) Infrastructure Finance: Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue instalments ₹ 13.58 crore) (previous year ₹ 39.83 crore)	45.78	245.50	5.63	55.56
(iv) Loan against securities (secured by pledge of securities) (Includes overdue instalments ₹ 4.06 crore) (previous year ₹ 2.16 crore)	965.12	502.84	5,515.09	3,661.53
Total (I)	25,672.87	18,241.49	21,576.26	17,690.65
(II) Unsecured: +				
Loans at agreement values less instalments received (Includes overdue instalments ₹ 330.64 crore) (previous year ₹ 216.06 crore)	21,595.05	13,786.66	12,755.92	7,964.13
Total (II)	21,595.05	13,786.66	12,755.92	7,964.13
Total (I + II)	47,267.92	32,028.15	34,332.18	25,654.78

* See note 4 C. c.

+ Includes receivables from related parties amounting to ₹ 42.63 crore (previous year ₹ 33.97 crore)

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

19 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	As at 31 March		As at 31 March	
Particulars	**2018**	**2017**	**2018**	**2017**
Outstanding for a period exceeding six months from the date they are due for payment, doubtful	–	0.24	1.94	0.67
Others	–	–	287.98	161.28
Share of trade receivables, Others, good of joint venture	–	–	1.85	0.38
Outstanding premiums	–	–	909.96	1,091.46
	–	0.24	1,201.73	1,253.79
Provision for doubtful receivable	–	0.24	1.94	0.67
	–	–	1,199.79	1,253.12

20 Other assets

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

	Non-current		Current	
	As at 31 March		As at 31 March	
Particulars	**2018**	**2017**	**2018**	**2017**
Interest receivable on investments	408.69	353.57	1,007.70	991.88
Unsettled investment contract/amount receivable	–	–	289.54	101.88
Credit receivable for windpower generated	–	–	2.75	2.13
REC sale proceeds/REC receivable (₹ 18,697)	–	–	–	1.60
Other finance charges receivable	–	–	468.98	304.35
Others	–	–	847.21	594.55
Share of other assets of joint venture	–	–	1.46	1.80
	408.69	353.57	2,617.64	1,998.19

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

21 Cash and bank balances

(₹ In Crore)

Particulars	Current	
	As at 31 March	
	2018	2017
Cash and cash equivalents		
Balances with banks		
In current accounts	1,050.89	1,228.89
Share of current accounts of joint venture	0.07	0.05
Cash on hand	97.24	96.36
Cash equivalents		
Cheques/drafts on hand	161.94	168.43
Deposits with original maturity of less than 3 months	371.32	–
	1,681.46	1,493.73
Other bank balances		
In unclaimed dividend account	0.29	0.25
Earmarked balances with bank	1.49	1.18
Deposits with residual maturity for less than 12 months	4.54	3.51
	6.32	4.94
	1,687.78	1,498.67

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

22 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Wind-farm activity		
Income from power generation	47.87	57.16
Income from Renewable Energy Certificates (REC)	24.08	13.16
	71.95	70.32
Investment and financial services activity		
Investment activity		
Interest income on		
Bank deposits	3.21	10.49
Long-term investments	6.25	49.90
Current investments	–	4.26
Others	477.97	233.98
Share of interest of joint venture	0.05	0.18
Amortisation of (premium)/discount on acquisition of fixed income securities on		
Long-term investments	(2.13)	4.61
Current investments	0.31	6.43
	485.66	309.85
Profit on sale of investments, net	259.60	169.73
Share of profit on sale of investments, net of joint venture	0.30	0.24
Financial services		
Interest on loans including interest subsidy	11,427.19	8,692.39
Service and administration charges	909.37	565.64
Other financial services		
Sundry credit balances appropriated	–	7.84
Bad debt recoveries	72.89	30.15
Share of manpower and recruitment services of joint venture	40.32	48.06
Share of brokerage of joint venture	7.62	4.00
Miscellaneous income	286.74	192.19
Share of miscellaneous income of joint venture	–	0.08
	13,489.69	10,020.17
	13,561.64	10,090.49

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

23 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Interest - others	0.21	0.13
Business support service	0.09	–
Miscellaneous receipts	0.06	0.08
Surplus on sale of assets	–	0.12
Provision no longer required	0.18	0.22
	0.54	0.55

24 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Salaries, wages and bonus to employees (including managerial remuneration)	1,349.97	877.26
Share of salaries, wages and bonus to employees of joint venture	41.41	45.26
Contribution to provident and other funds	63.78	44.34
Share of contribution to provident and other funds of joint venture	3.05	3.02
Staff welfare expenses	33.15	30.42
Share of staff welfare expenses of joint venture	0.62	0.43
	1,491.98	1,000.73

25 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Interest expense	4,069.76	3,267.43
Discount in respect of 'Commercial Papers'	445.12	411.95
Others	36.55	36.90
	4,551.43	3,716.28

26 Loan losses and provisions

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Provision for standard assets	95.57	64.02
Provision for restructured standard assets	9.50	17.86
Provision for delinquencies and doubtful advances	940.12	722.01
	1,045.19	803.89

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

27 Depreciation and amortisation expense

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Depreciation on property, plant and equipment	75.98	56.65
Depreciation on intangible assets	27.32	15.85
Depreciation on investment property	0.13	0.13
	103.43	72.63

28 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Repairs to buildings	1.08	1.07
Repairs to machinery – windmill	8.02	8.48
Repairs to others	0.04	0.05
Energy generation expenses	32.39	17.53
Rent	48.20	31.11
Share of rent of joint venture	0.10	0.11
REC registration, issuance and brokerage charges	0.72	0.37
Rates and taxes	1.45	1.43
Insurance	0.06	–
Payment to auditor	1.00	0.94
Share of payment to auditor of joint venture	0.05	0.05
Directors' fees and travelling expenses	0.40	0.47
Commission to non-executive directors	2.94	2.77
Loss on sale of assets	0.37	0.26
Marked to market losses on investments	–	22.97
Travelling (including foreign travel) expenses	160.70	101.46
Share of travelling (including foreign travel) expenses of joint venrure	1.29	1.90
Business support service expenses	0.69	0.67
Outsourcing/back office expenses	174.49	147.65
Expenditure towards Corporate Social Responsibility (CSR) activities	41.46	30.05
Miscellaneous expenses	576.93	395.79
Advertisement and publicity	164.74	67.89
Sourcing and credit cost	191.28	132.26
Recovery costs	494.52	317.96
Dealer incentive	295.99	309.35
	2,198.91	1,592.59

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

29 Earnings Per Share (EPS)

Particulars	For the year ended 31 March 2018	2017
Profit for the year (₹ In Crore)	2,741.44	2,261.92
Weighted average number of shares outstanding during the year (Nos)	159,133,298	159,131,633
Earnings per share (Basic and Diluted) ₹	172.3	142.1
Face value per share ₹	5.0	5.0

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

A. Bajaj Allianz Life Insurance Company Ltd.

1. Actuarial method and assumptions

Liabilities for life insurance policies (Reserves) are determined by the Appointed Actuary in accordance with the IRDAI Regulations and relevant practice standards and guidance notes issued by the Institute of Actuaries of India.

Non-linked business is reserved using the prospective gross premium method of valuation. The non-linked business is predominantly participating and the reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received, together with associated bonus rates. Regular premium participating and non-participating business has been reserved using an interest rate range from 6.50% per annum to 7.50% per annum (previous year: 6.25% per annum to 7.25% per annum), which includes an increase of 25 basis points compared to previous financial year. Further, margin for adverse deviations as per APS 7 issued by Institute of Actuaries of India is considered.

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

The policies under Invest Plus and Invest Plus Premier products in the non-linked non-par business has been reserved using an interest rate 7.00% (previous year: 6.75%) and the Guaranteed Investment Return (GIR) consistent with the interest rate assumption.

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

Mortality assumptions are based on the published 'Indian Assured Lives Mortality (2006-2008) ultimate mortality table' with adjustments to reflect expected experience and with an allowance for adverse deviation. Assumptions for morbidity and for the incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table 'CIBT 93 (Critical Illness Base Table for year 93)'.

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

Commission has been allowed for at the Company's table rates with an allowance for service tax/goods and service tax. Maintenance expenses have been allowed for in accordance with pricing assumptions with an allowance for adverse deviation and are adjusted to reflect actual experience of the Company where such amount allowed are not adequate. An additional reserve has been included to allow for the contingency of closure to new business as is required by guidance notes (APS1) issued by the Institute of Actuaries of India.

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

As per the IRDA (Treatment of Discontinued Linked Insurance Policies) Regulations, 2010, a segregated fund called 'Discontinued Policy Fund' is maintained for the discontinued policies of the products which are launched on or after 1 September 2010. The fund value as at the date of discontinuance after deducting the discontinuance charges as applicable by said regulations is credited to the discontinued fund. As an assured return is guaranteed on this fund, reserve is held towards the shortfall in meeting the guarantee on the reporting date, if any.

Provisions have been made for the incurred but not reported death claims (IBNR) based on the Company's past experience of delay in reporting the event of deaths.

Reserves are held for free look option given to the policyholders based on the free look cancellation rate which varies between 0.04% and 3.79% (previous year: 0.04% and 3.79%).

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

Additional reserves are held for substandard lives and guaranteed insurability options available.

Provisions for future claims in payment are made as part of other contingency reserves.

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

2. Investments

All investments are specifically procured for and held under the Policyholders' and Shareholders' funds respectively and accordingly the income relating to these investments is recognised in the Revenue Account and Profit and Loss Account respectively.

3. Claims settled and remaining unpaid

Claims settled and remaining unpaid for a period of more than six months as at 31 March 2018 is ₹ 43.17 crore (at 31 March 2017: ₹ 55.03 crore). This includes claims payable on death, maturity or otherwise.

4. Unclaimed amount of policyholders

(i) Disclosure of unclaimed amounts of Policyholders' as required vide IRDAI Circular No. IRDA/F&A/CIR/Misc/173/07/2017 dated 25 July 2017 is as follows:

Statement showing age-wise analysis of the unclaimed amount of the Policyholders' at 31 March 2018:

(₹ In Crore)

Age-wise analysis	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/ policyholder# (A)	Sum due to the insured/ policyholders on maturity or otherwise (B)	Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far (C)	Cheques issued but not encashed by the policyholder/insured* (D)	Total amount (A+B+C+D)
0 - 30 days	0.79	0.01	-	37.89	38.69
01 - 06 months	1.64	3.03	-	103.32	107.99
07 - 12 months	3.52	4.15	-	112.72	120.39
13 - 18 months	2.33	4.16	-	37.86	44.35
19 - 24 months	3.79	1.17	-	32.71	37.67
25 - 30 months	1.92	17.32	-	20.20	39.44
31 - 36 months	1.21	0.02	-	24.92	26.15
36 - 120 months	2.67	0.12	-	141.15	143.94
>120 months	-	-	-	0.59	0.59
Total	**17.87**	**29.98**	**-**	**511.36**	**559.21**

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

Statement showing age-wise analysis of the unclaimed amount of the Policyholders' at 31 March 2017:

(₹ In Crore)

Age-wise analysis	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/ policyholder # (A)	Sum due to the insured/ policyholders on maturity or otherwise (B)	Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far (C)	Cheques issued but not encashed by the policyholder/insured* (D)	Total amount (A+B+C+D)
0 - 30 days	3.35	19.90	-	15.91	39.16
01 - 06 months	7.32	22.42	-	77.48	107.22
07 - 12 months	10.93	6.04	-	62.73	79.70
13 - 18 months	2.56	27.95	-	33.76	64.27
19 - 24 months	1.60	0.11	-	39.25	40.96
25 - 30 months	1.98	0.25	-	26.33	28.56
31 - 36 months	0.48	0.10	-	19.05	19.63
> 36 months	1.14	1.90	-	137.10	140.14
Total	**29.36**	**78.67**	**-**	**411.61**	**519.64**

* represents cheques issued but not encashed that have exceeded their validity period. Cheques issued to the policyholders' but not encashed which do not exceed their validity period amounting to ₹ 519.22 crore (previous year: ₹ 416.22 crore) form part of the bank reconciliation statement and consequently have not been considered in unclaimed amount of policyholders.

includes all open title cases (Individual and Group)

(ii) Disclosure of unclaimed amounts of Policyholders as required vide IRDAI Circular No. IRDA/F&A/CIR/CLD/114/05/2015 dated 28 May 2015 is as follows:

Details of unclaimed amounts and investment income thereon at 31 March 2018:

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Opening Balance	555.77	466.02
Add: Amount transferred to unclaimed amount	987.91	1,178.72
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included only when the cheques are stale)	5.65	4.70
Add: Investment Income	36.22	39.23
Less: Amount paid during the year	973.85	1,132.90
Closing Balance of unclaimed amount	611.70	555.77

5. Risk retained and reinsured

The extent of risk retained and reinsured is as follows:

(₹ In Crore)

Particulars	At 31 March 2018		At 31 March 2018	
	Sum at risk	%	Sum at risk	%
Risk retained	410,973.91	86.4%	380,546.73	87.1%
Risk reinsured	64,593.67	13.6%	56,533.18	12.9%

6. Discontinued policy fund

Pursuant to IRDAI's circular number IRDAI/F&A/CIR/MISC/232/12/2013 dated 11 December 2013, the following details are disclosed with respect to the policies discontinued either on customer request or for non-payment of premium amount within grace period:

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

a. Movement in funds for discontinued policies:

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Opening balance of funds for discontinued policies	438.57	299.03
Add: Amount transferred to fund on discontinuance of policies during the year	236.54	186.92
Less: Amount transferred out of fund on revival of policies during the year	27.70	8.67
Add: Net income/gains on investments of the fund	31.20	24.62
Less: Fund management charges levied	2.99	2.08
Less: Amount refunded to policyholders' during the year	180.66	61.25
Closing balance of funds for discontinued policies#	494.96	438.57

includes unit linked discontinued fund of ₹ 494.93 crore (previous year: ₹ 438.55 crore) forming part of Assets held to cover Linked Liabilities.

b. Count of policies discontinued during the year and percentage to total policies (product wise):

Product name	As at 31 March 2018		As at 31 March 2017	
	Count of policies discontinued during the year	% to total policies issued	Count of policies discontinued during the year	% to total policies issued
Bajaj Allianz Future Gain	23,350	8.0%	17,095	8.2%
Bajaj Allianz Retire Rich	1,410	9.7%	826	7.6%
Bajaj Allianz Principal Gain	958	13.0%	19	0.3%
Bajaj Allianz Life Future Wealth Gain	362	0.7%	–	0.0%
Bajaj Allianz Smart Insurance Plan III	73	0.4%	709	4.3%
Bajaj Allianz Bima Sanchay Yojana	64	2.4%	–	0.0%
Bajaj Allianz Life Assure Plan	59	1.0%	372	6.1%
Bajaj Allianz Money Secure Insurance Plan	45	0.2%	579	2.1%
Bajaj Allianz Fortune Gain	39	0.1%	14	0.0%
Bajaj Allianz Max Advantage IP	23	0.1%	308	0.8%
Bajaj Allianz Assured Protection Plan	14	0.1%	177	1.5%
Bajaj Allianz Niyamit Sanchay Suraksha	10	5.8%	44	25.4%
Bajaj Allianz iGain III Insurance Plan	–	–	16	1.5%
Total	26,407		20,159	

c. Number and percentage of the policies revived during the year ended 31 March 2018*:

Particulars	As at 31 March 2018	2017
Number of policies revived	2,359	1,009
Percentage of policies revived	3.19%	1.05%

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

d. Charges imposed/readjusted on account of discontinued policies/revival of discontinued policies during the year ended 31 March 2018*:

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Charges imposed on account of discontinued policies[1]	5.24	4.01
Charges readjusted on account of revival of discontinued policies	(0.44)	(0.14)
Total	4.80	3.87

1 excluding service tax on charges

* policies discontinued and revived during the same reporting year have been excluded.

7. Contribution from shareholders' account to policyholders' account

The Shareholders' of the Company, in their extra ordinary general meeting held on 7 May 2010 have authorised the Board of Directors of the Company to decide on the transfer of amounts from the shareholders' account to the policyholders' account to make good the deficit, if any, in the policyholders' funds in respect of any financial year, which shall be subject to the approval of the shareholders' of the Company at the ensuing annual general meeting of the respective years. Such contributions made by the shareholders' to the policyholders' account are irreversible in nature.

The IRDAI (Expenses of Management of Insurers transacting Life Insurance Business) Regulations, 2016, which were notified on 9 May 2016, provided that the insurer shall be deemed to be compliant with these Regulations if for FY2018 the overall percentage of expense of management to allowable expenses is upto 110% subject to the excess expenses of management, on segmental level, being borne by the shareholders. The Company adopted the guidelines from FY2016 as was permitted by the Regulations and accordingly transferred the excess amount for FY2016 and FY2017 in the previous year from the shareholders' account to the policyholders' account.

To comply with the Regulation, the Company has during the period transferred ₹ 110.35 crore (₹ 135.16 crore: ₹ 100.55 crore for FY2016 and ₹ 34.61 crore for FY2017) from the shareholders' account to the policyholders' account.

During the year the Company has transferred the net surplus of ₹ 349.55 crore (previous year ₹ 368.92 crore) from Revenue account to Profit and Loss Account in accordance with the Insurance Act 1938 and the Insurance Law (Amendment) Act 2015 read with IRDAI circular no. IRDA/F&A/CIR/FA/059/03/2015 dated 31 March 2015 and as certified by the Appointed Actuary.

As recommended by the Appointed Actuary, the bonus to participating policyholders, for the current year, has been included in change in valuation against the policies in force.

B. Bajaj Allianz General Insurance Company Ltd.

1. The Appointed Actuary has certified to the Company that actuarial estimates for IBNR (including IBNER) reserves have been determined using actuarial principles. In the determination, the Actuarial Practice Standards issued by the Institute of Actuaries of India with the concurrence of the Authority and any directions issued by the Authority in this behalf have been followed. Where sufficient data is available, the Actuary has chosen to adopt the chain ladder method. The chain ladder method has accordingly been applied to motor, fire, marine cargo, engineering, personal accident, workmen's compensation, health, travel, motor CVTP pool and miscellaneous lines of business. These constitute almost 90.9% (previous year 95.2%) of the Company's total net written premium. For liability, credit insurance, crop and weather insurance lines of business the Expected Ultimate Loss Ratio method has been used to arrive at the estimate of IBNR reserve. For aviation and marine hull lines of business, a flat IBNR of ₹ 1 crore (previous year - ₹ 1 crore) and ₹ 50 lakh (previous year - ₹ 50 lakh) has been adopted.

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

2. Extent of risk written and reinsured based on gross written premium (excluding excess of loss and catastrophe reinsurance).

Particulars	For the year ended 31 March 2018 % of business written	For the year ended 31 March 2017 % of business written
Risk retained	73%	71%
Risk reinsured	27%	29%
Total	100%	100%

3. Contribution to Environment relief fund

The Company has collected an amount of ₹ 0.56 crore (previous year - ₹ 0.61 crore) towards environment relief fund from public liability policies. The Company has paid all the funds collected towards Environment Relief Fund upto 28 February 2018 to United India Insurance Company, the implementing agency for the fund. The balance payable has been disclosed under the head current liabilities.

4. IRDAI has vide circular no. IRDA/F&I/CIR/CMP/174/11/2010 and IRDA/F&A/CIR/Mis/173/07/2017 advised all insurers to disclose under Current Liabilities amount due to policyholders/insured on accounts of claims settled but not paid (except under litigation), excess collection of the premium/tax which is refundable and cheques issued but not encashed by policyholders/insured. Age wise analysis of the amount due to policyholders/insured is disclosed as below:

(₹ In Crore)

Particulars	Total amount*	0 to 6 months	7 to 12 months	13 to 18 months	19 to 24 months	25 to 30 months	31 to 36 months	Beyond 36 months
Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholders	2.62	2.62	–	–	–	–	–	–
Sum due to the insured/policyholders on maturity or otherwise	–	–	–	–	–	–	–	–
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far	3.91	1.00	0.72	0.49	0.41	0.38	0.29	0.62
Cheques issued but not encashed by the policyholder/insured	4.20	–	–	–	–	–	–	4.20

* Unclaimed cases includes interest accrued from (1 April 16 to 31 March 18) amounting to ₹ 0.33 crore for excess collection of premium and ₹ 0.48 crore for cheques issued but not encashed.

* Does not include cheques issued to policyholders and appearing in bank reconciliation.

IRDAI circular no. IRDA/F&A/CIR/Mis/173/07/2017 dated 25 July 2017 which came into effect from the current year required disclosure of the following information on unclaimed amount of policy holders.

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Opening Balance	8.71	72.74
Add: Amount transferred to unclaimed fund	1.09	1.95
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	–	–
Add: Investment income on unclaimed fund	0.47	0.35
Less: Amount of claims paid during the year	(3.14)	(66.33)
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	(0.02)	–
Closing balance of unclaimed amount fund	7.11	8.71

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

5. The Company periodically reviews all its long-term contracts to assess for any material foreseeable losses. Based on such review, the Company has made adequate provisions for these long-term contracts in the books of account as required under any applicable law/accounting standard.

As at 31 March 2018 the Company did not have any outstanding derivative contracts.

C. Bajaj Finance Ltd.

1. Employee Stock Option Plan:

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options upto a maximum of 5% of the then issued equity capital of the Company aggregating to 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 677,313 stock options i.e. from 1,829,803 to 2,507,116 options of the face value of ₹ 10 each under the Stock Options schemes of the Company i.e. Employee Stock Option Plan 2009.

Pursuant to the sub-division of each equity share of face value of ₹ 10 into five equity shares of face value of ₹ 2 on 10 September 2016 and allotment of bonus equity share in the proportion of one equity share of face value of ₹ 2 for every one equity share on 14 September 2016, the aggregate number of equity shares which would be available for future grants under the Employee Stock Option Scheme, 2009 were adjusted from 2,507,116 equity shares of face value of ₹ 10 to 25,071,160 equity shares equity shares of face value of ₹ 2.

The Nomination and Remuneration Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, twelve grants have been made, details of which as on 31 March 2018 are given as under:

Grant date	Exercise price (In ₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	-	-	1,282,500	37,500	-
21-Jul-10	54.20	3,267,500	105,620	-	2,842,510	319,370	105,620
28-Jul-11	70.52	3,762,000	220,250	-	3,114,750	427,000	220,250
16-May-12	87.61	3,595,000	714,620	-	2,301,130	579,250	714,620
15-May-13	138.04	3,949,300	1,265,165	-	1,831,135	853,000	1,265,165
1-Nov-13	135.31	197,000	-	-	49,250	147,750	-
16-Jul-14	219.66	2,816,000	951,900	556,000	985,850	322,250	1,507,900
20-May-15	448.16	1,935,000	425,050	757,500	424,950	327,500	1,182,550
24-May-16	765.37	1,430,000	206,900	946,875	122,725	153,500	1,153,775
17-May-17	1,347.75	1,120,750	-	1,067,900	-	52,850	1,067,900
16-Oct-17	1,953.05	16,350	-	16,350	-	-	16,350
1-Feb-18	1,677.85	120,000	-	120,000	-	-	120,000
Total		**23,528,900**	**3,889,505**	**3,464,625**	**12,954,800**	**3,219,970**	**7,354,130**

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.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

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

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 (₹)	Fair value per option (₹)
12-Jan-10	6.70%	1-5 years	54.01%	0.62%	35.87	10.12
21-Jul-10	7.42%	3.5-6.5 years	55.38%	1.28%	54.20	27.48
28-Jul-11	8.27%	3.5-6.5 years	53.01%	1.42%	70.52	34.92
16-May-12	8.36%	3.5-6.5 years	49.58%	1.37%	87.61	42.27
15-May-13	7.32%	1-5 years	29.97%	1.09%	138.04	49.80
01-Nov-13	8.71%	1-5 years	32.83%	1.11%	135.31	54.39
16-Jul-14	8.66%	1-5 years	38.01%	0.73%	219.66	97.94
20-May-15	7.76%	3-5-6.5 years	34.88%	0.36%	448.16	191.40
24-May-16	7.38%	0.5-6.5 years	33.13%	0.47%	765.37	309.83
17-May-17	6.89%	0.5-6.5 years	34.23%	0.05%	1,347.75	565.29
16-Oct-17	6.69%	0.5-6.5 years	34.51%	0.04%	1,953.05	816.23
01-Feb-18	7.42%	0.5-6.5 years	34.05%	0.04%	1,677.85	719.29

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

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

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

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Net profit (as reported)	2,674.11	1,836.38
Add: Stock based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (proforma)	48.40	30.52
Net Profit (proforma)	2,625.71	1,805.86
Basic Earnings per share (as reported) (₹)	47.54	34.01
Basic Earnings per share (proforma) (₹)	46.67	33.44
Diluted earnings per share (as reported) (₹)	47.05	33.67
Diluted earnings per share (proforma) (₹)	46.20	33.11

2.. 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 ₹ 612.67 crore (previous year ₹ 557.38 crore) in favor of trustees representing the public deposit holders of the Company.

3. Change in accounting estimates

During the year, the Company has revised its estimate for charging off receivables under financing activity considered as bad debts. Had the Company applied the estimates followed in the previous year, the profit before tax for the period would have been higher by ₹ 57.43 crore.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

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

a) Details of privately placed secured redeemable non convertible debentures

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current maturities	
				As at 31 March		As at 31 March	
		1 Crore(₹)	0.10 Crore(₹)	2018	2017	2018	2017
Sep 26	Bullet repayment		10.00	10.00	10.00	–	–
Jul 26	Bullet repayment		47.50	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		1,100.00	1,100.00	100.00	–	–
May 24	Bullet repayment		1,000.00	1,000.00	–	–	–
Apr 24	Bullet repayment		165.00	165.00	165.00	–	–
Apr 23	Bullet repayment		165.00	165.00	165.00	–	–
Dec 22	Bullet repayment		300.00	300.00	–	–	–
Oct 22	Bullet repayment		8.00	8.00	8.00	–	–
Apr 22	Bullet repayment		32.80	32.80	3.80	–	–
Mar 22	Bullet repayment		60.50	60.50	60.50	–	–
Feb 22	Bullet repayment		140.00	140.00	140.00	–	–
Jan 22	Bullet repayment		167.00	167.00	167.00	–	–
Dec 21	Bullet repayment		30.00	30.00	30.00	–	–
Nov 21	Bullet repayment		80.00	80.00	80.00	–	–
Oct 21	Bullet repayment		101.00	101.00	101.00	–	–
Sep 21	Bullet repayment		7.00	7.00	7.00	–	–
Aug 21	Bullet repayment		212.00	212.00	212.00	–	–
Jul 21	Bullet repayment		118.50	118.50	118.50	–	–
Jun 21	Bullet repayment		451.00	450.91	6.00	–	–
May 21	Bullet repayment		923.60	925.91	85.00	–	–
Apr 21	Bullet repayment		1,753.10	1,757.30	130.00	–	–
Mar 21	Bullet repayment		186.20	186.20	186.20	–	–
Feb 21	Bullet repayment		25.00	25.00	25.00	–	–
Jan 21	Bullet repayment		52.00	52.00	52.00	–	–
Dec 20	Bullet repayment		1,110.00	1,108.20	25.00	–	–
Nov 20	Bullet repayment		1,305.00	1,304.96	–	–	–
Oct 20	Bullet repayment		407.00	407.00	7.00	–	–
Sep 20	Bullet repayment		107.00	107.00	107.00	–	–
Aug 20	Bullet repayment		1,281.50	1,281.50*	83.50	–	–
Jul 20	Bullet repayment		216.20	216.20	216.20	–	–
Jun 20	Bullet repayment		3,517.00	3,517.00*	1,879.00	–	–
May 20	Bullet repayment		1,453.30	1,453.30*	221.30	–	–

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current maturities	
				As at 31 March		As at 31 March	
		1 Crore(₹)	0.10 Crore(₹)	2018	2017	2018	2017
Apr 20	Bullet repayment		1,091.10	1,091.10*	1,054.40*	–	–
Mar 20	Bullet repayment		820.80	820.80	820.80	–	–
Feb 20	Bullet repayment		359.00	359.00	359.00	–	–
Jan 20	Bullet repayment		314.00	314.00	314.00	–	–
Dec 19	Bullet repayment		560.00	560.00*	560.00*	–	–
Nov 19	Bullet repayment		490.00	490.00	490.00	–	–
Oct 19	Bullet repayment		206.00	206.00*	206.00*	–	–
Sep 19	Bullet repayment		965.40	955.47*	948.67*	–	–
Aug 19	Bullet repayment		686.90	686.90*	686.90*	–	–
Jul 19	Bullet repayment		779.10	779.10*	779.10*	–	–
Jun 19	Bullet repayment		24.00	24.00	24.00	–	–
May 19	Bullet repayment		161.30	161.30	161.30	–	–
Apr 19	Bullet repayment		557.70	557.70	557.70*	–	–
Mar 19	Bullet repayment		–	–	965.00*	–	–
Feb 19	Bullet repayment		–	–	77.00	–	–
Jan 19	Bullet repayment		–	–	100.00	–	–
Dec 18	Bullet repayment		–	–	84.00	–	–
Nov 18	Bullet repayment		–	–	73.00	–	–
Oct 18	Bullet repayment		–	–	109.50*	–	–
Aug 18	Bullet repayment		–	–	401.00	–	–
Jul 18	Bullet repayment		–	–	207.90	–	–
Jun 18	Bullet repayment		–	–	436.80*	–	–
May 18	Bullet repayment		–	–	209.00*	–	–
Apr 18	Bullet repayment		–	–	1,151.80*	–	–
Mar 19	Bullet repayment		965.00	–	–	965.00*	–
Feb 19	Bullet repayment		77.00	–	–	77.00	–
Jan 19	Bullet repayment		100.00	–	–	100.00	–
Dec 18	Bullet repayment		84.00	–	–	84.00	–
Nov 18	Bullet repayment		73.00	–	–	73.00	–
Oct 18	Bullet repayment		109.50	–	–	109.50	–
Aug 18	Bullet repayment		401.00	–	–	401.00	–
Jul 18	Bullet repayment		207.90	–	–	207.90	–
Jun 18	Bullet repayment		436.80	–	–	436.80	–
May 18	Bullet repayment		209.00	–	–	209.00*	–
Apr 18	Bullet repayment		1,151.80	–	–	1,151.80	–
Mar 18	Bullet repayment		181.50	–	–	–	181.50

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current maturities	
				As at 31 March		As at 31 March	
		1 Crore(₹)	0.10 Crore(₹)	2018	2017	2018	2017
Feb 18	Bullet repayment		29.10	–	–	–	29.10
Jan 18	Bullet repayment	595.00	96.50	–	–	–	691.50
Dec 17	Bullet repayment		199.90	–	–	–	199.90
Nov 17	Bullet repayment		388.00	–	–	–	388.00
Oct 17	Bullet repayment	125.00	332.80	–	–	–	457.80
Sep 17	Bullet repayment		261.60	–	–	–	261.60
Aug 17	Bullet repayment		445.20	–	–	–	445.20
Jul 17	Bullet repayment		76.60	–	–	–	76.60
Jun 17	Bullet repayment		548.50	–	–	–	548.50
May 17	Bullet repayment		88.20	–	–	–	88.20
Apr 17	Bullet repayment		641.60	–	–	–	641.60
				23,978.15	15,651.37	3,815.00	4,009.50

Note:

As on 31 March 2018, of the total Non Current and Current Secured Zero Coupon Bonds, ₹ 5,184.80 crore and ₹ 1,647.00 crore, respectively were issued at a premium.
As on 31 March 2018, of the total Non Current Secured Zero Coupon Bonds issued, ₹ 100.00 crore were issued at a discount.
* Related parties are current holders of ₹ 830 crore in aggregate of the referenced issue (previous year ₹ 885 crore)
Interest rates range from 7.25% p.a. to 10.00% p.a. as at 31 March 2018. For Zero Coupon Bonds, the interest rate is on XIRR basis

b) Terms of repayment of bank loans – secured

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current		Current maturities	
		As at 31 March		As at 31 March	
		2018	2017	2018	2017
Dec 22	Bullet repayment	300.00	–	–	–
Sep 22	Bullet repayment	100.00	–	–	–
Aug 22	Bullet repayment	100.00	–	–	–
Jun 22	Bullet repayment	365.00	–	–	–
May 22	Bullet repayment	300.00	–	–	–
Mar 22	Bullet repayment	1,250.00	–	–	–
	2 annual payment of ₹ 62.5 crore starting Nov 21	125.00	–	–	–
	4 semi-annual payment of ₹ 50 crore starting Sep 21	200.00	–	–	–
	2 semi-annual payment of ₹ 135 crore starting Sep 21	270.00	270.00	–	–
	2 semi-annual payment of ₹ 90 crore starting Aug 21	180.00	180.00	–	–
	2 semi-annual payment of ₹ 75 crore starting Jul 21	150.00	150.00	–	–
Dec 21	2 annual payment of ₹ 100 crore starting Dec 21	200.00	–	–	–
Jun 21	Bullet repayment	150.00	150.00	–	–
	4 semi-annual payment of ₹ 37.5 crore starting June 21	150.00	–	–	–

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2018	Non-current As at 31 March 2017	Current maturities As at 31 March 2018	Current maturities As at 31 March 2017
Mar 21	Bullet repayment	300.00	200.00	–	–
	2 semi-annual payment of ₹ 50 crore starting March 21	100.00	–	–	–
Feb 21	Bullet repayment	100.00	100.00	–	–
Jan 21	Bullet repayment	200.00	–	–	–
Dec 20	Bullet repayment	50.00	100.00	–	–
	2 semi-annual payment of ₹ 175 crore starting Dec 20	350.00	350.00	–	–
	4 semi-annual payment of ₹ 25 crore starting Nov 20	100.00	–	–	–
	12 quarterly payment of ₹ 8.33 crore starting Jun 20	100.00	–	–	–
	12 quarterly payment of ₹ 4.17 crore starting Apr 20	50.00	–	–	–
	12 quarterly payment of ₹ 4.17 crore starting Mar 20	50.00	–	–	–
	4 quarterly payment of ₹ 50.00 crore starting Mar 20	200.00	–	–	–
	12 quarterly payment of ₹ 4.17 crore starting Feb 20	50.00	–	–	–
Oct 20	Bullet repayment	750.00	150.00	–	–
	2 annual payment of ₹ 75 crore starting Oct 20	150.00	150.00	–	–
Sep 20	Bullet repayment	100.00	200.00	–	–
	4 semi-annual payment of ₹ 25 crore starting Sep 20	100.00	100.00	–	–
	2 semi-annual payment of ₹ 250 crore starting Sep 20	500.00	500.00	–	–
Aug 20	Bullet repayment	500.00	100.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Aug 20	100.00	100.00	–	–
Jul 20	Bullet repayment	100.00	–	–	–
Jun 20	Bullet repayment	250.00	250.00	–	–
	2 semi-annual payment of ₹ 125 crore starting Jun 20	250.00	250.00	–	–
	8 quarterly payment of ₹ 31.25 crore starting Jun 20	250.00	250.00	–	–
May 20	Bullet repayment	450.00	100.00	–	–
	8 quarterly payment of ₹ 12.50 crore starting May 20	100.00	100.00	–	–
	2 semi-annual payment of ₹ 50 crore starting May 20	100.00	100.00	–	–
Mar 20	Bullet repayment	350.00	350.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Mar 20	100.00	100.00	–	–
Feb 20	Bullet repayment	100.00	100.00	–	–
Jan 20	Bullet repayment	100.00	100.00	–	–
Dec 19	Bullet repayment	400.00	400.00	–	–
	2 annual payment of ₹ 25 crore starting Dec 19	50.00	50.00	–	–
Nov 19	Bullet repayment	200.00	200.00	–	–
Oct 19	Bullet repayment	100.00	100.00	–	–
	2 semi-annual payment of ₹ 50 crore starting Oct 19	100.00	100.00	–	–
Sep 19	Bullet repayment	100.00	100.00	–	–

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2018	Non-current As at 31 March 2017	Current maturities As at 31 March 2018	Current maturities As at 31 March 2017
	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	–	–
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	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 ₹ 87.5 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 ₹ 87.5 crore starting May 19	350.00	350.00	–	–
Mar 19	Bullet repayment	–	50.00	50.00	–
	4 semi-annual payment of ₹ 37.5 crore starting Mar 19	112.50	150.00	37.50	–
	4 quarterly payment of ₹ 37.5 crore starting Mar 19	112.50	150.00	37.50	–
Jan 19	Bullet repayment	–	100.00	100.00	–
	Bullet repayment	–	400.00	200.00	–
	4 quarterly payment of ₹ 25 crore starting Dec 18	50.00	100.00	50.00	–
	4 quarterly payment of ₹ 75 crore starting Sep 18	75.00	300.00	225.00	–
	4 semi-annual payment of ₹ 25 crore starting Sep 18	50.00	100.00	50.00	–
	4 semi-annual payment of ₹ 25 crore starting Aug 18	50.00	100.00	50.00	–
Jun 18	Bullet repayment	–	100.00	100.00	–
	4 semi-annual payment of ₹ 25 crore starting Jun 18	50.00	100.00	50.00	–
	4 quarterly payment of ₹ 62.5 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	–	–
	4 semi-annual payment of ₹ 25 crore starting Apr 18	50.00	–	50.00	–
	4 semi-annual payment of ₹ 50 crore starting Apr 18	–	200.00	–	–
	4 quarterly payment of ₹ 25 crore starting Apr 18	–	100.00	100.00	–
Mar 18	Bullet repayment	–	–	–	100.00
	4 quarterly payment of ₹ 25 crore starting Mar 18	–	75.00	75.00	25.00
	4 semi-annual payment of ₹ 12.5 crore starting Mar 18	–	37.50	–	12.50
Jan 18	Bullet repayment	–	–	–	250.00
Dec 17	Bullet repayment	–	–	–	200.00
	4 semi-annual payment of ₹ 87.5 crore starting Dec 17	–	–	–	87.50

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2018	Non-current As at 31 March 2017	Current maturities As at 31 March 2018	Current maturities As at 31 March 2017
	4 semi-annual payment of ₹ 125 crore starting Dec 17	–	–	250.00	–
	4 semi-annual payment of ₹ 12.50 crore starting Dec 17	–	37.50	–	–
	4 semi-annual payment of ₹ 100 crore starting Dec 17	100.00	–	–	–
	4 semi-annual payment of ₹ 50 crore starting Dec 17	–	150.00	–	–
	4 quarterly payment of ₹ 137.50 crore starting Dec 17	–	275.00	275.00	275.00
	4 semi-annual payment of ₹ 25 crore starting Dec 17	25.00	75.00	–	–
Oct 17	Bullet repayment	–	–	–	100.00
	4 semi-annual payment of ₹ 162.50 crore starting Sep 17	–	–	325.00	–
	4 semi-annual payment of ₹ 37.50 crore starting Sep 17	–	–	–	75.00
	4 semi-annual payment of ₹ 150 crore starting Sep 17	–	–	–	300.00
	4 semi-annual payment of ₹ 187.50 crore starting Sep 17	–	375.00	–	–
Aug 17	Bullet repayment	–	–	–	150.00
	4 semi-annual payment of ₹ 25 crore starting Aug 17	–	50.00	50.00	50.00
Jul 17	Bullet repayment	–	–	–	100.00
Jun 17	Bullet repayment	–	–	–	235.00
	4 semi-annual payment of ₹ 62.50 crore starting Jun 17	–	125.00	125.00	125.00
May 17	Bullet repayment	–	–	–	50.00
	4 semi-annual payment of ₹ 50 crore starting May 17	–	–	50.00	–
	4 semi-annual payment of ₹ 25 crore starting May 17	–	50.00	–	50.00
	4 semi-annual payment of ₹ 25 crore starting Mar 17	–	25.00	25.00	50.00
	16 quarterly payment of ₹ 6.25 crore starting Feb 16	18.75	43.75	25.00	25.00
	7 quarterly payment of ₹ 36.43 crore starting Feb 16	–	–	–	72.86
	7 quarterly payment of ₹ 15 crore starting Dec 15	–	–	–	15.00
	7 quarterly payment of ₹ 20 crore starting Nov 15	–	–	–	20.00
		13,983.75	11,768.75	2,750.00	2,367.86

Note: Interest rates range from 7.27% p.a.p.m. to 8.45% p.a.p.m. as at 31 March 2018

c) Details of privately placed unsecured redeemable non convertible debentures

(₹ In Crore)

Date of maturity	of face value 1 Crore(₹)	of face value 0.10 Crore(₹)	Non-current As at 31 March 2018	Non-current As at 31 March 2017	Current maturities As at 31 March 2018	Current maturities As at 31 March 2017
Jun-32*		200.00	200.00	–	–	–
Oct-29**		244.55	244.55	124.10	–	–
			444.55	124.10	–	–

Note:

- As on 31 March 2018, partially called and paid unsecured debentures of ₹ 444.55 crore.
- Interest rate at 8.06% p.a. to 8.10% p.a. as at 31 March 2018

* Amount to be called and paid is ₹ 120.45 crore in Oct 2018.

** Amount to be called and paid is ₹ 200 crore each in June 2018, June 2019, June 2020 and June 2021.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Non-current As at 31 March 2018	Non-current As at 31 March 2017
Jun 27	600.00	–
Dec 26	105.00	105.00
Sep 26	500.00*	500.00*
Aug 26	485.00*	485.00*
Jul 26	970.00*	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
	3,938.30	3,338.30

Note:

Interest rates range from 8.05% p.a. to 10.21% p.a. as at 31 March 2018

*Related parties are current holders of ₹ 112.50 crore of the mentioned issue (previous year ₹ 87.50 crore).

e) Terms of repayment of bank loans - unsecured

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2018	Non-current As at 31 March 2017	Current maturities As at 31 March 2018	Current maturities As at 31 March 2017
Jun 17	Bullet repayment	–	–	–	100.00
		–	–	–	100.00

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

f) Terms of repayment of fixed deposits

(₹ In Crore)

	Non-current		Current maturities	
	As at 31 March		As at 31 March	
Maturing upto	**2018**	**2017**	**2018**	**2017**
Mar 23	211.87	–	–	–
Mar 22	291.13	247.41	–	–
Mar 21	968.62	179.40	–	–
Mar 20	1,487.94	721.69	–	–
Mar 19	–	960.94	1,102.83	–
Mar 18	–	–	–	683.80
	2,959.56	2,109.44	1,102.83	683.80

Note:

Interest rates range from 7.05% p.a.to 10.00% p.a. as at 31 March 2018.

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

* Includes fixed deposits from related parties aggregating ₹ 9.17 crore (previous year ₹ 51.78 crore).

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

(₹ In Crore)

	Non-current		Current maturities	
	As at 31 March		As at 31 March	
Maturing upto	**2018**	**2017**	**2018**	**2017**
Mar 20	592.00	–	–	–
Mar 19	–	124.00	160.00	–
Mar 18	–	–	–	50.00
	592.00	124.00	160.00	50.00

Note: Interest rates range from 7.40% p.a.to 8.10% p.a. as at 31 March 2018.

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

i) Terms of repayment of secured collateralised borrowing and lending obligation

(₹ In Crore)

	As at 31 March	
Date of maturity	**2018**	**2017**
Apr 18	1,059.62	–
Apr 17	–	350.00
	1,059.62	350.00

Note: Interest rate at 5.91% p.a. as at 31 March 2018.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

5. Details and terms of repayment of short-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	As at 31 March 2018	As at 31 March 2017
Apr 18	850.00	–
Apr 17	–	500.00
	850.00	500.00

iii) Terms of repayment of secured short-term loan

(₹ In Crore)

Date of maturity	As at 31 March 2018	As at 31 March 2017
Jun 18	160.00	–
	160.00	–

Note: Interest rate at 7.06% p.a. as at 31 March 2018.

iv) Terms of repayment of unsecured working capital demand loan from bank

(₹ In Crore)

Date of maturity	As at 31 March 2018	As at 31 March 2017
Apr 17	–	500.00
	–	500.00

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

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

5. Details and terms of repayment of short-term borrowings (Contd.)

v) Terms of repayment of Commercial Papers

(₹ In Crore)

Date of maturity	As at 31 March 2018	As at 31 March 2017
Nov 18	23.95	–
Aug 18	790.22	–
Jul 18	49.03	–
Jun 18	296.55	–
May 18	2,004.94	–
Apr 18	518.33	–
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
	3,683.02	4,588.69

Note:

- Interest rates range from 6.84% p.a. to 7.92% p.a. as at 31 March 2018
- Face Value of Commercial Paper is ₹ 3,730 crore as at 31 March 2018 (previous year ₹ 4,645 crore)

* Related parties are current holders of ₹ Nil of the mentioned issue basis face value (previous year ₹ 25 crore)

vi) Terms of repayment of fixed deposits

(₹ In Crore)

Maturing in	As at 31 March 2018	As at 31 March 2017
Mar 19	74.33	–
Feb 19	191.08	–
Jan 19	56.72	–
Dec 18	126.26	–
Nov 18	211.99	–
Oct 18	84.55	–
Sep 18	26.33	–
Aug 18	271.66	–
Jul 18	28.04	–
Jun 18	478.82	–
May 18	60.56	–
Apr 18	32.29	–
Mar 18	–	17.38

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

5. Details and terms of repayment of short-term borrowings (Contd.)

vi) Terms of repayment of fixed deposits (Contd.)

(₹ In Crore)

Maturing in	As at 31 March 2018	2017
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
	1,642.63	725.62

Note: Interest rates range from 7.20% p.a.to 8.20% p.a. as at 31 March 2018.

vii) Terms of repayment of inter-corporate deposits

(₹ In Crore)

Maturing in	As at 31 March 2018	2017
Mar 19	156.00	–
Jan 19	90.00	–
Dec 18	50.00	–
Nov 18	215.15	–
Oct 18	41.00	–
Sep 18	135.41	–
Aug 18	12.00	–
Jul 18	35.00	–
Jun 18	213.73	–
May 18	124.00	–
Apr 18	39.69	–
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
	1,111.98	435.18

Note: Interest rates range from 6.55% p.a.to 7.95% p.a. as at 31st March 2018.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

6. 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		Others				
Asset classification						
Details		Standard	Sub-standard	Doubtful	Loss	Total
Restructured Accounts as on April 1 of the FY (opening figures)	No of borrowers	2	574	17	–	593
	Amount outstanding	205.43	110.56	5.78	–	321.77
	provision thereon	70.54	30.72	5.78	–	107.04
Fresh restructuring during the year *	No of borrowers	–	130	–	–	130
	Amount outstanding	–	24.37	–	–	24.37
	provision thereon	–	15.18	–	–	15.18
Upgradations to restructured standard category during the FY#	No of borrowers	170.00	(170.00)	–	–	–
	Amount outstanding	25.67	(25.67)	–	–	–
	provision thereon	9.50	(9.50)	–	–	–
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers	–	–	–	–	–
	Amount outstanding	–	–	–	–	–
	provision thereon	–	–	–	–	–
Downgradations of restructured accounts during the FY#	No of borrowers	–	(49)	49	–	–
	Amount outstanding	–	(1.55)	1.55	–	–
	provision thereon	–	(1.33)	1.33	–	–
Write-offs of restructured accounts during the FY*	No of borrowers	(1)	(140)	(17)	–	(158)
	Amount outstanding	(172.21)	(61.38)	(5.79)	–	(239.38)
	provision thereon	(68.88)	(11.91)	(5.57)	–	(86.36)
Restructured Accounts as on March 31 of the FY (Closing figures)	No of borrowers	171	345	49	–	565
	Amount outstanding	58.89	46.34	1.53	–	106.76
	provision thereon	11.16	23.16	1.53	–	35.86

* Includes movement of Amount outsanding and Provision thereon of the Existing restrurctured accounts.

Represents movement by asset classification.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

31 Contingent liabilities

(₹ In Crore)

Particulars	As at 31 March 2018	2017
a. Claims against the Company not acknowledged as debts	45.90	26.75
b. Income-tax matters under dispute	71.06	80.92
c. Value Added Tax (VAT) and service tax matters under dispute	1,471.21	1,231.91
d. Other matters under dispute	6.92	6.92
e. Claims, under policies, not acknowledged as debts	47.22	52.84
f. Guarantees given on behalf of Company	-	8.10

The Commissioner, Service Tax Commissionerate, Pune, through an order dated 31 March 2017, has confirmed the demand of ₹ 644.65 crore for service tax and penalties of ₹ 198.95 crore from Bajaj Finance Ltd. in relation to the interest subsidy the Company received from manufacturers and dealers in the period 1 April 2010 to 30 September 2016. In addition, the Commissioner has demanded the payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2018 totaled ₹ 400.20 crore. In accordance with legal advice, the Company filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. The Company, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable. 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.

Bajaj Finance Ltd. has received a show cause notice from service tax authorities claiming service tax on penal interest/ charges, aggregating ₹ 53.87 crore. The Company, in line with the opinion obtained from a legal counsel is of view that the said demand is not tenable and has filed reply on 23 March 2018.

In all the cases mentioned above, outflow is not probable and hence not provided by the Company.

32 Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Capital commitments, net of capital advances	162.32	268.94

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

33 Cash flow statement

Two subsidiaries of the Company carrying out insurance business, are mandated by IRDA regulations to draw up cash flows on direct method due to the unique nature of their business and reporting framework. Owing to the impracticability to draw up meaningful cash flow statements of these two subsidiaries on the indirect method as done by the parent, a detailed consolidated cash flow statement on a consistent method across the group is not possible.

However, to better view cash flows of the group, the cashflow statement has been drawn up at an activity level on the basis of their independent cash flows statements.

The independent cash flow statements of the two insurance subsidiaries are attached herewith for viewing.

Consolidated cash flows for the year could be better viewed when summarised as follows:

(₹ In Crore)

	For the year ended 31 March	
Particulars	**2018**	**2017**
Net cash flow from/(used in) operating activities	(19,360.79)	(10,922.24)
Net cash flow from/(used in) investing activities	(1,024.90)	151.30
Net cash flow from/(used in) financing activities	19,475.69	12,512.74
Net change in cash and cash equivalents	(910.00)	1,741.80
Cash and cash equivalents at the beginning of the year	4,455.44	2,713.64
Cash and cash equivalents at the end of the year **	3,545.44	4,455.44
** Cash and cash equivalents at the end of the year		
Cash and bank balance as per note 21	1,681.46	1,493.73
Other bank balances as per note 21 (current and non-current)	6.32	4.94
Cash and bank balances for unit linked business	22.91	9.29
Other short-term liquid investment	1,945.45	2,999.84
Less: Unclaimed dividend bank balance	0.29	0.25
Less: Fixed deposits having maturity more than 3 months/Temporary overdraft	110.41	52.11
	3,545.44	4,455.44

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

33 Cash flow statement (Contd.)

Bajaj Allianz General Insurance Company Ltd.

Receipts and payments account

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
I. Operating activities		
Premium received from policyholders (including advance receipts and service tax)	10,876.03	7,778.72
Receipts/payments from/to re-insurers (net of commission and claims)	(315.77)	(883.22)
Receipts/payments from/to co-insurers (net of claims)	86.45	108.48
Payment of claims (net of salvage)	(4,286.29)	(3,427.72)
Payment of commission and brokerage	(498.05)	(343.08)
Payment of other operating expenses	(1,394.70)	(1,277.17)
Miscellaneous income	20.99	10.28
Deposits placed during the year	(13.30)	(1.66)
Deposits recovered during the year	0.53	0.79
Income tax paid (net)	(468.25)	(339.36)
Service tax paid	(1,011.25)	(930.55)
Other payments	–	–
Cash flow before extraordinary items	2,996.39	695.51
Cash flow from extraordinary operations	–	–
Net cash inflow from operating activities	**2,996.39**	**695.51**
II. Investment activities		
Purchase of fixed assets (including capital advances)	(48.80)	(46.77)
Proceeds from sale of fixed assets	0.47	0.86
Purchase of investments	(17,488.60)	(9,649.08)
Sale of investments	14,317.16	8,406.11
Rent/interests/dividends received	886.48	717.53
Investments in money market instruments and in liquid mutual funds (net)	(525.54)	42.48
Interest expense and other investment expenses	(1.47)	(1.42)
Fixed deposits placed during the year	(27.00)	(48.51)
Fixed deposits matured during the year	165.00	161.49
Net cash outflow from investment activities	**(2,722.30)**	**(417.31)**

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

33 Cash flow statement (Contd.)

Bajaj Allianz General Insurance Company Ltd.

Receipts and payments account (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
III. Financing activities		
Proceeds from issuance of share capital	–	–
Interest/dividends paid	–	–
Proceeds from borrowing	–	–
Repayments of borrowing	–	–
Net cash flow from financing activities	**–**	**–**
Effect of foreign exchange rates on cash and cash equivalents,net	**0.74**	**(0.39)**
Increase/(decrease) in cash and cash equivalents during the year	**274.83**	**277.81**
Cash and cash equivalent at the year begining	552.85	275.04
Cash and cash equivalent at the year end**	827.68	552.85
** Cash and cash equivalent		
Cash and bank balance	832.22	556.36
Less: Fixed deposit maturity more than 3 months	4.54	3.51
Less: Temporary overdraft	–	–
Cash and cash equivalent at the year end	**827.68**	**552.85**

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

33 Cash flow statement (Contd.)

Bajaj Allianz Life Insurance Company Ltd.

Receipts and payments account

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
I. Operating activities		
Premium received from policyholders, including advance receipts	7,814.54	6,554.57
Other receipts	28.92	25.74
Payments to the re-insurers, net of commissions and claims	(20.16)	(4.32)
Payment of claims	(8,003.30)	(6,059.30)
Payment of commission and brokerage	(194.69)	(156.51)
Payment of operating expenses	(1,261.84)	(1,181.13)
Preliminary and pre-operative expenses	–	–
Deposits, advances and staff loans	(14.15)	(8.12)
Income taxes paid (net)	(113.68)	(137.73)
GST/Service tax paid	(273.33)	(252.08)
Other payments	–	–
Cash flows before extraordinary items	(2,037.69)	(1,218.88)
Cash flow from extraordinary operations	–	–
Net cash from operating activities	**(2,037.69)**	**(1,218.88)**
II. Investing activities		
Purchase of fixed assets	(76.96)	(62.53)
Proceeds from sale of fixed assets	36.64	35.82
Purchase of investments	(75,567.73)	(160,868.88)
Loans disbursed	–	–
Loans against policies	(42.38)	(25.45)
Sale of investments	73,834.72	160,577.76
Repayment received	16.67	–
Rent, interest and dividend received	2,551.89	2,360.76
Investment in money market intruments and in liquid mutual funds (net)	77.72	1,863.87
Expense related to investments	(3.18)	(3.16)
Net cash from investing activities	**827.39**	**3,878.19**

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

33 Cash flow statement (Contd.)

Bajaj Allianz Life Insurance Company Ltd.

Receipts and payments account (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
III. Financing activities		
Proceeds from issuance of share capital	–	–
Proceeds from borrowing	–	–
Repayments of borrowing	–	–
Interest/dividends paid	–	–
Net cash from financing activities	**–**	**–**
Effect of foreign exchange rates on cash and cash equivalents, net	**–**	**–**
Net increase in cash and cash equivalents	**(1,210.30)**	**2,659.31**
Add: Cash and cash equivalents at the beginning of the year	3,576.25	916.94
Cash and cash equivalents at the end of the year	**2,365.95**	**3,576.25**
Components of cash and cash equivalents at the end of the year		
(a) Cash (including cheques in hand and stamps in hand)	128.19	159.87
(b) Bank balances and money at call and short notice	373.78	454.67
Bank balance in Unit linked business	22.91	9.29
Temporary overdraft as per the books of accounts	(104.38)	(47.42)
(c) Other short-term liquid investment (forming part of investments in financials)	1,945.45	2,999.84
Cash and cash equivalents at the end of the year	**2,365.95**	**3,576.25**

The above Receipts and payments account has been prepared as prescribed by Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 under the 'Direct method' in accordance with Accounting Standard 3 on Cash Flow Statements notified under the section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

34 Employee benefits

Liability for employee benefits has been determined on the basis of an independent actuarial valuation, in conformity with the principles set out in the Accounting Standard 15 (Revised) the details of which are as hereunder.

Funded scheme

(₹ In Crore)

Particulars	Gratuity	
	As at 31 March	
	2018	2017
Amount to be recognised in Balance Sheet		
Present value of funded obligations	150.27	123.73
Fair value of plan assets	(122.21)	(104.57)
Amount not recognised as an asset (limit in Para 59 (b))	0.10	0.15
Net liability	**28.16**	**19.31**
Amounts in Balance Sheet		
Liability	28.16	19.31
Assets	–	–
Net liability	**28.16**	**19.31**
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	20.31	14.91
Interest on defined benefit obligation	9.89	7.83
Expected return on plan assets	(7.79)	(6.18)
Net actuarial losses/(gains) recognised in year	11.09	17.20
Effect of the limit in Para 59(b)	(0.04)	(0.56)
Total, included in 'Employee benefits expense'	**33.46**	**33.20**
Actual return on plan assets	5.38	8.99
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	**123.73**	**91.73**
Current service cost	20.31	14.91
Interest cost	9.89	7.83
Actuarial losses/(gains)	8.65	20.00
Liabilities assumed on acquisition/(settled on divestiture)	0.01	–
Benefits paid	(12.32)	(10.74)
Closing defined benefit obligation	**150.27**	**123.73**

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

34 Employee benefits (Contd.)

Funded scheme (Contd.)

Particulars	Gratuity	
	As at 31 March	
	2018	2017
Change in fair value of assets		
Opening fair value of plan assets	**104.57**	**82.73**
Expected return on plan assets	7.79	6.18
Actuarial gains/(losses)	(2.44)	2.80
Contributions by employer	24.32	23.15
Benefits paid	(12.03)	(10.29)
Closing fair value of plan assets	**122.21**	**104.57**
Expected employer's contribution next year	30.50	20.62

(₹ In Crore)

Particulars	As at 31 March		
	2018	2018	2017
Assets information			
Insurer managed funds			
Bajaj Finserv Ltd.	3.45	100%	100%
Bajaj Allianz General Insurance Co. Ltd.	37.16	100%	100%
Bajaj Allianz Life Insurance Co. Ltd.	26.75	100%	100%
Bajaj Finance Ltd.	54.82	100%	100%
Bajaj Allianz Financial Distributors Ltd.	0.03	100%	100%

Particulars	Year ended 31 March				
	2014	2015	2016	2017	2018
Experience adjustments					
Defined benefit obligation	54.99	73.83	91.73	123.73	150.27
Plan assets	57.17	61.51	82.72	104.57	122.21
Surplus/(deficit)	2.18	(12.32)	(9.01)	(19.16)	(28.06)
Experience adjustment on plan liabilities	2.88	2.69	3.52	12.25	18.14
Experience adjustment on plan assets	(0.01)	2.77	0.43	2.79	(2.44)

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

34 Employee benefits (Contd.)

Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Principal actuarial assumptions (Expressed as weighted averages)		
Discount rate (p.a.)		
Bajaj Finserv Ltd.	7.75%	7.35%
Bajaj Allianz General Insurance Co. Ltd.	7.30%	7.30%
Bajaj Allianz Life Insurance Co. Ltd.	7.65%	7.00%
Bajaj Finance Ltd.	7.75%	7.35%
Bajaj Allianz Financial Distributors Ltd.	7.70%	7.10%
Expected rate of return on assets (p.a.)		
Bajaj Finserv Ltd.	7.50%	7.50%
Bajaj Allianz General Insurance Co. Ltd.	6.75%	6.50%
Bajaj Allianz Life Insurance Co. Ltd.	7.50%	7.50%
Bajaj Finance Ltd.	7.50%	7.50%
Bajaj Allianz Financial Distributors Ltd.	8.00%	8.00%
Salary escalation rate (p.a.)		
Bajaj Finserv Ltd. (Senior staff)	10.00%	10.00%
Bajaj Finserv Ltd. (Junior staff)	10.00%	10.00%
Bajaj Allianz General Insurance Co. Ltd.	11.00%	10.00%
Bajaj Allianz Life Insurance Co. Ltd.	5.00%	6.00%
Bajaj Finance Ltd. (Senior staff)	11.00%	10.00%
Bajaj Finance Ltd. (Junior staff)	11.00%	10.00%
Bajaj Allianz Financial Distributors Ltd.	4.50%	4.50%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

34 Employee benefits (Contd.)

Unfunded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	44.21	71.52	41.02	43.97
Expense recognised in the Statement of Profit and Loss	30.36	40.36	23.40	35.11
Discount rate (p.a.)				
Bajaj Finserv Ltd.	7.75%	7.75%	7.75%	7.35%
Bajaj Allianz General Insurance Co. Ltd.	7.30%	7.30%	7.30%	7.30%
Bajaj Allianz Life Insurance Co. Ltd.	7.65%	7.65%	7.00%	7.00%
Bajaj Finance Ltd.	7.75%	7.75%	7.35%	7.35%
Bajaj Allianz Financial Distributors Ltd.	7.70%		7.20%	
Salary escalation rate (p.a.)				
Bajaj Finserv Ltd. (Senior staff)	10.00%		10.00%	
Bajaj Finserv Ltd. (Junior staff)	10.00%		10.00%	
Bajaj Allianz General Insurance Co. Ltd.	11.00%		10.00%	
Bajaj Allianz Life Insurance Co. Ltd.	5.00%		6.00%	
Bajaj Finance Ltd. (Senior staff)	11.00%		10.00%	
Bajaj Finance Ltd. (Junior staff)	11.00%		10.00%	
Bajaj Allianz Financial Distributors Ltd.	4.50%		4.50%	

Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Defined Contribution Plans:		
Provident fund paid to Government authorities	25.66	21.99
Superannuation scheme	1.01	1.08
Pension fund paid to Government authorities	0.90	0.55
Defined Benefit Plans:		
Gratuity	33.46	33.20
Others	0.01	0.01
	61.04	56.83

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

34 Employee benefits (Contd.)

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 2018. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are:

Funded scheme

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Amount to be recognised in Balance Sheet		
Present value of funded obligations	240.79	176.35
Fair value of plan assets	(240.79)	(176.35)
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	18.08	12.29
Interest on defined benefit obligation	13.90	11.03
Expected return on plan assets	(17.67)	(12.94)
Net actuarial losses/(gains) recognised in year	3.77	1.91
Total, included in employee benefits expense	**18.08**	**12.29**
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	**176.35**	**131.18**
Current service cost	18.08	12.29
Interest cost	13.90	11.03
Actuarial losses/(gain)	3.76	1.76
Employees contribution	37.02	26.02
Liabilities assumed on acquisition/(settled on divestiture)	2.26	3.43
Benefits paid	(10.58)	(9.36)
Closing defined benefit obligation	**240.79**	**176.35**

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

34 Employee benefits (Contd.)

Provident fund (Contd.)

(₹ In Crore)

Particulars	2018	2017
Change in fair value of assets		
Opening fair value of plan assets	176.35	131.18
Expected return on plan assets	17.67	12.94
Actuarial gain/(losses)	(0.01)	(0.15)
Contributions by employer	18.08	12.29
Contributions by employee	37.02	26.02
Assets acquired on acquisition/(distributed on divestiture)	2.26	3.43
Benefits paid	(10.58)	(9.36)
Closing fair value of plan assets	**240.79**	**176.35**
Expected employer's contribution next year	20.07	13.52

Particulars	2018	2017
Asset information		
Government of India securities	50%	52%
Corporate bonds	30%	30%
Special deposit scheme	5%	6%
Others	15%	12%

Particulars	2014	2015	2016	2017	2018
Experience adjustments					
Defined benefit obligation	71.84	92.71	131.18	176.35	240.79
Plan assets	71.84	92.71	131.18	176.35	240.79
Surplus/(deficit)	–	–	–	–	–
Experience adjustments on plan liabilities	0.81	(0.38)	7.78	1.76	3.76
Experience adjustments on plan assets	0.34	(0.39)	6.62	(0.15)	(0.01)

Particulars	As at 31 March 2018	2017
Principal actuarial assumptions (Expressed as weighted averages)		
Discount rate (p.a.)		
Bajaj Finance Ltd.	7.75%	7.35%
Expected rate of return on assets (p.a.)		
Bajaj Finance Ltd.	8.64%	8.90%
Discounting rate for remaining term to maturity of investment (p.a)		
Bajaj Finance Ltd.	7.65%	7.15%
Average historic yield on investment (p.a.)		
Bajaj Finance Ltd.	8.54%	8.70%
Guaranteed rate of return (p.a.)		
Bajaj Finance Ltd.	8.55%	8.65%

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

35 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2018

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	17,037.23	71.95	13,429.02	61.21	30,599.41
Inter segment sales and other income	74.04	–	36.89	168.18	279.11
Total Revenue	**17,111.27**	**71.95**	**13,465.91**	**229.39**	**30,878.52**
Segment result	2,138.93	29.53	4,169.89	(28.18)	6,310.17
Tax expense	–	–	–	–	1,970.29
Minority interest	–	–	–	–	1,598.44
Profit for the year	**2,138.93**	**29.53**	**4,169.89**	**(28.18)**	**2,741.44**
Segment assets	71,268.30	39.74	87,207.57	140.54	158,656.15
Unallocated corporate assets	–	–	–	–	30.41
Total assets	**71,268.30**	**39.74**	**87,207.57**	**140.54**	**158,686.56**
Segment liabilities	57,857.09	1.82	5,797.44	32.18	63,688.53
Unallocated corporate liabilities	–	–	–	–	17.41
Total liabilities	**57,857.09**	**1.82**	**5,797.44**	**32.18**	**63,705.94**
Capital employed	**13,411.21**	**37.92**	**81,410.13**	**108.36**	**94,980.62**
Capital expenditure	76.63	–	207.71	0.58	284.92
Depreciation and amortisation	–	–	102.07	1.36	103.43
Non cash expenses other than depreciation	–	–	–	–	–

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Insurance, Windmill, Retail financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

35 Segment information (Contd.)

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2017

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	14,416.68	70.32	9,951.54	69.18	24,507.72
Inter segment sales and other income	46.14	–	40.65	78.06	164.85
Total Revenue	**14,462.82**	**70.32**	**9,992.19**	**147.24**	**24,672.57**
Segment result	2,019.61	42.64	2,877.09	(14.81)	4,924.53
Tax expense	–	–	–	–	1,474.82
Minority interest	–	–	–	–	1,187.79
Profit for the year	**2,019.61**	**42.64**	**2,877.09**	**(14.81)**	**2,261.92**
Segment assets	63,889.53	36.83	64,102.15	135.38	128,163.89
Unallocated corporate assets	–	–	–	–	25.87
Total assets	**63,889.53**	**36.83**	**64,102.15**	**135.38**	**128,189.76**
Segment liabilities	52,379.33	0.97	4,880.71	23.60	57,284.61
Unallocated corporate liabilities	–	–	–	–	17.41
Total liabilities	**52,379.33**	**0.97**	**4,880.71**	**23.60**	**57,302.02**
Capital employed	**11,510.20**	**35.86**	**59,221.44**	**111.78**	**70,887.74**
Capital expenditure	81.63	–	148.21	0.41	230.25
Depreciation and amortisation	–	–	71.17	1.46	72.63
Non cash expenses other than depreciation	–	–	–	–	–

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Insurance, Windmill, Retail financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet	2016-17 Transaction value	2016-17 Outstanding amounts carried in Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra - group transactions.					
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party - holds 39.16% shares of Bajaj Finserv Ltd.)	Purchase of shares by BHIL (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	10.90	-	-	-
	Business support services received	2.60	-	2.61	-
	Business support services rendered	0.31	-	0.26	-
	Insurance premium received	0.02	-	0.06	-
	Unallocated premium	-	(0.02)	-	(0.04)
	Billable expenses reimbursed on behalf	0.08	-	-	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to Equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	0.68	-	0.53	-
	Rental income	0.05	-	0.04	0.04
	Reimursement of expenses received	-	-	0.01	-
	Insurance premium received	0.14	-	0.09	-
	Unallocated premium	-	(0.07)	-	(0.05)
	Insurance commission paid/payable	15.16	(3.68)	7.86	(0.59)
	Business support services rendered	0.08	-	-	-
Bajaj Allianz Staffing Solutions Ltd. (100% owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Other income	0.14	-	0.13	0.12
	Reimbursement of expenses received	-	-	0.03	-
	Insurance premium received	0.90	-	0.70	-
	Unallocated premium	-	(0.01)	-	(0.02)
	Manpower supply charges	80.64	-	100.27	(3.35)
Allianz Cornhill Information Services Pvt. Ltd.	Insurance premium received	0.14	-	0.47	-
	Insurance claims paid	0.02	-	0.31	-
	Unallocated premium	-	-	-	(0.19)
Allianz SE	Contribution to equity of BALICL including premium	-	(1,099.13)	-	(1,099.13)
	Contribution to equity of BAGICL including premium	-	(195.27)	-	(195.27)
	Billable expenses incurred on behalf	0.04	(0.03)	0.08	-
	Billable expenses recovered on behalf	-	-	0.02	-
	Reimbursement of revenue expenses received	-	-	0.03	-
Allianz Insurance Management Asia Pacific Pte.	Billable expenses incurred	0.01	(0.04)	0.04	(0.03)
	Reimbursement received of revenue expenditure	-	-	0.03	-
	Paid towards revenue expenditure	-	0.01	-	0.01
Allianz Investment Management Singapore Pte. Ltd	Data provision charges	-	-	1.47	(0.33)
	Investment management	-	-	0.28	(0.06)
AGCS Marine Insurance Company	Reinsurance premium paid/payable	0.02	0.05	4.38	1.27
	Commission on reinsurance premium	-	-	0.61	-
	Claims recovery on reinsurance	1.15	-	5.51	-
Allianz Global Risks US Insurance Company	Reinsurance premium paid/payable	0.08	(0.03)	1.89	(0.29)
	Commission on reinsurance premium	0.01	-	0.22	-
	Claims recovery on reinsurance	0.24	-	0.18	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017-18		2016-17	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Allianz Global Corporate & Speciality AG, Spain	Reinsurance premium paid/payable	-	-	0.24	-
	Commission on reinsurance received/receivable	-	-	0.06	-
Allianz Global Corporate & Speciality AG, UK	Reinsurance premium paid/payable	0.38	(0.79)	24.65	(0.79)
	Commission on reinsurance received/receivable	0.09	-	1.42	-
	Claims recovery on reinsurance	28.26	-	27.55	-
Allianz Global Corporate & Speciality SE, Netherlands	Reinsurance premium paid/payable	-	-	0.23	0.04
	Commission on reinsurance received/receivable	-	-	0.09	-
	Claims recovery on reinsurance	0.03	-	0.04	-
Allianz Global Corporate & Speciality SE, Italy	Reinsurance premium paid/payable	0.04	(0.06)	0.44	(0.01)
	Commission on reinsurance received/receivable	-	-	0.11	-
	Claims recovery on reinsurance	-	-	0.03	-
Allianz Global Corporate & Speciality SE, Denmark- Nordic Region	Reinsurance premium paid/payable	-	(0.01)	0.36	(0.01)
	Commission on reinsurance received/receivable	-	-	0.14	-
Allianz Global Corporate & Speciality SE Munich	Reinsurance premium paid/payable	5.07	(0.28)	60.63	(10.83)
	Commission on reinsurance received/receivable	0.66	-	10.04	-
	Claims recovery on reinsurance	28.55	-	43.89	-
	Billable expenses incurred on behalf	0.04	(0.03)	-	-
Allianz SE Reinsurance, Branch Asia Pacific	Reinsurance premium paid/payable	17.12	(1.77)	40.02	(4.11)
	Commission on reinsurance received/receivable	1.52	-	2.19	-
	Claims recovery on reinsurance	12.26	-	144.03	-
	Reinsurance profit commission receivable	1.06	-	-	-
	CAT XOL premium paid/payable	0.28	-	1.88	-
	CAT XOL claim recovered	10.90	-	8.09	-
Allianz Global Corporate & Speciality AG Singapore (Previously known as Allianz Insurance Company of Singapore - PTE)	Reinsurance premium paid/payable	20.77	(0.45)	1.54	(0.30)
	Commission on reinsurance received/receivable	4.10	-	0.18	-
	Claim recovery on reinsurance	0.26	-	0.24	-
	Billable expenses reimbursed on behalf	-	-	0.03	-
Allianz Belgium	Reinsurance premium paid/payable	0.03	0.06	0.34	(0.12)
	Commission on reinsurance received/receivable	-	-	0.03	-
	Claim recovery on reinsurance	0.05	-	0.01	-
Allianz Elementar Versicherungs - Austria	Reinsurance premium paid/payable	0.03	-	0.40	0.12
	Commission on reinsurance received/receivable	0.01	-	0.09	-
	Claim recovery on reinsurance	0.57	-	0.14	-
Allianz Global Corporate & Speciality SE -France	Reinsurance premium paid/payable	0.50	0.82	17.98	(9.48)
	Commission on reinsurance received/receivable	0.51	-	1.71	-
	Claims recovery on reinsurance	33.47	-	1.40	-
Allianz Risk Transfer AG	Reinsurance premium paid/payable	-	(0.04)	30.69	(0.03)
	Commission on reinsurance received/receivable	0.01	-	0.36	-
Allianz Australia Insurance Ltd.	Reinsurance premium paid/payable	0.01	-	0.07	-
	Commission on reinsurance received/receivable	0.01	-	0.02	-
Euler Hermes Deutschland (Formerly known as Euler Hermes Cr Insurance (S) Ltd.)	Reinsurance premium paid/payable	-	0.96	0.03	0.18
	Claims recovery on reinsurance	0.39	-	0.04	-
	Billable expenses incurred on behalf	1.35	-	2.57	0.54

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet	2016-17 Transaction value	2016-17 Outstanding amounts carried in Balance Sheet
Euler Hermes Europe, Singapore Branch	Reinsurance premium paid/payable	12.75	(0.57)	15.25	(4.75)
	Commission on reinsurance received/receivable	1.08	-	1.47	-
	Claims recovery on reinsurance	7.00	-	2.43	-
Allianz Risk Transfer N.V.	Reinsurance premium paid/payable	-	-	0.91	-
	Commission on reinsurance received/receivable	-	-	0.04	-
Allianz Technology SE (Previously Allianz Managed Operations & Services SE)	Paid towards opus revenue expenditure	3.18	(5.17)	2.71	(2.29)
	License and maintenance fees paid	1.16	(1.16)	1.05	(0.95)
	Insurance premium received	0.02	-	0.22	-
	Benefits paid	0.01	-	0.01	-
	Unallocated premium	-	0.06	-	(0.08)
Allianz Technlogy SE, India	Insurance premium received	0.06	-	0.03	-
	Unallocated premium	-	-	-	(0.03)
AWP Assistance India Pvt. Ltd. (Previously AGA Assistance (India) Pvt. Ltd.)	Insurance claims paid	1.52	-	1.16	-
	Premium received as an agent	-	(0.32)	-	(0.23)
	Insurance commission paid/payable	1.23	(0.20)	0.92	(0.06)
	Unallocated premium	-	-	-	0.02
	Insurance premium received	0.01	-	0.01	-
	Claim assisstance fee paid	4.72	-	3.93	-
	Billable expenses incurred on behalf	0.02	0.03	0.06	0.07
AWP Services India Pvt. Ltd. (Previously AGA Services (India) Pvt. Ltd.)	Insurance claims paid	12.64	-	33.53	-
	Claim assisstance fee paid	0.68	-	3.22	-
	Other expenses paid/payable	4.38	(0.36)	2.93	(1.07)
Euler Hermes Services India Pvt Ltd.	Credit risk assessment fees paid	1.39	-	2.19	(0.17)
Allianz Insurance Lanka Ltd.	Reinsurance premium received/receivable	-	-	0.09	-
	Commission on reinsurance paid/payable	-	-	0.02	-
AWP P&C SA Saint Ouen Paris	Reinsurance premium received/receivable	39.61	(4.58)	6.82	(2.40)
	Commission on reinsurance paid/payable	25.53	-	4.16	-
	Claims paid on reinsurance accepted	3.82	-	0.25	-
Allianz Global Corporate & Speciality US	Risk survey fees	-	-	0.02	-
C Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.11	-	0.08	-
	Commission	0.17	(0.17)	0.13	(0.13)
Madhur Bajaj	Sitting fees	0.07	-	0.07	-
	Commission	0.11	(0.11)	0.10	(0.10)
Rajiv Bajaj	Sitting fees	0.05	-	0.06	-
	Commission	0.08	(0.08)	0.09	(0.09)
Niraj Bajaj	Nil	-	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Remuneration	1.72	-	1.54	-
	Sitting fees	0.19	(0.19)	0.09	-
	Commission	3.40	(3.40)	3.42	(3.42)

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

(₹ In Crore)

	Name of related party and nature of relationship	Nature of transaction	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet	2016-17 Transaction value	2016-17 Outstanding amounts carried in Balance Sheet
D	**Key Management Personnel & their Relatives:**					
	Tapan Singhel (MD & CEO - BAGICL)	Remuneration	7.66	–	5.59	–
	Tarun Chugh (MD & CEO - BALICL)	Remuneration	11.85	–	–	–
	Rajeev Jain (MD - BFL)	Remuneration	10.06	(5.16)	8.45	(4.37)
		ESOPs exercised	32.42	–	–	–
	Anuj Agarwal (MD & CEO - BALICL)	Remuneration	–	–	4.25	–
E	**Enterprises over which anyone in (c) and (d) exercises significant influence:**					
	Bajaj Auto Ltd.	Sale of windpower	7.68	–	21.51	–
		Business support services received	26.66	(0.56)	21.43	–
		Business support services rendered	0.51	0.03	0.65	–
		Interest subsidy	23.78	1.87	8.33	–
		Insurance premium received by BAGICL/BALICL	10.47	–	15.62	–
		Insurance claims paid by BAGICL/BALICL	4.03	–	3.14	–
		Security deposit paid	–	0.21	–	0.21
		Unallocated premium	–	(3.24)	–	(3.53)
		Dividend income	0.69	–	0.06	–
		Investments held	–	34.31	–	35.07
	Bajaj Electricals Ltd.	Purchases	0.14	0.01	0.21	–
		Insurance claims paid	0.77	–	0.52	–
		Insurance premia received	5.80	–	5.67	–
		Unallocated premium	–	(4.79)	–	(0.05)
	Bajaj Auto Holdings Ltd.	Purchase of shares by BAHL (209,005 shares of ₹ 5 each)	–	(0.10)	–	(0.10)
		Dividend paid	0.04	–	–	–
		Non-convertible debentures redeemed	–	–	5.00	–
		Interest on non-convertible debentures issued	–	–	0.48	–
	Hind Musafir Agency Ltd.	Services received	60.83	(1.70)	37.58	(2.25)
		Insurance premium received	0.02	–	0.02	–
	Hind Lamps Ltd.	Benefits paid	0.01	–	–	–
		Insurance premium received	0.16	–	0.16	–
		Unallocated premium	–	(0.05)	–	–
	Mukand Ltd.	Sale of windpower	39.37	1.80	36.74	0.63
		Insurance premium received	3.16	–	3.61	–
		Insurance claims paid	1.56	–	2.13	–
		Unallocated premium	–	(0.02)	–	(0.01)
		Rent and other expenses paid	0.06	–	0.06	–
		Security deposit paid	–	4.00	–	4.00
		Interest received	4.49	–	3.63	–
		Loan given	25.00	42.63	25.00	33.97
		Principal repayment received	16.34	–	21.96	–
	Mukand Engineers Ltd	Insurance premium received	0.11	–	0.35	–
		Insurance claims paid	0.07	–	0.11	–
		Unallocated premium	–	–	–	(0.01)
	Hercules Hoists Ltd.	Fixed deposits accepted	–	–	–	(1.67)
		Fixed deposits repaid	1.67	–	6.70	–
		Interest paid on fixed deposits	–	–	0.97	–
		Interest accrued on fixed deposits	0.01	–	0.70	(0.23)

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet	2016-17 Transaction value	2016-17 Outstanding amounts carried in Balance Sheet
Maharashtra Scooters Ltd.	Business support services rendered	0.12	1.86	0.10	0.03
	Non-convertible debentures issued	–	(80.00)	–	(80.00)
	Interest on non-convertible debentures issued	7.20	–	7.20	–
	Contribution to equity of BFL (18,974,660 shares of ₹ 2 each)	–	(3.79)	–	(3.79)
	Contribution to equity of BFS (3,725,740 shares of ₹ 5 each)	–	(1.86)	–	(1.86)
	Dividend paid	7.48	–	–	–
Jamnalal Sons Pvt. Ltd	Security deposit	0.10	0.29	–	0.09
	Rent and other expenses	0.58	–	0.22	–

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.

37 Deferred taxes

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax liabilities		
On account of timing difference in		
Depreciation	46.05	49.64
Amortisation of discount on acquisition of debt securities	–	0.66
Other liabilities	3.28	3.04
Gross deferred tax liabilities	49.33	53.34
Deferred tax assets		
On account of timing difference in		
Reserve for unexpired risks	61.05	76.03
Solatium fund	2.83	2.10
Provision for bad and doubtful debts	358.75	351.82
Provision for employee benefits	14.92	10.20
Disallowance u/s 43B of the Income-tax Act, 1961	19.48	13.50
Amortisation of premium/discount on acquisition of debt securities	0.19	–
Other assets	24.35	23.59
Gross deferred tax assets	481.57	477.24
	(432.24)	(423.90)

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

38 Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ In Crore)

Particulars	Net assets (i.e. total assets minus total liabilities)		Share in profit or (loss)	
	As a% of consolidated net assets	Amount	As a% of consolidated profit or loss	Amount
1. Parent:				
Bajaj Finserv Ltd.	13.88%	2,879.73	5.16%	141.34
2. Subsidiaries (Indian):				
Bajaj Allianz General Insurance Company Ltd.	21.53%	4,466.37	33.60%	921.24
Bajaj Allianz Life Insurance Company Ltd.	44.43%	9,218.23	26.12%	716.12
Bajaj Finance Ltd. (Consolidated)	80.20%	16,638.00	97.55%	2,674.11
Bajaj Finserv Direct Ltd. (Formarly Bajaj Financial Holdings Ltd.)	0.02%	3.08	0.02%	0.60
(Less): Minority interests in all subsidiaries	(53.25%)	(11,047.02)	(58.31%)	(1,598.44)
(Less): Inter-company eliminations	(6.85%)	(1,420.25)	(4.17%)	(114.41)
3. Joint ventures (as per proportionate consolidation method) (Indian):				
Bajaj Allianz Financial Distributors Ltd.	0.05%	10.15	0.03%	0.88
(Less): Inter-company eliminations	(0.01%)	(1.20)	–	–
Total	100.00%	20,747.09	100.00%	2,741.44

39 Previous year figures

Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

40 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Nanoo Pamnani
Chairman – Audit Committee

Salient features of the financial statements of subsidiaries for the year ended 31 March 2018

Form AOC-1:
In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

Part A: Subsidiaries

(₹ In Crore)

	Particulars	Bajaj Allianz General Insurance Co. Ltd.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Finance Ltd. (Consolidated)	Bajaj Finserv Direct Ltd.*
a	The date since when subsidiary was acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	7 February 2014
b	Reporting period for the subsidiary	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018
c	Paid-up share capital	110.23	150.71	115.03	2.50
d	Reserves and surplus	4,356.14	9,067.52	16,430.62	0.58
e	Total assets	4,466.37	52,168.74	86,824.33	3.08
f	Total liabilities	4,466.37	52,168.74	86,824.33	3.08
g	Investments	13,990.69	8,490.24	3,145.97	–
h	Turnover	7,152.63	9,958.64	13,465.91	0.81
i	Profit before tax	1,352.91	806.61	4,096.20	0.76
j	Provision for tax	431.67	90.49	1,422.09	0.16
k	Profit after tax	921.24	716.12	2,674.11	0.60
l	Proposed dividend	100%	70%	200%	–
m	% of shareholding	74.00%	74.00%	54.99%	100.00%

* Formerly Bajaj Financial Holdings Ltd.

Name of subsidiary sold during the year: Nil

Part B: Joint venture

(₹ In Crore)

	Particulars	Bajaj Allianz Financial Distributors Ltd. (Consolidated)*
a	Date on which the associate or joint venture was associated or acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)
b	Latest audited Balance Sheet date	31 March 2018
c	Shares of joint venture held by the Company on the year end	
	– Number	1,200,000
	– Amount of investment in joint venture	1.20
	– Extent of holding%	50.00%
d	Description of how there is significant influence	By way of shareholding
e	Reason why associate/joint venture is not consolidated	N.A.
f	Net worth attributable to shareholding as per latest audited Balance Sheet	10.15
g	Profit/(loss) for the year	
	– Considered in consolidation	1.79
	– Not considered in consolidation	–

* The consolidated financial results of Bajaj Allianz Financial Distributors Ltd. include 100% interest in Bajaj Allianz Staffing Solutions Ltd.

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Pune: 17 May 2018

Standalone Financial Statements

Independent Auditors' Report on the Standalone Financial Statements

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

Report on the financial statements

We have audited the accompanying standalone financial statements of Bajaj Finserv Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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 that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. 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

In our opinion and to the best of our information and according to the explanations given to us, the 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 2018, its profit, and its cash flows for the year ended on that date.

Other matter

The financial statements of the Company for the year ended 31 March 2017, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on 17 May 2017.

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose of our audit;

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

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

   (d) In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;

   (e) On the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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 2 to this report;

   (g) With respect to the other matters to be included in the Auditor's 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 22 to the standalone financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

Annexure 1 to Independent Auditors' Report

Annexure 1 referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to generation of power through wind turbines, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, service tax, goods and service tax, duty of custom, value added tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance and duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, goods and service tax, duty of custom, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance and duty of excise are not applicable to the Company.

(c) According to the information and explanations given to us, the dues outstanding of income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax	0.26	FY 2008-09	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	36.64	FY 2010-11 and FY 2011-12	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income tax	8.28	FY 2012-13	Assistant Commissioner of Income Tax
Maharashtra Value Added Tax Act, 2002	Value Added Tax	0.32	FY 2009-10	Joint Commissioner of Sales Tax (Appeals)
Maharashtra Value Added Tax Act, 2002	Value Added Tax	0.02	FY 2011-12	Deputy Commissioner of Sales Tax (Appeals)
Finance Act, 1994	Service tax	0.13	FY 2010-11 to FY 2013-14	Commissioner (Appeals)

Annexure 1 to Independent Auditors' Report (Contd.)

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the Management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the Management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given by the Management, the Company was registered as a Non-deposit accepting Non-Banking Financial Company until the financial year 2014-15. During the year 2015-16, vide order dated 23 October 2015, the Company was recognised as a Core Investment Company (CIC) by the Reserve Bank of India (RBI) and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of the clause 3(xvi) of the Order are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

Annexure 2 to Independent Auditors' Report

Annexure 2 referred to in paragraph 2(f) under the heading 'Report on other legal and regulatory requirements' of our report of even date

Report on Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of Bajaj Finserv Ltd. (the 'Company') as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

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 as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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.

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.

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

Meaning of internal financial controls over financial reporting

A 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. A company's internal financial control over financial reporting includes those policies and procedures that

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

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

Annexure 2 to Independent Auditors' Report (Contd.)

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

Inherent limitations of internal financial controls over financial reporting

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

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 2018, 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	79.57	79.57
Reserves and surplus	4	2,800.16	2,686.45
		2,879.73	**2,766.02**
Non-current liabilities			
Deferred tax liabilities (net)	5	7.34	9.49
Other long-term liabilities	6	1.87	1.87
Long-term provisions	7	8.50	7.64
		17.71	**19.00**
Current liabilities			
Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		2.85	1.54
Other current liabilities	9	13.61	8.32
Short-term provisions	7	20.15	19.25
		36.61	29.11
Total		**2,934.05**	**2,814.13**
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipment	10	67.40	68.06
Capital work-in-progress		8.19	1.19
		75.59	69.25
Non-current investments	11	2,735.25	2,489.71
Long-term loans and advances	12	38.07	34.86
		2,848.91	**2,593.82**
Current assets			
Current investments	11	28.61	182.25
Trade receivables	13	3.96	0.63
Cash and bank balances	15	12.40	1.55
Short-term loans and advances	12	0.99	1.17
Other current assets	14	39.18	34.71
		85.14	**220.31**
Total		**2,934.05**	**2,814.13**
Summary of significant accounting policies followed by the Company	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Nanoo Pamnani
Chairman – Audit Committee

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2018	2017
Revenue			
Revenue from operations	16	239.76	153.90
Other income	17	12.48	11.10
Total revenue		**252.24**	**165.00**
Expenses			
Employee benefits expense	18	27.31	20.35
Depreciation and amortisation expense	19	1.36	1.46
Other expenses	20	56.78	39.19
Total expenses		**85.45**	**61.00**
Profit before tax		**166.79**	**104.00**
Tax expense			
Current tax		27.60	35.23
Deferred tax		(2.15)	(1.25)
Total tax expense		25.45	33.98
Profit for the year		**141.34**	**70.02**
Basic and diluted Earnings per share (in ₹)	21	8.9	4.4
(Nominal value per share ₹ 5)			
Summary of significant accounting policies followed by the Company	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Nanoo Pamnani
Chairman – Audit Committee

Cash Flow Statement

(₹ In Crore)

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
I. Operating activities				
Profit before tax		166.79		104.00
Adjustments to reconcile profit before tax to net cash flows:				
Add:				
i) Depreciation and amortisation expense	1.36		1.46	
		1.36		1.46
Less:				
i) Profit on sale of investments, net	2.80		3.90	
ii) Surplus on sale of assets	–		0.12	
iii) Amortisation of premium/discount on acquisition of debt securities	(0.19)		12.17	
		2.61		16.19
		165.54		89.27
Change in assets and liabilities				
i) (Increase)/decrease in trade receivables	(3.33)		7.56	
ii) (Increase)/decrease in loans and advances and other assets	(2.96)		(11.97)	
iii) (Increase)/decrease in other bank balances	(0.04)		0.71	
iv) Increase/(decrease) in liabilities and provisions	8.32		1.63	
		1.99		(2.07)
(Purchase)/sale of money market mutual funds, etc., net*		6.53		(7.67)
Net cash from operating activities before income-tax		174.06		79.53
Income-tax refund/(paid) for earlier years (net)		(2.16)		0.46
Income-tax paid		(29.98)		(38.48)
Net cash flow from/(used in) operating activities		**141.92**		**41.51**
Carried forward		141.92		41.51

Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Brought forward	141.92	41.51
II. Investing activities		
i) Purchases of capital assets	(7.58)	(0.63)
ii) Sales proceeds of assets	0.01	0.27
iii) Investment in subsidiary*	–	(306.08)
iv) Sale of current and long-term investments*	330.79	395.08
v) Purchase of current and long-term investments*	(426.74)	(352.45)
Net cash flow from/(used in) investing activities	**(103.52)**	**(263.81)**
III. Financing activities		
i) Dividend paid	(27.81)	(0.71)
ii) Rights issue proceeds (net of expenses)	0.22	0.02
Net cash flow from/(used in) financing activities	**(27.59)**	**(0.69)**
Net change in cash and cash equivalents	**10.81**	**(222.99)**
Cash and cash equivalents as at the beginning of the year	1.30	224.29
Cash and cash equivalents as at the end of the year	12.11	1.30
	–	–

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

Summary of significant accounting policies followed by the Company 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Nanoo Pamnani
Chairman – Audit Committee

Notes to standalone financial statements for the year ended 31 March 2018

1 The Company is primarily engaged in the business of promoting financial services such as finance, insurance, wealth management, etc. through its investments in subsidiaries and joint ventures. The Company is also engaged in the business of generating power through wind turbines, a renewable source of energy.

The Company has been recognised as a Core Investment Company (CIC) by the Reserve Bank of India (RBI) in terms of the regulations governing Non-Banking Financial Companies and is not required to be registered thereunder.

2 Summary of significant accounting policies followed by the Company

Basis of preparation

These financial statements have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, as amended and the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines/regulations to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. The accounting policy adopted in preparation of financial statements are consistent with those followed in previous year.

1) Use of estimates

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

2) Revenue recognition

a) Income

The Company recognises income (including rent, etc.) on accrual basis to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. However, where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed.

(1) Income from debentures and bonds is accrued over the maturity of the security, net of amortisation of premium/ discount, thereby recognising the implicit yield to maturity, with reference to the coupon dates, where applicable.

(2) Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.

(3) On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Profit/loss on sale of investments is recognised on the trade date.

b) Wind-farm income

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

3) Property, plant and equipment and depreciation/amortisation

A. Property, plant and equipment

i) Property, plant and equipment, capital work in progress except land are carried at cost of acquisition or construction as the case may be, less accumulated depreciation and amortisation. Land is carried at cost

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

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

of acquisition. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by the Management. The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

ii) Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

iii) Land and buildings acquired/constructed, not intended to be used in the operations of the Company are categorised as investment property under Investments.

B. Depreciation and amortisation

(a) Leasehold land
Premium on leasehold land is amortised over the period of lease.

(b) On other tangible assets

i. a. Depreciation is provided on the straight line method over the useful lives of the assets.
b. Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, the component is depreciated over such shorter life.
c. Useful life of assets are determined by the Management by internal technical assessments.

ii. Assets which are depreciated over useful life/residual value different than those indicated by Schedule II to the Companies Act, 2013 are as under:

Asset class having residual value at ₹ 1
Computers
Furniture
Office equipment
Electric fittings

iii. Depreciation on additions is being provided on pro rata basis from the month of such additions.

iv. Depreciation on assets sold, discarded or demolished during the year is being provided upto the month in which such assets are sold, discarded or demolished.

v. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

C. Impairment of assets

An assessment is done at each Balance Sheet date as to whether there are any indications that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/Cash Generating Unit (CGU) is made. Where the carrying value of the asset/CGU exceeds the recoverable amount, the carrying value is written down to the recoverable amount.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

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

4) Investments

a) Current investments representing debt securities with a maturity less than 1 year and those intended to be held for a period less than 1 year from the date on which the investment is made are stated at the lower of cost adjusted for amortisation and diminution; and fair value.

b) Debt securities, other than current, are carried at cost, less amortisation of premium/discount, as the case may be, and provision for diminution, if any, as considered necessary.

c) Other long-term investments (eg. equity, mutual funds, etc.) are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments. Current investments are valued at the lower of cost or fair value.

d) Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments.

e) Long-term investments maturing within 12 months from the close of the year (current maturities) are disclosed as current investments.

f) The Management has laid out guidelines for the purpose of assessing likely impairments in investments and for making provisions based on given criteria. Appropriate provisions are accordingly made, which in the opinion of the Management are considered adequate.

g) Investment property represents immovable property not intended to be used for the Company's own operations and is carried at cost, less depreciation computed in the manner prescribed under Schedule II to the Companies Act, 2013.

5) Employee benefits

a) Compensated absences and long-term incentive plan

Compensated absences entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised on the basis of an independent actuarial valuation.

The Company's liability towards long-term incentive plan, being a defined benefit plan, is accounted for on the basis of an independent actuarial valuation.

They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit or Loss.

b) Gratuity

The Company operates defined benefit plan for its employees, viz., gratuity. Payment for present liability of future payment of gratuity is being made to an approved gratuity fund, which fully covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability on the basis of an independent actuarial valuation is recognised as a liability.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

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

The defined benefit obligation is calculated annually by an independent actuarial valuation using the projected unit credit method in conformity with the principles and manner of computation specified in Accounting Standard 15. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit or Loss.

c) Defined contribution plans

The Company operates three defined contribution plans for its employees:
- Contribution to superannuation fund as per the scheme of the Company
- Contribution to provident fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority

The Company recognises contribution payable to these fund/schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

6) Taxation

a) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income-tax Act, 1961 and the Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.

c) Deferred tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystalise with reasonable certainty. However, in case of deferred tax assets (representing unabsorbed depreciation or carried forward losses) are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

7) Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. 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.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

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

8) 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.

As a lessor

Leases where the lessor substantially retains all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

9) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of 3 months or less.

10) Earnings per share

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

11) Segment reporting

a) Identification of segments
The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

b) Inter-segment transfers
The Company generally accounts for inter-segment sales and transfers at cost plus appropriate margins.

c) Allocation of common costs
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

d) Unallocated items
Unallocated items include general corporate income and expense items which are not allocated to any business segment.

e) Segment accounting policies
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

3 Share capital

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised:		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
Issued, subscribed and fully paid-up shares:		
159,135,097 (31 March 2017: 159,131,780) equity shares of ₹ 5 each	79.57	79.57
	79.57	79.57

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

	As at 31 March 2018		As at 31 March 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,131,780	79.57	159,131,453	79.56
Equity shares earlier held in abeyance, issued during the year [See note 3 d.]	3,317		327	0.01
Outstanding at the end of the year	159,135,097	79.57	159,131,780	79.57

b. Terms/rights attached to equity shares

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

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

	As at 31 March 2018		As at 31 March 2017	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,239,784	9.58%	15,110,824	9.50%

d. Shares reserved for issue at a subsequent date

16,764 (20,081) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

The Company received ₹ 16,585 (₹ 1,635) from the shares issued out of the shares held in abeyance.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

4 Reserves and surplus

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Securities premium account		
Balance as at the beginning of the year	928.89	928.87
Add: Received during the year	0.22	0.02
Balance as at the end of the year	929.11	928.89
General reserve		
Balance as at the beginning of the year	1,197.14	1,197.14
Add: Transferred from surplus in Statement of Profit and Loss	–	–
Balance as at the end of the year	1,197.14	1,197.14
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	560.42	490.40
Profit for the year	141.34	70.02
Less: Appropriations		
Final dividend, declared and paid during the year	27.85	–
Total appropriations	27.85	–
Balance as at the end of the year	673.91	560.42
	2,800.16	2,686.45

5 Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at 31 March 2018	2017
Deferred tax liabilities		
On account of timing difference in		
Depreciation	8.85	10.31
Amortisation of discount on acquisition of debt securities	-	0.66
Gross deferred tax liabilities	8.85	10.97
Deferred tax assets		
On account of timing difference in		
Provision for compensated absences	0.27	0.27
Amortisation of premium/discount on acquisition of debt securities	0.19	-
Provision for gratuity	1.05	1.21
Gross deferred tax assets	1.51	1.48
	7.34	9.49

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

6 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits	1.87	1.87
	1.87	1.87

7 Provisions

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Provision for employee benefits [See note 27]				
Provision for gratuity	3.62	3.48	–	–
Provision for compensated absences	–	–	0.93	0.79
Provision for long-term incentive plan	4.88	4.16	1.81	1.05
	8.50	7.64	2.74	1.84
Other provisions				
Provision for tax (net of tax paid in advance)	–	–	17.41	17.41
	8.50	7.64	20.15	19.25

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

8 Trade payables

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Total outstanding dues of micro enterprises and small enterprises *	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.85	1.54
	2.85	1.54

* On the basis of information requested from vendors with regards to their registration (filing of Memorandum) under 'The Micro, Small and Medium Enterprises Development Act, 2006. (27 of 2006)' and in view of the terms of payments not exceeding 45 days, which has been promptly paid, no liability exists at the close of the current and previous year and hence no disclosures have been made in this regard.

9 Other current liabilities

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Unpaid dividend	0.29	0.25
Directors' remuneration and commission payable	3.77	3.64
Employee benefits payable	6.50	4.22
Taxes payable	2.80	0.09
Other payables	0.25	0.12
	13.61	8.32

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

10 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block (a)				Accumulated depreciation				Net block
	As at 1 April 17	Additions	Deductions/ adjustments	As at 31 March 18	As at 1 April 17	Deductions	For the year (a)	As at 31 March 18	As at 31 March 18
Land freehold (c)	18.95	–	–	18.95	–	–	–	–	18.95
Land leasehold	8.19	–	–	8.19	–	–	–	–	8.19
Buildings (b)	28.46	–	–	28.46	5.63	–	0.41	6.04	22.42
Computers	1.16	0.11	–	1.27	1.11	–	0.04	1.15	0.12
Electric fittings	0.47	–	–	0.47	0.28	–	0.06	0.34	0.13
Furniture	1.64	0.31	–	1.95	1.05	–	0.22	1.27	0.68
Office equipment	2.01	0.07	0.01	2.07	1.62	–	0.08	1.70	0.37
Vehicles	3.57	0.09	–	3.66	0.89	–	0.42	1.31	2.35
Wind energy generators	283.72	–	–	283.72	269.53	–	–	269.53	14.19
Total	**348.17**	**0.58**	**0.01**	**348.74**	**280.11**	**–**	**1.23**	**281.34**	**67.40**

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

(b) Excludes premises held as investment properties and given on lease disclosed as an investment. Correspondingly depreciation for the year on investment property amounting to ₹ 0.13 crore (previous year ₹ 0.13 crore) has been reduced from the said Investments under note 11.

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore and cost of shares therein ₹ 2,000.

Previous year

(₹ In Crore)

Particulars	Gross block (a)				Accumulated depreciation				Net block
	As at 1 April 16	Additions	Deductions/ adjustments	As at 31 March 17	As at 1 April 16	Deductions	For the year (a)	As at 31 March 17	As at 31 March 17
Land freehold (c)	18.95	–	–	18.95	–	–	–	–	18.95
Land leasehold	8.19	–	–	8.19	–	–	–	–	8.19
Buildings (b)	28.46	–	–	28.46	5.21	–	0.42	5.63	22.83
Computers	1.12	0.04	–	1.16	1.05	–	0.06	1.11	0.05
Electric fittings	0.47	–	–	0.47	0.22	–	0.06	0.28	0.19
Furniture	1.61	0.03	–	1.64	0.85	–	0.20	1.05	0.59
Office equipment	1.87	0.14	–	2.01	1.56	–	0.06	1.62	0.39
Vehicles	4.19	0.20	0.82	3.57	1.03	0.67	0.53	0.89	2.68
Wind energy generators	283.72	–	–	283.72	269.53	–	–	269.53	14.19
Total	**348.58**	**0.41**	**0.82**	**348.17**	**279.45**	**0.67**	**1.33**	**280.11**	**68.06**

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

(b) Excludes premises held as investment properties and given on lease disclosed as an investment. Correspondingly depreciation for the year on investment property amounting to ₹ 0.13 crore (previous year ₹ 0.13 crore) has been reduced from the said Investments under note 11.

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore and cost of shares therein ₹ 2,000.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

11 Investments

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
(A) Long-term investments:				
In Investment Property:				
Unquoted:				
Cost of premises given on operating lease	8.25	8.25	–	–
Add: Additions during the year	–	–	–	–
Less: Accumulated depreciation	2.49	2.36	–	–
Net block	5.76	5.89	–	–
In Fully Paid Equity Shares:				
Trade:				
In Subsidiary Company:				
Quoted:				
317,816,130 (317,816,130) Shares of ₹ 2 each in Bajaj Finance Ltd.	1,910.73	1,910.73	–	–
Unquoted:				
111,524,660 (111,524,660) Shares of ₹ 10 each in Bajaj Allianz Life Insurance Co. Ltd.	111.52	111.52	–	–
81,568,165 (81,568,165) Shares of ₹ 10 each in Bajaj Allianz General Insurance Co. Ltd.	81.57	81.57	–	–
2,500,000 (2,500,000) Shares of ₹ 10 each in Bajaj Finserv Direct Ltd. (formerly Bajaj Financial Holdings Ltd.)	2.50	2.50	–	–
	195.59	195.59	–	–
In Joint Venture:				
Unquoted:				
1,200,000 (1,200,000) Shares of ₹ 10 each in Bajaj Allianz Financial Distributors Ltd.	1.20	1.20	–	–
In Bonds and Debentures:				
Fully paid:				
Others:				
Quoted:				
– (750) Zero Percent Bajaj Finance Ltd. of ₹ 1,000,000 each	–	–	–	82.93
750 (Nil) 7.50% Bajaj Finance Ltd. of ₹ 1,000,000 each	75.13	–	–	–
400 (Nil) 7.62% Bajaj Finance Ltd. of ₹ 1,000,000 each	40.07	–	–	–
1,000 (Nil) 7.7435% Bajaj Finance Ltd. of ₹ 1,000,000 each	100.01	–	–	–
1,250 (Nil) 7.77% Bajaj Finance Ltd. of ₹ 1,000,000 each	125.81	–	–	–
550 (Nil) 7.8409% Bajaj Finance Ltd. of ₹ 1,000,000 each	55.47	–	–	–
Carried over	396.49	–	–	82.93
Carried over	2,113.28	2,113.41	–	–

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

11 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	2,113.28	2,113.41	–	–
In Bonds and Debentures: (Contd.)				
Fully paid: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	396.49	–	–	82.93
250 (Nil) 7.90% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.15	–	–	–
– (1000) 8.48% Bajaj Finance Ltd. of ₹ 1,000,000 each	–	100.01	–	–
150 (250) 8.85% Bajaj Finance Ltd. of ₹ 1,000,000 each	–	25.31	15.21	–
– (500) 8.8896% Bajaj Finance Ltd. of ₹ 1,000,000 each	–	50.00	–	–
750 (750) 8.95% Bajaj Finance Ltd. of ₹ 1,000,000 each	75.01	75.01	–	–
250 (250) 9% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.00	25.00	–	–
250 (250) 9.40% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.40	25.40	–	–
500 (500) 9.58% Bajaj Finance Ltd. of ₹ 1,000,000 each	50.89	50.89	–	–
250 (250) 9.66% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.51	25.51	–	–
	623.45	377.13	15.21	82.93
Less: Amortisation of premium/(discount) on acquisition	1.48	0.83	0.12	(6.20)
	621.97	376.30	15.09	89.13
In Fixed Deposits:				
Unquoted:				
8.71% Bajaj Finance Ltd.	–	–	–	50.00
Total (A)	2,735.25	2,489.71	15.09	139.13
(B) Current investments:				
In Commercial Paper:				
Unquoted:				
– (500) Commercial Paper of ₹ 500,000 each of Bajaj Finance Ltd. - 21-07-2017	–	–	–	24.37
Less: Amortisation of premium/(discount) on acquisition	–	–	–	(0.10)
	–	–	–	24.47
In Mutual Fund Units:				
Quoted:				
563,050 (829,040) ICICI Prudential Money Market Fund - Direct Growth	–	–	13.52	18.65
Total (B)	–	–	13.52	43.12

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

11 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Total (A+B)	2,735.25	2,489.71	28.61	182.25
Aggregate provision for diminution in value of investments	–	–	–	–

(₹ In Crore)

Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Quoted	2,561.31	2,394.81	56,826.39	37,712.63
Unquoted	202.55	277.15	NA	NA
Total	2,763.86	2,671.96		

Notes to Investments

1 Quoted investments for which quotations are not available, if any, have been included in market value at the face value/paid-up value, whichever is lower, except in case of Debentures and Bonds, where the Net Present Value at current yield to maturity have been considered. Mutual funds (open ended) though not listed are quoted on National Stock Exchange (NSE) at transactable NAVs with fund houses through the exchange and hence categorised as quoted.

2 Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long-term, hence diminutions in the value of quoted investments are considered to be of a temporary nature. No provision has been determined during the year ended 31 March 2018.

3 Refer note 2 clause 4 for accounting policy and valuation principles for investments.

12 Loans and advances
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Capital advances	1.23	2.49	–	–
Security deposits	4.33	4.34	–	–
Other loans and advances				
Advances to related parties [See note 29]	–	–	0.34	0.45
VAT refund receivable	2.09	2.15	–	–
Advance income-tax (net of provision for tax)	14.71	10.17	–	–
MAT credit entitlement	15.70	15.70	–	–
Others	0.01	0.01	0.65	0.72
	32.51	28.03	0.99	1.17
	38.07	34.86	0.99	1.17

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

13 Trade receivables
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	Current As at 31 March 2018	Current As at 31 March 2017
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	3.96	0.63
	3.96	0.63

14 Other assets
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	Current As at 31 March 2018	Current As at 31 March 2017
Credit receivable for windpower generated	2.75	2.13
REC sale proceeds/REC receivable (₹ 18,697)		1.60
Interest receivable on investments	36.43	30.98
	39.18	34.71

15 Cash and bank balances

(₹ In Crore)

Particulars	Current As at 31 March 2018	Current As at 31 March 2017
Cash and cash equivalents		
Balances with banks		
In current accounts	12.11	1.30
Other bank balances		
Unclaimed dividend accounts	0.29	0.25
	12.40	1.55

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

16 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Windfarm activity		
Income from power generation	47.87	57.16
Income from Renewable Energy Certificates (REC)	24.08	13.16
	71.95	70.32
Investment activity		
Interest		
Interest income on		
Fixed deposits	2.71	9.51
Long-term investments	48.08	32.14
Current investments	–	4.26
Amortisation of (premium)/discount on acquisition of debt securities on		
Long-term investments	(0.50)	5.74
Current investments	0.31	6.43
	50.60	58.08
Other financial services		
Dividend income on investment in subsidiaries	114.41	21.60
Profit on sale of investments, net #	2.80	3.90
	167.81	83.58
	239.76	153.90

Including on current investments ₹ 1.39 crore (previous year ₹ 3.90 crore)

17 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Interest - others	0.21	0.13
Rent	1.87	1.87
Business support service	10.16	8.68
Miscellaneous receipts	0.06	0.08
Surplus on sale of assets	–	0.12
Provision no longer required	0.18	0.22
	12.48	11.10

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

18 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Salaries, wages and bonus to employees	24.98	18.55
Contribution to provident and other funds	2.03	1.61
Staff welfare expenses	0.30	0.19
	27.31	20.35

19 Depreciation and amortisation expense

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Depreciation on property, plant and equipment	1.23	1.33
Depreciation on investment property	0.13	0.13
	1.36	1.46

20 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Rent	0.06	0.06
Repairs to buildings	1.08	1.07
Repairs to machinery - windmill	8.02	8.48
Repairs to others	0.04	0.05
Energy generation expenses	32.39	17.53
REC registration, issuance and brokerage charges	0.72	0.37
Rates and taxes	0.61	0.71
Insurance	0.42	0.39
Payment to auditor	0.26	0.29
Directors' fees and travelling expenses	0.40	0.47
Commission to non-executive directors	0.32	0.30
Travelling (including foreign travel) expenses	0.46	0.24
Business support service expenses	0.69	0.93
Expenditure towards Corporate Social Responsibility (CSR) activities	1.90	1.67
Legal and professional charges	3.78	2.26
Miscellaneous expenses	5.63	4.37
	56.78	39.19

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

20 Other expenses (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2018	2017
Payment to auditor		
As auditor		
Audit fee	0.08	0.08
Tax audit fee	0.02	0.02
Limited review	0.08	0.08
Other services (certification fees and other matters)	0.04	0.07
Reimbursement of expenses (Previous year ₹ 43,406)	0.02	
Service tax, on above	0.02	0.04
	0.26	0.29
Expenditure towards Corporate Social Responsibility (CSR) activities		
a) Gross amount required to be spent by the Company during the year	1.83	1.66
b) Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	1.90	1.67
	1.90	1.67

21 Earnings Per Share (EPS)

Particulars	For the year ended 31 March 2018	2017
Profit for the year (₹ In Crore)	141.34	70.02
Weighted average number of shares outstanding during the year (Nos)	159,133,298	159,131,633
Earnings per share (Basic and Diluted) ₹	8.9	4.4
Face value per share ₹	5.0	5.0

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

22 Contingent liabilities

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
a. Claims against the Company not acknowledged as debts	8.70	9.46
b. Income-tax matters under dispute Appeal by Company	29.18	29.18
c. Value Added Tax (VAT) and service tax matters under dispute	2.40	3.09

In all the cases mentioned above, outflow is not probable and hence not provided by the Company.

23 Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Capital commitments, net of capital advances	14.10	4.42

24 Proposed dividend

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
On equity shares of ₹ 5 each		
Amount of dividend proposed (₹ In Crore)	27.85	27.85
Dividend per equity share ₹	1.75	1.75
Dividend%	35%	35%

25 Expenditure in foreign currency (accrual basis)

(₹ In Crore)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Travelling expenses	0.04	0.02
Other matters	0.57	0.60
Purchase of capital asset	0.06	-
	0.67	0.62

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

26 Details of windpower generation and turnover

Particulars	For the year ended 31 March 2018	2017
Credit for units brought forward from previous year		
In units (In Lakh)	38	50
In value (₹ In Crore)	2.13	3.43
Generated, during the year		
In units (In Lakh)	734	867
Sold, during the year		
In units (In Lakh)	724	879
In value (₹ In Crore)	47.25	58.46
Credits receivable		
In units (In Lakh)	48	38
In value (₹ In Crore)	2.75	2.13

27 Employee benefits

Liability for employee benefits has been determined on the basis of an independent actuarial valuation, in conformity with the principles set out in the Accounting Standard 15 (Revised) the details of which are as hereunder.

Funded scheme

(₹ In Crore)

Particulars	Gratuity As at 31 March 2018	2017
Amount to be recognised in Balance Sheet		
Present value of funded obligations	7.07	5.96
Fair value of plan assets	(3.45)	(2.48)
Net liability	**3.62**	**3.48**
Amounts in Balance Sheet		
Liability	3.62	3.48
Assets	–	–
Net liability	**3.62**	**3.48**
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	0.31	0.24
Interest on defined benefit obligation	0.39	0.37
Expected return on plan assets	(0.13)	(0.11)
Net actuarial losses/(gains) recognised in year	0.41	0.22
Total, included in 'Employee benefits expense'	**0.98**	**0.72**
Actual return on plan assets	0.14	0.30

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

27 Employee benefits (Contd.)

Funded scheme (Contd.)

Particulars	Gratuity	
	As at 31 March	
	2018	2017
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	**5.96**	**5.52**
Current service cost	0.31	0.24
Interest cost	0.39	0.37
Actuarial losses/(gains)	0.41	0.41
Benefits paid	-	(0.58)
Closing defined benefit obligation	**7.07**	**5.96**
Change in fair value of assets		
Opening fair value of plan assets	**2.48**	**2.35**
Expected return on plan assets	0.13	0.11
Actuarial gains/(losses)	-	0.19
Contributions by employer	0.84	0.41
Benefits paid	-	(0.58)
Closing fair value of plan assets	**3.45**	**2.48**
Expected employer's contribution next year	0.85	0.50

(₹ In Crore)

Particulars		As at 31 March	
	2018	2018	2017
Assets information			
Insurer managed funds	3.45	100.00%	100.00%

Particulars	Year ended 31 March				
	2014	2015	2016	2017	2018
Experience adjustments					
Defined benefit obligation	3.84	5.12	5.52	5.96	7.07
Plan assets	1.72	2.22	2.35	2.48	3.45
Surplus/(deficit)	(2.12)	(2.90)	(3.17)	(3.48)	(3.62)
Experience adjustment on plan liabilities	0.51	0.20	0.30	0.13	0.63
Experience adjustment on plan assets	0.06	0.11	0.07	0.18	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

27 Employee benefits (Contd.)

Funded scheme (Contd.)

Particulars	As at 31 March 2018	As at 31 March 2017
Principal actuarial assumptions (Expressed as weighted averages)		
Discount rate (p.a.)	7.75%	7.35%
Expected rate of return on assets (p.a.)	7.50%	7.50%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	0.93	6.69	0.79	5.21
Expense recognised in the Statement of Profit and Loss	0.37	2.53	0.28	1.67
Discount rate (p.a.)	7.75%	7.75%	7.35%	7.35%
Salary escalation rate (p.a.) - senior staff	10.00%		10.00%	
Salary escalation rate (p.a.) - junior staff	10.00%		10.00%	

Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Defined Contribution Plans:		
Provident fund paid to Government authorities	0.68	0.54
Superannuation paid to Trust	0.33	0.32
Pension fund paid to Government authorities	0.03	0.02
Others (₹ 20,175 - previous year ₹ 16,785)		
Defined Benefit Plans:		
Gratuity	0.98	0.72
Others	0.01	0.01
	2.03	1.61

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

28 Segment information

Segment information based on consolidated financial statements is given in note 35 to consolidated financial statements.

The Company has disclosed the business segments as primary reporting segment on the basis that risks and returns are primarily determined by the nature of products and services. Consequently, geographical segment has been considered as a secondary segment.

The business segments have been identified on the basis of the nature of products and services, the risks and returns and internal performance reporting systems.

The business segments comprise the following:
i. Insurance
ii. Windmill
iii. Retail financing
iv. Investments and others

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet	2016-17 Transaction value	2016-17 Outstanding amounts carried in Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
Bajaj Allianz General Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (81,568,165 shares of ₹ 10 each)	–	81.57	–	81.57
	Rent received	1.87	–	1.87	–
	Deposit received	–	(1.87)	–	(1.87)
	Insurance premium paid	0.37	0.34	0.40	0.38
Bajaj Allianz Life Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (111,524,660 shares of ₹ 10 each)	–	111.52	–	111.52
	Revenue expenses reimbursed	–	–	–	0.07
Bajaj Finance Ltd. (54.99% shares held by Bajaj Finserv Ltd.)	Contribution to equity (317,816,130 shares of ₹ 2 each)	–	1,910.73	408.11	1,910.73
	Subscription/(conversion) to preferential convertible warrants	–	–	(102.03)	–
	(Previous Year - 925,000 warrants of ₹ 4,412 each - 25% paid)				
	Investment/(Redeemed) in non-convertible debentures/ Commercial Paper	–	635.00	(95.00)	475.00
	Investment/(maturity) in fixed deposits	(50.00)	–	(100.00)	50.00
	Interest received on non-convertible debentures	39.12	–	34.12	–
	Interest accrued on fixed deposits	2.71	–	9.50	6.39
	Dividend received	114.41	–	21.60	–
	Employee car transfer	0.09	–	–	–
	Licencse fee received (Current Year - ₹ 505, Previous Year - ₹ 505)		–		–
	Business support services received	0.31	–	0.26	–
	Business support services rendered	10.07	–	8.68	–
Bajaj Finserv Direct Ltd. (formerly Bajaj Financial Holdings Ltd.) (Fully owned subsidiary)	Contribution to equity (2,500,000 shares of ₹ 10 each)	–	2.50	–	2.50
Bajaj Housing Finance Ltd. (Fellow Subsidiary)	Nil	–	–	–	–
Bajaj Financial Securities Ltd. (Fellow Subsidiary)	Nil	–	–	–	–
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party)	Shares of BFS held by BHIL (62,314,214 shares of ₹ 5 each)	–	(31.16)	–	(31.16)
	Dividend paid	10.90	–	–	–
	Business support services received	0.06	–	0.07	–
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to equity (1,200,000 shares of ₹ 10 each)	–	1.20	–	1.20
	Services received	0.68	–	0.53	–
	Business support services rendered	0.08	–	–	–

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet	2016-17 Transaction value	2016-17 Outstanding amounts carried in Balance Sheet
C Individuals controlling voting power/exercising significant influence and their relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.05	–	0.03	–
	Commission	0.05	(0.05)	0.03	(0.03)
Madhur Bajaj	Sitting fees	0.03	–	0.03	–
	Commission	0.03	(0.03)	0.03	(0.03)
Rajiv Bajaj	Sitting fees	0.02	–	0.03	–
	Commission	0.02	(0.02)	0.03	(0.03)
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Remuneration	1.62	–	1.54	–
	Commission	3.40	(3.40)	3.24	(3.24)
Shekhar Bajaj	Nil	–	–	–	–
Niraj Bajaj	Nil	–	–	–	–
D Key management personnel and their relatives:	**Included in 'C' above**				
E Enterprises over which anyone in (c) and (d) exercises significant influence:					
Bajaj Auto Ltd.	Sale of windpower	7.68	–	21.51	–
	Business support services received	0.30	–	0.48	–
Bajaj Electricals Ltd.	Purchases	–	–	–	–
Bajaj Auto Holdings Ltd.	Shares of BFS held by BAHL (209,005 shares of ₹ 5 each)	–	(0.10)	–	(0.10)
	Dividend paid	0.04	–	–	–
Hind Musafir Agency Ltd.	Services received	0.43	(0.03)	0.09	–
Mukand Ltd.	Sale of windpower	39.37	1.80	36.74	0.63
	Rent paid	0.06	–	0.06	–
	Security deposit paid	–	4.00	–	4.00
	Interest/(rebate) received	0.19	–	0.13	–
Maharashtra Scooters Ltd.	Shares of BFS held by MSL (3,725,740 shares of ₹ 5 each)	–	1.86	–	1.86
	Dividend paid	0.65	–	–	–

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard 18 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

30 Lease

As a lessor:
The Company has given a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
i) Office premises:		
Gross carrying amount	8.25	8.25
Depreciation for the year	0.13	0.13
Accumulated depreciation	2.49	2.36

ii) The total future minimum lease rentals receivable at the Balance Sheet date is as under:

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Receivable		
Within one year	2.03	1.87
After one year but not more than five years	3.03	5.06
More than five years	–	–
	5.06	6.93

As a lessee:
The Company has taken a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

The total future minimum lease rentals payable at the Balance Sheet date is as under:

(₹ In Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Payable		
Within one year	0.06	0.06
After one year but not more than five years	0.09	0.15
More than five years	–	–
	0.15	0.21

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

31 Joint ventures

The Company has the following investment in jointly controlled entity:

Name of joint venture	Country of incorporation	Proportion of ownership interest As at 31 March 2018	Proportion of ownership interest As at 31 March 2017
Bajaj Allianz Financial Distributors Ltd. (BAFDL)	India	50%	50%

The Company's share of each of the assets, liabilities, income and expenses in the joint venture, based on the audited financial statements are as below:

(₹ In Crore)

Particulars	31 March 2018*	31 March 2017*
(a) Assets		
Non-current investments	4.32	4.32
Deferred tax assets (net)	0.03	0.04
Long-term loans and advances	0.06	0.07
Other non-current assets	3.60	3.60
Current investments	4.76	3.91
Trade receivables	1.85	0.38
Cash and bank balances	0.07	0.05
Short-term loans and advances	0.16	0.13
Other current assets	1.60	1.99
(b) Liabilities		
Long-term provisions	2.30	2.00
Trade payables	0.01	0.09
Current liabilities	3.34	2.38
Short-term provisions	0.65	0.76
(c) Income		
Revenue from operations	47.94	52.06
Other income	0.35	0.49
(d) Expenses		
Employee benefits expense	45.08	48.71
Other expenses	1.91	2.61
Current and deferred tax	0.42	0.42
(e) Contingent liabilities	₹ Nil	₹ Nil
(f) Capital commitments	₹ Nil	₹ Nil

* Based on consolidated financials.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

32 Previous year figures

Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

33 Miscellaneous

a. ₹ 1 crore is equal to ₹ 10 million.

b. Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 17 May 2018

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

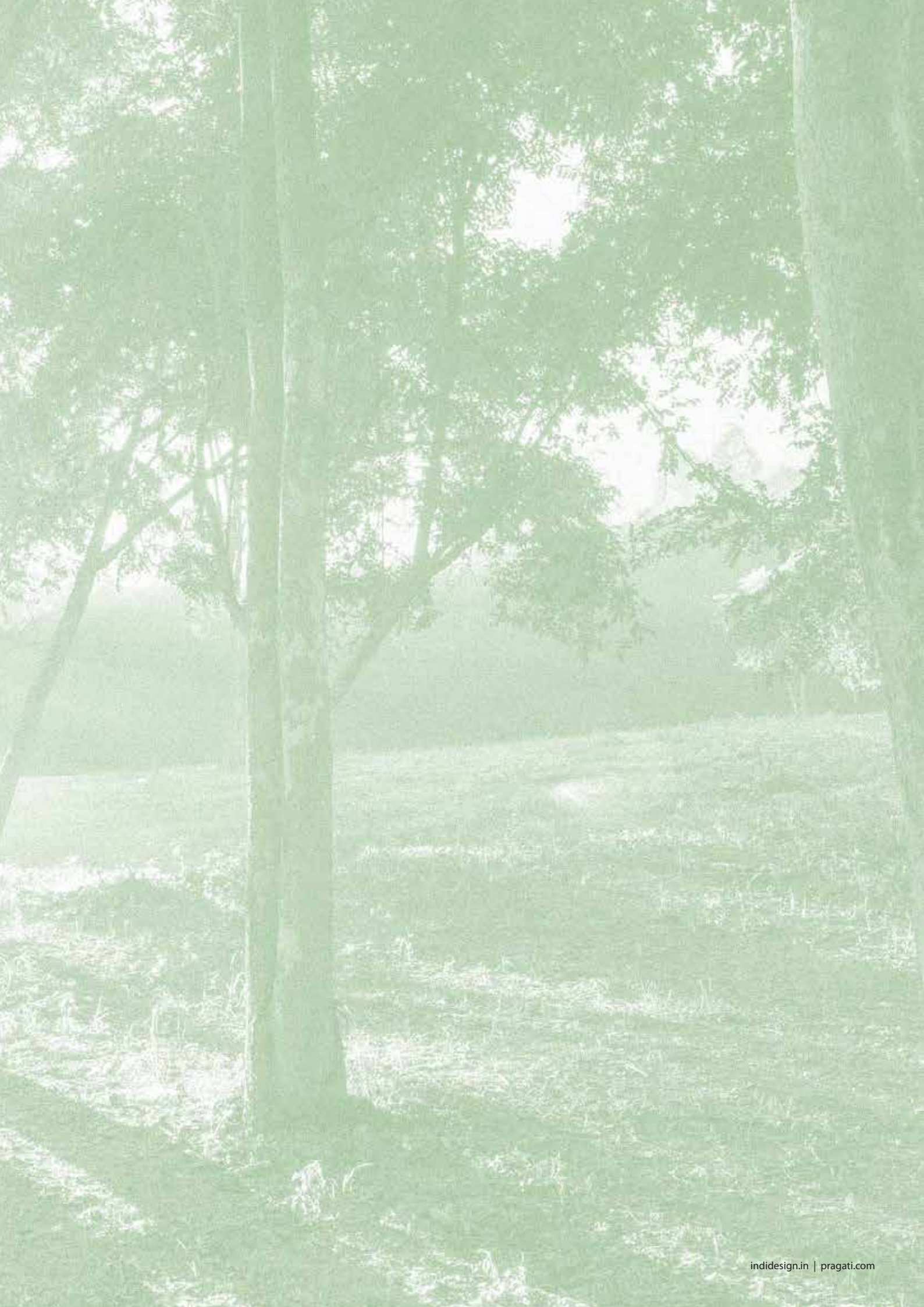
Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Notes

Notes





Like the five elements of nature work in harmony, so do our companies through symbiotic relationships.

BAJAJ FINSERV

BAJAJ FINSERV LIMITED
Akurdi, Pune - 411 035, India
www.bajajfinserv.in

Business Responsibility Report

Section A	General information about the Company	
1	Corporate identification number	L65923PN2007PLC130075
2	Name of the Company	Bajaj Finserv Ltd.
3	Registered address	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035
4	Website	www.bajajfinserv.in
5	Email address	investors@bajajfinserv.in
6	Financial year reported	1 April 2017 – 31 March 2018
7	Sector(s) that the Company is engaged in	Financial Services (Investments) and Windmill
8	Three key products/services manufactured/ provided by the Company	1. Investment activity (NIC Code – 6430) 2. Electric power generation (NIC Code – 3510)
9	Total number of locations where business activity is undertaken by the Company	Three locations Registered office at Akurdi (Pune), Corporate office at Viman Nagar (Pune) and Windmills at Satara
10	Markets served by the Company	India

Section B	Financial details of the Company	
1	Paid up capital	₹ 79.57 crore
2	Total turnover	₹ 252.24 crore
3	Total profit after tax	₹ 141.34 crore
4	Total spending on CSR as percentage of profit after tax (%)	Refer Annual Report on CSR activities
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities

Section C	Other details	
1	Does the Company have any Subsidiary Company/ Companies?	Yes (for details, refer Note 1 of Consolidated Financial Statements).
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	No
3	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%].	No

Section D	BR information	
1a	Details of Director(s) responsible for BR	DIN 00014615
		Sanjiv Bajaj
		Managing Director & CEO
1b	Details of BR Head	DIN 03206811
		S Sreenivasan
		CFO
		(020) 3040 5711
		s.sreenivasan@bajajfinserv.in
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report

Section E	Principle-wise performance	
1	Principle-wise performance	Included in this report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 500 listed entities based on market capitalisation on the BSE and NSE, are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report for 2017-18. This report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

Bajaj Finserv Ltd. ('BFS', 'the Company'), to whom the said requirement became applicable for the first time in 2015-16, presents its third BRR in line with the NVGs and the BRR requirement of SEBI. This BRR provides information on key initiatives undertaken by the Company, driven by the triple bottom line aspects. The business responsibility performance of the Company is assessed annually by BFS's Board of Directors.

BFS is the holding company for the various financial services businesses under the Bajaj Group of Companies. Through its subsidiaries, viz., Bajaj Finance Ltd. (listed material subsidiary), Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. (unlisted material subsidiaries), BFS serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance, and retirement and savings solutions. BFS also has investments in renewable energy in the form of 138 windmills situated in Maharashtra, with an aggregate installed capacity of 65.2 MW.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

BFS strives to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of the financial services businesses under the Bajaj Group, the values of ethics, transparency and accountability are ingrained into its daily operations. BFS regularly engages with the management teams of its subsidiaries to reinforce the Group values.

To enable the functioning of the Company in an ethical manner, BFS has a Code of Conduct for the Company's Directors and Senior Management. It states that 'Directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of

their ability and judgment'. A declaration of the Directors and Senior Management's affirmation to this Code of Conduct is communicated to all stakeholders by the Managing Director & CEO in the Annual Report.

The Company is a signatory to the Model Code of Conduct developed by Confederation of Indian Industry (CII) and has also adopted two CII Charters, viz., Charter on Fair and Responsible Workplace Guidelines for Contract Labour, and Charter on Fair and Responsible Workplace Guidelines for Collaborative Employee Relations.

In order to ensure compliance with the Code of Conduct, BFS has established a Whistle Blower Policy which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Any instances of unethical behaviour, suspected fraud or violation of the Code of Conduct or ethics policy can be reported to the Management by any employee. Sufficient measures have been put in place to safeguard employees, who report any unethical behaviour, against victimisation. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases. All whistle blower complaints are investigated and action initiated, where required.

No stakeholder complaints linked to the Code of Conduct adherence were received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

In addition to being the holding company of the financial services businesses in the Bajaj Group, BFS also has direct investment in 138 windmills with an aggregate installed capacity of 65.2 MW. This enables the Company to promote green energy production and sustainable growth, thereby mitigating the ill-effects associated with usage of fossil fuels and contributing towards the fight against climate change.

The wind-farms are maintained under the supervision of BFS engineers and supported by comprehensive maintenance contracts. They are certified for management systems such as ISO 9001, ISO 14001 and OHSAS 18001 for quality, environment and health & safety respectively. In 2017-18, the windmills generated 813.71 lakh units of power which was wheeled to third party consumers.

As a step towards further reducing our environmental impact, all Board meetings and most internal review meetings are conducted in a paperless manner, with Directors and other participants accessing relevant material electronically.

Principle 3: Businesses should promote the well-being of all employees

As of 31 March 2018, BFS had a total of 25 employees, including three permanent female employees and one female trainee. The Company did not have any specially-abled employee or a recognised employee association. Considering the limited spheres of operation as a holding company, the current staffing of BFS is adequate and commensurate with the scale of its business.

BFS considers its employees to be its biggest operational strength and invests in their growth and development. The Company engages them on a regular basis and also gives them opportunities to move across the subsidiaries for getting wider exposure.

In order to prevent any kind of discrimination, BFS has various policies and procedures in place. The 'Policy on Prevention of Sexual Harassment at Workplace' ensures the safety and security

of its female employees. The Company did not receive any complaint relating to child labour, forced labour, involuntary labour or sexual harassment in 2017-18 and none are pending as of 31 March 2018.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

As an equal opportunity employer, BFS ensures that remuneration practices of the Company are based on merit, without regard to the person's ethnic background or gender. These are updated on a periodic basis, in line with the market benchmarks. The Company practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

Principle 5: Businesses should respect and promote human rights

BFS ensures strict compliance with all applicable laws of the land that pertain to human rights and is dedicated to safeguarding the human rights of all its employees. The Company did not receive any complaint relating to violation of human rights in 2017-18.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

BFS is committed to conducting its business in a manner that protects the natural environment. As a holding company with no direct business operations and a small number of employees, BFS does not have any significant direct environmental impact.

Moreover, the wind energy produced by BFS considerably exceeds its electricity consumption. Thus, BFS makes a positive contribution towards sustainability and environment conservation.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

BFS is a member of World Economic Forum (WEF) and CII, through which it actively engages in policy advocacy. In addition to this, Sanjiv Bajaj, MD & CEO-BFS, has been appointed as the Deputy Chairman of CII, Western Region for the year 2018-19.

The Company proactively contributes to the discussions and resolutions within the scope of the above mentioned associations. Through these associations, BFS routinely puts forward its views on formulation of new industry standards and regulatory developments pertaining to the non-banking finance and insurance sectors. Through its participation in these bodies, BFS covers areas such as governance, administration, economic reforms and inclusive development policies, among others. Furthermore, the Company consistently attempts to balance the interests of various stakeholders while making any recommendations.

Principle 8: Businesses should support inclusive growth and equitable development

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

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

In 2017-18, under section 135 (Schedule VII) of the Companies Act, 2013, the Company has spent ₹1.90 crore, for which project/s, mainly in the field of Education, were implemented directly or through NGOs and other welfare agencies – with further support from local authorities and business associations, wherever deemed necessary.

For more information, refer to the Annual Report on CSR activities as contained in the Annual Report 2017-18.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

As a holding company, BFS does not have any direct customers or consumers under the scope of this BRR.