BAJAJ FINANCE LIMITED

29 June 2019

THE MANAGER, **BSE LIMITED** **DCS - CRD** **PHIROZE JEEJEEBHOY TOWERS** **DALAL STREET,** **MUMBAI - 400 001**	**THE MANAGER,** **LISTING DEPARTMENT** **NATIONAL STOCK EXCHANGE OF INDIA LTD.** **EXCHANGE PLAZA, C-1. BLOCK G,** **BANDRA - KURLA COMPLEX, BANDRA (EAST)** **MUMBAI - 400 051**
SCRIP CODE: 500034	**SCRIP CODE: BAJFINANCE – EQ**

Dear Sir/Madam,

Sub: Annual Report for the financial year 2018-19 and Notice of 32nd Annual General Meeting

Pursuant to Regulation 34(1) read with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed the following documents for the financial year 2018-19:

- Notice of 32nd Annual General Meeting scheduled to be held on Thursday, 25 July 2019 at the registered office of the Company.
- Annual Report.
- Business Responsibility Report (BRR).

The Notice of 32nd AGM, Proxy Form, Attendance Slip, Annual Report and BRR for the financial year 2018-19 are also available on the website of the Company, i.e., https://www.bajajfinserv.in/finance-investor-relation-annual-reports The digital version of the annual report can be viewed at https://www.bajajfinserv.in/digital-annual-report

You are requested to kindly take the above information on record.

Thanking you,
Yours faithfully,
For **BAJAJ FINANCE LIMITED**

BAJAJ FINANCE LTD.

R. VIJAY
COMPANY SECRETARY
Email ID: investor.service@bajajfinserv.in

Encl.: As above

BAJAJ FINANCE LTD.

(CIN: L65910MH1987PLC042961)

Registered office:
Akurdi, Pune – 411 035
Email ID: investor.service@bajajfinserv.in
Website: www.bajajfinserv.in/finance
Tel No.: (020) 3018 6403 Fax No.: (020) 3018 6364

AGM NOTICE

Notice is hereby given that the thirty-second annual general meeting of the members of Bajaj Finance Ltd. will be held on **Thursday, 25 July 2019** at **12.15 p.m**. at the registered office of the Company at Akurdi, Pune - 411 035 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the standalone and consolidated financial statements of the Company for the financial year ended 31 March 2019 together with the Directors' and the Auditors' Reports thereon.

2. To declare a dividend.

3. To appoint a director in place of Rajivnayan Rahulkumar 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.

SPECIAL BUSINESS:

4. Appointment of Naushad Darius Forbes as an independent director for a term of five consecutive years w.e.f. 1 April 2019

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act'), including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Naushad Darius Forbes (DIN 00630825) who was appointed by the Board of Directors, based on the recommendation of Nomination and Remuneration Committee, as an additional director under section 161(1) of the Act 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 Act has been received in the prescribed manner, be and is hereby appointed as an independent director of the Company for a term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Naushad Darius 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."

5. Appointment of Anami N Roy as an independent director for a term of five consecutive years w.e.f. 1 April 2019

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act'), including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Anami N Roy (DIN 01361110) who was appointed by the Board of Directors, based on the recommendation of Nomination and Remuneration Committee, as an additional director under section 161(1) of the Act 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 Act has been received in the prescribed manner, be and is hereby appointed as an independent director of the Company for a term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Anami N Roy 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."

6. Re-appointment of Nanoo Gobindram Pamnani as an independent director for a second term of five consecutive years w.e.f. 1 April 2019

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Nanoo Gobindram Pamnani (DIN 00053673), was appointed as an independent director of the Company for a term of five years up to 31 March 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of his performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director of the Company for a second term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

RESOLVED FURTHER THAT pursuant to regulation 17(1A) of the Listing Regulations, approval of the members be and is hereby given for continuation of Nanoo Gobindram Pamnani, beyond 26 February 2020, as an independent director of the Company on account of his attaining the age of 75 years on the said date.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Nanoo Gobindram Pamnani 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. Re-appointment of Dipak Kumar Poddar as an independent director for a second term of three consecutive years w.e.f. 1 April 2019

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Dipak Kumar Poddar (DIN 00001250), was appointed as an independent director of the Company for a term of five years up to 31 March 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of his performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director of the Company for a second term of three consecutive years, effective from 1 April 2019 up to 31 March 2022.

RESOLVED FURTHER THAT pursuant to regulation 17(1A) of the Listing Regulations, approval of the members be and is hereby given for continuation of Dipak Kumar Poddar, beyond 1 April 2019, as an independent director of the Company on account of his having already attained the age of 75 years as on 1 April 2019.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Dipak Kumar Poddar 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."

8. Re-appointment of Ranjan Surajprakash Sanghi as an independent director for a second term of five consecutive years w.e.f. 1 April 2019

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based

on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Ranjan Surajprakash Sanghi (DIN 00275842), was appointed as an independent director of the Company for a term of five years up to 31 March 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of his performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director of the Company for a second term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

RESOLVED FURTHER THAT pursuant to regulation 17(1A) of the Listing Regulations, approval of the members be and is hereby given for continuation of Ranjan Surajprakash Sanghi, beyond 1 April 2019, as an independent director of the Company on account of his having already attained the age of 75 years as on 1 April 2019.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Ranjan Surajprakash Sanghi 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."

9. Re-appointment of Balaji Rao Jagannathrao Doveton as an independent director for a second term of five consecutive years w.e.f. 1 April 2019

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Balaji Rao Jagannathrao Doveton (DIN 00025254), was appointed as an independent director of the Company for a term of five years up to 31 March 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of his performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director of the Company for a second term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

RESOLVED FURTHER THAT pursuant to regulation 17(1A) of the Listing Regulations, approval of the members be and is hereby given for continuation of Balaji Rao Jagannathrao Doveton, beyond 1 April 2019, as an independent director of the Company on account of his having already attained the age of 75 years as on 1 April 2019.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Balaji Rao Jagannathrao Doveton 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."

10. Re-appointment of Omkar Goswami as an independent director for a second term of five consecutive years w.e.f. 1 April 2019

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Omkar Goswami (DIN 00004258), was appointed as an independent director of the Company for a term of five years up to 31 March 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of his performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director of the Company for a second term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Omkar Goswami 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."

11. Re-appointment of Gita Piramal as an independent director for a second term of five consecutive years w.e.f. 16 July 2019

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') including the rules made thereunder read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Gita Piramal (DIN 01080602), was appointed as an independent director of the Company for a term of five years up to 15 July 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of her performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director of the Company for a second term of five consecutive years, effective from 16 July 2019 up to 15 July 2024.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the rules made thereunder, Gita Piramal 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."

12. Continuation of Rahulkumar Kamalnayan Bajaj as a non-executive and non-independent director of the Company, liable to retire by rotation

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the members be and is hereby given for continuation of Rahulkumar Kamalnayan Bajaj (DIN 00014529) beyond 1 April 2019, on account of his having already attained the age of 75 years, as non-executive and non-independent director of the Company, liable to retire by rotation, in accordance with provisions of section 152 and any other applicable provisions of the Companies Act, 2013, including the rules made thereunder."

13. Issue of non-convertible debentures through private placement

To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to section 42 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the 'Act'), the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any amendment(s), statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the relevant provisions of the Memorandum of Association and Articles of Association of the Company and subject to statutory and regulatory requirements, if any, and approval of regulatory or any other authority, if and to extent applicable and subject to such conditions as may be prescribed by such authority while granting any such approval and/or consent, as may be agreed to by the Board of Directors of the Company, (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee constituted by the Board or any person(s) authorised by the Board in this regard), approval of the members be and is hereby given to the Board to make offer(s) or invitation(s) to the eligible person(s) to subscribe to the non-convertible debentures issued by the Company on private placement basis within the overall borrowing limits approved by the members from time to time under section 180(1)(c) of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, issue, offer, invite and allot non-convertible debentures in one or more offering(s), to eligible investor(s), as permitted by applicable statutes and regulations from time to time, by way of circulation of the private placement offer document or otherwise, on such terms and conditions as may be decided and deemed appropriate by the Board at the time of such issue or allotment.

RESOLVED FURTHER THAT approval of the Company be and is hereby given to all offers or invitations to subscribe to the non-convertible debentures issued by the Company for a period of one year commencing from 25 July 2019.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board be and is hereby authorised to do all such acts, deeds and things as it, in its absolute discretion, may deem necessary or desirable in connection with creating, issuing, offering, inviting and allotting the non-convertible debentures, and to give effect to this resolution, including, without limitation, the following:

(i) approve, finalise and execute any offer document including private placement offer document and to approve and finalise any term sheets in this regard;

(ii) finalise the basis of allotment of the non-convertible debentures; and

(iii) settle any issues, questions, difficulties or doubts that may arise."

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



R. Vijay
Company Secretary
Membership no.: A18244

Pune: 16 May 2019

NOTES:

(1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. PROVIDED THAT A MEMBER HOLDING MORE THAN TEN PERCENT 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 COMMENCEMENT OF 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 3 days' written notice is given to the Company.

(3) Statement pursuant to section 102(1) of the Companies Act, 2013 (the 'Act') forms part of this notice.

(4) Brief details of the directors, who are seeking appointment/re-appointment, are given in the annexure hereto as per requirements of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'). More particulars of inter-se relationship between directors are provided in 'Corporate Governance Report' included in the Annual Report.

(5) The Board of Directors has recommended dividend of ₹ 6 per equity share of the face value of ₹ 2 for FY2019 for the approval of members at the annual general meeting ('AGM').

(6) Pursuant to section 91 of the Act and regulation 42 of the Listing Regulations, the register of members and the share transfer books of the Company will remain closed from **Saturday, 13 July 2019** to **Thursday, 25 July 2019** (both days inclusive) for the purpose of payment of dividend.

(7) Subject to the provisions of section 126 of the Act, dividend on equity shares, if declared, at the AGM, will be credited/ dispatched between **Tuesday, 30 July 2019** and/or **Wednesday, 31 July 2019**.

(a) to all those members holding shares in physical form, as per the details provided to the Company by share transfer agent of the Company, i.e., Karvy Fintech Pvt. Ltd. ('Karvy'), as on closing hours on Friday, 12 July 2019; and

(b) to all those beneficial owners holding shares in electronic form, as per beneficial ownership details provided to the Company by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), as of the end of the day on Friday, 12 July 2019.

(8) In terms of the Listing Regulations read with SEBI circular dated 20 April 2018, 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 are available. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants.

For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, on or before Friday, 12 July 2019, 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 their PAN card. Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and ensure that such changes are recorded by them correctly on or before Friday, 12 July 2019. The request for updating the particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.

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 Karvy. Members are requested to keep the same updated.

(9) Members, holding shares in physical form, are requested to notify change of address, if any, to Karvy on or before Friday, 12 July 2019. Beneficial owners holding shares in electronic form are requested to notify any change of address, etc. to their respective depository participants and ensure that such changes are recorded by them correctly on or before Friday, 12 July 2019.

(10) SEBI has mandated submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy/Company.

(11) Pursuant to sections 124(5) and 125 of the Act, any amount transferred by a company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Fund called 'Investor Education and Protection Fund' set up by the Central Government.

Unclaimed dividend for FY2012 shall become due for transfer to the said Fund in August 2019. Members are requested to verify their records and send claim, if any, for FY2012, by writing to Karvy at mohsin.mohd@karvy.com before the said amount becomes due for transfer to the said Fund. Communication has been sent to the members having unclaimed dividend for FY2012 requesting them to claim the same.

Pursuant to section 124(6) of the Act and the IEPF Rules, all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years or more will become due for transfer to the DEMAT account of the IEPF Authority.

Pursuant to the aforesaid provisions the Company will also be publishing notice in the newspapers intimating the members, whose dividend from FY2012 has remained unclaimed for a period of seven consecutive years, and also these details are being made available on the Company's website https://www.bajajfinserv.in/finance-investor-relations-unclaimed-dividends

(12) Sections 101 and 136 of the Act read with the rules made thereunder, permit the listed companies to send the Notice of AGM and the Annual Report, including financial statements, Directors' Report, etc., by electronic mode. The Company is accordingly forwarding the soft copies of the above referred documents to all those members who have registered their email IDs with their respective depository participants or with Karvy. The Annual Report, Notice of AGM, Proxy Form and Attendance Slip are also available on the Company's website https://www.bajajfinserv.in/finance-investor-relation-annual-reports

(13) To receive shareholders' communications through electronic means, including Annual Reports and notices, members are requested to kindly register/update their email IDs with their respective depository participants, where shares are held in electronic form. However, if shares are held in physical form, members are advised to register their email IDs with Karvy at mohsin.mohd@karvy.com

(14) With a view to help the Company serve the members better, 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 under one folio.

(15) **SEBI has amended regulation 40 of the Listing Regulations. Pursuant to the amendment, transfer of securities cannot be processed unless securities are held in dematerialised form (except transmission of securities or transposition of names) subsequent to 31 March 2019. Accordingly, the Company has sent letters to those members holding shares in physical form advising them to dematerialise their holding. In addition to transferability, dematerialisation eliminates possibility of loss of certificate.**

(16) Documents referred to in this notice and the statement annexed to this notice will be kept open for inspection by the members at the registered office as well as at the corporate office of the Company from Monday to Friday during 10.00 a.m. to 12.30 p.m., except holidays, up to the date of the AGM and also at the AGM.

(17) Certificate from Statutory Auditors of the Company certifying that the BFL Employee Stock Option Scheme of the Company is being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolution of the members of the Company, will also be available for inspection by the members at the AGM.

(18) The following statutory registers are open for inspection by members at the registered office of the Company as well as at the corporate office of the Company as prescribed in the respective sections of the Act from Monday to Friday during 10.00 a.m. to 12.30 p.m. except holidays:

(a) Register of contracts or arrangements in which directors are interested under section 301 of the erstwhile Companies Act, 1956 and Register of contracts with related party in which directors are interested under section 189 of the Act; and

(b) Register of directors' shareholdings under section 307 of the erstwhile Companies Act, 1956 and Register of directors and key managerial personnel and their shareholding under section 170 of the Act.

The aforesaid registers shall be kept open for inspection at the AGM by any person entitled to attend the meeting.

(19) Members holding shares in single name are advised to make nomination in respect of their shareholding in the Company. The members holding shares in physical form may file with Karvy nomination in the prescribed Form SH-13 (a copy of which is available on the Company's website https://www.bajajfinserv.in/shareholdern-nomination-form). In respect of shares held in electronic form, the nomination form may be filed with the respective depository participants.

(20) Corporate members are requested to send in advance a duly certified copy of board resolution/power of attorney authorising their representative to attend the AGM.

(21) 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 ID proof at the meeting for the purpose of identification.

In case of joint holders attending the meeting, only such joint holder whose name appears first in the order of names will be entitled to vote at the meeting.

(22) Members/proxies are requested to bring their copy of Annual Report at the meeting.

(23) For security reasons, no article/baggage will be allowed at the venue of the meeting.

(24) Route map for directions to the venue of the meeting is provided in this notice and is also available on the website of the Company https://www.bajajfinserv.in/finance-investor-relation-annual-reports

(25) For more details on shareholders' matters, please refer to the section on 'General Shareholder Information', included in the Annual Report.

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(26) Voting through electronic means-

In terms of section 108 of the Act read with rule 20 of the Companies (Management and Administration) Rules, 2014, (the 'rules') and regulation 44 of the Listing Regulations, the Company is providing facility to exercise votes through remote e-voting, to members holding shares as on 19 July 2019 (end of day) being the cut-off date fixed for determining voting rights of members entitled to participate in the remote e-voting process through the e-voting platform provided by Karvy Fintech Private Ltd. ('Karvy').

The voting rights of the members/beneficiary owners shall be reckoned on the equity shares held by them as on 19 July 2019 (end of day), i.e., cut-off date for the purpose.

The instructions for remote e-voting are as under:

A For members who receive notice of AGM through email:

i. Initial password is provided in the body of the email.

ii. Launch internet browser and enter https://evoting.karvy.com in the address bar.

iii. Enter the login credentials i.e., User ID and password as 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.

iv. After entering the appropriate details, click on LOGIN.

v. 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 take utmost care to keep your password confidential.

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

vii. On successful login, the system will prompt you to select the EVENT. Select Bajaj Finance Ltd. from the drop-down menu.

viii. The voting page will open. On the voting page, the number of shares (which represents the number of votes) held by you 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' and/or 'AGAINST' taken together cannot 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.

ix. Members holding multiple folios/demat accounts are required to cast votes separately for each folio/demat account.

x. 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(s).

xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send 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.'.

xii. Members can cast their vote online from **22 July 2019 (9.00 a.m.)** till **24 July 2019 (5.00 p.m.)** after which the remote e-voting facility shall be blocked.

xiii. In case of any queries/grievances, you may refer the frequently asked questions (FAQs) for members and e-voting User Manual available at the 'download' section on https://evoting.karvy.com or call Karvy helpline on 1800 345 4001 (toll free).

B. For members who receive the Notice of AGM in physical form:

i. Members holding shares either in demat or physical mode may cast their vote through e-voting, for which the User ID and initial password is provided in the attendance slip sent along with this notice.

ii. Please follow steps from Sr. No. ii to xiii under heading A above to vote through e-voting platform.

C. Voting facility at AGM:

i. In addition to the remote e-voting facility as described above, the Company will also provide voting facility at the venue of the AGM through electronic voting system and members attending the meeting, who have not already cast their votes by remote e-voting, may cast their vote at the meeting.

ii. Members who have cast their votes through 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 Notice of AGM is being sent (by email where email ID is available and in physical in other cases) to the members holding shares of the Company as on 14 June 2019. User ID and password for e-voting is sent in the email where notice is sent by email and is provided in the attendance slip sent along with this notice where notice is sent in physical form. Pursuant to rule 20(4)(vii) of the rules, the voting rights shall be reckoned on the basis of number of equity shares held by the members as on 19 July 2019, being the cut-off date for the purpose. Any person who is not a member as on the cut-off date should treat this notice for information purposes only. Members who become members of the Company after 14 June 2019 and hold shares as on the cut-off date may obtain the User ID and password for e-voting by sending email with details of their DP ID and Client ID/Folio No. to mohsin.mohd@karvy.com Remote e-voting shall be open from 22 July 2019 (9.00 a.m.) till 24 July 2019 (5.00 p.m.).

ii. The Board of Directors has appointed Shyamprasad D Limaye, practising company secretary (FCS No. 1587, CP No. 572) as the scrutiniser to the remote e-voting process and voting at the venue of the AGM in a fair and transparent manner.

iii. The scrutiniser shall, immediately after the conclusion of voting at the AGM first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least two witnesses, who are not in the employment of the Company, and make a consolidated scrutiniser's report of the total votes cast in favour or against, if any, upon conclusion of the meeting, and submit it to the Chairman of the Company or in his absence Vice Chairman of the Company, who shall countersign the same.

iv. Upon receipt of the report from the scrutiniser, the Chairman, or in his absence Vice Chairman, will declare the result of the voting. The results and the scrutiniser's report will be hosted on the Company's website https://www.bajajfinserv.in/finance-investor-relations-general-meeting-and-postal-ballots and on the website of Karvy https://evoting.karvy.com and will also be communicated to the stock exchanges. The resolutions shall be deemed to be passed at the AGM of the Company.

E. Live webcast of AGM:

Pursuant to regulation 44(6) of the Listing Regulations, as amended, the Company is providing facility of one-way live webcast of the proceedings of AGM. Members who are entitled to participate in the AGM can view the proceedings of AGM by logging on the e-voting website of Karvy https://evoting.karvy.com/ using the secure login credentials provided for e-voting. Members are encouraged to use the facility of webcast.

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE AGM PURSUANT TO THE ACT AND THE LISTING REGULATIONS

Item no. 3 relating to re-appointment of Rajivnayan Rahulkumar Bajaj (DIN 00018262)

Brief Resume:

Rajivnayan Rahulkumar Bajaj, born on 21 December 1966, 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 1991.

He has since worked at Bajaj Auto Ltd. (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.

He has won a number of awards and recognitions from various prestigious bodies & institutions for his Business Leadership, Entrepreneurship and Innovation.

Other information about the appointee:

Rajivnayan Rahulkumar Bajaj is not related to any of the directors or key managerial personnel of the Company except Rahulkumar Kamalnayan Bajaj, Chairman, non-executive and Sanjivnayan Rahulkumar Bajaj, Vice Chairman, non-executive. He does not hold any shares in the Company. Further, he is not disqualified from being appointed as a director in terms of section 164 of the Act.

He was first appointed on the Board of the Company on 2 May 1994. During FY2019, Rajivnayan Rahulkumar Bajaj attended seven out of eight Board meetings of the Company. During FY2019, he was paid ₹ 350,000 as sitting fees. Further, commission of ₹ 700,000 is payable to him for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Global Business Leadership, Operations and Engineering, Commercial, Purchase and Supply Chain, Manufacturing, Automobile Engineering and Project Management, Sales, Marketing and International Business, Research and Development and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Auto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Finserv Ltd.
4. Bajaj Holdings & Investment Ltd.
5. KTM AG (Austrian Company)

***Committee chairmanships and memberships:** Nil

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

None of the directors or key managerial personnel or their relatives, except Rahulkumar Kamalnayan Bajaj, Rajivnayan Rahulkumar Bajaj and Sanjivnayan Rahulkumar Bajaj are, directly or indirectly concerned or interested, financially or otherwise, except to the extent of their shareholding, if any, in the Company.

The Board recommends item no. 3 for consideration and approval of the members.

STATEMENT UNDER SECTION 102 OF THE ACT AND REGULATION 36(3) OF THE LISTING REGULATIONS

Item nos. 4 and 5 relating to appointment of independent directors

The Board of Directors, at their meeting held on 12 March 2019, based on the recommendation of the Nomination and Remuneration Committee, appointed Naushad Darius Forbes and Anami N Roy as additional directors in the capacity of independent directors with effect from 1 April 2019 and they hold office up to the date of this AGM.

The Company has received notices under section 160 of the Act proposing candidature of Naushad Darius Forbes and Anami N Roy as directors of the Company.

The said directors have consented to act as director and have confirmed that they are not disqualified from being appointed as director(s) of the Company and have submitted a declaration of independence confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations. The Board is of the opinion that they are persons of integrity, possess relevant expertise and experience.

Pursuant to section 152 read with Schedule IV to the Act, in the opinion of the Board, the proposed appointments fulfil the conditions specified under the Act and the rules made thereunder and the applicable provisions of Listing Regulations and are independent of the Management.

The terms and conditions of their appointment shall be open for inspection at the registered office of the Company and at the corporate office of the Company by any member from Monday to Friday during 10.00 a.m. to 12.30 p.m., except holidays, and the same shall also be available on the Company's website https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents

None of the directors, other than directors proposed to be appointed (in their respective resolutions of appointment), key managerial personnel of the Company or their relatives are, directly or indirectly concerned or interested, financially or otherwise in these resolutions, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends passing of the ordinary resolutions set out in item nos. 4 and 5 of this notice.

Naushad Darius Forbes (DIN 00630825)

Brief Resume:

Naushad Darius Forbes, born on 13 May 1960, is the Co-chairman of Forbes Marshall, India's leading Steam Engineering and Control Instrumentation firm. He chairs the Steam Engineering Companies within the group.

He 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 public companies and is the chairman of Centre for Technology, Innovation and Economic Research, 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.

Other information about the appointee:

Naushad Darius Forbes is not related to any director or key managerial personnel of the Company. He does not hold any shares in the Company. He did not receive any remuneration from the Company during or for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Global Business Leadership, Operations and Engineering, Commercial, Purchase and Supply chain, Information Technology, Systems and Computers, Human Resources and Industrial Relations, Finance and Taxation, Corporate Governance and Ethics, Economics and Statistics, CSR, Sustainability and NGO matters and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Auto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Finserv Ltd.
4. Bajaj Holdings & Investments Ltd.
5. Zodiac Clothing Company Ltd.

***Committee chairmanships:** Nil

***Committee memberships:**

Bajaj Auto Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

Anami N Roy (DIN 01361110)

Brief Resume:

Anami N Roy, born on 15 May 1950, is a distinguished former Director General of Police, having served in the Indian Police Service in Maharashtra and with the Government of India for over 38 years. He held a variety of assignments both in Maharashtra and with the Central Government including Commissioner of Police, Aurangabad, Pune and Mumbai and retired as Director General of Police, Maharashtra, commanding a 225,000 strong force.

While with Government of India, he headed the operations of the elite Special Protection Group, looking after proximate security of Prime Minister, former Prime Ministers and their families, in which capacity he travelled extensively within India and overseas and interacted with the forces and governments of many foreign countries around the world.

Known popularly as the People's Commissioner, he set up many citizen-friendly schemes and systems to resolve and fulfill people's problems and expectations like Citizen Facilitation Centres in Police Commissioner's office and later in all police stations where all requirements of people from police were dealt with in a transparent, time-bound and hassle-free manner, Mumbai Police Infoline for giving all information from and about Police through a toll-free number, Elderline for senior citizens, Slum Police Panchayat, etc.

He was appointed as an Advisor to the Governor of Andhra Pradesh when the state was under President's rule in 2014. He also dealt with the separation of Andhra-Pradesh in two states - Andhra Pradesh and Telangana and supervised the General Elections of 2014 in both states.

Post retirement, has been engaged in the social/non-profit sector. He runs a not-for-profit company Vandana Foundation under section 8 of the Companies Act, 2013 for supporting people at the bottom of the pyramid with livelihood.

He is on the Board of many prominent companies. He is also involved in many other companies in advisory capacity. He brings with him a wide and rich experience of public service, functioning of governments at the state and central level.

Other information about the appointee:

Anami N Roy is not related to any director or key managerial personnel of the Company. He does not hold any shares in the Company. He did not receive any remuneration from the Company during or for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Human Resources and Industrial Relations, Banking, Investment and Treasury and Forex Management, Corporate Governance and Ethics, Economics and statistics, Regulatory, Government and Security matters, CSR, Sustainability and NGO matters and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Auto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Finserv Ltd.
4. Bajaj Holdings & Investment Ltd.
5. Glaxosmithkline Pharmaceuticals Ltd.
6. Mayar Health Resorts Ltd.

***Committee chairmanships:** Nil

***Committee memberships:**

Mayar Health Resorts Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

Item nos. 6 to 11 relating to re-appointment of independent directors

Section 149 of the Act, which came into effect from 1 April 2014, requires every listed company to have one-third of the total number of directors as independent directors. Accordingly, on the recommendations of Nomination and Remuneration Committee, the Board of Directors, at their meeting held on 27 March 2014, appointed Nanoo Gobindram Pamnani, Dipak Kumar Poddar, Ranjan Surajprakash Sanghi, Balaji Rao Jagannathrao Doveton and Omkar Goswami, as independent directors of the Company for a first term of five consecutive years from 1 April 2014 up to 31 March 2019. Gita Piramal was appointed as an independent director for a first term of five consecutive years with effect from 16 July 2014 up to 15 July 2019. These appointments were also approved by the members at twenty seventh AGM of the Company held on 16 July 2014.

Since the first term of these independent directors was due for expiry, based on the recommendation of the Nomination and Remuneration Committee, considering the skills, experience, knowledge they possess and the report of performance evaluation of these independent directors for the year 2018-19, the Board, at its meeting held on 12 March 2019, recommended for the approval of the members, re-appointment of Nanoo Gobindram Pamnani, Ranjan Surajprakash Sanghi, Balaji Rao Jagannathrao Doveton and Omkar Goswami, for a second term of five consecutive years with effect from 1 April 2019 up to 31 March 2024; Dipak Kumar Poddar for a second term of three consecutive years with effect from 1 April 2019 to 31 March 2022; and Gita Piramal for a second term of five consecutive years with effect from 16 July 2019 up to 15 July 2024 in terms of section 149 read with Schedule IV to the Act and the Listing Regulations including any amendment thereto or modification thereof.

In accordance with section 149(10) and (11) of the Act, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. The aforementioned directors fulfil the requirements of an independent director as laid down under section 149(6) of the Act and regulation 16 of the Listing Regulations.

In respect of the appointments of the aforesaid directors, notice in writing in the prescribed manner as required by section 160 of the Act and rules made thereunder, has been received by the Company, regarding candidature of each of these directors for the office of the director.

The aforementioned directors have accorded their consent to act as directors and have also submitted the declaration of independence, stating that they meet the criteria of independence as provided in section 149(6) of the Act and regulation 16 of Listing Regulations and are not disqualified from being appointed as a director in terms of section 164 of the Act.

The terms and conditions of appointment of independent directors shall be open for inspection at the registered office and at the corporate office of the Company by any member from Monday to Friday during 10.00 a.m. to 12.30 p.m., except holidays, and the same shall also be available on the Company's website https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents

The Board is of the opinion that these directors possess requisite skills, experience and knowledge relevant to the Company's business.

Pursuant to section 152 read with Schedule IV to the Act, in the opinion of the Board, the proposed re-appointments fulfil the conditions specified under the Act and the rules made thereunder and the applicable provisions of Listing Regulations and are independent of the Management.

Pursuant to regulation 17(1A) of the Listing Regulations, as amended on 9 May 2018, with effect from 1 April 2019, consent of the members by way of special resolution is required for continuation of directorship of non-executive directors of the Company who have attained the age of 75 years. Accordingly, considering the significant benefits reaped by the Company from their experience, expertise and mature advice to the business of the Company during their tenure as independent directors, the Board recommends re-appointment for a second term as mentioned above of Dipak Kumar Poddar, Ranjan Surajprakash Sanghi and Balaji Rao Jagannathrao Doveton, beyond 1 April 2019 on account of them having already attained the age of 75 years as on 1 April 2019 and for continuation of Nanoo Gobindram Pamnani, beyond 26 February 2020 on account of his attaining the age of 75 years on the said date.

None of the directors, other than the directors proposed to be re-appointed, (in their respective resolutions of re-appointment) key managerial personnel of the Company and their relatives are, directly or indirectly concerned or interested, financially or otherwise in these resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends passing of the special resolutions set out in items nos. 6 to 11 of this notice.

1. Nanoo Gobindram Pamnani (DIN 00053673)

Brief Resume:

Nanoo Gobindram Pamnani, born on 26 February 1945, is B.A. (Hons.) from Bombay University (stood first in the University in Economic Major) and B.Sc. (Economics) from London School of Economics (Majored in Economics and Econometrics). He is on the boards of many leading companies. In his career spanning over 40-years, he has held many key positions and handled a range of senior assignments both in India and abroad, which include the following:

- Director for Citibank N.A., Asia Pacific Group, based in Singapore
- Non-Executive Chairman of Citibank, N.A., India
- Chief Executive Officer, Citibank, N.A., India
- Sector Executive, Citibank, N.A., Emerging Markets, (Asia, Latin America, Central and Eastern Europe and Middle East and Africa) based in London
- Division Executive, Citibank, N.A., Asia Pacific Private Banking Group, based in Singapore
- Chief Executive Officer, Citibank, N.A., Philippines, based in Manila

Other information about the appointee:

Nanoo Gobindram Pamnani is not related to any director or key managerial personnel of the Company. He does not hold any shares in the Company.

He was first appointed on the Board of the Company on 16 May 2007. During FY2019, Nanoo Gobindram Pamnani, attended all the eight Board meetings of the Company. During FY2019, he was paid ₹ 850,000 as sitting fees and commission of ₹ 1,700,000 is payable to him for FY2019. Further, an additional commission of ₹ 18,000,000 is payable to him for the additional services rendered by him at the request of the management, during FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Global Business Leadership, Information Technology, Systems and Computers, Finance and Taxation, Banking, Investment and Treasury and Forex Management, Insurance, Mutual Funds and Financial Services, Audit and Risk Management, Corporate Governance and Ethics and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Allianz General Insurance Company Ltd.
2. Bajaj Allianz Life Insurance Company Ltd.
3. Bajaj Auto Ltd.
4. Bajaj Finance Ltd.
5. Bajaj Finserv Ltd.
6. Bajaj Holdings & Investment Ltd.
7. Bajaj Housing Finance Ltd.

***Committee chairmanships:**

1. Bajaj Auto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Finserv Ltd.

***Committee memberships:**

1. Bajaj Allianz General Insurance Company Ltd.
2. Bajaj Allianz Life Insurance Company Ltd.
3. Bajaj Finance Ltd.
4. Bajaj Finserv Ltd.
5. Bajaj Holdings & Investment Ltd.
6. Bajaj Housing Finance Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

2. Dipak Kumar Poddar (DIN 00001250)

Brief Resume:

Dipak Kumar Poddar, born on 9 November 1943, is a Science Graduate and holds a Master's Degree in Mechanical Engineering from the Massachusetts Institute of Technology, Boston, USA.

Over 40 glorious years of his career he has experience as a leading businessman in the fields of textile manufacturing, automobile tyre manufacturing, steel manufacturing and retail finance.

He has served as Managing Director of Golden Tobacco Company Ltd. from 1979 to 1986. He has been a Director of VIP Industries Ltd. since 23 September 1987 and was also Managing Director of Bajaj Auto Finance Ltd. (now 'Bajaj Finance Ltd.') since its inception till 2008. Presently, he is the chairman of the Poddar Group and Poddar Developers Ltd.

Other information about the appointee:

Dipak Kumar Poddar is not related to any director or key managerial personnel of the Company. He does not hold any shares in the Company.

He was first appointed on the Board of the Company on 25 March 1987. During FY2019, Dipak Kumar Poddar attended all eight Board meetings of the Company. During FY2019, he was paid ₹ 500,000 as sitting fees. Further commission of ₹ 1,000,000 is payable to him for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Manufacturing, Finance and Taxation, Banking, Investment and Treasury, Insurance, Mutual Funds and Financial Services, Audit and Risk Management, Corporate Governance and Ethics and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Allianz General Insurance Company Ltd.
2. Bajaj Finance Ltd.
3. Brite Merchants Ltd.
4. Poddar Bhumi Holdings Ltd.
5. Poddar Heaven Homes Ltd.
6. Poddar Housing and Development Ltd.
7. Poddar Natural Resources and Ores Ltd.
8. V.I.P. Industries Ltd.

***Committee chairmanships:**

Poddar Housing and Development Ltd.

***Committee memberships:**

1. Poddar Housing and Development Ltd.
2. Poddar Bhumi Holding Ltd.
3. V.I.P. Industries Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

3. Ranjan Surajprakash Sanghi (DIN 00275842)

Brief Resume:

Ranjan Surajprakash Sanghi, born on 6 May 1944, holds a bachelor's degree in Commerce (Hons.) from the Sydenham College of Commerce and Economics, University of Mumbai. He has been associated with the Company since its incorporation.

In 1983, he had the honor and privilege of being invited as a Community Leader of Younger Generation by the Japanese Foreign Ministry on a goodwill visit as a guest of Japanese Government.

He was a member of Local Advisory Board of Deutsche Bank for two years. He has extensive experience in finance, marketing, automobiles and other fields. He was the President of Western India Automobiles Association, Mumbai during 1990-91.

Other information about the appointee:

Ranjan Surajprakash Sanghi is not related to any director or key managerial personnel of the Company. He does not hold any shares in the Company.

He was first appointed on the Board of the Company on 25 March 1987. During FY2019, Ranjan Surajprakash Sanghi attended seven out of eight Board meetings of the Company. During FY2019, he was paid ₹ 650,000 as sitting fees. Further commission of ₹ 1,300,000 is payable to him for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Operations and Engineering, Finance and Taxation, Banking, Investment and Treasury and Forex Management, Insurance, Mutual Funds and Financial Services, Corporate Governance and Ethics and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Finance Ltd.
2. HDFC Trustee Company Ltd.
3. Kemp and Company Ltd.
4. Suraj Sanghi Finance Ltd.

***Committee chairmanships:**

1. Bajaj Finance Ltd.
2. Kemp and Company Ltd.

***Committee memberships:**

1. Bajaj Finance Ltd.
2. HDFC Trustee Company Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

4. Balaji Rao Jagannathrao Doveton (DIN 00025254)

Brief Resume:

Balaji Rao Jagannathrao Doveton, born on 15 December 1939, holds a B.E. Degree in Mechanical Engineering from the University of Madras and is an Associate Member of Indian Institution of Industrial Engineering (AMIIIE). He attended the advanced management programme at the European Institute of Business Administration (INSEAD) at Fontainebleau, France in 1990.

He pursued his career as an Industrial Engineer for about 8 years before joining erstwhile ICICI Ltd. (since merged with ICICI Bank Ltd.) in 1970. After holding a wide range of responsibilities at various locations and positions, he reached the position of deputy managing director. He subsequently took over as the vice chairman and managing director of SCICI Ltd. in August 1996. With the merger of SCICI Ltd. with ICICI Ltd., he moved to Infrastructure Development Finance Co. Ltd. (IDFC), as its first managing director, which he served till his superannuation in January 2000. He has served as the non-executive chairman of 3M India Ltd. between 2008 and 2014. He is on the boards of many leading companies.

Other information about the appointee:

Balaji Rao Jagannathrao Doveton is not related to any director or key managerial personnel of the Company. He does not hold any shares in the Company.

He was first appointed on the Board of the Company on 22 October 2008. During FY2019, Balaji Rao Jagannathrao Doveton attended all the eight Board meetings of the Company. During FY2019, he was paid ₹ 400,000 as sitting fees.
Further commission of ₹ 800,000 is payable to him for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company

Nature of expertise in specific functional areas: Management and Strategy, Operations and Engineering, Finance and Taxation, Banking, Investment and Treasury and Forex Management, Insurance, Mutual Funds and Financial Services, Audit and Risk Management, Corporate Governance and Ethics and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Auto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Finserv Ltd.
4. Bajaj Holdings & Investment Ltd.
5. CMI FPE Ltd.

***Committee chairmanships:**

1. Bajaj Auto Ltd.
2. Bajaj Holdings & Investment Ltd.
3. CMI FPE Ltd.

***Committee memberships:**

1. Bajaj Auto Ltd.
2. Bajaj Finserv Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

5. Omkar Goswami (DIN 00004258)

Brief Resume:

Omkar Goswami, born on 29 August 1956, holds a master's degree in Arts (Economics) from the Delhi School of Economics and a Doctorate in Philosophy from Oxford University. He taught and researched economics for 18 years at Oxford, Delhi School of Economics, Harvard, Tufts University, Jawaharlal Nehru University, Rutgers University and the Indian Statistical Institute, New Delhi.

He has served on several government committees including as chairman of the committee on Industrial Sickness and Corporate Re-structuring and as member of the Working Group on the Companies Act, 2013, the CII Committee on Corporate Governance; the Rakesh Mohan Committee on Railway Infrastructure Reform; the Vijay Kelkar Committee on Direct Tax Reforms; the Naresh Chandra Committee on Auditor-Company Relationship; the N.R. Narayana Murthy SEBI Committee on Corporate Governance Reforms, amongst others.

He has been a consultant to the World Bank, the International Monetary Fund, the Asian Development Bank and the Organization for Economic Co-operation Development. He has been the Chief Economist of Confederation of Indian Industry.

He has authored of various research papers and books on economic history, industrial economics, public sector, bankruptcy laws and procedures, economic policy, corporate finance, corporate governance, public finance, tax enforcement and legal reforms. He writes columns for newspapers and magazines. He was the editor of Business India magazine.

Other information about the appointee:

Omkar Goswami is not related to any director or key managerial personnel of the Company. He does not hold any shares in the Company.

He was first appointed on the Board of the Company on 16 May 2012. During FY2019, Omkar Goswami attended seven out of eight Board meetings of the Company. During FY2019 he was paid ₹ 600,000 as sitting fees. Further commission of ₹ 1,200,000 is payable to him for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and strategy, Finance and Taxation, Banking, Investment and Treasury and Forex Management, Audit and Risk Management, Corporate Governance and Ethics, Economics and Statistics, Regulatory, Government and Security Matters, Academics, Education, Authorship and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Ambuja Cements Ltd.
2. Bajaj Auto Ltd.
3. Bajaj Finance Ltd.
4. CG Power and Industrial Solutions Ltd.
5. Dr. Reddy's Laboratories Ltd.
6. Godrej Consumer Products Ltd.
7. Hindustan Construction Company Ltd.
8. Max Healthcare Institute Ltd.

***Committee chairmanships:** Nil

***Committee memberships:**

1. Ambuja Cements Ltd.
2. Bajaj Auto Ltd.
3. Bajaj Finance Ltd.
4. CG Power and Industrial Solutions Ltd.
5. Dr. Reddy's Laboratories Ltd.
6. Godrej Consumer Products Ltd.
7. Max Healthcare Institute Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

6. Gita Piramal (DIN 01080602)

Brief Resume:

Gita Piramal, born on 4 September 1954, is currently engaged in academic research at the University of Oxford. An entrepreneur and businesswoman, author and journalist, she has a PhD in business history from Bombay University. For two decades, she contributed to several Piramal family companies in India in various positions. She launched a publishing company and a real estate company. In 2012, she retired and gave up board responsibilities and management roles.

An award-winning author, she has written best-seller books, case studies, articles in international and Indian publications and commissioned and edited over 1,000 articles for The Smart Manager. She has also scripted, edited, featured and anchored television documentaries for international and Indian channels. She conceptualised and created content for three best-selling, award-winning programs for CNBC-TV18. She is associated with several trade and industry organisations, non-profit organisations and educational institutions. She is on the boards of many leading companies.

Other information about the appointee:

Gita Piramal is not related to any director or key managerial personnel of the Company. She does not hold any shares in the Company.

She was first appointed on the Board of the Company on 27 March 2014. During FY2019, Gita Piramal attended all eight Board meetings of the Company. During FY2019 she was paid ₹ 450,000 as sitting fees. Further commission of ₹ 900,000 is payable to her for FY2019. She will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Global Business Leadership, Banking, Investment and treasury and Forex Management, Corporate Governance and Ethics, Academics, Education, Authorship and such other areas.

Her directorships/committee positions are as under:

Major directorships:

1. Bajaj Auto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Finserv Ltd.
4. Bajaj Holdings & Investment Ltd.

***Committee chairmanships:**

Bajaj Finserv Ltd.

***Committee memberships:**

1. Bajaj Auto Ltd.
2. Bajaj Finance Ltd.
3. Bajaj Finserv Ltd.
4. Bajaj Holdings & Investment Ltd.

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

Item no. 12 relating to continuation of appointment of Rahulkumar Kamalnayan Bajaj (DIN 00014529) on having attained the age of 75 years

SEBI vide its circular dated 9 May 2018 has amended the Listing Regulations effective 1 April 2019, mandating all listed companies vide regulation 17(1A) to obtain shareholders' approval through special resolution for appointment/continuation of directorship of a non-executive director, who has attained the age of 75 years.

Since Rahulkumar Kamalnayan Bajaj, non-executive director and Chairman of the Company has already attained the age of 75 years, consent of the members by way of special resolution is sought by the Company in compliance with regulation 17(1A) of the Listing Regulations, for him to continue as non-executive director of the Company beyond the age of 75 years with effect from 1 April 2019, liable to retire by rotation. The Company has received a notice from a member under section 160 of the Act proposing his candidature for continuation to the office of director, considering the significant benefits reaped by the Company from his experience, expertise and mature advice.

He has a vast and rich experience and extensive knowledge in management, business and industry and has been an invaluable asset to the Company. Driven by his vision and under his esteemed guidance, the Company has attained high and consistent growth over the years since its inception.

None of the directors or key managerial personnel or their relatives, except Rahulkumar Kamalnayan Bajaj, Rajivnayan Rahulkumar Bajaj and Sanjivnayan Rahulkumar Bajaj are, directly or indirectly concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding, if any, in the Company.

The Board recommends passing of the special resolution set out in item no. 12 of this notice.

Brief Resume:

Rahulkumar Kamalnayan Bajaj, born on 10 June 1938, is recognised as one of the most successful business leaders of India. He heads the Bajaj Group of companies, which is a leader in a variety of manufactured products and financial services in India and abroad, including motorised two and three-wheelers, home appliances, electric lamps, wind energy, special alloy and stainless steel, material handling equipment, travel, general and life insurance and investment and consumer finance.

He holds an Honours degree in Economics from Delhi University, a degree in Law from Bombay University and an MBA from Harvard Business School.

He is the Chairman of the Board of many companies. He was elected to the Upper House of Parliament (Rajya Sabha 2006-2010).

He has received many prestigious awards and recognitions, notably the 'Padma Bhushan' by the Government of India in 2001, Alumni Achievement Award by the Harvard Business School and Life Time Achievement Awards from Economic Times, Ernst and Young and CNBC TV18. He was appointed Knight in the Order of the Legion of Honour by the President of the French Republic.

He was appointed by the Government of India, Chairman (1986-89) of the Government owned domestic carrier, Indian Airlines.

He was nominated by the President of India, as the Chairman of the Board of Governors of the Indian Institute of Technology, Bombay during 2003-06.

He has been conferred Honorary Doctorates by six Universities including IIT, Roorkee. He was the President of Confederation of Indian Industry (CII-1979-80/1999-2000), Society of Indian Automobile Manufacturers (SIAM), Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA) and Chairman of the Development Council for Automobiles and Allied Industries.

He is a Member and former Chairman of the International Business Council of the World Economic Forum, Geneva and a Member of Harvard Business School's Global Advisory Board and the International Advisory Committee of NYSE Euronext. He has been a Member of the International Advisory Council of the Brookings Institution, Washington DC and a Member of the Executive Board of Indian School of Business.

He spearheads the CSR initiatives of the Bajaj Group through Jamnalal Bajaj Foundation, Jankidevi Bajaj Gram Vikas Sanstha and Shiksha Mandal and a number of social organisations including Bharatiya Yuva Shakti Trust and Ruby Hall Clinic, a large hospital in Pune.

He has been associated with the Company as its Chairman since inception.

Other information about the appointee:

Rahulkumar Kamlanayan Bajaj is not related to any of the directors or key managerial personnel of the Company except Rajivnayan Rahulkumar Bajaj, director, non-executive and Sanjivnayan Rahulkumar Bajaj, Vice Chairman, non-executive. He holds 186,000 shares in the Company.

He was first appointed on the Board of the Company on 25 March 1987. During FY2019, Rahulkumar Kamlanayan Bajaj attended seven out of eight Board meetings of the Company. During FY2019, he was paid ₹ 450,000 as sitting fees. Further commission of ₹ 900,000 is payable to him for FY2019. He will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company, as per remuneration policy of the Company.

Nature of expertise in specific functional areas: Management and Strategy, Global Business Leadership, Finance and Taxation, Banking, Investment and Treasury and Forex Management, Insurance, Mutual Funds and Financial Services, Law, Corporate Governance and Ethics, Economics and Statistics, Regulatory, Government and Security matters, CSR, Sustainability and NGO matters and such other areas.

His directorships/committee positions are as under:

Major directorships:

1. Bajaj Auto Ltd.
2. Bajaj Allianz General Insurance Company Ltd.
3. Bajaj Allianz Life Insurance Company Ltd.
4. Bajaj Finance Ltd.
5. Bajaj Finserv Ltd.
6. Bajaj Holdings & Investment Ltd.

***Committee chairmanships and memberships:** Nil

**Chairmanship and membership of audit committee and stakeholders relationship committee are considered.*

Item no. 13 relating to issue of non-convertible debentures through private placement

The Company, in the ordinary course of its business, is required to borrow from time to time, by way of loans, external commercial borrowings, issue of debentures (secured or unsecured)/bonds and/or other debt instruments, on private placement basis or otherwise and through acceptance of deposits. The inter-mix of borrowings by the Company depends upon the market conditions, cost of funds, tenor and security available in case of loans to be disbursed to customers, etc.

As per section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, (the 'Companies PAS Rules') a company may make an offer or invitation to subscribe to the debentures through an issue of a private placement offer with a previous special resolution of its members approving offer(s) or invitation(s) to subscribe to the non-convertible debentures of the Company on private placement basis. In case of non-convertible debentures (NCDs) where the proposed amount to be raised through such offer or invitation exceeds the limit specified in 180(1)(c) of the Act, a company may pass a special resolution once a year for all the offers or invitations to be made for such debentures during the year.

In terms of section 180(1)(c) of the Act, the shareholders have authorised the Board to borrow up to ₹ 130,000 crore. Pursuant to the said authority, the Board of Directors, at their meeting held on 13 March 2019, approved borrowings in various forms for an aggregate amount not exceeding ₹ 120,000 crore. The proposed issue of NCDs will be within the aforesaid Board approved borrowing limits as may be decided by the Board from time to time.

The debentures would be issued either at face value or at a discount or at a premium to the face value, with coupon rate and/or on zero coupon basis. The issue price and rate of interest depends, *inter alia,* on the market rates, tenor and security. The debentures will be issued on private placement basis in accordance with the provisions of the Act and SEBI electronic book provider platform guidelines.

In case of secured NCDs, security proposed to be offered would be by way of mortgage over the identified immoveable property(s) of the Company and, additionally by way of hypothecation over the book debts and loan receivables of the Company.

Approval of the members is, therefore, sought under section 42 of the Act read with Rule 14 of the Companies PAS Rules, by way of a special resolution for making offer(s) or invitation(s) to eligible persons to subscribe to the non-convertible debentures of the Company on private placement basis for a period of one year commencing from 25 July 2019.

None of the directors, key managerial personnel of the Company and their relatives are, directly or indirectly concerned or interested, financially or otherwise in this resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends passing of the special resolution as set out in item no. 13 of this notice.

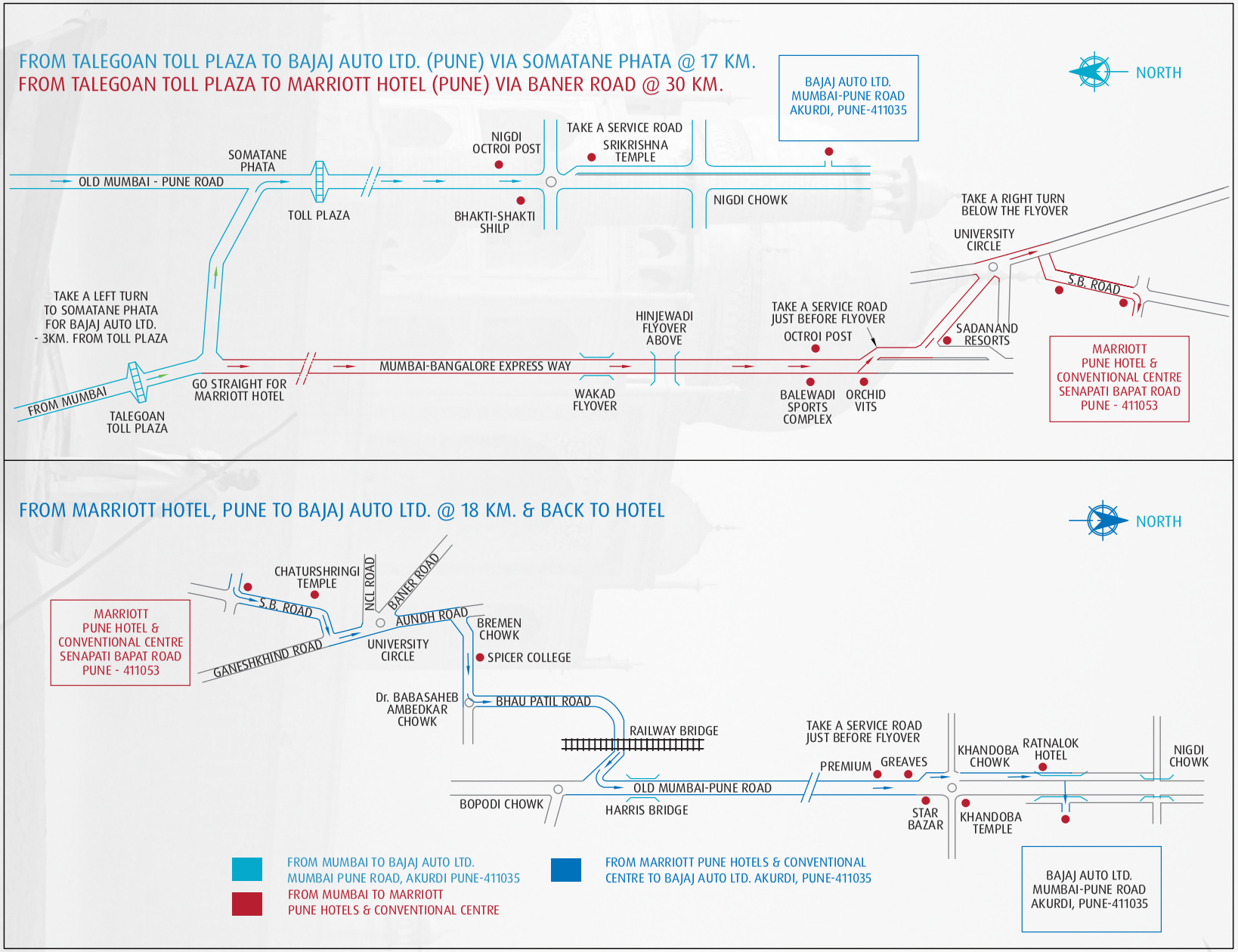
By order of the Board of Directors
For Bajaj Finance Ltd.



R. Vijay
Company Secretary
Membership no.: A18244

Pune: 16 May 2019

ROUTE MAP TO VENUE OF THE MEETING



Scan using the camera app for iOS devices and google lens for android devices

BAJAJ FINANCE LTD.
(CIN: L65910MH1987PLC042961)
Registered office:
Akurdi, Pune – 411 035
Email ID: investor.service@bajajfinserv.in
Website: www.bajajfinserv.in/finance
Tel No.: (020) 3018 6403 Fax No.: (020) 3018 6364

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 and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

CIN : L65910MH1987PLC042961
Name of the Company : Bajaj Finance Ltd.
Registered office : Akurdi, Pune – 411 035

Name of the member(s) : _____
Registered address : _____
Email ID : _____
Folio No./DP ID Client 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 : _____ or failing him
(3) 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 thirty-second annual general meeting of the Company, to be held on **Thursday, 25 July 2019** at **12.15 p.m.** at the registered office of the Company at Akurdi, Pune – 411 035 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	For	Against
	Ordinary business		
1.	Adoption of financial statements for the year ended 31 March 2019 together with the Directors' and Auditors' Reports thereon		
2.	Declaration of dividend		
3.	Re-appointment of Rajivnayan Rahulkumar Bajaj, director, who retires by rotation		
	Special business		
4.	Appointment of Naushad Darius Forbes as an independent director		
5.	Appointment of Anami N Roy as an independent director		
6.	Re-appointment of Nanoo Gobindram Pamnani as an independent director		
7.	Re-appointment of Dipak Kumar Poddar as an independent director		
8.	Re-appointment of Ranjan Surajprakash Sanghi as an independent director		
9.	Re-appointment of Balaji Rao Jagannathrao Doveton as an independent director		
10.	Re-appointment of Omkar Goswami as an independent director		
11.	Re-appointment of Gita Piramal as an independent director		
12.	Approval for continuation of Rahulkumar Kamalnayan Bajaj as Chairman, non-executive and non-independent director of the Company from 1 April 2019		
13.	Issue of non-convertible debentures through private placement		

Signed this_____ day of _____ 2019

Affix revenue stamp of ₹ 1

Signature of member(s) Signature of proxy holder(s)

Note:

1. **This form of proxy in order to be effective should be duly completed 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 Obligations and Disclosure Requirements) Regulations, 2015, members may vote either for or against each resolution.**

BAJAJ FINANCE LTD.
(CIN: L65910MH1987PLC042961)
Registered office:
Akurdi, Pune – 411 035
Email ID: investor.service@bajajfinserv.in
Website: www.bajajfinserv.in/finance
Tel No.: (020) 3018 6403 Fax No.: (020) 3018 6364

ATTENDANCE SLIP

Folio No./DP ID Client ID:

Name and Address:

Name(s) of joint holder(s),if any :

No. of shares held :

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 thirty-second annual general meeting of the Company on **Thursday, 25 July 2019** at **12.15 p.m.** at the registered office of the Company at Akurdi, Pune – 411 035.

_____ _____

Full name of proxy (in case of proxy) Signature of first holder/proxy

_____

Signature of joint holder(s)

Notes:

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

32nd ANNUAL REPORT 2018-19

BAJAJ FINANCE LIMITED





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CORPORATE INFORMATION

Board of Directors

Rahul Bajaj
Chairman
Nanoo Pamnani
Vice Chairman
Sanjiv Bajaj
Vice Chairman
Rajeev Jain
Managing Director
Madhur Bajaj
Rajiv Bajaj
Dipak Poddar
Ranjan Sanghi
D J Balaji Rao
Omkar Goswami
Gita Piramal
Naushad Forbes
(from 1 April 2019)
Anami N Roy
(from 1 April 2019)
D S Mehta
(upto 31 March 2019)
Rajendra Lakhotia
(upto 31 March 2019)

Audit Committee

Nanoo Pamnani
Chairman
Sanjiv Bajaj
Ranjan Sanghi
Omkar Goswami
D S Mehta
(upto 31 March 2019)

Stakeholders Relationship Committee

Ranjan Sanghi
Chairman
Nanoo Pamnani
Sanjiv Bajaj
Gita Piramal
D S Mehta
(upto 31 March 2019)

Nomination and Remuneration Committee

Nanoo Pamnani
Chairman
Rahul Bajaj
Sanjiv Bajaj
Ranjan Sanghi
Omkar Goswami
Rajendra Lakhotia
(upto 31 March 2019)

Corporate Social Responsibility Committee

Rahul Bajaj
Chairman
Nanoo Pamnani
Sanjiv Bajaj

Risk Management Committee

Nanoo Pamnani
Chairman
Sanjiv Bajaj
Rajeev Jain
Dipak Poddar
Fakhari Sarjan
Sandeep Jain

Management

Rajeev Jain
Managing Director
Atul Jain
Chief Executive Officer (BHFL)
Anup Saha
President – Consumer Business

Chief Financial Officer

Sandeep Jain

Company Secretary

R Vijay
(Appointed w.e.f. 1 October 2018)
Anant Damle
(Retired on 30 September 2018)

Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

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

Share Transfer Agent

Karvy Fintech Pvt. Ltd.
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad - 500 032
Tel No. (040) 67162222, Extn.1562
Email ID: einward.ris@karvy.com

Debenture Trustee

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

Registered Office

Akurdi, Pune - 411 035

Corporate Office

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

CIN: L65910MH1987PLC042961



LEADING THE WAY

Seating (Left to Right): **Nanoo Pamnani, Rajeev Jain, Sanjiv Bajaj**

Standing (Left to Right): **Anup Saha, Atul Jain, Sandeep Jain**





CHAIRMAN'S LETTER

Dear Shareholder,

Over the last several years, I have had great satisfaction in seeing how well your Company has performed and in writing this letter to you. I say this without any exaggeration.

Bajaj Finance Ltd. (BFL) is a truly great company that produces outstanding results year after year and provides the kind of value that shareholders dream of.

Yet again, in FY2019, your Company has performed brilliantly. Here are the numbers:

- Assets under management (AUM) on a consolidated basis grew by 41% to ₹ 115,888 crore.
- Consolidated total income rose by 45% to ₹ 18,502 crore.
- Consolidated profit before tax (PBT) increased by 61% to ₹ 6,179 crore.
- Consolidated profit after tax (PAT) grew by 60% to ₹ 3,995 crore.
- Impairment on financial instruments at a consolidated level was ₹ 1,501 crore. At 0.63%, BFL's consolidated net NPA was amongst the lowest in the NBFC industry.
- As on 31 March 2019, BFL's standalone capital adequacy was 20.66%, which is well above the RBI norms. Tier I adequacy was 16.27%.

Over the years, thanks to superb Management, top class employee commitment and outstanding leadership of its two Vice Chairmen, Nanoo Pamnani and Sanjiv Bajaj, and its Managing Director, Rajeev Jain, your Company has come to be known as one of the leading diversified non-banking financial companies of India.

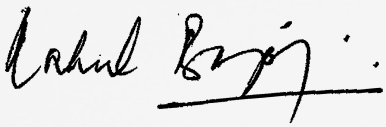
Its ability to deliver outstanding operational, financial and shareholder performance, quarter upon quarter — backed by high standards of analytics, risk management, technology and customer service — is now appreciated by the cognoscenti throughout India and in many parts of the world.

As in the last few years, BFL has done well across each of its major business verticals: consumer lending, SME lending, commercial lending, rural lending, deposits and partnerships and services. The chapter on 'Management Discussion and Analysis' gives the details of your Company's performance across each of these verticals.

In FY2018, your Company launched a 100% subsidiary called Bajaj Housing Finance Ltd. (BHFL). Managed by a separate team drawn from Bajaj Finance's gene pool, BHFL focuses entirely on home loans and associated mortgages. I am pleased to inform you that in its first full year of operations, FY2019, BHFL earned a net interest income of ₹ 465 crore; PBT of ₹ 149 crore; and PAT of ₹ 110 crore. May its success continue.

Once again, my thanks to the entire BFL team. You deliver without fail and make us proud. And, as always, my thanks to you for your constant support.

Yours sincerely,



Rahul Bajaj
Chairman

Pune: 16 May 2019

MANAGEMENT DISCUSSION AND ANALYSIS



Bajaj Finance Ltd. ('BFL', 'Bajaj Finance', or 'the Company') is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI). It is a subsidiary of Bajaj Finserv Ltd. and is engaged in the business of lending.

BFL has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India. It accepts public and corporate deposits and offers a variety of financial services products to its customers. It has two 100% subsidiaries: (i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing'), which is registered with National Housing Bank as a Housing Finance Company (HFC); and (ii) Bajaj Financial Securities Ltd. ('Bfinsec'), which is registered with the Securities and Exchange Board of India (SEBI). BHFL started its business in the financial year 2017-18 (FY2018). Bfinsec is yet to start its operations.

Macroeconomic overview

Financial year 2018-19 (FY2019) began with an expectation of higher growth as the economy seemed to have overcome the teething troubles of the nation-wide roll out of the Goods and Services Tax (GST). However, a rise in the current account deficit (CAD), concerns relating to rising non-performing assets (NPAs) and decline in liquidity coupled with hardening interest rates contributed to uncertainties around a higher GDP growth rate.

The second advance estimates of national income for FY2019 released by the Central Statistics Office (CSO) on 28 February 2019 showed that the economy could not continue the expected growth momentum. GDP growth in the third quarter of FY2019 reduced to 6.6% after clocking 8% and 7% growth in the first and second quarter of FY2019 respectively. The CSO estimates GDP growth in FY2019 at 7% compared to 7.2% in FY2018.

Gross fixed capital formation (GFCF) provided a pleasant surprise, with the share of GFCF to GDP growing to 32.3% in FY2019 (second advance estimates) versus 31.4% in FY2018 (first revised estimates). However, it is perhaps too early to expect this recent uptick in the share of GFCF to GDP to provide a definite impetus to growth.

Table 1 gives the 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

	FY2016	FY2017	FY2018	FY2019 (E)
Real GDP growth	8.2%	7.1%	7.2%	7.0%
Real GVA growth	8.1%	7.1%	6.9%	6.8%

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

On the back of a widening trade deficit, the CAD increased to 2.6% of GDP during April-December 2018 — up from 1.8% in April-December 2017. There was a net outflow of USD 17.5 billion of foreign currency reserves in April-December 2018 versus a net inflow of USD 30.3 billion over the same period a year earlier.

The good news was inflation. During the second half of FY2019, the consumer price index (CPI) steadfastly remained below the RBI's medium-term target of 4%, reaching a 19-month low of 1.9% in January 2019. It picked up marginally in February to 2.6%, albeit supported by a weak base and uptick in prices of some food categories. The RBI has projected headline inflation to remain soft in the near term: 2.4% in Q4 FY2019, 2.9% to 3% in H1 FY2020, and 3.5% to 3.8% in H2 FY2020. It did, however, acknowledge the monsoon risk from El Niño conditions and highlighted uncertainties in oil price movement.

Clearly, at this point, the RBI does not see inflation as a material risk. This has been underscored by the majority of the members of the RBI's Monetary Policy Committee (MPC) — when they recommended two successive cuts of 25 bps each in the policy rates and also maintained a neutral monetary stance.

While gross NPAs of scheduled commercial banks declined from 11.5% in March 2018 to 10.8% in September 2018, thus putting out hope of an orderly resolution, the Supreme Court intervened and created uncertainties. Its recent decision, setting aside the RBI's circular of 12 February 2018 to replace several existing restructuring schemes by a formal process under the Indian Bankruptcy Code, has resulted in considerable ambiguity regarding NPA resolutions. The RBI has issued a statement that it will take necessary steps, including issuing a revised circular, as may be necessary, for expeditious and effective resolution of stressed assets. Until such a circular is issued, the classification of NPAs and provisioning requirements would be left to individual banks — thus accentuating an already deep malaise.

Systemic liquidity swung between surplus and deficit during FY2019, with the RBI needing to intervene to smoothen liquidity flows. This liquidity stress was compounded thanks to major debt defaults of a systemically important NBFC. The default resulted in a virtual drying up of the money markets; and access to funds for borrowers such as NBFCs and HFCs were deeply impacted. The consequent increase in interest rates for fresh borrowings in Q3 FY2019 resulted in business disruptions. While H2 FY2019 has been an extremely challenging period for both NBFCs and HFCs, these disruptions have not yet completely settled.

Banking credit continued to post double-digit growth, registering 14.1% increase on-year as of 15 March 2019. However, this growth was still not broad-based. Industrial credit growth continued to remain anaemic, while the service sector and the retail segment saw fairly strong growth in bank credit. However, the healthy credit growth from banks to non-banks was largely nullified by money markets refraining from lending to NBFCs and HFCs during Q3 FY2019.

In this challenging environment for NBFCs, BFL signed off FY2019 with a 41% growth in consolidated assets under management (AUM) and a 60% growth in consolidated profits. BFL's cost of fund increased only by about 5 bps in FY2019 over FY2018.

Despite such excellent outcomes, we at BFL believe that FY2020 may be a challenging year. Our views are based on four factors:

(a) Recent increases in international crude prices;
(b) Some high frequency indicators — such as growth in manufacturing and capital goods, the Index of Industrial Production, auto sales — suggest a significant moderation in activity, amid a slowing global economy;
(c) The possibility of El Niño and its risk to food prices; and
(d) Budgetary and political announcements such as basic minimum income support for the poor, if implemented across-the-board, could result in higher fiscal deficit and inflation.

Having stated our concerns, it should also be stated that, with a large customer franchise, strong liquidity position, diversified portfolio mix, granular geographical distribution and robust risk metrics, we at BFL are confident of successfully dealing with these challenges in FY2020.

Industry overview

NBFCs continued to grow their share in the financial services industry. Data published by the RBI in its Financial Stability Report dated 31 December 2018 show that NBFCs have outperformed scheduled commercial banks (SCBs) on growth in advances, asset quality and profitability. This growth momentum of NBFCs should result in their share in the financial services sector increasing in the near future. Table 2 gives the data.

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

Particulars	31 March 2018		30 September 2018	
	NBFCs	SCBs	NBFCs	SCBs
Growth in Advances	19.2%	10.4%	16.3%	13.1%
Gross Non-Performing Assets	5.8%	11.6%	6.1%	10.8%
Net Non-Performing Assets	3.8%	6.1%	3.1%	5.3%
Return on Assets (ROA)	1.7%	(0.2%)	1.8%	0.0%
Return on Equity (ROE)	7.5%	(1.9%)	4.4%	(0.04%)

Source: Financial Stability Report of RBI dated 26 June 2018 and 31 December 2018.

The Company

BFL enjoyed yet another strong year of performance aided by a diversified product mix, robust volume growth, prudent operating costs and effective risk management. With a consolidated AUM of ₹ 115,888 crore and a standalone AUM of ₹ 98,671 crore, BFL has emerged as one of the leading diversified NBFCs in the country today.

BFL has adopted the Indian Accounting Standards (Ind AS) for FY2019. This involves giving Ind AS compliant comparatives for FY2018 and as at 1 April 2017 — the last being the date of transition. Accordingly, figures for previous years/periods, have been recast and audited by statutory auditors as per the new accounting standards. Highlights of FY2019 are as follows:

Consolidated performance highlights, FY2019

- New loans booked increased by 53% to 23.50 million.
- Customer franchise grew by 32% to 34.48 million.
- Assets under management (AUM) grew by 41% to ₹ 115,888 crore.
- Total income grew by 45% to ₹ 18,502 crore.
- Net interest income grew by 46% to ₹ 11,878 crore.
- Total operating cost rose by 28% to ₹ 4,198 crore.
- Total operating cost to net interest income improved to 35% from 40% in FY2018.
- Impairment on financial instruments was ₹ 1,501 crore. At 0.63%, BFL's consolidated net NPA was amongst the lowest in the NBFC industry.
- Profit before tax increased by 61% to ₹ 6,179 crore.
- Profit after tax grew by 60% to ₹ 3,995 crore.
- As on 31 March 2019, standalone capital adequacy was 20.66%, which is well above the RBI norms. Tier I adequacy was 16.27%.

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 is present in 1,830 locations across the country, including 903 locations in rural/smaller towns and villages.

BFL's loan book continued to remain strong as a result of its deeply embedded risk culture and robust risk management practices. The Company's consolidated net NPA at 0.63% is amongst the lowest in the NBFC industry.

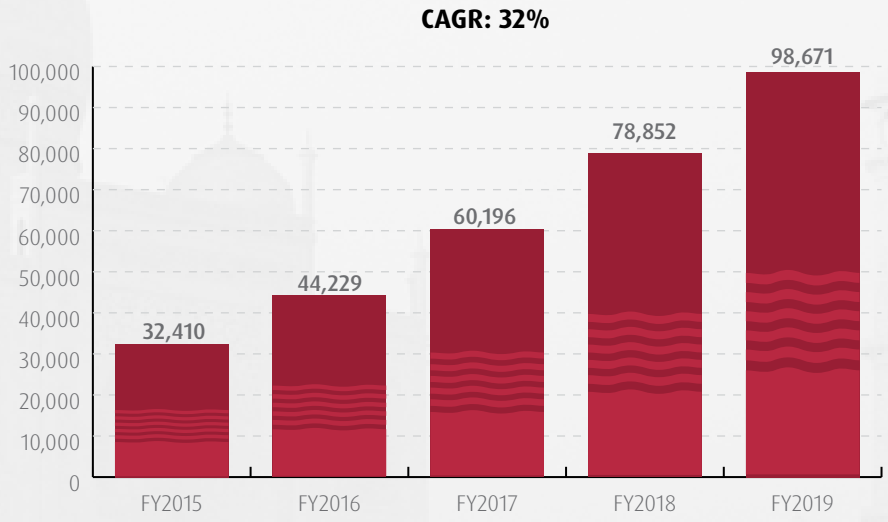
BFL continued to prudently manage its asset liability management (ALM) with a strategy of raising long-term debts and maintaining a judicious mix of borrowings between banks, money markets and deposits. BFL continues to closely monitor liquidity in the market; and as a part of its ALCO strategy maintains a liquidity buffer to prudently manage liquidity risk. In fact, this enabled BFL to deftly overcome the severe liquidity crisis and volatile interest rates in Q3 FY2019 because of a major debt repayment default by a systemically important NBFC. Consequently, the increase in cost of funds for FY2019 over FY2018 was only 5 bps.

As on 31 March 2019, consolidated borrowings stood at ₹ 101,588 crore.

Assets Under Management (AUM): A Snapshot

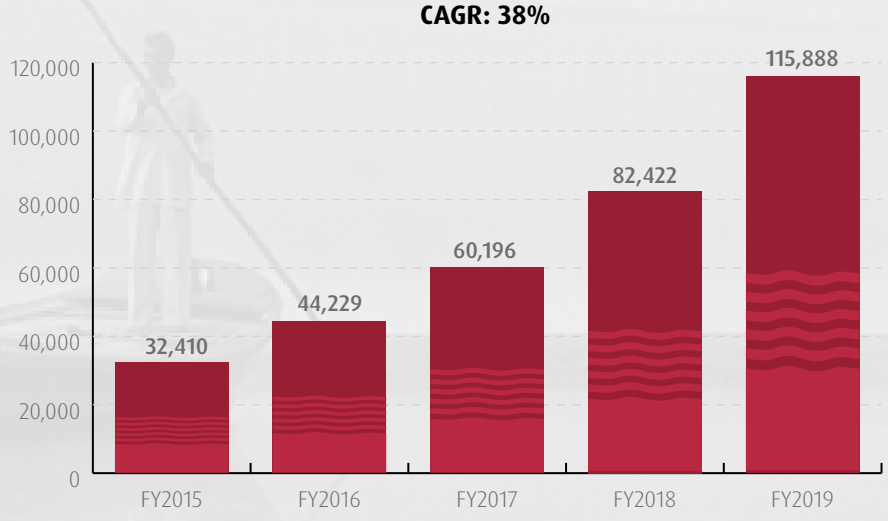
Chart A depicts standalone AUM over the last five years.
Chart B depicts the consolidated AUM.

Chart A: BFL's standalone AUM (₹ In Crore)



FY2019 AUM is as per Ind AS, FY2018 AUM has been recast as per Ind AS and FY2015 to FY2017 numbers are as per IGAAP

Chart B: BFL's consolidated AUM (₹ In Crore)



FY2019 AUM is as per Ind AS, FY2018 AUM has been recast as per Ind AS and FY2015 to FY2017 numbers are as per IGAAP

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

Table 3: Assets Under Management

(₹ In Crore)

Particulars	Standalone			Consolidated		
	FY2019	FY2018	Change	FY2019	FY2018	Change
Consumer B2B – auto finance business	9,726	6,290	55%	9,726	6,290	55%
Consumer B2B - sales finance	12,261	9,252	33%	12,261	9,252	33%
Consumer B2C businesses	22,551	15,286	48%	23,002	15,402	49%
SME lending	15,678	11,425	37%	15,759	11,434	38%
Rural B2B – sales finance	2,142	1,281	67%	2,142	1,281	67%
Rural B2C businesses	7,101	4,177	70%	7,101	4,177	70%
Commercial lending	5,668	4,152	37%	5,668	4,152	37%
Loans against securities	6,359	6,790	(6%)	6,359	6,790	(6%)
Mortgages	17,185	20,199	(15%)	33,870	23,644	43%
Total	98,671	78,852	25%	1,15,888	82,422	41%

Business update

Consumer Lending

BFL continued to be the dominant consumer durables, furniture and digital products lender in India in FY2019.

- BFL financed 12.7 million consumer durable and digital products purchases in FY2019 against 9.9 million in the previous year, a growth of 29%.
- BFL's unique Existing Member Identification (EMI) card, with over 18.5 million cards in operation, enables customers to avail instant finance after the first purchase. In FY2019, EMI card enabled BFL to finance over 11.5 million purchases, across all sales finance categories, viz. consumer durables, digital products, lifestyle products, lifecare, e-commerce and other retail spends versus 6.75 million in FY2018, a growth of 70%.

BFL was the largest financier of Bajaj Auto motorcycles and three-wheelers in FY2019.

- BFL crossed a milestone of financing 1 million number of motorcycles in FY2019.
- Gross deployments in FY2019 were ₹ 8,271 crore — a growth of 55% over the previous year.
- Financed over 40% of Bajaj motorcycles and some 36% of Bajaj three-wheelers in FY2019.

BFL's lifestyle finance business financed approximately 481,000 transactions, which represented a growth of 52% over FY2018. As part of its product expansion strategy, the Company extended its offerings in the health care segment for elective and non-elective procedures in FY2018. This initiative has resulted in health care offerings contributing over 19% of lifestyle finance business. To further the health care financing business and facilitate hassle free processing of loans to customers, BFL has recently introduced a 'Healthcare EMI Card'.

E-commerce consumer finance addresses the financing needs of BFL customers shopping online with major e-commerce players. During FY2019, BFL also expanded this offering to the online travel segment which is growing rapidly. BFL executed over 2,105,000 transactions in FY2019 compared to 702,000 in FY2018 — representing a threefold increase in volume.

The retail spends financing business offers easy instalment options to customers for small ticket purchases like fashion, travel, insurance and small appliances. The business is operational in 50 locations with a footprint of over 17,000 partner stores across India. BFL financed more than 1,460,000 purchases in FY2019 compared to 712,000 in FY2018 — representing a twofold increase in volume.

Personal loans cross-sell (PLCS) and salaried personal loans (SPL) AUM grew by 56% and 36%, respectively, over FY2018; to ₹ 13,868 crore and ₹ 8,683 crore.

- PLCS business was fuelled by growing customer franchise, investment in the effective use of advanced analytical capabilities, robust risk management and customer-centric loan processing capabilities.

- Initiatives to grow these businesses revolved around creating online facilities for customers and mobile based applications for sales officers to transform leads into approval.

SME Lending

SME lending offers secured and unsecured loans to its customers. Unsecured lending is done through two product offerings: (i) business loans to small and medium enterprises and to the self-employed, and (ii) professional loans.

- Business loans AUM grew by 21% over FY2018 to ₹ 10,094 crore. This offering is present in over 650 locations — which helps BFL to diversify portfolio concentration risk beyond intensely competitive markets and deliver a lower cost of loan acquisition.

- Professional loans AUM grew by 73% over FY2018 to ₹ 5,284 crore, enabled by a 'Direct to Customer' (D2C) initiative, analytics-based eligibility and robust risk assessment. Professional loans portfolio contributed to 34% of unsecured SME lending and continues to deliver robust results.

BFL has launched two new products in the SME lending business in FY2019, namely used car financing and secured enterprise loans.

- Used car financing: BFL offers both refinancing and purchase financing of used cars under this business. Gross deployments in FY2019 were ₹ 300 crore.

- Secured enterprise loans: Under this business, BFL offers small ticket loans of around ₹ 10 lakh against mortgage of self-occupied residential and commercial property in smaller towns. Gross deployments in FY2019 were ₹ 316 crore, with a closing AUM of ₹ 300 crore. This segment is expected to contribute significantly to SME lending growth over the next few years.

Secured lending comprises of loan against property, home loans, lease rental discounting and developer financing. Since February 2018, incremental business of secured lending has been done through BFL's 100% subsidiary, Bajaj Housing Finance Ltd. (BHFL).

Rural Lending

This business caters to financial services need of rural consumers. In FY2019, BFL expanded its rural footprint by setting up branches in two new states and penetrating deeper in the existing states. At the end of FY2019, it was present in 903 locations across 13 states and union territories in India. The business had an AUM of ₹ 9,243 crore as on 31 March 2019 — up by 69% from ₹ 5,458 crore a year earlier.

BFL's rural business has also started offering fixed deposit schemes from February 2019. This will further widen BFL's product offerings to rural customers and expand its retail liabilities business.

Commercial Lending

Commercial lending comprises of six products: loan against securities, loans to financial institution group lending, warehouse receipt financing, working and growth capital loans to auto component manufacturers, loans to light engineering industry and loans to speciality chemical industry verticals. Commercial lending business closed FY2019 with an AUM of ₹ 12,026 crore. BFL decided to wind down its warehouse receipt financing business from April 2019 given the stress witnessed in the agrarian sector and the lack of a sustainable profit model.

Deposits

At the end of FY2019, BFL had a deposit book of ₹ 13,193 crore, representing a growth of 69% compared to the end of FY2018. The deposit book's contribution to BFL's standalone borrowing was 15% against 12% as at the end of FY2018. To grow the retail and high networth individuals (HNI) deposits, BFL has set up seven wealth management branches on pilot basis in Pune in March 2019.

Partnerships and Services

In partnership with various financial service providers, BFL 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's co-branded credit cards business in partnership with RBL Bank continued to grow strongly in FY2019. The number of cards-in-force stood at over one million as on 31 March 2019.

BFL continued to grow its co-branded wallet business by providing EMI cards to its customer in digital format. It launched India's first ₹ 5K and ₹ 10K loan on its co-branded wallet and has disbursed over 242,000 loans in FY2019.

Financial performance

Table 4 gives BFL's standalone financial performance for FY2019 vis-à-vis FY2018.

Table 4: Standalone Financials

(₹ In Crore)

Particular	FY2019	FY2018	Change
Total income	17,401	12,650	38%
Finance costs	5,939	4,567	30%
Net interest income (NII)	**11,462**	**8,083**	**42%**
Employee benefits expenses	1,721	1,415	22%
Depreciation and amortisation expenses	137	102	35%
Other expenses	2,093	1,709	22%
Pre-provisioning operating profit	**7,511**	**4,857**	**55%**
Impairment on financial instruments	1,476	1,026	44%
Profit before tax (PBT)	**6,035**	**3,831**	**58%**
Profit after tax (PAT)	**3,890**	**2,485**	**57%**
Other comprehensive income/(expenses)	2	(18)	110%
Total comprehensive income	**3,892**	**2,467**	**58%**
Earnings per share (EPS) basic, in ₹	67.52	44.16	53%
Earnings per share (EPS) diluted, in ₹	66.95	43.71	53%
Book value per share, in ₹	339.09	275.27	23%

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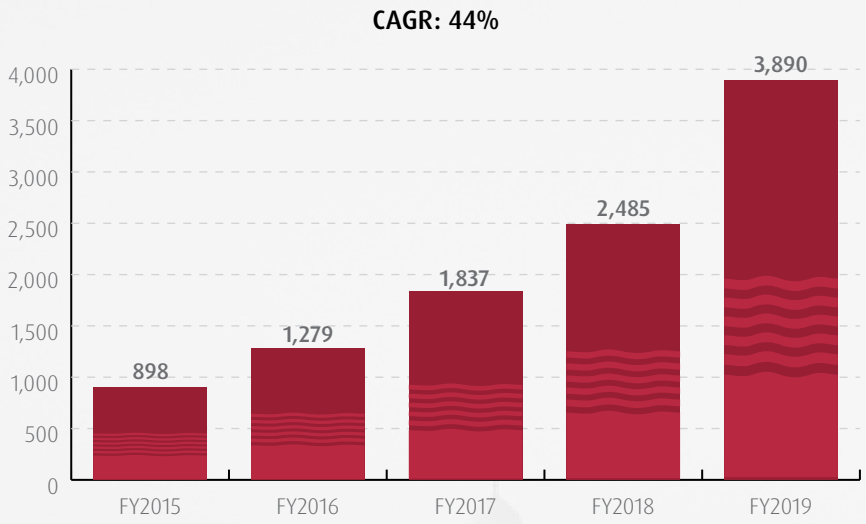
EMI NETWORK



T&C apply | Finance at the sole discretion of Bajaj Finance Limited

Chart C depicts growth of BFL's standalone profits after tax over the last five years.

Chart C: Standalone profit after tax (₹ In Crore)



FY2019 profit is as per Ind AS, FY2018 profit has been recast as per Ind AS and FY2015 to FY2017 numbers are as per IGAAP

Risk management and portfolio quality

As an NBFC, BFL is exposed to credit, liquidity and interest rate risk. It continues to invest in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. Sustained efforts to strengthen the risk framework and portfolio quality have yielded consistently better outcomes for the Company.

BFL's balanced approach to portfolio management coupled with a rigorous portfolio review mechanism have enabled it to pick up early warning signals and take corrective actions. The portfolio continues to remain healthy and in growth mode. With use of sophisticated analytics, BFL has maintained robust portfolio quality and takes risk mitigating policy actions with agility and precision.

A robust governance framework ensures that Board and its committees approve risk strategies and delegates credit authorities and a robust underwriting practices and continuous risk monitoring ensure that portfolios stay within acceptable risk levels.

BFL has deeply invested in its risk organisation structure that includes dedicated credit risk units for each business vertical; business specific units, viz., underwriting, risk containment and fraud control; and horizontal risk analytics, business intelligence and operational risk management unit. This deep structure ensures granular risk management of our portfolio.

BFL's strategy of 'acquire and cross-sell' to manage cost and portfolio risk, based on the axiom that an existing customer poses significantly lower credit risk than a new customer, ensures lower risk across portfolios.

BFL has experience of lending to over 34.5 million customers as of 31 March 2019. Most businesses in BFL are focused on acquiring mass affluent customers — who represent a bigger wallet, larger cross-sell opportunities and lower risk. BFL's lending portfolio is diversified across various secured and unsecured products to meet almost all needs of the customer. The combination of a large franchise of mass affluent customers and multiple product offerings coupled with superior customer experience creates a strong cross-sell momentum, and thus reduces credit risk.

BFL has not only diversified risk across millions of customers and product categories, but has also diversified its risk and portfolio over 1,800 urban and rural locations in India. BFL's geographically distributed portfolio helps reduce concentration risks to the minimal.

As mentioned earlier, BFL ended the year with a net NPA of 0.63% on consolidated basis. The standalone net NPA stood at 0.73%. It has, as part of implementation of Ind AS, transitioned to the Expected Credit Loss (ECL) provisioning model, thereby significantly strengthening its provisioning methodology and provisioning cover on non-NPA cases — which moved up from about 40 bps to 85 bps.

Operational risk management

BFL identifies various operational risks inherent in its business model. These cover risks of a loss resulting from inadequate or failed internal process, people and systems, or from external events. It has dedicated a new pillar — the Operational Risk Management Framework — to effectively identify, measure, report, monitor and control such operational risks.

Analytics

In the past few years, the technology and analytics landscape has evolved dramatically. Newer capabilities like Big Data, Cloud Computing and Open Source software like R and Python now allow access to statistical techniques that were not possible in the past. This has taken analytics and insights to a level where solutions are much more nuanced and specific. BFL has been an early adopter of analytics, and continues to remain fully committed to deepen and widen these capabilities to maintain and sharpen its competitive edge.

BFL leverages its large customer franchise to build robust yet nimble risk and propensity models as well as policy rules to best serve customers with offers that are most appropriate for them. To do this, BFL has deeply invested in analytics to build models to support decisions, implemented Machine Learning (ML) models in addition to classical logistic regressive models and is deeply investing in Artificial Intelligence (AI). These models and decision trees are deployed on state-of-the-art technologies like decision engines with real time processing capabilities. These enable 'get now' and 'straight through processing' to constantly push towards a smoother and frictionless experience for our customers. While doing so, BFL is mindful of the customer's privacy and ensures customer consent is obtained for any cross-sell offerings.

Several solutions deployed last year using machine learning for predictive insights have yielded positive outcomes. These have given BFL the confidence to commit significant investments to further the use of these new domains in BFL. Here are some examples:

- 'Data as Oil', an important initiative for FY2019, focuses on large volume of data capture and its effective utilisations for business and risk management. Significant investments have been committed to strengthen our data lake ecosystem and ML capabilities to enable data mining on semi-structured and unstructured data.

- BFL's entire data ecosystem and analytic workloads are now hosted on Microsoft Azure platform. This allows the flexibility on compute to develop and deploy Big Data workloads.

- An expanding suite of statistical models for risk management across all stages of the credit lifecycle — acquisition, account management and debt management. With new geographies and distribution being added continuously, this also means that BFL has processes and governance defined to modify and refine our risk scorecards to meet this growth.

- BFL's capability on risk analytics and scorecards helps adherence to the new ECL based provisioning requirement. This has also led BFL to re-define and strengthen its governance and processes around model monitoring and build controls around continuous validation of risk scorecards.

- Analytic solutions on product recommendation at point-of-sale, response propensity for targeted cross-sell, call volume forecasting for efficient capacity planning etc. are embedded in our business processes. BFL continues to refine and perfect these solutions on an on-going basis.

- Several 'Design of Experiments' (DOE) and 'Proof of Concepts' (POC) deployed using Machine Learning (ML) for predictive insights have yielded positive outcomes.

- Democratisation and adoption have been the mainstays of BFL's analytics journey. To further strengthen and enhance our understanding of ML applications and usage across the organisation, BFL has invested in an internal learning facility called 'School of Analytics'.

Asset Liability Management

BFL enjoys the highest credit rating of AAA/stable from CRISIL, ICRA, CARE and India Rating for its long term debt programme and A1+ from CRISIL, ICRA and India Ratings for its short term debt programme. Deposits programme of BFL is also rated the highest with credit rating of FAAA/Stable from CRISIL and MAAA(Stable) from ICRA. These ratings by credit rating agencies reaffirms the high reputation and trust BFL has earned for its sound financial management and ability to meet financial obligations.

During FY2019, BFL has been assigned a long-term issuer credit rating of 'BBB–' with a stable outlook and a short-term issuer credit rating of 'A-3' by S&P Global Ratings for its external commercial borrowings (ECB) programme. BFL's rating of 'BBB-' is equivalent to India's sovereign rating assigned by S&P Global Ratings.

BFL had a total borrowing of ₹ 86,352 crore as on 31 March 2019. Its Asset Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. BFL continued to raise longer tenor borrowings in FY2019.

The stress in liquidity in the third quarter of FY2019 on account of a debt default by a systemically important NBFC resulted in markets and regulators focusing on NBFC's asset liability mismatches. BFL has always ensured that constant monitoring of asset liability matches remain a cornerstone of its treasury practices. Table 5 gives the behavioural maturity pattern of BFL's asset and liabilities, and depicts our prudent approach toward its ALM management. As can be seen, BFL has maintained significantly positive ALM position across all buckets as against 15% negative ALM position permissible under the current RBI regulations.

Table 5: Behaviouralised ALM snapshot as on 31 March 2019

(₹ In Crore)

Particulars	1 month	> 1 to 2 month	> 2 to 3 month	>3 to 6 month	> 6 month to 1 year	> 1 to 3 years	> 3 to 5 years	> 5 years	Total
A. Inflows									
Cash and investments	5,524	2	2	7	10	344	510	4,181	10,580
Advances	7,748	5,263	5,199	12,203	17,014	31,771	12,409	5,885	97,492
Trade receivable and others	2,150	63	214	590	445	2,726	544	1,136	7,868
Total inflows	**15,422**	**5,328**	**5,415**	**12,800**	**17,469**	**34,841**	**13,463**	**11,202**	**115,940**
B. Cumulative total inflows	**15,422**	**20,750**	**26,165**	**38,965**	**56,434**	**91,275**	**104,738**	**115,940**	
C. Outflows									
Borrowings repayment	6,161	701	3,876	5,307	13,815	31,357	15,649	11,422	88,288
Other outflows	3,952	192	528	950	410	515	89	469	7,105
Capital reserves and surplus	-	-	-	-	-	-	-	20,547	20,547
Total outflows	**10,113**	**893**	**4,404**	**6,257**	**14,225**	**31,872**	**15,738**	**32,438**	**115,940**
D. Cumulative total outflows	**10,113**	**11,006**	**15,410**	**21,667**	**35,892**	**67,764**	**83,502**	**115,940**	
E. Gap (A-C)	**5,309**	**4,435**	**1,011**	**6,543**	**3,244**	**2,969**	**(2,275)**	**(21,236)**	
F. Cumulative GAP (B-D)	**5,309**	**9,744**	**10,755**	**17,298**	**20,542**	**23,511**	**21,236**	**-**	

Till date, BFL has assigned ₹ 10,603 crore of its receivables including ₹ 1,382 crore assigned in FY2019. The net assigned portfolio outstanding as on 31 March 2019 stood at ₹ 3,490 crore.

The Company continues to closely monitor liquidity in the market; and as part of its ALCO strategy maintains a liquidity buffer to reduce any liquidity risk.

Prudent ALM with continued focus on raising long-term debts and a judicious mix of borrowings between banks, money markets and deposits have helped BFL to effectively manage its net interest margin (NIM) throughout FY2019.

Technology

BFL has been at the forefront of technology adoption amongst NBFCs, and has continuously leveraged existing and emerging technologies to launch new products, enhance customer acquisition and servicing processes along with simplifying the back-office.

As part of the roadmap of technology stack modernisation, BFL, for its flagship consumer finance business, has consolidated its front office, mid office and back office processes on a single cloud platform. This has brought more efficiency in the processes, increased front-end productivity, digitally enabled the merchant eco-system with an integrated view of transactions and faster time to cash.

This platform has been one of the largest technology reforms for BFL's voluminous and most dispersed sales financing business. It has the potential to sustain a five-fold increase in scale over current volumes.

The Company is also actively investing and deploying capabilities in Artificial Intelligence (AI) and Machine learning (ML) in the area of facial recognition, optical character recognition (OCR), natural language processing (NLP) and voice. These technologies will enable frictionless customer experience at various touch points. Some examples are as follows:

- Machine learning (ML): BFL has deployed advanced machine learning models in the area of risk management, fraud prevention, pre-approved offer generation, offer pricing and offer recommendation.

- Facial recognition: BFL has currently deployed facial recognition technologies in offices and some branches on pilot basis. In future, facial recognition technology will provide a differentiated and frictionless check-in experience to its customers — enabling BFL to identify its customers from a pre-stored customer photograph database and provide seamless product and service offerings.

- Natural language processing (NLP): BFL uses sophisticated technology to process unstructured text onto a structured dataset. With NPL, we can read through digital underwriting notes, derive data variables from plain text based information like chat-bots, and thereby enrich its customer insights.

Enterprise technology architecture is being rapidly modernised to address the need for consumerisation as well as to manage the scale and agility requirements of the organisation. This is happening in collaboration with global technology partners and start-ups. BFL has been deeply investing in cloud and data infrastructure, and has defined a roadmap for micro services architecture and core application modernisation. BFL follows the philosophy of distributed architecture to manage scale and agility.

Further, BFL is continuously working to transition its customer facing interfaces like web portals and BOTS on to a micro services architecture with auto scale layer supported by platform as a service (PaaS) infrastructure. This enables faster change management and provides ability to scale and deploy rapidly.

With scalable cloud based Enterprise Data Warehouse (EDW) architecture, BFL has invested in real-time data stream ingestion technology for unstructured data analyses and re-marketing. BFL now runs large data workloads on Big Data infrastructure. Having the Big Data environment co-located with enterprise data warehouse has significantly powered customer segmentation, bureau time series, collection skip trace and de-duplication workloads.

Customer service

BFL strives to create a culture of 'Customer Obsession'. BFL continuously listen to our customers and drives continuous transformation to provide a frictionless experience across the lifecycle, from pre-disbursal to service. BFL constantly aims to reduce the time to disburse loans to customers with minimal documentation. BFL has enhanced and introduced varied service channels for solving customer queries and requests.

BFL has adopted Net Promoter Score (NPS) as a mechanism to gauge the outcome of its customer engagement efforts. NPS is a comprehensive global methodology to measure customer loyalty. This survey is conducted through an independent third party and its outcome is given due importance in the Company's future planning process.

BFL's self-service chatbot now provides support to customers across the BFL website, portal, Mobile App and the BFL Wallet. BFL has deployed multiple self-service options on the IVR for proactive updates to the customers. For the non-digitally savvy customers, BFL has introduced a 'missed call service' for getting details of latest relationships with BFL.

During the year, BFL also introduced the concept of service branches in major cities across the country. These branches provide superior customer experience using queue management system, ample seating capacity, self-service kiosks and cash deposit machines. BFL has also introduced

various offerings in the language preferred by its customers. Apart from critical documents like loan agreements, fair practice code (FPC), branch notices, customer communications and channels like customer portal and mobile Apps are now available to customers in vernacular languages.

Human resources

To BFL, its people are a very valuable resource. In an increasingly competitive market for talent, BFL continues to focus on attracting and retaining right talent. It is committed to provide right opportunities to employees to realise their potential. As on 31 March 2019, BFL, including its subsidiaries, had 20,163 full-time employees. The Company added 4,897 employees in FY2019.

BFL conducts an annual employee engagement (ESAT) survey, through Aon Hewitt, a global leader in human resource consulting, to gauge the satisfaction of employees in the Company. The ESAT survey, through a series of objective questions, assesses level of satisfaction of employees on three important dimensions: (i) say - employees consistently speak positively about the organisation to co-workers, potential employees and customers; (ii) stay - employees have an intense desire to be a member of the organisation and associate their future with the company; and (iii) strive - employees feel motivated to exert extra effort for the organisation. BFL's ESAT score for FY2019 saw a 4 percent point increase to 89%, putting BFL in the top quartile of employee engagement across all industries in India.

BFL has featured as one of the Best Workplaces in Asia 2019 by Great Place to Work® (GPTW) Institute. BFL has been ranked 9th amongst the '25 Best Large Workplaces in Asia, 2019'. The award was conferred on us by GPTW after considering organisations that were recognised in one or more of their national Best Workplaces lists in Great Place to Work® chartered countries (Greater China, India, Japan, South Korea, Kingdom of Saudi Arabia, Singapore, Sri Lanka and United Arab Emirates) in the Region. More than 1,200 organisations were eligible to be considered for these honours.

Awards

- *May 2018:* Featured amongst the 'Best Employers in India', 2017 by Aon Hewitt.
- *September 2018:* 'Business Leader of the Year' at the Economic Times Awards: to Sanjiv Bajaj, Vice Chairman, BFL.
- *September 2018:* Transformational Leader Award (Large Cap Category) 2018 at the 5th Asia Business Responsibility Summit in partnership with International Institute of Governance and Leadership, Netherlands: to Sanjiv Bajaj, Vice Chairman, BFL.
- *December 2018:* 'NBFC Wealth Creator of the Year' by Money Control: to Bajaj Finance Ltd.
- *December 2018:* 'Best CEO – Private Sector' to Rajeev Jain at the Forbes India Leadership Awards 2018.
- *February 2019:* 'Outstanding Company of the Year' at CNBC Indian Business Leader Awards to Bajaj Finance Ltd.
- *February 2019:* 'Best CEO – Financial Services' to Rajeev Jain at the Business Today Leadership Awards 2018.
- *April 2019:* Ranked 9th amongst 'Top 25 Best Large Workplaces in Asia', 2019, by 'Great Places to Work' institute.

Internal control systems and their adequacy

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

Fulfilment of the RBI's norms and standards

BFL fulfils and often exceeds norms and standards laid down by the RBI relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio, etc. The capital to risk-weighted assets ratio of BFL is 20.66% (Ind AS), which is well above the RBI norm of 15%.

Subsidiary

Bajaj Housing Finance Ltd.

Bajaj Housing Finance Ltd. (BHFL), a 100% subsidiary of BFL, was granted a housing finance company license by the National Housing Bank (NHB) in September 2015 to carry out the business of (non-deposit taking) housing finance. BHFL started its lending operation from July 2017.

BHFL mainly offers the following products to its customers: (i) home loans, (ii) loan against property, (iii) lease rental discounting, and (iv) developer financing. It also has a dedicated vertical offering home loans and loan against property to rural individuals and MSME customers. Tables 6 and 7 give the snapshot of BHFL's operation in FY2019.

Table 6: BHFL's Standalone Financials

(₹ In Crore)

Particulars	FY2019	FY2018
Total income	1,150	106
Finance costs	685	47
Net interest income (NII)	**465**	**59**
Total operating expenses	297	44
Pre-provisioning operating profit	**168**	**15**
Impairment on financial instruments	25	4
Profit before exceptional item and tax	**143**	**11**
Exceptional item	6	-
Profit before tax (PBT)	**149**	**11**
Profit after tax (PAT)	**110**	**10**
Other comprehensive income/(expenses)	(2)	
Total comprehensive income	**108**	**10**
Earnings per share (EPS) basic, in ₹	0.52	0.19

Table 7: BHFL's Assets Under Management

(₹ In Crore)

Assets Under Management	FY2019	FY2018
Home loans (including top ups)	11,584	2,870
Loan against property	2,176	230
Lease rental discounting	1,705	166
Developer financing	705	68
Rural mortgage loans	860	111
Other loans	532	125
Total	**17,562**	**3,570**

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*Terms & condition apply.

Consolidated Financial Statements

Table 8 gives a summary consolidated financial performance for FY2019, including that of BHFL and Bfinsec

Table 8: BFL's Consolidated Financials

(₹ In Crore)

	FY2019	FY2018	Change
Total income	18,502	12,757	45%
Finance costs	6,624	4,614	44%
Net interest income (NII)	**11,878**	**8,143**	**46%**
Employee benefits expenses	1,941	1,434	35%
Depreciation and amortisation expenses	144	102	41%
Other expenses	2,113	1,734	22%
Pre-provisioning operating profit	**7,680**	**4,873**	**58%**
Impairment on financial instruments	1,501	1,030	46%
Profit before tax (PBT)	**6,179**	**3,843**	**61%**
Profit after tax (PAT)	**3,995**	**2,496**	**60%**
Other comprehensive income/(expenses)		(18)	99%
Total comprehensive income	**3,995**	**2,479**	**61%**
Earnings per share (EPS) basic, in ₹	69.33	44.38	56%
Earnings per share (EPS) diluted, in ₹	68.75	43.92	57%
Book value per share, in ₹	341.4	275.8	24%

Key Ratios

Table 9 gives select key ratios for FY2019 compared with FY2018.

Table 9: BFL's select key ratios on a consolidated basis

Ratios	FY2019	FY2018
Net interest income to average loans	12.40%	12.10%
Total operating expenses to NII	35.34%	40.16%
Return on equity (ROE)	22.48%	20.05%
Capital to risk-weighted assets ratio (CRAR)*	20.66%	23.98%
- Tier I	16.27%	18.44%
- Tier II	4.39%	5.54%
Gross NPA	1.54%	1.41%
Net NPA	0.63%	0.43%
Provisioning coverage ratio (PCR)	60%	70%
EPS - Basic (₹)	69.33	44.38
- Diluted (₹)	68.75	43.92

* These ratios are on a standalone basis.

Cautionary Statement

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

CORPORATE GOVERNANCE



Given below are the Company's corporate governance policies and practices for FY2019. As will be seen, the Company's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Report, therefore, states compliance with the requirements of the Companies Act, 2013 (the 'Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Regulations of RBI for Non-Banking Financial Companies (the 'NBFC Regulations'), as applicable to the Company.

Kotak committee on corporate governance

With the aim of improving standards of corporate governance of listed companies in India, SEBI had formed a committee on corporate governance on 2 June 2017 under the chairmanship of Uday Kotak. Based on the report of the Kotak Committee on Corporate Governance, SEBI on 9 May 2018 amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'). Some of the amendments became applicable from 1 October 2018 and many from 1 April 2019. The Company is in compliance with all the provisions.

Philosophy

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

Board of Directors

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

Composition

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

As on 31 March 2019, the Board of the Company comprised of thirteen directors, of whom eight were non-executive independent directors, four were non-executive non-independent directors and one was executive director. The Board has no institutional nominee directors. As Table 1 shows, the Company is in compliance with the Listing Regulations.

More particulars about the directors are mentioned in the 'Directors' Report'.

Number of meetings of the Board

During FY2019, the Board of Directors met eight times on: 17 May 2018, 19 July 2018, 17 September 2018, 18 September 2018, 23 October 2018, 29 January 2019, 12 March 2019 and 13 March 2019. 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 FY2019

Name of director	Category	Relationship with other directors	No. of Board meetings attended (out of 8)	Whether attended AGM
Rahul Bajaj	Chairman, non-executive	Father of Rajiv Bajaj and Sanjiv Bajaj	7	No
Nanoo Pamnani	Vice Chairman, non-executive, independent	-	8	Yes
Sanjiv Bajaj	Vice Chairman, non-executive	Son of Rahul Bajaj and brother of Rajiv Bajaj	8	Yes
Rajeev Jain	Managing Director, executive	-	8	Yes
Madhur Bajaj	Non-executive	-	8	Yes
Rajiv Bajaj	Non-executive	Son of Rahul Bajaj and brother of Sanjiv Bajaj	7	Yes
Dipak Poddar	Non-executive, independent	-	8	Yes
Ranjan Sanghi	Non-executive, independent	-	7	No
D J Balaji Rao	Non-executive, independent	-	8	Yes
Omkar Goswami	Non-executive, independent	-	7	Yes
Gita Piramal	Non-executive, independent	-	8	Yes
D S Mehta*	Non-executive, independent	-	5	Yes
Rajendra Lakhotia*	Non-executive, independent	-	8	Yes

*Ceased to be director w.e.f. 31 March 2019 close of business hours.

Opinion of the Board

It is hereby confirmed that, in the opinion of the Board, the independent directors fulfil the conditions specified in the Listing Regulations, the Act and are independent of the Management of the Company.

Non-executive directors' compensation

During FY2019, sitting fees of ₹ 50,000 per meeting was paid to non-executive directors (independent and non-independent), for every meeting of the Board and/or Committee of the Board attended by them.

Members of the Company, vide an ordinary resolution passed at the annual general meeting (AGM) held on 19 July 2017, have approved the payment of Commission for a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of sections 197 and 198 of the Act, as amended, to one or more or to all non–executive directors as may be decided by the Board of Directors at its discretion from time to time for a period of five years commencing from 1 April 2017. During FY2019, the non-executive directors (independent and non-independent) were paid commission at the rate of ₹ 100,000 per meeting of the Board and/or Committee of the Board attended by them. The Board also approved payment of ₹ 18,000,000 to Nanoo Pamnani, Vice Chairman and non-executive independent director, as an additional commission for the additional services rendered by him at the request of the Management, during FY2019.

The Board of Directors, at their meeting held on 12 March 2019, enhanced the sitting fees from ₹ 50,000 to ₹ 100,000 and commission from ₹ 100,000 to ₹ 200,000 for every meeting of Board and/or Committee thereof attended by the non-executive directors (independent and non-independent) on or after 1 April 2019.

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

Information supplied to the Board

The Board agenda comprises of relevant information on various matters related to the working of the Company, especially those that require deliberation at the Board level. The directors of the Company receive the Board papers in electronic form through a secured application. The application meets the high standards of security and integrity required for storage and transmission of Board/Committee papers in electronic form.

The Board is periodically updated on important developments in the business segments and otherwise through presentation made by the function heads. The directors have separate and independent access to officers of the Company. In addition to items which are required to be placed before the Board for its noting or approval, information on various significant items is also provided. In terms of quality and importance, the information supplied by the Management to the Board is beyond the list mandated under the Listing Regulations. The independent directors, at their separate meeting held on 12 March 2019, assessed the quantity, quality and timely flow of information between the Management and the Board, and found it to be in line with the expectations.

Pursuant to the NBFC Regulations, the following information were also placed before the Board at regular intervals:

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

Orderly succession to Board and Senior Management

The Board is periodically updated on the orderly succession to the Board and Senior Management. It 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: Directorship/committee positions as on 31 March 2019

Name of director	Directorships			Committee positions in listed and unlisted public limited companies	
	In equity listed companies	In unlisted public limited companies	In private limited companies	As member (including as chairman)	As chairman
Rahul Bajaj	4	2	7	-	-
Nanoo Pamnani	4	3	-	10	3
Sanjiv Bajaj	5	5	7	7	-
Rajeev Jain	1	1	-	-	-
Madhur Bajaj	6	-	3	-	-
Rajiv Bajaj	4	-	2	-	-
Dipak Poddar	4	4	5	5	1
Ranjan Sanghi	3	2	3	5	3
D J Balaji Rao	6	-	-	7	3
Omkar Goswami	7	1	1	7	-
Gita Piramal	4	-	2	6	1
D S Mehta*	3	1	2	4	1
Rajendra Lakhotia*	2	2	5	2	0

* Ceased to be director w.e.f. 31 March 2019 close of business hours.

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

None of the directors of the Company holds office as a director, including as an alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public limited 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 declaration received from the directors, none of the directors of the Company is an independent director in more than seven equity listed companies or in more than three equity listed companies in case he is a whole-time director in any listed company.

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

Directorship in equity listed companies

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2019

Name of director	Name of the listed entity	Category
Rahul Bajaj	a) Bajaj Auto Ltd.	Chairman, executive
	b) Bajaj Finance Ltd.	Chairman, non-executive
	c) Bajaj Finserv Ltd.	Chairman, non-executive (upto 16 May 2019)
	d) Bajaj Holdings & Investment Ltd.	Chairman, non-executive (upto 17 May 2019)
Nanoo Pamnani	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finance Ltd.	Vice Chairman, non-executive, independent
	c) Bajaj Finserv Ltd.	Vice Chairman, non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, independent
Sanjiv Bajaj	a) Bajaj Auto Ltd.	Non-executive
	b) Bajaj Finance Ltd.	Vice Chairman, non-executive
	c) Bajaj Finserv Ltd.	Managing director and CEO, executive
	d) Bajaj Holdings & Investment Ltd.	Managing director and CEO, executive
	e) Maharashtra Scooters Ltd.	Non-executive, nominee
Rajeev Jain	a) Bajaj Finance Ltd.	Managing director, executive
Madhur Bajaj	a) Bajaj Auto Ltd.	Vice Chairman, non-executive
	b) Bajaj Electricals Ltd.	Non-executive
	c) Bajaj Finance Ltd.	Non-executive
	d) Bajaj Finserv Ltd.	Non-executive
	e) Bajaj Holdings & Investment Ltd.	Non-executive
	f) Maharashtra Scooters Ltd.	Chairman, non-executive, nominee
Rajiv Bajaj	a) Bajaj Auto Ltd.	Managing director and CEO, executive
	b) Bajaj Finance Ltd.	Non-executive
	c) Bajaj Finserv Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	Non-executive
Dipak Poddar	a) Bajaj Finance Ltd.	Non-executive, independent
	b) Poddar Bhumi Holdings Ltd.	Executive
	c) Poddar Housing and Development Ltd.	Chairman, executive
	d) V.I.P. Industries Ltd.	Non-executive, independent

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2019 (Contd.)

Name of the director	Name of the listed entity	Category
Ranjan Sanghi	a) Bajaj Finance Ltd.	Non-executive, independent
	b) Morarjee Textiles Ltd.	Non-executive, independent
	c) Kemp and Company Ltd.	Non-executive, independent
D J Balaji Rao	a) Ashok Leyland Ltd.	Non-executive, independent
	b) Bajaj Auto Ltd.	Non-executive, independent
	c) Bajaj Finance Ltd.	Non-executive, independent
	d) Bajaj Finserv Ltd.	Non-executive, independent
	e) Bajaj Holdings & Investment Ltd.	Non-executive, independent
	f) CMI FPE Ltd.	Non-executive, independent
Omkar Goswami	a) Ambuja Cements Ltd.	Non-executive, independent
	b) Bajaj Auto Ltd.	Non-executive, independent
	c) Bajaj Finance Ltd.	Non-executive, independent
	d) CG Power and Industrial Solutions Ltd.	Non-executive
	e) Dr. Reddy's Laboratories Ltd.	Non-executive, independent
	f) Godrej Consumer Products Ltd.	Non-executive, independent
	g) Hindustan Construction Company Ltd.	Non-executive, independent
Gita Piramal	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finance Ltd.	Non-executive, independent
	c) Bajaj Finserv Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, independent
D S Mehta	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finance Ltd.	Non-executive, independent
	c) Mukand Ltd.	Non-executive, independent
Rajendra Lakhotia	a) Bajaj Finance Ltd.	Non-executive, independent
	b) Cindrella Hotels Ltd.	Executive

Certificate from practising company secretary

A certificate from Shyamprasad D Limaye, practising company secretary to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Ministry of Corporate Affairs or any other statutory authority. The same forms a part of this Report.

Review of legal compliance reports

The Board periodically reviews legal compliance reports with respect to the various laws applicable to the Company as prepared and placed before it by the Management.

Code of conduct

The Listing Regulations require listed companies to lay down a code of conduct for directors and senior management, incorporating duties of directors as laid down in the Act. Accordingly, the Company has a Board approved code of conduct for all Board members and Senior Management of the Company. The said code has been placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/code-of-conduct.pdf

All the Board members and Senior Management personnel have affirmed compliance with the code for the year ended 31 March 2019. A declaration to this effect signed by the Managing Director forms a part of this Report.

Maximum tenure of independent directors

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

Formal letter of appointment to independent directors

The Company issues a formal letter of appointment to independent directors in the manner provided under the Act. As per regulation 46(2) of the Listing Regulations, the terms and conditions of appointment of independent directors are placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/appointment-letter-independent-directors.pdf

Performance evaluation

In terms of regulation 19 read with Schedule II to the Listing Regulations, the Company has framed a policy stipulating the criteria for evaluation of directors and the Board. In light of SEBI's Guidance Note dated 5 January 2017 on Board Evaluation, the Nomination and Remuneration Committee (NRC) and Board of Directors at their respective meetings held on 14 March 2017 revised the policy containing criteria for performance evaluation.

In view of the amendments to section 178(2) of the Act, the Board of Directors of the Company, at its meeting held on 12 March 2019, had approved the evaluation of the performance of Board, its Committees, the Chairperson and individual directors to be carried out by the Board only and would not be duplicated by the NRC. The NRC will only review its implementation and compliance.

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and individual directors.

The manner in which formal annual evaluation of performance was made by the Board is given below:

- Based on the criteria, approved by the NRC at its meeting held on 14 March 2017, which is available on the website of the Company https://www.bajajfinserv.in/media/finance/downloads/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directors.pdf rating sheets were circulated to each of the directors towards the end of the year with regard to evaluation of performance of the Board, its Committees, Chairperson and directors (except for the director being evaluated) for the year 2018-19.

- Based on the feedback received from each of the director, a consolidated summary of the ratings given and report of performance evaluation was prepared in respect of the performance of the Board, its Committees, Chairperson and directors during the year 2018-19.
- The report of performance evaluation so arrived at, was then noted and discussed by the Board at its meeting held on 12 March 2019.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 12 March 2019.
- Based on the report of performance evaluation, the Board of Directors, at its meeting held on 12 March 2019, approved re-appointment of Nanoo Pamnani, Dipak Poddar, Ranjan Sanghi, D J Balaji Rao, Omkar Goswami and Gita Piramal for a second term as independent directors, subject to approval of the members.
- Details on the evaluation of Board, non-independent directors and Chairperson of the Company as carried out by the independent directors at their meeting held on 12 March 2019 have been furnished separately elsewhere in this Report.

Remuneration policy

The Board of Directors, at its meeting held on 12 March 2019, enhanced the sitting fees and commission payable to the directors with effect from 1 April 2019. In view of the said increase, the Board also amended the remuneration policy with effect from the said date.

The policy, *inter alia,* provides the (a) criteria for determining qualifications, positive attributes and independence of directors and (b) 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 detailed remuneration policy is placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/remuneration-policy.pdf

Board diversity policy

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

Familiarisation programmes for independent directors

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

Whistle blower policy/vigil mechanism

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the Listing Regulations. The Board of Directors, at its meeting held on 12 March 2019, revised whistle blower policy containing, *inter alia,* leak or suspected leak of unpublished price sensitive information in view of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, (SEBI PIT Regulations). The policy/vigil mechanism enables directors and employees to report to the Management their concerns about unethical behaviours, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and leak or suspected leak of unpublished price sensitive information.

This mechanism provides safeguards against victimisation of directors/employees who avail of the mechanism and provides for direct access to the Chairman of the Audit Committee in exceptional cases. The policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website https://www.bajajfinserv.in/media/finance/downloads/whistle-blower-policy.pdf

During FY2019, none of the employees has been denied access to the Audit Committee under this policy.

Dividend distribution policy

In terms of the requirements of the Listing Regulations, the Company has a dividend distribution policy setting out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its members.

As a green initiative, the policy is placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/dividend-distribution-policy.pdf

A physical copy of the policy will be made available to any member on request.

Core skills and expertise of directors

As stipulated under Schedule V to the Listing Regulations, the Board has identified the following core skills/expertise/competencies required in the context of the Company's business(es) and sector(s) for it to function effectively and possessed by the Board. The table 4 below gives details of the same:

Table 4: Core skills/expertise/competencies:

Sr. No.	Core skill/expertise/competencies
1.	Management and Strategy
2.	Global Business Leadership
3.	Information Technology, Systems and Computers
4.	Human Resources and Industrial Relations
5.	Infrastructure and Real Estate
6.	Banking, Investment, Treasury and Forex Management
7.	Insurance, Mutual Fund and Financial Services
8.	Audit and Risk Management
9.	Law
10.	Corporate Governance and Ethics
11.	Economics and Statistics
12.	Regulatory, Government and Security matters
13.	Academics, Education and Authorship
14.	CSR, Sustainability and NGO matters

Subsidiary companies

During FY2019, the Company acquired 100% of stake in Bajaj Financial Securities Ltd. (Bfinsec) from Bajaj Housing Finance Ltd. (BHFL) a wholly owned subsidiary of the Company, for an aggregate consideration of ₹ 20.38 crore at arm's length pricing.

As on the date of this report, the Company has two subsidiaries viz., BHFL and Bfinsec. Pursuant to the requirements of the Listing Regulations, the Board, at its meeting held on 12 March 2019, has adopted a revised policy for determining material subsidiaries. The policy is available on the Company's website https://www.bajajfinserv.in/media/finance/downloads/policy-for-determining-material-subsidiaries.pdf

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None of the subsidiaries are material within the meaning of the Listing Regulations. During FY2019, the Audit Committee reviewed the financial statements and in particular, the investments made, of the unlisted subsidiary companies viz., BHFL and Bfinsec.

Minutes of the Board meetings of the subsidiary companies were regularly placed before the Board of the Company.

The Board periodically reviewed the statement of all significant transactions and arrangements, entered by the unlisted subsidiary.

Related party transactions

All related party transactions which were entered into during FY2019 were on an arm's length basis and in the ordinary course of business under the Act and not material under the Listing Regulations.

All related party transactions during FY2019 were entered with the approval of the Audit Committee pursuant to provisions of Act and the Listing Regulations. The details of such transactions were placed before the Audit Committee for noting/review, on a quarterly basis.

A statement showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS 24) issued by Institute of Chartered Accountants of India is set out separately in this Annual Report.

During FY2019, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. In line with amendment to the Listing Regulations, the Board, at its meeting held on 12 March 2019, amended the policy on materiality of related party transactions stipulating the threshold limits. The revised policy is given below and the same has also been hosted on the Company's website https://www.bajajfinserv.in/media/finance/downloads/policy-on-materiality-of-related-party-transactions.pdf

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

Quote

1. **Background:**
   Pursuant to clause 49 of the erstwhile Listing Agreement, the Board at its meeting held on 14 October 2014, [which meets the criteria of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] had approved a Policy on Materiality of Related Party Transactions. Vide circular dated 9 May 2018, SEBI has notified certain amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) effective from 1 April 2019 requiring certain changes to be made in the Policy.

2. **Policy:**
   In supersession of the existing policy, the Policy on Materiality of Related Party Transactions is accordingly being revised as under:

   1. Related Party Transactions (RPTs) of the Company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the Audit Committee of the Board from time to time.

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

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

ii. Where the transactions are entered into by the Company in its ordinary course of business and are on arms' length basis; or
iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed two percent of the annual consolidated turnover as per the last audited financial statements of the company; or
iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

3. Notwithstanding the above, approval of the Board and shareholders would be necessary, where the transaction(s) with a related party exceed the following threshold limits:

Sr. No.	Description	Threshold limits (₹ In Crore)
1.	Sale, purchase or supply of any goods or materials or securities	1,250
2.	Borrowing including by way of deposits	
3.	Selling or otherwise disposing off or buying of any property including by way of leave and license arrangement	
4.	Availing or rendering of any services	

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

Unquote

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 under Ind AS.

Audit Committee

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

As on 31 March 2019, four out of five members of the Audit Committee, including the Chairman, are independent directors. All the members are non-executive directors and are financially literate and have accounting or related financial management expertise.

In view of the amendments to the Listing Regulations and SEBI PIT Regulations, the Board, at its meeting held on 12 March 2019, amended the terms of reference of the Committee, effective from 1 April 2019.

These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions of the Company with related parties, review compliance with regulation 9A of the SEBI PIT Regulations, etc.

Meetings and attendance

During FY2019, the Audit Committee met four times on: 17 May 2018, 19 July 2018, 23 October 2018 and 29 January 2019. The gap between any two meetings has been less than one hundred and twenty days.

The meetings were scheduled well in advance. In addition to the members of the Audit Committee, these meetings were attended by the finance head, internal audit and other executives considered necessary for providing inputs to the Committee and representatives of the statutory auditors.

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

Nanoo Pamnani, Chairman of the Audit Committee, was present at the AGM of the Company held on 19 July 2018 to answer members' queries.

Table 5: Composition of the Audit Committee and attendance record of the members for FY2019

Name of director	Category	No. of meetings attended (out of 4)
Nanoo Pamnani	Chairman, non-executive, independent	4
Sanjiv Bajaj	Non-executive	4
Ranjan Sanghi	Non-executive, independent	3
Omkar Goswami	Non-executive, independent	3
D S Mehta	Non-executive, independent (ceased to be director w.e.f. 31 March 2019 close of business hours)	4

Nomination and Remuneration Committee

Pursuant to the provisions of the Act, the Listing Regulations and the NBFC Regulations, the Company has constituted a Nomination and Remuneration Committee.

In view of the amendments to the Listing Regulations, the Board of Directors, at its meeting held on 12 March 2019, amended the terms of reference of the Committee, effective from 1 April 2019.

The other terms of reference of the Committee pertains to, *inter alia,* formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and Senior Management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of independent directors and the Board, devising a policy on Board diversity, etc.

The Committee acts as a Nomination Committee, as per the NBFC Regulations, to ensure 'fit and proper' status of the directors to be appointed/re-appointed and recommend their appointment/re-appointment to the Board of Directors and as Compensation Committee for implementation of the BFL Employee Stock Option Scheme, 2009.

Meetings and attendance

During FY2019, the Committee met two times on: 17 May 2018 and 12 March 2019.

Nanoo Pamnani, Chairman of the Committee was present at the AGM of the Company held on 19 July 2018 to answer members' queries.

Table 6: Composition of the Nomination and Remuneration Committee and attendance record of the members for FY2019

Name of director	Category	No. of meetings attended (out of 2)
Nanoo Pamnani	Chairman, non-executive, independent	2
Rahul Bajaj	Non-executive	2
Sanjiv Bajaj	Non-executive	2
Ranjan Sanghi	Non-executive, independent	2
Omkar Goswami	Non-executive, independent	2
Rajendra Lakhotia	Non-executive, independent (ceased to be director w.e.f. 31 March 2019 close of business hours)	2

Risk Management Committee

Pursuant to the NBFC Regulations and the Listing Regulations, the Company has constituted a Risk Management Committee.

In view of the amendments to the Listing Regulations, the Board of Directors, at its meeting held on 12 March 2019, amended the terms of reference of the Risk Management Committee effective from 1 April 2019, to include within its purview cyber security risks. The other terms of reference of the Committee, *inter alia,* include managing integrated risk, laying down procedures to inform the Board about risk assessment and minimisation procedure in the Company and to frame, implement and monitor integrated risk management plan for the Company.

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

Meetings and attendance

During FY2019, the Committee met two times on: 18 September 2018 and 12 March 2019.

During FY2019 the Committee was re-constituted on account of organisational changes. As on 31 March 2019 the composition of Committee is as under:

Table 7: Composition of the Risk Management Committee and attendance record of the members for FY2019

Name of director/senior executive	Category	No. of meetings attended (out of 2)
Nanoo Pamnani	Chairman, non-executive, independent	2
Sanjiv Bajaj	Non-executive	2
Rajeev Jain	Managing Director, executive	2
Dipak Poddar	Non-executive, independent	2
Fakhari Sarjan	Senior executive	1 (out of 1)*
Sandeep Jain	Senior executive	2

*Fakhari Sarjan, Senior executive, attended one meeting as an invitee.

Stakeholders Relationship Committee

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

In view of the amendment to Listing Regulations, the Board of Directors, at its meeting held on 12 March 2019, amended the terms of reference of the Committee effective from 1 April 2019 which, *inter alia,* includes review of measures taken for effective exercise of voting rights by shareholders and review of adherence to the service standards in respect of various services being rendered by the registrar and share transfer agent.

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

Meetings and attendance

During FY2019, the Committee met on 29 January 2019 to, *inter alia,* review the status of the investors' services rendered. The secretarial auditor as well as the company secretary were present. The Committee was apprised of the major developments on matters relating to investors. In addition, the Committee also considered matters that can facilitate better investor services and relations.

Table 8: Details of the investor complaints received during FY2019

No. of complaints at the beginning of the year	No. of shareholder complaints received	No. of complaints not solved to the satisfaction of the shareholder	No. of complaints solved	No. of pending complaints at the end of the year
Nil	19	Nil	19	Nil

Due to health reasons, Ranjan Sanghi, Chairman of the Stakeholders Relationship Committee, was not present at the AGM of the Company held on 19 July 2018.

During FY2019, R Vijay was appointed as Company Secretary and Compliance officer w.e.f. 1 October 2018 in place of Anant Damle who retired from the services of the Company on 30 September 2018.

Table 9: Composition of the Stakeholders Relationship Committee and attendance record of the members for FY2019

Name of director	Category	No of meetings attended (out of 1)
Ranjan Sanghi	Chairman, non-executive, independent	1
Nanoo Pamnani	Non-executive, independent	1
Sanjiv Bajaj	Non-executive	1
Gita Piramal	Non-executive, independent	1
D S Mehta	Non-executive, independent (ceased to be director w.e.f. 31 March 2019 close of business hours)	1

Duplicate Share Certificate Issuance Committee

To meet the requirements of the Act and the Listing Regulations, the Company has constituted a Duplicate Share Certificate Issuance Committee of the Board to approve the issuance of duplicate share certificates in lieu of original share certificates lost or misplaced.

Meetings and attendance

During FY2019, the Committee met on 4 February 2019.

Table 10: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of the members for FY2019

Name of director	Category	No of meetings attended (out of 1)
Rahul Bajaj	Chairman, non-executive	1
Nanoo Pamnani	Non-executive, independent	1
Sanjiv Bajaj	Non-executive	1
Rajeev Jain	Managing Director, executive	1

Meeting of independent directors

Pursuant to the Act and the Listing Regulations, the independent directors shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, independent directors of the Company met on 12 March 2019 and:

- noted the report on performance evaluation for the year 2018-19 from the Chairman of the Board;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive director and non-executive directors; and
- assessed the quantity, quality and timely flow of information between the Management and the Board, and found it to be in line with the expectations.

Omkar Goswami was elected Chairman for the meeting. All the independents directors were present at the meeting.

Remuneration of directors

Pecuniary relationship or transactions of non-executive directors

During FY2019, there were no pecuniary relationships or transactions of any non-executive directors with the Company except few fixed deposits (FD) aggregating to ₹ 8.28 crore were kept/renewed by D S Mehta, director, on the terms and conditions of the FD scheme of the Company.

Criteria of making payments to non-executive directors

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

They also oversee the corporate governance framework of the Company. The criteria of making payments to non-executive directors are placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/criteria-of-making-payments-to-ned.pdf

Details of remuneration of directors

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

During FY2019, the Company has paid remuneration to Rajeev Jain, Managing Director (MD) as provided in the annexure to the Directors' Report in section VI(A) of Form MGT-9. The tenure of the MD is for five years with notice period of three months or salary in lieu thereof. The performance pay/bonus of MD is based on the performance of the Company and his contribution for the same. During FY2019, 120,550 stock options were granted to the MD at a grant price of ₹ 1,919.95, being the closing market price on NSE on the day preceding the day of grant, which will vest over a period of four years (25% every year) after a period of one year from the date of grant. The vested options will be exercisable over a period of five years from the date of vesting. MD is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company.

The Company currently has no stock option plans for any of its directors other than the MD.

During FY2019, none of the directors, other than the MD, were paid any performance-linked incentive. During FY2019, the Company did not advance any loans to any of its directors.

Shareholding of director

Information on shares held by directors in the Company as on 31 March 2019 is provided in the annexure to the Directors' Report in section IV(v) of Form MGT-9, i.e., extract of annual return.

Management

Management discussion and analysis

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

Disclosure of material transactions

Pursuant to the Listing Regulations, the Senior Management is required to make disclosures to the Board relating to all material, financial and commercial transactions where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company.

During FY2019, as per the disclosures made by the Senior Management, there were no such transactions.

Compliances regarding insider trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has a Board approved code of conduct to regulate, monitor and report trading by insiders ('code of conduct') and a Code of Practices and Procedures for Fair Disclosure of unpublished price sensitive information ('code of fair disclosure').

During the year under review, SEBI amended the SEBI PIT Regulations. In view of the amendments to the said Regulations, the Board of Directors, at its meeting held on 12 March 2019, *inter alia* approved the following, with effect from 1 April 2019:

a. Revised code of conduct to regulate, monitor and report trading by Designated Persons;
b. Revised code of practices and procedures for fair disclosure of unpublished price sensitive information;
c. Revised whistle blower policy;
d. Institutional mechanism for prevention of insider trading; and
e. Amendment to the terms of reference of the Audit Committee.

The code of conduct and code of fair disclosure framed by the Company have helped in ensuring compliance with the requirements.

Means of communication

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

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

Sections 20 and 136 of the Act, read with the Companies (Accounts) Rules, 2014 permit companies to deliver the documents electronically to the registered email IDs of the members.

During FY2019, the Company, sent documents such as Notice convening the AGM, postal ballot notice, audited financial statements, Directors' Report, Auditors' Report, half yearly unaudited financial statements, etc. in electronic form to the email IDs provided by the members to the Company/made available by them to the Company through the depositories. Members desiring to receive the said documents in physical form were sent physical documents, upon request.

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

Information on general body meetings

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

29th AGM	26 July 2016	At 12 noon
30th AGM	19 July 2017	At 12.15 p.m.
31st AGM	19 July 2018	At 12.15 p.m.

Details of special resolution(s) passed at the last three AGMs and through postal ballot during FY2019

I. Special resolutions passed at the last three AGMs:

At the 31st AGM held on 19 July 2018, one special resolution was passed pertaining to issue of non-convertible debentures through private placement.

At the 30th AGM held on 19 July 2017, one special resolution was passed pertaining to issue of non-convertible debentures through private placement.

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

II. Special resolutions passed through postal ballot during FY2019

On 8 March 2019, two special resolutions were passed pertaining to:

a. Increase in the borrowing powers of the Company from ₹ 100,000 crore to ₹ 130,000 crore under section 180(1)(c) of the Act; and
b. Creating charge on the assets of the Company upto ₹ 130,000 crore under section 180(1)(a) of the Act.

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

Sr. No.	Particulars	Votes [No. of shares and (%)]	
		In favour	Against
1.	Increasing the borrowing powers to ₹ 130,000 crore	460,654,184 (99.56%)	2,023,651 (0.44%)
2.	Creating charge on assets upto ₹ 130,000 crore	460,648,504 (99.56%)	2,024,738 (0.44%)

III. As on the date of this report, no special resolution is proposed to be conducted through postal ballot

Procedure for postal ballot

Pursuant to the provisions of the Act and the Listing Regulations, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot. Postal ballot notices and forms are dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email

IDs and through physical copy to the members who have not registered their email IDs. The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.

Pursuant to the provisions of the Act, the Company appoints scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same alongwith the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting.

Details of capital market non-compliance, if any

The Company has complied will all the applicable legal requirements and no penalty or stricture has been imposed on the Company by any of the stock exchanges, SEBI or any other statutory authority, in any matter related to capital markets, during the last three years.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Sr. No.	Particulars	No. of complaints
1.	Number of complaints filed during FY2019	4
2.	Number of complaints disposed of during FY2019	4
3.	Number of complaints pending as on end of FY2019	Nil

Compliance certificate

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

Report on corporate governance

This chapter, read together with the information given in the section on 'General Shareholder Information', constitute the report on corporate governance during FY2019. A section on 'Management Discussion and Analysis' for FY2019 is also included in this Annual Report.

The Company duly submits the quarterly compliance report to the stock exchanges.

Auditors' certificate on corporate governance

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

Statutory Auditors

S R B C & CO LLP are the Statutory Auditors of the Company. Total fees paid by the Company and its subsidiaries, on consolidated basis to the Auditors including all entities in their network firm/ entity of which they are a part is given below:

Sr. No.	Particulars	Statutory audit fee (₹)	Other services (₹)
1.	Bajaj Finance Ltd.	5,275,000	4,150,000
2.	Bajaj Housing Finance Ltd. (100% subsidiary of the Company)	200,000	755,000
3.	Bajaj Financial Securities Ltd. (100% subsidiary of the Company w.e.f. 10 August 2018)	50,000	-

Compliance of mandatory and discretionary requirements under the Listing Regulations

Mandatory

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

Discretionary

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

A. The Board

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

B. Shareholder rights

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

C. Modified opinion(s) in the audit report

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

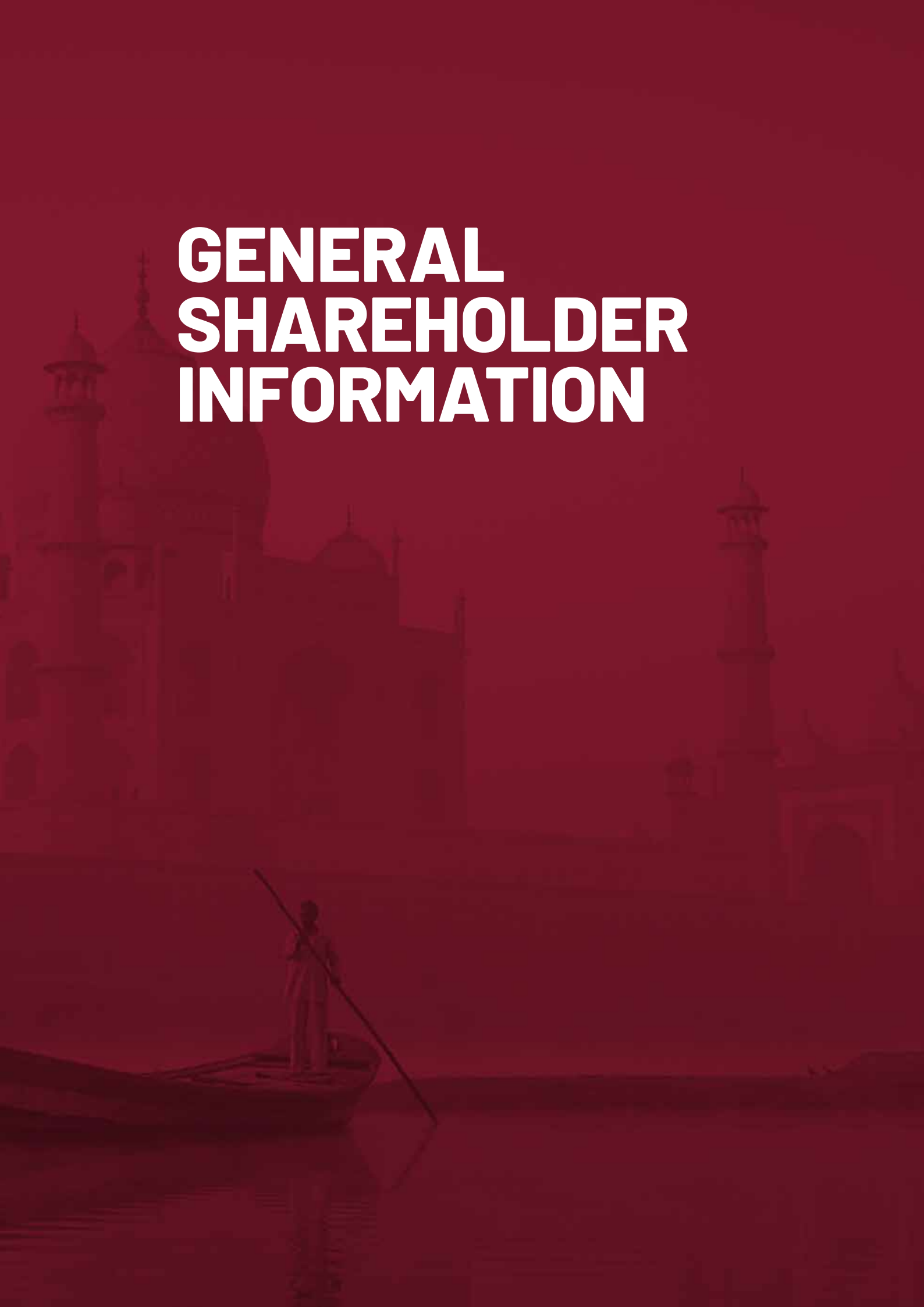
D. Separate posts of Chairperson and Managing Director/CEO

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

E. Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION



32nd Annual general meeting

Date	25 July 2019
Time	12.15 p.m.
Venue	Registered office of the Company at Akurdi, Pune – 411 035

Financial calendar for FY2020

Unaudited first quarter financial results	July 2019
Unaudited second quarter financial results	October 2019
Unaudited third quarter financial results	January 2020
Audited annual financial results	April 2020
Mailing of Annual Reports	June 2020
Annual general meeting	July 2020

Registrar and share transfer agent

The Company had appointed Karvy Computershare Pvt. Ltd., Hyderabad, as its registrar and share transfer agent.

Pursuant to order of the Hyderabad Bench of the National Company Law Tribunal the operations of Karvy Computershare Pvt. Ltd. have been transferred to Karvy Fintech Pvt. Ltd. with effect from 17 November 2018. Accordingly, all operations of share registry are being handled by Karvy Fintech Pvt. Ltd. ('Karvy').

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

Dates of book closure

The register of members and share transfer books of the Company will remain closed from **Saturday, 13 July 2019 to Thursday, 25 July 2019** (both days inclusive) for the purpose of payment of dividend.

Dividend and date of payment

Board of Directors have proposed a dividend of ₹ 6 per equity share (300%) of the face value of ₹ 2 for FY2019, subject to approval of the members at the ensuing annual general meeting (AGM) as against ₹ 4 per equity share (200%) for the previous year.

Dividend on equity shares, if declared, at the AGM, will be credited/dispatched between **Tuesday, 30 July 2019** and/or **Wednesday, 31 July 2019,** as under:

a) to all those members holding shares in physical form, as per the details provided to the Company by share transfer agent of the Company i.e. Karvy, as on closing hours on Friday, 12 July 2019; and

b) to all those beneficial owners holding shares in electronic form as per beneficial ownership details provided to the Company by National Securities Depository Ltd. and Central Depository Services (India) Ltd., as of the end of the day on Friday, 12 July 2019.

Payment of dividend

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), and SEBI circular dated 20 April 2019, companies 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 are available. Where dividend payments are made through electronic mode, intimation regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants.

Pursuant to aforesaid circular, the Company has sent letter to members holding shares in physical form requesting them to furnish details regarding their PAN and bank account for enabling payment of dividend through electronic mode. Members who are yet to respond to the are requested to provide the same on or before Friday, 12 July 2019.

For enabling payment of dividend for FY2019 through electronic mode, members are requested to update details of their bank account, if not already updated, with Karvy/depository participant. Members holding shares in physical form are requested to send self-attested copy of their PAN card and 'cancelled' cheque to Karvy and in case of members holding shares in electronic form are requested to update details with their respective depository participant on or before Friday, 12 July 2019.

Unclaimed dividend

Unclaimed dividend upto FY1995 have been transferred to the general revenue account of the Central Government. Members who have not encashed their dividend warrants upto FY1995 are requested to claim the said amount from Registrar of Companies, Maharashtra, Pune, Block A, 1st and 2nd Floor, PCNTDA Green Building, Near Akurdi Railway Station, Pune – 411 044.

Pursuant to section 124(5) of the Companies Act, 2013, (the 'Act') any amount transferred by the Company to the unpaid dividend account and remaining unclaimed/unpaid for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund set up by the Central Government. Accordingly, the unclaimed dividend from FY1996 to FY2011 have already been transferred by the Company to the said Fund from the years 2003 onwards.

Unclaimed dividend for FY2012 shall become due for transfer to the said fund in August 2019. The Company sends reminder letters to the members who have not claimed their divided requesting them to claim the same. Members are requested to verify their records and send the claim, if any, by writing to Karvy at mohsin.mohd@karvy.com before the amount becomes due for transfer to the said Fund.

The Company has uploaded the details of unclaimed dividend, unclaimed deposits and unclaimed interest on deposits on the Company's website at https://www.bajajfinserv.in/finance-investor-relations-unclaimed-dividends and also on website specified by the Ministry of Corporate Affairs http://www.iepf.gov.in/IEPF/services.html

Transfer of shares to IEPF

Pursuant to section 124(6) of the Act, as amended, and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, (the 'IEPF Rules'), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to demat account of the IEPF Authority. Accordingly, during FY2019, the Company has transferred 40,000 equity shares of face value of ₹ 2 pertaining to 38 members, whose dividend from FY2011 had remained unclaimed for a period of seven consecutive years, to demat account of the IEPF Authority.

In due compliance of the provisions of rule 6(3) of the IEPF Rules, the Company will send individual letters through speed post to all such members, whose dividend from FY2012 has remained unclaimed for a period of seven consecutive years, requesting them to claim the amount of unpaid dividend on or before the Company proceeds with the transfer of related shares to demat account of the IEPF Authority. The Company also publishes a notice in the newspapers intimating the members regarding the said transfer and these details will also be made available on the Company's website https://www.bajajfinserv.in/finance-investor-relations-unclaimed-dividends

A member can claim such dividend and underlying shares transferred to the IEPF by following the procedure prescribed in the IEPF Rules. A link of the procedure to claim is available on the Company's website https://www.bajajfinserv.in/finance-investor-relations-unclaimed-dividends

Share transfer system

Share transfers received by the Company and Karvy are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in physical category during FY2019 were 53,685 as against 43,190 during FY2018, the details of which were placed before the Board of Directors on quarterly basis.

During FY2019, SEBI amended regulation 40 of the Listing Regulations prohibiting transfer of securities in physical form (except transmission and transposition of shares) from 1 April 2019. Accordingly, the Company has sent letters to those members holding shares in physical form advising them to dematerialise their holding.

Dematerialisation/rematerialisation of shares and liquidity

During FY2019, 735,420 shares were dematerialised compared to 360,576 shares during FY2018. During FY2019, 2,404 shares were rematerialised compared to 183 shares during FY2018. Distribution of shares as on 31 March 2019 is given in Table 1.

Table 1: Shares held in physical and demat mode

	Position as on 31 March 2019		Position as on 31 March 2018	
Particulars	**No. of shares**	**% of total shares**	**No. of shares**	**% of total shares**
Physical	1,215,961	0.21	1,987,977	0.34
Demat:				
NSDL	562,093,910	97.25	561,236,749	97.11
CDSL	14,658,517	2.54	14,743,662	2.55
Sub Total	576,752,427	99.79	575,980,411	99.66
Total	**577,968,388**	**100.00**	**577,968,388**	**100.00**

Stock code

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

Listing on stock exchanges

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

The non-convertible debentures of the Company issued on private placement basis are listed on the wholesale debt market (WDM) of BSE.

Annual listing fees, as prescribed, have been paid to the said stock exchanges upto 31 March 2020.

Market price data

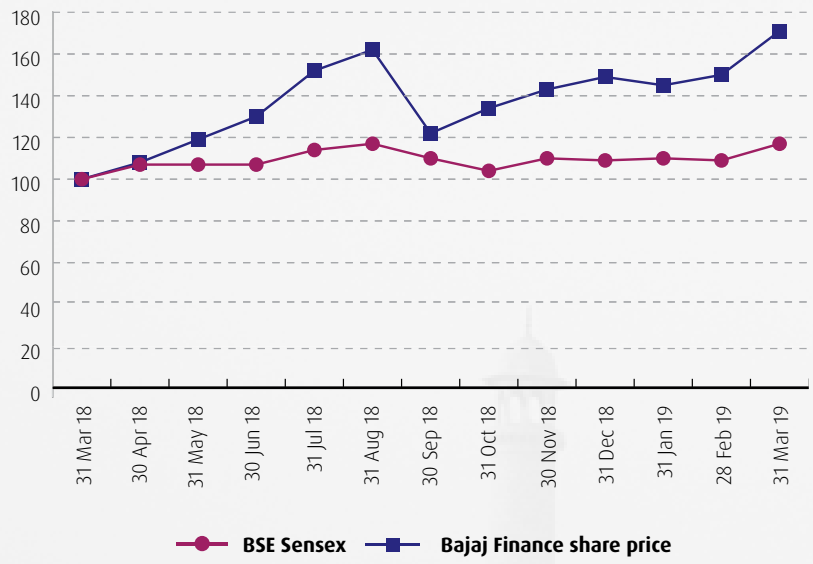
Table 2 gives the details of monthly highs and lows of the Company's shares on the BSE and NSE.

Table 2: Monthly highs and lows of Bajaj Finance Ltd. shares during FY2019 (₹ vis-á-vis BSE Sensex)

	BSE		NSE		
Month	High (₹)	Low (₹)	High (₹)	Low (₹)	Closing BSE Sensex
Apr – 18	1,967.70	1,769.75	1,967.75	1,769.00	35,160.36
May – 18	2,176.70	1,818.75	2,177.90	1,818.00	35,322.38
Jun – 18	2,419.55	2,050.00	2,419.15	2,055.00	35,423.48
Jul – 18	2,798.00	2,282.00	2,797.00	2,281.10	37,606.58
Aug – 18	2,995.10	2,660.45	2,994.00	2,660.25	38,645.07
Sept – 18	2,884.95	2,000.00	2,880.00	2,117.00	36,227.14
Oct – 18	2,430.00	1,912.00	2,423.90	1,912.20	34,442.05
Nov – 18	2,564.15	2,234.00	2,564.40	2,233.10	36,194.30
Dec – 18	2,667.40	2,330.00	2,666.30	2,332.10	36,068.33
Jan – 19	2,662.00	2,360.95	2,664.00	2,355.00	36,256.69
Feb – 19	2,735.10	2,508.00	2,737.45	2,506.00	35,867.44
Mar – 19	3,035.00	2,643.10	3,034.95	2,640.00	38,672.91

Chart: Performance in comparison to BSE Sensex

Bajaj Finance Ltd. stock performance Vs BSE Sensex, indexed to 100 on 31 March 2018



Distribution of shareholding

Table 3 gives details about the pattern of shareholding in various categories as on 31 March 2019 and 31 March 2018, while Table 4 gives distribution of shareholding according to size class/range of holding as on 31 March 2019.

Table 3: Distribution of shareholding across categories

Categories	31 March 2019		31 March 2018	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters and Promoter Group	318,878,085	55.17	318,678,085	55.14
Resident Individuals	53,330,547	9.23	55,575,438	9.62
Bodies Corporates/NBFC	29,719,038	5.14	29,032,893	5.02
Mutual Funds/Financial Institutions/Banks	42,275,671	7.32	45,933,388	7.95
Foreign Institutional Investors/Foreign Portfolio Investors	119,437,947	20.67	112,459,901	19.46
Non Resident Individuals/Foreign National	4,930,203	0.85	5,194,457	0.90
Alternative Investment Fund	2,272,097	0.39	1,072,671	0.18
Others	7,124,800	1.23	10,021,555	1.73
Total	**577,968,388**	**100.00**	**577,968,388**	**100.00**

Table 4: Distribution of shareholding according to size class as on 31 March 2019

Range of holding	No. of members	% to total members	No. of shares held	% to total shares
1 – 1000	172,501	95.70	16,059,870	2.78
1001 – 5000	5,492	3.05	11,409,993	1.97
5001 – 10000	773	0.43	5,601,293	0.97
10001 – 100000	1,179	0.66	36,613,713	6.34
100001 – 500000	242	0.13	55,720,923	9.64
500001 – 1000000	26	0.01	17,932,656	3.10
1000001 and above	41	0.02	434,629,940	75.20
Total	**180,254**	**100.00**	**577,968,388**	**100.00**

Credit rating

During FY2019, the Company retained its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset liability management. It also reaffirms the high reputation and trust the Company has earned for its sound financial management and its ability to meet financial obligations. Also, during FY2019, the Company received international rating from S & P Global.

The Company enjoys the following ratings from various credit rating agencies.

Long term debt rating

- "CRISIL AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 32,052.80 crore for the non-convertible debenture (NCD) programme, ₹ 3,300 crore for the lower tier II bond/subordinate debt programme, ₹ 21,000 crore for its bank loan rating programme and "FAAA/Stable" for the fixed deposit programme.
- "ICRA AAA(Stable)" for its long-term borrowing programme, which comprises of ₹ 1,310 crore for the NCD programme and ₹ 1,278.30 crore for the lower tier II bond/subordinate debt programme and "MAAA(Stable)" for the fixed deposit programme.
- "IND AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 12,589 crore for the NCD programme, ₹ 2,000 crore for the subordinate debt programme and ₹ 30,000 crore for its bank loan rating programme.
- "CARE AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 1,545 crore for the NCD programme, ₹ 3,455 crore for the subordinate debt programme.

Short term debt rating

- "CRISIL A1+" for its short-term debt programme with a programme size of ₹ 20,000 crore.
- "CRISIL A1+" for its short-term bank loan facilities.
- "ICRA A1+" for its short-term debt programme with a programme size of ₹ 20,000 crore.
- "IND A1+" for its short-term bank loan facilities.

All the above ratings indicate a high degree of safety with regard to timely payment of interest and principal.

International rating

- Investment grade Long term issuer rating of 'BBB-' with stable outlook and a short-term rating of 'A-3' by S & P Global.

Shareholders and investors grievances

The Stakeholders Relationship Committee constituted by the Board of Directors, looks into the grievances of security holders viz., shareholders, debenture holders and deposit holders. Queries/complaints received from security holders are promptly attended. Queries/complaints received from members during FY2019 were relating to non-receipt of share certificate/ non-receipt of duplicate share certificate/non-receipt of annual report/non-transfer of shares and non-receipt of dividend. As on 31 March 2019, there was no query/complaint pending redressal.

During FY2019, nineteen complaints from the members were received on various matters, which were duly resolved.

Pursuant to amendment to the Listing Regulations, the role of Stakeholders Relationship Committee has been widened to include various matters relating to security holders to be dealt by the Committee. Accordingly, the Board, at its meeting held on 12 March 2019, approved the revised terms of reference of the Committee effective from 1 April 2019, the details of which are given in the 'Corporate Governance Report'.

Demat suspense account for unclaimed shares

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

The details of Shares transferred to and from unclaimed suspense account during FY2019 is as under:

Sr. No.	Particulars	Number of members	Numbers of shares
1.	Shares lying in unclaimed suspense account at the beginning of FY2019	4	4,000
2.	Transferred to unclaimed suspense account (Shares issued pursuant to split and bonus which were returned undelivered) during FY2019	136	153,660
3.	Transfer to IEPF during FY2019	1	1,000
4.	Transfer to members during FY2019	12	12,800
5.	Shares lying in unclaimed suspense account at the end of FY2019	127	143,860

The shares lying in the aforesaid account will be transferred to the concerned members on lodgment of the claim and after proper verification. Till such time, the voting rights on these shares will remain frozen.

Nomination

Individual members holding shares in physical form can nominate a person in whose name the shares are to be transmitted in the event of death of the members. Members can avail the nomination facility by submitting the prescribed nomination form SH-13 (a copy of which is placed on the Company's website https://www.bajajfinserv.in/shareholdern-nomination-form) to Karvy. Nomination facility for shares held in electronic form is available with depository participants.

Voting through electronic means

Pursuant to section 108 of the Act and the rules made thereunder and the Listing Regulations, every listed company is required to provide to 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 Fintech Private Ltd., the authorised agency for this purpose, to facilitate such remote e-voting for its members.

In terms of the Companies (Management and Administration) Rules, 2014, as amended, (the 'Rules') the members holding shares as on 19 July 2019, being the cut-off date fixed for determining voting rights of members, are entitled to vote on the items put up in the Notice of AGM, through such remote e-voting facility or at AGM. The remote e-voting shall be open from Monday, 22 July 2019 (9.00 a.m.) till Wednesday, 24 July 2019 (5.00 p.m.).

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

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

Detailed procedure for remote e-voting is given in the Notice of the thirty-second AGM which is placed on the Company's website https://www.bajajfinserv.in/finance-investor-relation-annual-reports

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

Webcast of proceedings of AGM

Pursuant to regulation 44 of the Listing Regulations, the top 100 companies by market capitalisation as on 31 March 2019, are required to provide one-way live webcast of the proceedings of the AGMs.

Accordingly, the Company has entered into an arrangement with Karvy, to facilitate live webcast of the proceedings of the AGM for its members.

Members who are entitled to participate in the AGM can view the proceedings of AGM by logging on the e-voting website of Karvy at https://evoting.karvy.com/ using the secure login credentials, provided for e-voting. Members are encouraged to use the facility of webcast.

Outstanding convertible instruments/ADRs/GDRs/warrants

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

Commodity price/foreign exchange risk and hedging activities

The Company is not exposed to any commodity price/foreign exchange risk. No hedging activities were carried out by the Company during FY2019.

Address for correspondence

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

Share transfer agent

Karvy Fintech Pvt. Ltd.

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

Contact persons

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

Company

Registered office

Akurdi, Pune – 411 035

Corporate office extn.

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

Additional information

1. During FY2019, the Company has not sanctioned loans to any of its directors and there are no outstanding loans to directors as on 31 March 2019.
2. None of the employees of the Company is related to any of the directors of the Company.
3. From the date of the Balance Sheet till the date of this Report, no significant event has taken place which will have an impact on the performance of the Company during FY2019.
4. Profile of fixed deposits as on 31 March 2019:

Period of deposit (months)	No. of depositors	Amount (₹ In Crore)	% to total deposits
12-23	21,983	2,162	25.35
24-35	22,323	1,076	12.61
36-60	145,887	5,292	62.04
Total	**190,193**	**8,530**	**100.00**

As on 31 March 2019, five fixed deposits amounting to ₹ 6.67 lakh had matured and remained unclaimed and interest on matured deposits amounting to ₹ 2.14 lakh had also remained unclaimed.

DIRECTORS' REPORT



Your directors have pleasure in presenting the thirty-second Annual Report along with the audited standalone and consolidated financial statements for FY2019.

Presentation of financial statements

Ministry of Corporate Affairs (MCA) vide its notification dated 30 March 2016, mandated, Non-Banking Financial Companies (NBFCs) having net worth of rupees five hundred crore or more to comply with the Indian Accounting Standards (Ind AS) in preparation of their financial statements and quarterly financial results for the accounting periods beginning on or after 1 April 2018 with effective transition date of 1 April 2017.

Further, MCA has amended Schedule III to the Companies Act, 2013 (the 'Act'). Vide the amendment, a new division viz., 'Division III' financial statement format has been introduced for NBFCs effective 11 October 2018.

Accordingly, the financial statements of the Company for the year ended 31 March 2019 have been prepared in accordance with Ind AS and revised Schedule III to the Act. The corresponding figures for the year ended 31 March 2018 and opening Balance Sheet as on 1 April 2017 have been recast as per Ind AS and revised Schedule III to the Act. The Company has applied Ind AS 101 'First time adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company, is detailed in the note no. 51 to the standalone financial statements and note no. 52 to the consolidated financial statements of the Company.

The audited consolidated financial statements have been prepared in compliance with the Act, Ind AS 110 'Consolidated financial statements' and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

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

Financial results

The highlights of the standalone financial results are as under:

(₹ In Crore)

Particulars	FY2019	FY2018	% change over FY2018
Total income	17,401	12,650	38
Finance costs	5,939	4,567	30
Net interest income	**11,462**	**8,083**	**42**
Total operating expenses	3,951	3,226	22
Pre-provisioning operating profit	**7,511**	**4,857**	**55**
Impairment on financial instruments	1,476	1,026	44
Profit before tax	**6,035**	**3,831**	**58**
Profit after tax	**3,890**	**2,485**	**57**
Retained earnings as at the beginning of the year	**4,788**	**3,076**	**56**
Profit after tax	3,890	2,485	57
Other comprehensive income on defined benefit plan	(9)	(5)	80
Retained earnings before appropriations	**8,669**	**5,556**	**56**
Appropriations			
Transfer to reserve fund u/s 45-IC(1) of the RBI Act, 1934	(779)	(530)	47
Dividend paid	(231)	(198)	17
Tax on dividend	(48)	(40)	20
Adjustment of dividend to ESOP Trust	1	1	
Retained earnings as at the end of the year	**7,612**	**4,788**	**59**

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

A summary of financial performance of subsidiaries viz; Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd. is given below:

Subsidiaries, associate and joint ventures

A. Bajaj Housing Finance Ltd. (BHFL) - A housing finance company, registered with NHB.

BHFL, a wholly owned subsidiary of the Company, started full scale mortgage operations from February 2018 and had assets under management of ₹ 17,562 crore as on 31 March 2019 as against ₹ 3,570 crore as on 31 March 2018. The Profit after tax for FY2019 of BHFL was ₹ 110 crore as against ₹ 10 crore for FY2018.

B. Bajaj Financial Securities Ltd. (Bfinsec) – A stock broking company, registered with SEBI.

The Company acquired the entire shareholding of Bfinsec from its wholly owned subsidiary, BHFL on 10 August 2018 at arm's length pricing. The acquisition is intended to support the Company's existing line of business viz; loan against securities, where the Company currently avails services of other depository participants (DP) and stock brokers.

During FY2019, Bfinsec received approval from SEBI to carry on the business as a stock broker and trading membership of BSE Ltd. Bfinsec is in the nascent stage of stock broking and DP business.

The Profit after tax for FY2019 of Bfinsec was ₹ 1.19 crore as against ₹ 1.67 crore for FY2018.

None of the subsidiaries mentioned above is a material subsidiary as per the thresholds laid down under the Listing Regulations.

The Company does not have any associate or joint venture company.

Performance and financial position of subsidiaries

A summary of financial performance for FY2019 of the wholly owned subsidiaries i.e., BHFL and Bfinsec is given below:

BHFL

(₹ In Crore)

Particulars	FY2019	FY2018
Total income	1,150	106
Finance costs	685	47
Net interest income	**465**	**59**
Total operating expenses	297	44
Impairment on financial instruments	25	4
Profit before exceptional items	**143**	**11**
Exceptional items	6	-
Profit before tax	**149**	**11**
Profit after tax	**110**	**10**
Other comprehensive income	(2)	
Total comprehensive income	**108**	**10**

Bfinsec

(₹ In Crore)

Particulars	FY2019	FY2018
Total income	2	1
Finance costs	-	
Net interest income	**2**	**1**
Total operating expenses		
Impairment on financial instruments	-	-
Profit before tax	**2**	**1**
Profit after tax	**1**	**2**

Dividend

The directors recommend for consideration of the members at the ensuing annual general meeting (AGM), payment of dividend of ₹ 6 per equity share (300%) of face value of ₹ 2 for FY2019. The amount of dividend and tax thereon aggregate to ₹ 419.46 crore.

Dividend paid for FY2018 was ₹ 4 per equity share (200%) of face value of ₹ 2. The amount of dividend and tax thereon aggregated to ₹ 278.71 crore.

Up to 8.95%* guaranteed returns

Low risk, high returns with our Fixed Deposits



FAAA (Stable) rating by CRISIL

MAAA (Stable) rating by ICRA

1 Million+
Customers

1000+
Branches across India

Rs. 13,000
Crore FD book size

*Rate of Interest is per annum, applicable on cumulative scheme tenor of 36-60 months for the respective customer categories. Terms & condition apply.

Share capital

As on 31 March 2019, paid-up share capital of the Company stood at ₹ 1,155,936,776 consisting of 577,968,388 equity shares of face value of ₹ 2 fully paid-up.

Increase in borrowing powers

During FY2019, pursuant to section 180(1)(c) of the Act, the Company increased the limit of the borrowing powers of the Board of Directors from ₹ 100,000 crore to ₹ 130,000 crore, to meet its growing business needs.

Working results

Assets Under Management (AUM) as on 31 March 2019 were ₹ 98,671 crore as compared to ₹ 78,852 crore as on 31 March 2018, an increase of 25% over the previous year. The consolidated AUM as on 31 March 2019 stood at ₹ 115,888 crore, an increase of 41% over the previous year.

Loans receivables as on 31 March 2019 were ₹ 95,181 crore as compared to ₹ 75,533 crore as on 31 March 2018, an increase of 26% over the previous year. The consolidated loans receivables as on 31 March 2019 stood at ₹ 112,513 crore, an increase of 42% over the previous year.

Total income during FY2019 increased to ₹ 17,401 crore from ₹ 12,650 crore during FY2018 registering a growth of 38% over the previous year.

Profit before tax for FY2019 was ₹ 6,035 crore, as against ₹ 3,831 crore for FY2018, an increase of 58% over the previous year. The profit after tax for FY2019 was ₹ 3,890 crore as compared to ₹ 2,485 crore for FY2018, an increase of 57% over the previous year. This has been due to the Company's healthy growth in AUM, net interest margin, operating efficiencies and prudent risk management.

The Company again had an excellent year, aided by strong volume growth across all its lines of business. During FY2019, the Company launched various new products and variants to strengthen its business model and continue its growth momentum.

Consequent to transition to Ind AS in FY2019 with transition/effective date of 1 April 2017, the Company is required to provide for impairment allowance on its financial insruments basis expected credit loss (ECL), calculated using empirical portfolio performance and adjusted for forward looking macro-economic factors, as prescribed by Ind AS. The overall provisioning so made, continues to be in excess of the extant provisioning norms of RBI for NBFCs.

The Company's impairment provision (ECL) on financial instrument increased from ₹ 1,026 crore in FY2018 to ₹ 1,476 crore in FY2019 taking into account the increased business. The Company ended FY2019 with a net NPA of 0.73%.

Operations

Details regarding the operations of the different products of the Company and the state of affairs of the Company are covered in the 'Management Discussion and Analysis'.

Annual return

The extract of annual return as provided under section 92(3) of the Act, in the prescribed form MGT-9 is annexed to this Report and is also hosted on the Company's website https://www.bajajfinserv.in/finance-investor-relation-annual-reports

Number of meetings of the Board

Eight meetings of the Board were held during FY2019. Details of the meetings and attendance thereat forms part of the 'Corporate Governance Report'.

Audit Committee

The composition of the Audit Committee is given in the annexed 'Corporate Governance Report'. All recommendations of the Audit Committee were accepted by the Board.

Directors' responsibility statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year 2018-19;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Declaration by independent directors

The independent directors have submitted a declaration of independence, stating that they meet the criteria of independence provided under section 149(6) of the Act, as amended, and regulation 16 of the Listing Regulations.

The Board took on record the declaration and confirmation submitted by the independent directors regarding them meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same in terms of the requirements of regulation 25 of the Listing Regulations.

Policy on directors' appointment and remuneration

The Board, at its meeting held on 12 March 2019, has revised the sitting fees from ₹ 50,000 to ₹ 100,000 and commission from ₹ 100,000 to ₹ 200,000 payable per meeting to all non-executive directors (including independent directors) for meetings of the Board and/or Committee thereof attended by them on or after 1 April 2019.

The salient features and changes to the policy on directors' appointment and remuneration forms a part of the 'Corporate Governance Report'. The said policy is placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/remuneration-policy.pdf

Particulars of loans, guarantees and investments

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

During FY2019, the Company made following significant strategic investments:

- BHFL - an amount of ₹ 2,000 crore by subscribing to 2,000,000,000 equity shares of the face value of ₹ 10 on rights basis.
- Acquisition of 100% shareholding of BFinsec from its wholly owned subsidiary, BHFL by investing an amount of ₹ 20.38 crore.

Further, the Company was allotted 10,534 Series E compulsorily convertible cumulative preference shares of One MobiKwik Systems Pvt. Ltd. (MobiKwik) on 12 April 2019 against the receivables of the Company, pursuant to commercial agreement with MobiKwik, amounting to ₹ 8.67 crore. The total investment in MobiKwik as on the date of this report is approximately ₹ 234 crore.

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

Related party transactions

During FY2019, transactions with related parties were entered with the approval of the Audit Committee in line with provisions of the Act and Listing Regulations. The Audit Committee reviews the said transactions on a quarterly basis.

All related party transactions entered during FY2019 were on an arm's length basis and in the ordinary course of business under the Act and not material under the Listing Regulations. None of the transactions required members' prior approval under the Act or the Listing Regulations. During FY2019, there were no related party transactions requiring disclosure under section 134 of the Act.

Pursuant to regulation 23 of the Listing Regulations, the Board, at its meeting held on 12 March 2019, revised the policy on materiality of related party transactions and on dealing with related party transactions providing clear threshold limits for various transactions with related parties.

The revised policy is placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/policy-on-materiality-of-related-party-transactions.pdf and is also included in the annexed 'Corporate Governance Report'.

Material changes and commitments

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

Conservation of energy

The Company has taken, *inter alia,* following measures to reduce energy consumption:

- switched from conventional lighting systems to LED lights at most of the branches in metro areas.
- selecting and designing offices to facilitate maximum natural light utilisation.
- use of cloud based virtual servers to increase energy efficiency and data security.

Technology absorption

The details pertaining to technology absorption have been explained in the annexed 'Management Discussion and Analysis'.

Foreign exchange earnings and outgo

During FY2019, the Company did not have any foreign exchange earnings and, the foreign exchange outgo amounted to ₹ 35.39 crore (FY2018 - ₹ 31.54 crore).

Risk management

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

Corporate social responsibility

During FY2019, the Company spent ₹ 56.78 crore on corporate social responsibility (CSR) activities as against mandatory expenditure of ₹ 56.59 crore. Detailed information on the CSR policy and CSR initiatives taken during FY2019 and composition of the Committee is given in the annexed 'Annual Report on CSR activities'.

Formal annual evaluation

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

Directors and key managerial personnel (KMP)

A. Change in Directorate:

i. Appointment/re-appointment of independent directors:

(a) The Board, at its meeting held on 12 March 2019, based on the recommendation of Nomination and Remuneration Committee, appointed Naushad Forbes and Anami N Roy as additional directors and independent directors for a period of 5 years with effect from 1 April 2019.

(b) At the aforesaid meeting, the Board, considering the report of performance evaluation and based on the recommendation of Nomination and Remuneration Committee, re-appointed the following independent directors for a second term as given below:

Sr. No.	Name of independent director	Tenure of second term
1.	Nanoo Pamnani	Five years w.e.f. 1 April 2019
2.	Dipak Poddar	Three years w.e.f. 1 April 2019
3.	Ranjan Sanghi	Five years w.e.f. 1 April 2019
4.	D J Balaji Rao	Five years w.e.f. 1 April 2019
5.	Omkar Goswami	Five years w.e.f. 1 April 2019
6.	Gita Piramal	Five years w.e.f. 16 July 2019

In terms of the requirement of regulation 17(1A) of the Listing Regulations, special resolution for appointment/continuation of directorship in the Company of directors who have attained or will attain the age of 75 years forms part of the notice of the ensuing AGM.

Accordingly, resolutions seeking approval of the members for the aforementioned appointments/re-appointments forms part of notice convening the 32nd AGM.

Necessary details regarding their appointment and re-appointment as required under the Act and the Listing Regulations are given in the notice of AGM.

ii. Retirement of independent directors:

D S Mehta and Rajendra Lakhotia had expressed their intention to not continue as independent directors of the Company for another term, due to their other priorities and pre-occupations. Consequently, they have ceased to be directors of the Company from the close of business hours on 31 March 2019. The Board placed on record its appreciation for their valuable contribution during their long association with the Company.

iii. Directors liable to retire by rotation:

Rajiv Bajaj, director, retires by rotation at the ensuing AGM and, being eligible, offers himself for re-appointment. Necessary details for re-appointment as required under the Act and the Listing Regulations is given in the notice of AGM.

B. Change in KMP:

R Vijay was appointed as Company Secretary w.e.f. 1 October 2018 in place of Anant Damle who retired from the services of the Company on 30 September 2018.

Significant and material orders

During FY2019, no significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

Internal audit

At the beginning of each financial year, an audit plan is rolled out after the same has been approved by Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of Board.

Internal financial controls

The internal financial controls of the Company are commensurate with its size, scale and complexity of operations. The Company has robust policies and procedures which, *inter alia,* ensure integrity in conducting business, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

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

Employee stock option scheme

During FY2019, there has been no change in the Employee Stock Option Scheme, 2009 (the 'ESOP scheme') of the Company. The ESOP Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 (the 'SBEB Regulations').

Disclosures pertaining to the ESOP scheme pursuant to the SBEB Regulations are placed on the Company's website https://www.bajajfinserv.in/finance-investor-relation-annual-reports Grant wise details of options vested, exercised and cancelled are provided in the notes to the standalone financial statements.

Deposits

During FY2019, the Company accepted public deposits of ₹ 5,778 crore. Public deposits outstanding as at the end of the year aggregated to ₹ 6,828 crore. As on 31 March 2019, there were five FDs amounting to ₹ 6.67 lakh which had matured and remained unclaimed and interest on matured deposits amounting to ₹ 2.14 lakh had also remained unclaimed.

Pursuant to provisions of the RBI Act, 1934, the Company has created a charge on statutory liquid assets amounting to ₹ 1,029.23 crore in favour of the trustee for FD holders.

During FY2019, the Company accepted inter corporate deposits (ICDs) of ₹ 6,364 crore. ICDs outstanding as on 31 March 2019 were ₹ 6,365 crore.

Overall deposits outstanding as on 31 March 2019 were ₹ 13,193 crore, contributing to approximately 15% of overall borrowings.

During FY2019, there was no default in repayment of deposits or payment of interest thereon.

Credit rating

The brief details of the ratings received from credit rating agencies by the Company for its outstanding instruments is given in the annexed 'General Shareholder Information'.

RBI guidelines

The Company continues to fulfill all the norms and standards laid down by the RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital to risk-weighted assets ratio of the Company was 20.66% as on 31 March 2019. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Committee, which meets monthly to review its ALM risks and opportunities.

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

Harmonisation of different categories of NBFCs

RBI, vide its circular dated 22 February 2019, harmonised different categories of NBFCs into fewer ones on the basis of the principle of regulation by activity rather than regulation by entity in order to provide greater operational flexibility.

Accordingly, the three categories of NBFCs viz., Asset Finance Companies, Loan Companies and Investment Companies have been merged into a new category called NBFC - Investment and Credit Company.

The Company now is categorised as NBFC- Investment and Credit Company.

Statutory disclosures

- A summary of the key financials of the Company's subsidiaries is included in this Annual Report. A copy of audited financial statements for each of the subsidiary companies will be made available to the members of the Company, seeking such information at any point of time.
- The audited financial statements for each of the subsidiary companies are available for inspection by any member of the Company at the registered office and at corporate office of the Company during 10.00 a.m. to 12.30 p.m. except holidays.
- The financial results of the Company are placed on the Company's website https://www.bajajfinserv.in/finance-investor-relations-financial-information

- Details required under the provisions of section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed to this Report.
- Details required under the provisions of section 197(12) of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.
- The directors' responsibility statement as required by section 134(5) of the Act, appears in a preceding paragraph.
- Pursuant to the provisions of the Act, no fraud was reported by auditors of the Company during FY2019.
- The Company being an NBFC, the provision relating to Chapter V, i.e., acceptance of deposit, of the Act, are not applicable. Disclosures as prescribed by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other NBFC regulations have been made in this Annual Report.
- Pursuant to RBI Master Direction-Information Technology Framework for the NBFC sector, the Company has constituted an IT Strategy Committee to review the IT strategies in line with its corporate strategies, cyber security arrangements and any other matter related to IT governance.
- The provision of section 148 of the Act, are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under section 148(1) of the Act.
- Cash Flow Statement for FY2019 is attached to the Balance Sheet.
- The Company has a policy on prevention of sexual harassment at the workplace. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The number of complaints received, disposed of and pending during FY2019 is given in the annexed 'Corporate Governance Report'.

Inclusion in S&P BSE SENSEX

Equity shares of the Company have been included in the S&P BSE SENSEX of BSE Ltd. with effect from 24 December 2018.

Corporate governance

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

All Board members and Senior Management personnel have affirmed compliance with the code of conduct for FY2019. A declaration to this effect signed by the Managing Director of the Company is included in this Annual Report.

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

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

Business responsibility report

Pursuant to the provisions of the Listing Regulations, the Company is required to give Business Responsibility Report ('BRR') in the Annual Report.

As a part of green initiative, the BRR for FY2019 has been placed on the Company's website https://www.bajajfinserv.in/finance-investor-relation-annual-reports Physical copy of the BRR will be made available to any members on request.

Secretarial standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on Meetings of the Board of Directors (SS–1) and General Meetings (SS–2).

Auditors

Pursuant to the provisions of section 139 of the Act, S R B C & CO LLP, Chartered Accountants, (Firm Registration No. 324982E/E300003) were appointed as statutory auditors of the Company to hold office from the conclusion of the 30th AGM of the Company till the conclusion of the 35th AGM.

The Audit Report by S R B C & CO LLP, for FY2019 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark.

Secretarial auditor

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

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

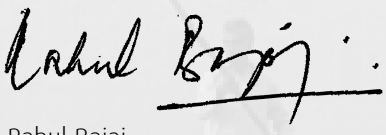
In addition to the above and pursuant to SEBI circular dated 8 February 2019, a report on secretarial compliance by Shyamprasad D Limaye for the FY2019 has been submitted with stock exchanges. There are no observations, reservations or qualifications in the said report.

Acknowledgement

The Board of Directors would like to express its gratitude and its appreciation for the support and co-operation from its members, RBI and other regulators, banks, financial institutions, trustees for debenture holders and FD holders.

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

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune: 16 May 2019

CSR at Bajaj Finance and Bajaj Finserv Group Companies



FINSERV ACTIVATE

Introduction

'Society must profit from profit itself'. That's what our group's founding father was committed to. That is what we are committed to today. That's what we will continue to do in the future. Our Group's CSR activities are guided by the vision and philosophy of our founding father, Shri Jamnalal Bajaj, who embodied this value in our business and laid the foundation for finding numerous ways to give back to the ecosystem we are a part of.

'Social empowerment' is at the heart of all our CSR activities. We work with various partners to make good quality services, be it healthcare or education or training for employability, accessible and affordable to all sections of society. We believe this helps individuals to unlock and activate their true potential.

Our focus areas

Healthcare

Number of lives impacted: 1,30,000

Good quality healthcare services are available to only a privileged few. Over the last 4 years, we have partnered with various organizations to make healthcare services accessible and affordable to all strata of society. Our financial support for medicines and treatment and our grants for hospital equipment, especially in remote geographies, ensure that people can access and afford good quality healthcare. Children being our focus area, we support treatment of congenital heart disease, cleft, and palate reconstruction surgeries, treatment for childhood cancers, epilepsy, Type II diabetes, vision care, etc. for children.

Protection

Number of lives impacted: 7,000 children

Thousands of children in street situations battle hardships like dysfunctional families, impoverishment, malnutrition, illness, and illiteracy. If these roadblocks can be removed, these children can lead an independent and dignified life and contribute to the country as productive citizens. We support various partners that provide shelter, education, as well as care for street children, abandoned children, and children in vulnerable communities. We hope to create an inclusive environment that channelizes the energies of these children towards productive purposes.

Employability

Number of lives impacted: 2,000 graduates

Less than one-third of the country's graduates are found employable by the corporate sector. The problem is more pronounced for first-generation graduates and graduates from smaller towns. The vast potential of India's educated youth is under-utilized as they are unable to find employment opportunities appropriate to their academic qualification and have to settle for lower quality jobs. Our Certificate Programme in Banking, Finance, and Insurance (CPBFI) is designed to build capabilities (knowledge, skills, and attitude) and provide opportunities to graduates. Bajaj Finserv partners with various colleges across locations to conduct CPBFI for their students and alumni.

Education

Number of lives impacted: 7,500 children

We work with several partners to support projects like schools for children with special needs, municipal schools, night schools, and open schools for children who could not continue with their education. Through these initiatives, we hope to provide an equal opportunity for all children to access education and shape a better future for themselves.

Annual Report on CSR activities

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

Introduction

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

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

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

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

Guiding principles

The Bajaj group believes that social investments should:

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

CSR policy

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

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

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

The CSR policy is placed on the Company's website https://www.bajajfinserv.in/media/finance/downloads/corporate-social-responsibility-policy.pdf

2. Composition of the CSR Committee:

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

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

During FY2019, the Committee met four times on 20 September 2018, 9 October 2018, 19 December 2018, and 22 February 2019.

3. Average net profit of the Company for last three financial years prior to FY2019: ₹ 2,829.63 crore

4. Prescribed CSR expenditure (2% of the amount as in item No. 3 above): ₹ 56.59 crore

5. Details of CSR spent during the financial year:

Particulars	(₹ In Crore)
a. Total amount to be spent	56.59
b. Amount spent	56.78
c. Amount unspent, if any (a-b)	Nil
d. Manner in which the amount spent is detailed below:	

(₹ In Crore)

Sr. No.	Name of implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of the project/programme (Local area or State/District)	Amount outlay/ approved	Amount spent direct/ overheads	Cumulative expenditure upto FY2019
1.	Bandhan Konnagar	Healthy Motherhood -Healthy childhood and targeting the hardcore poor	Rural Development (x)	Danta Ramgarh,Neemka Thana (Sikar),Dungarpur	26.11	13.00	13.00
2.	Smile Train India	Free cleft reconstruction surgeries of children from poor families	Healthcare (i)	Maharashtra, Rajasthan and few cities of other states	19.20	6.40	12.40
3.	Shri Vithalrao Joshi Charities Trust's B.K.L. Walawalkar Hospital, Diagnostic and Research Centre	MRI Unit Set up	Healthcare (i)	Ratnagiri	7.00	6.25	6.25*
4.	Bandhan Konnagar	School for the children for Holistic and Optimistic Learning (SCHOOL)	Education (ii)	Aranghata, Nadia, West Bengal	12.00	5.50	5.50
5.	Teach To Lead	Teach for India Fellowship and Alumni Leadership Incubators	Education (ii)	Pune	6.13	4.50	4.50
6.	Child Rights and You (CRY)	Addressing issues of child protection, health and nutrition in vulnerable community	Healthcare and Protection of children (i) and (iii)	Maharashtra and Rajasthan	5.04	4.20	4.20
7.	Ummeed Child Development Center	Funding support to children with developmental disabilities for 3 years	Special Education (ii)	Mumbai	7.11	2.40	3.51
8.	Ispirit	Enabling financial inclusion through development of software product ecosystem	Eradicating Poverty (i)	Pan India	1.50	1.50	1.50
9.	Jankidevi Bajaj Gram Vikas Sanstha	Construction of school building	Education (ii)	Khed, Pune	1.50	1.50	1.50
10.	Others Through Implementing agencies, such as Aai Janhit Bahuuddeshiy Sevabhavi Sanstha, Apnalaya, Cankids Kidscan, Impact India Foundation, Jeevoday Education Society, Miracle Foundation India Ramkrishna Math, Sanvedana Foundation, The Akanksha Foundation, etc.	For different projects, such as health care, Education, Setting up homes and hostels for women and orphans, Shelter Homes	Education (ii), Health (i), Setting up Homes and Hostels (iii), etc.	For different locations PAN-India	36.72	10.76	71.64
				Total (A)		**56.01**	
				Overhead expenses (restricted to 5% of total CSR expenditure) (B)		**0.77**	
				Grand Total (A+B)		**56.78**	

* Project Complete

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

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

Not applicable since 2% of the average net profit of the last 3 financial years has been spent as shown above.

In addition to what is stated above, Bajaj Group implements many CSR initiatives of substantial value through its Group Charitable Trusts operating at various locations in the country. Major initiatives that continued and/or that were taken up anew by the Bajaj Group through such entities during FY2019 are given in an annexure to this Report. This annexure is hosted on the Company's website https://www.bajajfinserv.in/finance-investor-relation-annual-reports and a physical copy of the same will be made available to any member on request.

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

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

Rahul Bajaj
Chairman of the Committee

Rajeev Jain
Managing Director

Pune: 16 May 2019

Extract of annual return (Form MGT–9)

As on 31 March 2019

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

I. Registration and other details

Particulars	Details
CIN	L65910MH1987PLC042961
Registration date	25 March 1987
Name of the Company	Bajaj Finance Ltd.
Category/sub-category of the Company	Public Company, Limited. by shares, NBFC
Address of the registered office and contact details	Akurdi, Pune -411 035 Tel No.: (020) 3018 6403 Fax No.: (020) 3018 6364 Email ID: investor.service@bajajfinserv.in Website: www.bajajfinserv.in/finance
Whether listed company	Yes (BSE Ltd. and National Stock Exchange of India Ltd.)
Name, address and contact details of the registrar and transfer agent, if any	Karvy Fintech Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact Persons: M S Madusudhan/Mohd. Mohsinuddin Tel No.: (040) 6716 2222 Fax: No.: (040) 2300 1153 Toll Free No.:1800 345 4001 Email ID: mohsin.mohd@karvy.com / einward.ris@karvy.com Website: www.karvyfintech.com

II. Principal business activities of the Company

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

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held as on 31 March 2019	Applicable section of the Companies act, 2013
1.	Bajaj Finserv Ltd. Bajaj Auto Ltd. Complex, Mumbai - Pune Road, Akurdi – 411 035	L65923PN2007PLC130075	Holding	54.99	2(46)
2.	Bajaj Housing Finance Ltd. Bajaj Auto Ltd. Complex, Mumbai - Pune Road, Akurdi – 411 035	U65910PN2008PLC132228	Subsidiary	100.00	2(87)(ii)
3.	Bajaj Financial Securities Ltd. Bajaj Auto Ltd. Complex, Mumbai - Pune Road, Akurdi – 411 035	U67120PN2010PLC136026	Subsidiary	100.00	2(87)(ii)

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

i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year (as on 1 April 2018)				No. of shares held at the end of the year (as on 31 March 2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters and promoter group									
(1) Indian									
a) Individual/HUF	861,015	0	861,015	0.15	861,015	0	861,015	0.15	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	317,817,070	0	317,817,070	54.99	318,017,070	0	318,017,070	55.02	0.03
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
sub-total (A)(1)	**318,678,085**	**0**	**318,678,085**	**55.14**	**318,878,085**	**0**	**318,878,085**	**55.17**	**0.03**
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
sub-total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of promoters and promoter group (A) = (A)(1) + (A)(2)	**318,678,085**	**0**	**318,678,085**	**55.14**	**318,878,085**	**0**	**318,878,085**	**55.17**	**0.03**
B. Public shareholding									
(1) Institutions									
a) Mutual Funds/AIF	46,042,389	1,000	46,043,389	7.97	43,697,675	1,000	43,698,675	7.56	(0.41)
b) Banks/FI	957,670	5,000	962,670	0.17	844,093	5,000	849,093	0.15	(0.02)
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	4,883,999	0	4,883,999	0.84	4,587,962	0	4,587,962	0.79	(0.05)
g) FIIs/FPIs	112,459,901	0	112,459,901	19.46	119,437,947	0	119,437,947	20.67	1.21
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
sub-total (B)(1)	**164,343,959**	**6,000**	**164,349,959**	**28.44**	**168,567,677**	**6,000**	**168,573,677**	**29.17**	**0.73**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	28,990,113	42,780	29,032,893	5.02	29,683,268	35,770	29,719,038	5.14	0.12
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	37,628,227	1,833,847	39,462,074	6.83	37,391,858	1,174,041	38,565,899	6.67	(0.16)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15,259,389	100,000	15,359,389	2.66	14,020,673	0	14,020,673	2.43	(0.23)

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year (as on 1 April 2018)				No. of shares held at the end of the year (as on 31 March 2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Others (specify)									
i) Directors	753,975	0	753,975	0.13	743,975	0	743,975	0.13	0
ii) Clearing Members	1,196,051	0	1,196,051	0.21	517,599	0	517,599	0.09	(0.11)
iii) Non Resident Indians	3,474,529	5,350	3,479,879	0.60	3,236,561	150	3,236,711	0.56	(0.04)
iv) NRI Non-Repatriation	1,714,578	0	1,714,578	0.3	1,690,832	0	1,690,832	0.29	(0.01)
v) Trusts	3,596,415	0	3,596,415	0.62	1,634,149	0	1,634,149	0.28	(0.34)
vi) Foreign Nationals	0	0	0	0	2,660	0	2,660	0.00	0
vii) IEPF	345,090	0	345,090	0.06	385,090	0	385,090	0.07	0.01
sub-total (B)(2)	**92,958,367**	**1,981,977**	**94,940,344**	**16.42**	**89,306,665**	**1,209,961**	**90,516,626**	**15.66**	**(0.76)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**257,302,326**	**1,987,977**	**259,290,303**	**44.86**	**257,874,342**	**1,215,961**	**259,090,303**	**44.83**	**(0.03)**
C. Shares held by Custodian for GDRs and ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**575,980,411**	**1,987,977**	**577,968,388**	**100.00**	**576,752,427**	**1,215,961**	**577,968,388**	**100.00**	**0**

ii) Shareholding of promoters and promoter group

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2018)			Shareholding at the end of the year (as on 31 March 2019)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1.	Bajaj Finserv Ltd.	317,816,130	54.99	0	317,816,130	54.99	0	0
2.	Rahul Bajaj	186,000	0.03	0	186,000	0.03	0	0
3.	Madhur Bajaj	186,000	0.03	0	186,000	0.03	0	0
4.	Jamnalal Sons Pvt. Ltd.	940	0.00	0	940	0.00	0	0
5.	Sanjiv Bajaj	482,000	0.08	0	292,688	0.05	0	(0.03)
6.	Suman Jain	7,015	0.00	0	7,015	0.00	0	0
7.	Shefali Bajaj	0	0	0	63,104	0.01	0	0.01
8.	Sanjali Bajaj	0	0	0	63,104	0.01	0	0.01
9.	Siddhantnayan Bajaj	0	0	0	63,104	0.01	0	0.01
10.	Bajaj Allianz Life Insurance Company Ltd.	0	0	0	200,000	0.03	0	0.03
	Total	**318,678,085**	**55.14**	**0**	**318,878,085**	**55.17**	**0**	**0.03**

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

Name of shareholder	Particulars		Shareholding at the beginning of the year (as on 1 April 2018) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
	At the beginning of the year		318,678,085	55.14		
Bajaj Allianz Life Insurance Company Ltd.	10 August 2018	Purchase	100,000	0.01	318,778,085	55.15
Sanjiv Bajaj	5 February 2019	Gift given- inter-se transfer through off market transaction	(189,312)	(0.03)	318,588,773	55.12
Shefali Bajaj	5 February 2019	Gift received - inter-se transfer through off market transaction	63,104	0.01	318,778,085	55.15
Sanjali Bajaj	5 February 2019	Gift received - inter-se transfer through off market transaction	63,104	0.01	318,651,877	55.13
Siddhantnayan Bajaj	5 February 2019	Gift received - inter-se transfer through off market transaction	63,104	0.01	318,714,981	55.14
Bajaj Allianz Life Insurance Company Ltd.	6 February 2019	Purchase	100,000	0.02	318,878,085	55.17
	At the end of the year (31 March 2019)		318,878,085	55.17		

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

Sr. No.	Name of shareholder	Particulars		Shareholding at the beginning of the year (as on 1 April 2018) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
1.	Government of Singapore	At the beginning of the year		22,012,030	3.81		
		06 April 2018	Purchase	1,994	0.00	22,014,024	3.81
		20 April 2018	Sale	(729,212)	(0.13)	21,284,812	3.68
		27 April 2018	Sale	(467,307)	(0.08)	20,817,505	3.60
		04 May 2018	Sale	(259,530)	(0.04)	20,557,975	3.56
		11 May 2018	Sale	(417,577)	(0.07)	20,140,398	3.48
		18 May 2018	Sale	(4,399)	0.00	20,135,999	3.48
		25 May 2018	Purchase	30,985	0.01	20,166,984	3.49
		1 June 2018	Purchase	52,394	0.01	20,219,378	3.50
		8 June 2018	Purchase	96,521	0.02	20,315,899	3.52
		15 June 2018	Purchase	72,461	0.01	20,388,360	3.53
		22 June 2018	Purchase	15,094	0.00	20,403,454	3.53
		29 June 2018	Purchase	92,253	0.02	20,495,707	3.55
		20 July 2018	Purchase	106,402	0.02	20,602,109	3.56
		27 July 2018	Purchase	96,475	0.02	20,698,584	3.58
		03 August 2018	Sale	(1,752)	(0.00)	20,696,832	3.58
		10 August 2018	Sale	(15,563)	(0.00)	20,681,269	3.58
		24 August 2018	Purchase	44,437	0.01	20,725,706	3.59
		31 August 2018	Purchase	101,319	0.02	20,827,025	3.60
		07 September 2018	Purchase	65,112	0.01	20,892,137	3.61
		14 September 2018	Purchase	42,163	0.01	20,934,300	3.62
		21 September 2018	Purchase	35,591	0.01	20,969,891	3.63
		12 October 2018	Purchase	223,061	0.04	21,192,952	3.67
		19 October 2018	Purchase	9,101	0.00	21,202,053	3.67
		26 October 2018	Purchase	59,559	0.01	21,261,612	3.68
		02 November 2018	Purchase	5,856	0.00	21,267,468	3.68
		23 November 2018	Purchase	20,412	0.00	21,287,880	3.68

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

Sr. No.	Name of shareholder	Particulars		Shareholding at the beginning of the year (as on 1 April 2018) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
		30 November 2018	Purchase	100,642	0.02	21,388,522	3.70
		07 December 2018	Sale	(6,116)	(0.00)	21,382,406	3.70
		14 December 2018	Purchase	5,512	0.00	21,387,918	3.70
		21 December 2018	Purchase	28,304	0.00	21,416,222	3.71
		28 December 2018	Sale	(1,485)	(0.00)	21,414,737	3.71
		04 January 2019	Purchase	17,437	0.00	21,432,174	3.71
		18 January 2019	Purchase	5,537	0.00	21,437,711	3.71
		01 February 2019	Sale	(82,143)	(0.01)	21,355,568	3.69
		08 February 2019	Purchase	53,567	0.01	21,409,135	3.70
		22 February 2019	Purchase	5,588	0.00	21,414,723	3.71
		01 March 2019	Sale	(77,394)	(0.01)	21,337,329	3.69
		08 March 2019	Sale	(45,160)	(0.01)	21,292,169	3.68
		22 March 2019	Purchase	16,848	0.00	21,309,017	3.69
		At the end of the year (31 March 2019)				21,309,017	3.69
2.	Maharashtra Scooters Ltd.	At the beginning of the year		18,974,660	3.28		
		At the end of the year (31 March 2019)				18,974,660	3.28
3.	Axis Capital Builder Fund - Sr.1 (1540 Days)	At the beginning of the year		8,202,657	1.42		
		06 April 2018	Purchase	61,403	0.01	8,264,060	1.43
		13 April 2018	Sale	(102,971)	(0.02)	8,161,089	1.41
		04 May 2018	Purchase	26,700	0.00	8,187,789	1.42
		11 May 2018	Purchase	99,970	0.02	8,287,759	1.43
		18 May 2018	Sale	(183,583)	(0.03)	8,104,176	1.40
		25 May 2018	Purchase	186,740	0.03	8,290,916	1.43
		01 June 2018	Purchase	47,050	0.01	8,337,966	1.44
		08 June 2018	Purchase	14,200	0.00	8,352,166	1.45
		15 June 2018	Sale	(443,650)	(0.08)	7,908,516	1.37
		22 June 2018	Sale	(14,000)	(0.00)	7,894,516	1.37
		29 June 2018	Sale	(17,195)	(0.00)	7,877,321	1.36
		06 July 2018	Purchase	84,500	0.01	7,961,821	1.38
		13 July 2018	Sale	(50,002)	(0.01)	7,911,819	1.37
		27 July 2018	Sale	(14,295)	(0.00)	7,897,524	1.37
		10 August 2018	Purchase	1,000	0.00	7,898,524	1.37
		24 August 2018	Sale	(13,500)	(0.00)	7,885,024	1.36
		31 August 2018	Purchase	244,393	0.04	8,129,417	1.41
		07 September 2018	Purchase	266,000	0.05	8,395,417	1.45
		14 September 2018	Sale	(160,000)	(0.03)	8,235,417	1.42
		21 September 2018	Purchase	19,750	0.00	8,255,167	1.43
		28 September 2018	Purchase	308,474	0.05	8,563,641	1.48
		05 October 2018	Sale	(4,505)	0.00	8,559,136	1.48
		12 October 2018	Purchase	553,606	0.10	9,112,742	1.58
		19 October 2018	Purchase	12,200	0.00	9,124,942	1.58
		26 October 2018	Purchase	128,052	0.02	9,252,994	1.60

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2018)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		02 November 2018	Purchase	174,648	0.03	9,427,642	1.63
		09 November 2018	Purchase	20,800	0.00	9,448,442	1.63
		16 November 2018	Sale	(290,000)	(0.05)	9,158,442	1.58
		23 November 2018	Purchase	19,000	0.00	9,177,442	1.59
		30 November 2018	Sale	(372,764)	(0.06)	8,804,678	1.52
		07 December 2018	Purchase	401,100	0.07	9,205,778	1.59
		14 December 2018	Purchase	203,311	0.04	9,409,089	1.63
		21 December 2018	Purchase	91,979	0.02	9,501,068	1.64
		28 December 2018	Sale	(51,000)	(0.01)	9,450,068	1.64
		31 December 2018	Purchase	400,000	0.07	9,850,068	1.70
		04 January 2019	Purchase	158,532	0.03	10,008,600	1.73
		11 January 2019	Sale	(12,850)	(0.00)	9,995,750	1.73
		18 January 2019	Purchase	399,998	0.07	10,395,748	1.80
		25 January 2019	Purchase	76,500	0.01	10,472,248	1.81
		01 February 2019	Purchase	464,864	0.08	10,937,112	1.89
		08 February 2019	Sale	(70,316)	(0.01)	10,866,796	1.88
		15 February 2019	Sale	(61,490)	(0.01)	10,805,306	1.87
		22 February 2019	Purchase	300,000	0.05	11,105,306	1.92
		01 March 2019	Purchase	455,000	0.08	11,560,306	2.00
		08 March 2019	Sale	(32,519)	(0.01)	11,527,787	1.99
		15 March 2019	Purchase	9,255	0.00	11,537,042	2.00
		22 March 2019	Sale	(149,795)	(0.03)	11,387,247	1.97
		29 March 2019	Sale	(8,000)	(0.00)	11,379,247	1.97
		At the end of the year (31 March 2019)				11,379,247	1.97
4.	Aditya Birla Sun Life Trustee Pvt. Ltd. A/C	At the beginning of the year		6,071,340	1.05		
		06 April 2018	Sale	(291,183)	(0.05)	5,780,157	1.00
		13 April 2018	Sale	(9,500)	(0.00)	5,770,657	1.00
		20 April 2018	Purchase	48,180	0.01	5,818,837	1.01
		18 May 2018	Sale	(117,000)	(0.02)	5,701,837	0.99
		25 May 2018	Sale	(76,812)	(0.01)	5,625,025	0.97
		01 June 2018	Sale	(14,000)	(0.00)	5,611,025	0.97
		08 June 2018	Sale	(52,884)	(0.01)	5,558,141	0.96
		15 June 2018	Sale	(60,000)	(0.01)	5,498,141	0.95
		22 June 2018	Purchase	7,000	0.00	5,505,141	0.95
		29 June 2018	Sale	(52,000)	(0.01)	5,453,141	0.94
		20 July 2018	Purchase	23,562	0.00	5,476,703	0.95
		27 July 2018	Sale	(43,650)	(0.01)	5,433,053	0.94
		03 August 2018	Sale	(3,000)	(0.00)	5,430,053	0.94
		10 August 2018	Sale	(288)	(0.00)	5,429,765	0.94
		17 August 2018	Purchase	93	0.00	5,429,858	0.94
		24 August 2018	Sale	14,732	0.00	5,444,590	0.94
		31 August 2018	Sale	(98,317)	(0.02)	5,346,273	0.93
		07 September 2018	Sale	(182,300)	(0.03)	5,163,973	0.89
		14 September 2018	Purchase	72,770	0.01	5,236,743	0.91
		21 September 2018	Purchase	36,120	0.01	5,272,863	0.91

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2018)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		28 September 2018	Sale	(256,993)	(0.04)	5,015,870	0.87
		05 October 2018	Sale	(502,900)	(0.09)	4,512,970	0.78
		12 October 2018	Sale	(223,004)	(0.04)	4,289,966	0.74
		26 October 2018	Purchase	99,064	0.02	4,389,030	0.76
		02 November 2018	Sale	(25,000)	(0.00)	4,364,030	0.76
		09 November 2018	Sale	(4,376)	(0.00)	4,359,654	0.75
		07 December 2018	Sale	(4,500)	(0.00)	4,355,154	0.75
		14 December 2018	Sale	(27,200)	(0.00)	4,327,954	0.75
		21 December 2018	Sale	(33,783)	(0.01)	4,294,171	0.74
		28 December 2018	Sale	(241,568)	(0.04)	4,052,603	0.70
		31 December 2018	Purchase	541	0.00	4,053,144	0.70
		04 January 2019	Sale	(22,000)	(0.00)	4,031,144	0.70
		11 January 2019	Sale	(27,670)	(0.00)	4,003,474	0.69
		18 January 2019	Purchase	15,500	0.00	4,018,974	0.70
		25 January 2019	Purchase	20,000	0.00	4,038,974	0.70
		01 February 2019	Purchase	39,250	0.01	4,078,224	0.71
		15 February 2019	Purchase	16,750	0.00	4,094,974	0.71
		01 March 2019	Sale	(43,000)	(0.01)	4,051,974	0.70
		29 March 2019	Sale	(143,122)	(0.02)	3,908,852	0.68
		At the end of the year (31 March 2019)				3,908,852	0.68
5.	Smallcap World Fund, INC	At the beginning of the year		5,237,160	0.91		
		28 September 2018	Sale	(1,040,568)	(0.18)	4,196,592	0.73
		05 October 2018	Sale	(335,001)	(0.06)	3,861,591	0.67
		12 October 2018	Sale	(604,591)	(0.10)	3,257,000	0.56
		At the end of the year (31 March 2019)				3,257,000	0.56
6.	SBI Arbitrage Opportunities Fund	At the beginning of the year		5,172,044	0.89		
		06 April 2018	Sale	(21,040)	(0.00)	5,151,004	0.89
		13 April 2018	Sale	(786)	(0.00)	5,150,218	0.89
		20 April 2018	Purchase	134,677	0.02	5,284,895	0.91
		27 April 2018	Purchase	49,056	0.01	5,333,951	0.92
		04 May 2018	Purchase	108,205	0.02	5,442,156	0.94
		11 May 2018	Purchase	47,641	0.01	5,489,797	0.95
		18 May 2018	Purchase	273,810	0.05	5,763,607	1.00
		25 May 2018	Purchase	269,247	0.05	6,032,854	1.04
		01 June 2018	Purchase	13,076	0.00	6,045,930	1.05
		08 June 2018	Purchase	12,288	0.00	6,058,218	1.05
		15 June 2018	Purchase	31,209	0.01	6,089,427	1.05
		22 June 2018	Purchase	11,597	0.00	6,101,024	1.06
		29 June 2018	Sale	(24,534)	(0.00)	6,076,490	1.05
		06 July 2018	Purchase	11,864	0.00	6,088,354	1.05
		13 July 2018	Purchase	12,707	0.00	6,101,061	1.05
		20 July 2018	Purchase	11,989	0.00	6,113,050	1.06
		27 July 2018	Sale	(21,992)	(0.00)	6,091,058	1.05

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2018) Particulars		No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
		03 August 2018	Sale	(24,452)	(0.00)	6,066,606	1.05
		10 August 2018	Purchase	18,227	0.00	6,084,833	1.05
		17 August 2018	Purchase	26,717	0.00	6,111,550	1.06
		24 August 2018	Purchase	14,924	0.00	6,126,474	1.06
		31 August 2018	Purchase	162,190	0.03	6,288,664	1.09
		07 September 2018	Purchase	42,260	0.01	6,330,924	1.10
		14 September 2018	Purchase	19,673	0.00	6,350,597	1.10
		21 September 2018	Purchase	16,669	0.00	6,367,266	1.10
		28 September 2018	Purchase	56,203	0.01	6,423,469	1.11
		05 October 2018	Purchase	67,454	0.01	6,490,923	1.12
		12 October 2018	Sale	(175,070)	(0.03)	6,315,853	1.09
		19 October 2018	Purchase	8,281	0.00	6,324,134	1.09
		26 October 2018	Sale	(82,940)	(0.01)	6,241,194	1.08
		02 November 2018	Purchase	72,478	0.01	6,313,672	1.09
		09 November 2018	Purchase	10,920	0.00	6,324,592	1.09
		16 November 2018	Purchase	19,063	0.00	6,343,655	1.10
		23 November 2018	Purchase	10,408	0.00	6,354,063	1.10
		30 November 2018	Purchase	39,799	0.01	6,393,862	1.11
		07 December 2018	Sale	(24,420)	(0.00)	6,369,442	1.10
		14 December 2018	Sale	(14,861)	(0.00)	6,354,581	1.10
		21 December 2018	Purchase	13,825	0.00	6,368,406	1.10
		28 December 2018	Purchase	880,840	0.15	7,249,246	1.25
		31 December 2018	Purchase	5,948	0.00	7,255,194	1.26
		04 January 2019	Purchase	35,717	0.01	7,290,911	1.26
		11 January 2019	Purchase	19,408	0.00	7,310,319	1.26
		18 January 2019	Purchase	31,325	0.01	7,341,644	1.27
		25 January 2019	Purchase	33,183	0.01	7,374,827	1.28
		01 February 2019	Purchase	36,477	0.01	7,411,304	1.28
		08 February 2019	Purchase	31,923	0.01	7,443,227	1.29
		15 February 2019	Purchase	19,874	0.00	7,463,101	1.29
		22 February 2019	Purchase	340,039	0.06	7,803,140	1.35
		01 March 2019	Purchase	37,805	0.01	7,840,945	1.36
		08 March 2019	Purchase	33,925	0.01	7,874,870	1.36
		15 March 2019	Purchase	43,690	0.01	7,918,560	1.37
		22 March 2019	Sale	(55,619)	(0.01)	7,862,941	1.36
		29 March 2019	Purchase	19,356	0.00	7,882,297	1.36
		At the end of the year (31 March 2019)				7,882,297	1.36
7.	New Horizon Opportunities Master Fund	At the beginning of the year		4,650,000	0.80		
		At the end of the year (31 March 2019)				4,650,000	0.80
8.	DSP Blackrock Regular Savings Fund	At the beginning of the year		4,638,777	0.80		
		06 April 2018	Sale	(392)	(0.00)	4,638,385	0.80
		13 April 2018	Sale	(83,004)	(0.01)	4,555,381	0.79

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2018)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		20 April 2018	Purchase	34	0.00	4,555,415	0.79
		27 April 2018	Sale	(503)	(0.00)	4,554,912	0.79
		04 May 2018	Sale	(500)	(0.00)	4,554,412	0.79
		11 May 2018	Purchase	47,969	0.01	4,602,381	0.80
		18 May 2018	Purchase	30,088	0.01	4,632,469	0.80
		25 May 2018	Sale	(114,472)	(0.02)	4,517,997	0.78
		01 June 2018	Sale	(37,482)	(0.01)	4,480,515	0.78
		08 June 2018	Sale	(13,563)	(0.00)	4,466,952	0.77
		15 June 2018	Sale	(31,561)	(0.01)	4,435,391	0.77
		22 June 2018	Sale	(19,086)	(0.00)	4,416,305	0.76
		29 June 2018	Sale	(25,919)	(0.00)	4,390,386	0.76
		06 July 2018	Sale	(1,401)	(0.00)	4,388,985	0.76
		13 July 2018	Purchase	9	0.00	4,388,994	0.76
		20 July 2018	Sale	(132,232)	(0.02)	4,256,762	0.74
		27 July 2018	Sale	(774,145)	(0.13)	3,482,617	0.60
		03 August 2018	Sale	(54,426)	(0.01)	3,428,191	0.59
		10 August 2018	Sale	(39,707)	(0.01)	3,388,484	0.59
		17 August 2018	Sale	(4,458)	(0.00)	3,384,026	0.59
		24 August 2018	Sale	(48,053)	(0.01)	3,335,973	0.58
		31 August 2018	Sale	(3,060)	(0.00)	3,332,913	0.58
		07 September 2018	Sale	(88,680)	(0.02)	3,244,233	0.56
		14 September 2018	Sale	(29)	(0.00)	3,244,204	0.56
		21 September 2018	Purchase	36,910	0.01	3,281,114	0.57
		28 September 2018	Purchase	435,547	0.08	3,716,661	0.64
		05 October 2018	Purchase	118,828	0.02	3,835,489	0.66
		12 October 2018	Purchase	81,326	0.01	3,916,815	0.68
		19 October 2018	Purchase	87,534	0.02	4,004,349	0.69
		26 October 2018	Purchase	113,482	0.02	4,117,831	0.71
		02 November 2018	Purchase	6,204	0.00	4,124,035	0.71
		09 November 2018	Sale	(208,162)	(0.04)	3,915,873	0.68
		16 November 2018	Sale	(190,011)	(0.03)	3,725,862	0.64
		23 November 2018	Purchase	14,923	0.00	3,740,785	0.65
		30 November 2018	Purchase	53,706	0.01	3,794,491	0.66
		07 December 2018	Sale	(31,666)	(0.01)	3,762,825	0.65
		14 December 2018	Sale	(59,078)	(0.01)	3,703,747	0.64
		21 December 2018	Sale	(91,598)	(0.02)	3,612,149	0.62
		28 December 2018	Sale	(204,558)	(0.04)	3,407,591	0.59
		04 January 2019	Sale	(13,825)	(0.00)	3,393,766	0.59
		11 January 2019	Sale	(27,864)	(0.00)	3,365,902	0.58
		18 January 2019	Sale	(14,536)	(0.00)	3,351,366	0.58
		25 January 2019	Sale	(72)	(0.00)	3,351,294	0.58
		01 February 2019	Sale	(14,864)	(0.00)	3,336,430	0.58
		08 February 2019	Sale	(81,753)	(0.01)	3,254,677	0.56
		15 February 2019	Sale	(97,383)	(0.02)	3,157,294	0.55
		22 February 2019	Sale	(153,172)	(0.03)	3,004,122	0.52
		01 March 2019	Sale	(3,015)	(0.00)	3,001,107	0.52
		08 March 2019	Sale	(11,355)	(0.00)	2,989,752	0.52

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

Sr. No.	Name of shareholder	Particulars		Shareholding at the beginning of the year (as on 1 April 2018) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
		15 March 2019	Sale	(20,764)	(0.00)	2,968,988	0.51
		22 March 2019	Sale	(170)	(0.00)	2,968,818	0.51
		29 March 2019	Sale	(2,924)	(0.00)	2,965,894	0.51
		At the end of the year (31 March 2019)				2,965,894	0.51
9.	UTI - Arbitrage Fund	At the beginning of the year		4,284,862	0.74		
		06 April 2018	Purchase	24,204	0.00	4,309,066	0.75
		13 April 2018	Sale	(45,592)	(0.01)	4,263,474	0.74
		20 April 2018	Purchase	5,501	0.00	4,268,975	0.74
		27 April 2018	Sale	(51,032)	(0.01)	4,217,943	0.73
		04 May 2018	Purchase	11,650	0.00	4,229,593	0.73
		11 May 2018	Purchase	53,720	0.01	4,283,313	0.74
		18 May 2018	Purchase	7,293	0.00	4,290,606	0.74
		25 May 2018	Sale	(21,007)	(0.00)	4,269,599	0.74
		01 June 2018	Purchase	4,216	0.00	4,273,815	0.74
		08 June 2018	Sale	(66,400)	(0.01)	4,207,415	0.73
		15 June 2018	Sale	(18,288)	(0.00)	4,189,127	0.72
		22 June 2018	Sale	(15,962)	(0.00)	4,173,165	0.72
		29 June 2018	Sale	(32,644)	(0.01)	4,140,521	0.72
		06 July 2018	Sale	(11,731)	(0.00)	4,128,790	0.71
		13 July 2018	Sale	(24,645)	(0.00)	4,104,145	0.71
		20 July 2018	Sale	(16,605)	(0.00)	4,087,540	0.71
		27 July 2018	Sale	(940)	(0.00)	4,086,600	0.71
		03 August 2018	Sale	(46,576)	(0.01)	4,040,024	0.70
		10 August 2018	Purchase	3,642	0.00	4,043,666	0.70
		17 August 2018	Sale	(13,168)	(0.00)	4,030,498	0.70
		24 August 2018	Sale	(25,052)	(0.00)	4,005,446	0.69
		31 August 2018	Sale	(23,901)	(0.00)	3,981,545	0.69
		07 September 2018	Purchase	94,427	0.02	4,075,972	0.71
		14 September 2018	Purchase	9,856	0.00	4,085,828	0.71
		21 September 2018	Sale	(4,052)	(0.00)	4,081,776	0.71
		28 September 2018	Sale	(9,256)	(0.00)	4,072,520	0.70
		05 October 2018	Purchase	59,530	0.01	4,132,050	0.71
		12 October 2018	Purchase	100,750	0.02	4,232,800	0.73
		19 October 2018	Purchase	2,307	0.00	4,235,107	0.73
		26 October 2018	Sale	(66,855)	(0.01)	4,168,252	0.72
		02 November 2018	Sale	(176,486)	(0.03)	3,991,766	0.69
		09 November 2018	Sale	(49,377)	(0.01)	3,942,389	0.68
		16 November 2018	Purchase	28,395	0.00	3,970,784	0.69
		23 November 2018	Purchase	3,659	0.00	3,974,443	0.69
		30 November 2018	Purchase	1,976	0.00	3,976,419	0.69
		07 December 2018	Sale	(14,372)	(0.00)	3,962,047	0.69
		14 December 2018	Purchase	1,107	0.00	3,963,154	0.69
		21 December 2018	Purchase	4,267	0.00	3,967,421	0.69
		28 December 2018	Purchase	221,695	0.04	4,189,116	0.72
		31 December 2018	Purchase	2,288	0.00	4,191,404	0.73

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

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2018)				Cumulative shareholding during the year	
		Particulars		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		04 January 2019	Sale	(106,594)	(0.02)	4,084,810	0.71
		11 January 2019	Purchase	11,324	0.00	4,096,134	0.71
		18 January 2019	Purchase	28,648	0.00	4,124,782	0.71
		25 January 2019	Purchase	10,446	0.00	4,135,228	0.72
		01 February 2019	Purchase	24,405	0.00	4,159,633	0.72
		08 February 2019	Purchase	10,254	0.00	4,169,887	0.72
		15 February 2019	Sale	(11,618)	(0.00)	4,158,269	0.72
		22 February 2019	Purchase	7,449	0.00	4,165,718	0.72
		01 March 2019	Purchase	15,182	0.00	4,180,900	0.72
		08 March 2019	Purchase	11,788	0.00	4,192,688	0.73
		15 March 2019	Purchase	12,134	0.00	4,204,822	0.73
		22 March 2019	Sale	(9,813)	(0.00)	4,195,009	0.73
		29 March 2019	Sale	(32,246)	(0.01)	4,162,763	0.72
		At the end of the year (31 March 2019)				4,162,763	0.72
10.	Motilal Oswal Most Focused Long Term Fund	At the beginning of the year		3,971,857	0.69		
		06 April 2018	Purchase	29,434	0.01	4,001,291	0.69
		20 April 2018	Sale	(29)	(0.00)	4,001,262	0.69
		27 April 2018	Purchase	19,588	0.00	4,020,850	0.70
		11 May 2018	Purchase	78,500	0.01	4,099,350	0.71
		25 May 2018	Purchase	25,000	0.00	4,124,350	0.71
		15 June 2018	Sale	(29)	(0.00)	4,124,321	0.71
		22 June 2018	Purchase	117,866	0.02	4,242,187	0.73
		29 June 2018	Sale	(236,108)	(0.04)	4,006,079	0.69
		06 July 2018	Sale	(165,984)	(0.03)	3,840,095	0.66
		13 July 2018	Sale	(95,491)	(0.02)	3,744,604	0.65
		20 July 2018	Sale	(80,000)	(0.01)	3,664,604	0.63
		27 July 2018	Sale	(148,180)	(0.03)	3,516,424	0.61
		03 August 2018	Sale	(85,134)	(0.01)	3,431,290	0.59
		10 August 2018	Sale	(88,739)	(0.02)	3,342,551	0.58
		17 August 2018	Sale	(39,600)	(0.01)	3,302,951	0.57
		24 August 2018	Sale	(64,830)	(0.01)	3,238,121	0.56
		31 August 2018	Sale	(51,118)	(0.01)	3,187,003	0.55
		28 September 2018	Purchase	99,993	0.02	3,286,996	0.57
		05 October 2018	Purchase	102,168	0.02	3,389,164	0.59
		12 October 2018	Sale	(112,639)	(0.02)	3,276,525	0.57
		26 October 2018	Purchase	183,508	0.03	3,460,033	0.60
		02 November 2018	Purchase	20	0.00	3,460,053	0.60
		23 November 2018	Sale	(50,000)	(0.01)	3,410,053	0.59
		30 November 2018	Sale	(50,000)	(0.01)	3,360,053	0.58
		14 December 2018	Sale	(4,725)	(0.00)	3,355,328	0.58
		21 December 2018	Purchase	80,000	0.01	3,435,328	0.59
		28 December 2018	Sale	(47,908)	(0.01)	3,387,420	0.59
		31 December 2018	Sale	(37,765)	(0.01)	3,349,655	0.58
		04 January 2019	Sale	(36,950)	(0.01)	3,312,705	0.57

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

Sr. No.	Name of shareholder	Particulars		Shareholding at the beginning of the year (as on 1 April 2018) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
		11 January 2019	Sale	(292,134)	(0.05)	3,020,571	0.52
		18 January 2019	Sale	(30,856)	(0.01)	2,989,715	0.52
		25 January 2019	Sale	(69,255)	(0.01)	2,920,460	0.51
		01 February 2019	Sale	(35,153)	(0.01)	2,885,307	0.50
		29 March 2019	Sale	(12,035)	(0.00)	2,873,272	0.50
		At the end of the year (31 March 2019)				2,873,272	0.50

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of director and key managerial personnel	Shareholding of each director and each key managerial personnel		Shareholding at the beginning of the year (as on 1 April 2018) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
1	Rahul Bajaj	At the beginning of the year		186,000	0.03		
		At the end of the year (31 March 2019)				186,000	0.03
2	Madhur Bajaj	At the beginning of the year		186,000	0.03		
		At the end of the year (31 March 2019)				186,000	0.03
3	Sanjiv Bajaj	At the beginning of the year		482,000	0.08		
		5 February 2019	Gift given- inter-se transfer through off market transaction	(189,312)	(0.03)	292,680	0.05
		At the end of the year (31 March 2019)				292,680	0.05
4	Rajendra Lakhotia*	At the beginning of the year		753,975	0.13		
		27 December 2018	Sale	(5,000)	0.00	748,975	0.13
		28 December 2018	Sale	(5,000)	0.00	743,975	0.13
		At the end of the year (31 March 2019)				743,975	0.13
5	Sandeep Jain	At the beginning of the year		13,250	0.00		
		10 May 2018	Purchase (ESOPs)	7,250	0.00	20,250	0
		At the end of the year (31 March 2019)				20,250	0
6	Rajeev Jain	At the beginning of the year		0	0		
		5 February 2019	Purchase (ESOPs)	187,200	0.03	187,200	0.03
		5 February 2019	Sale	167,954	0.03	19,246	0.00
		6 February 2019	Sale	19,246	0.00	0	0
		At the end of the year (31 March 2019)				0	0

* Ceased to be director w.e.f. 31 March 2019 close of business hours.

V. Indebtedness

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

(Amount in ₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	454,321,614,881	85,658,687,485	75,689,986,337	615,670,288,703
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	16,683,439,606	2,442,267,740	2,387,461,900	21,513,169,246
iv) Amortization	(498,454,487)	(242,655,225)	(148,859,049)	(889,968,761)
Total (i+ii+iii+iv)	**470,506,600,000**	**87,858,300,000**	**77,928,589,188**	**636,293,489,188**
Change in Indebtedness during the financial year				
· Addition	2,994,820,454,233	515,211,056,250	123,023,732,170	3,633,055,242,653
· Reduction	2,850,429,554,233	485,379,356,250	69,022,431,193	3,404,831,341,676
Net Change	**144,390,900,000**	**29,831,700,000**	**54,001,300,977**	**228,223,900,977**
Indebtedness at the end of the financial year				
i) Principal Amount	599,651,200,000	114,326,443,735	128,334,410,807	842,312,054,542
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	16,085,400,000	2,757,800,000	3,987,128,859	22,830,328,859
iv) Amortization	(839,100,000)	605,756,265	(391,649,501)	(624,993,236)
Total (i+ii+iii+iv)	**614,897,500,000**	**117,690,000,000**	**131,929,890,165**	**864,517,390,165**

VI. Remuneration of directors and key managerial personnel

A. Remuneration to Managing Director, whole-time directors and/or manager

(Amount in ₹)

Sr. No.	Particulars of remuneration	Rajeev Jain (MD)
1.	Gross salary	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	103,285,964
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	265,106
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0
2.	Stock Option#	109,085,942
3.	Sweat Equity	0
4.	Commission	0
	- as % of profit	
	- others, specify	
5.	Others, please specify	0
	Total (A)*	**103,551,070**
	Ceiling as per the Companies Act, 2013	2,895,198,317

* Does not include the fair value of ESOPs grants
# Fair value of ESOPs grants, as per black scholes in the year of vesting.

B. Remuneration to other directors:

Sr. No.	Name of director	Fee for attending Board/Committee meetings (₹)	Commission (₹)	Total amount (₹)
I.	**Independent directors**			
1.	Nanoo Pamnani	850,000	19,700,000	20,550,000
2.	Dipak Poddar	500,000	1,000,000	1,500,000
3.	Ranjan Sanghi	650,000	1,300,000	1,950,000
4.	D J Balaji Rao	400,000	800,000	1,200,000
5.	Omkar Goswami	600,000	1,200,000	1,800,000
6.	Gita Piramal	450,000	900,000	1,350,000
7.	D S Mehta*	500,000	1,000,000	1,500,000
8.	Rajendra Lakhotia*	500,000	1,000,000	1,500,000
	Total (I)	**4,450,000**	**26,900,000**	**31,350,000**
II.	**Non-independent, non-executive**			
1.	Rahul Bajaj	450,000	900,000	1,350,000
2.	Sanjiv Bajaj	850,000	1,700,000	2,550,000
3.	Madhur Bajaj	400,000	800,000	1,200,000
4.	Rajiv Bajaj	350,000	700,000	1,050,000
	Total (II)	**2,050,000**	**4,100,000**	**6,150,000**
	Total (B)=(I+II)	**6,500,000**	**31,000,000**	**37,500,000**
	Total Managerial Remuneration (A+B)			**141,051,070**
	Overall ceiling as per the Act			6,369,436,297

*Ceased to be director w.e.f. 31 March 2019 close of business hours.

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

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

(Amount in ₹)

Sr. No.	Particulars of remuneration	Key managerial personnel			
		Sandeep Jain Chief Financial Officer	Anant Damle Company Secretary (retired on 30 September 2018)	R. Vijay Company Secretary (appointedw.e.f. 1 October 2018)	Total
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	28,050,352	4,350,844	2,873,382	35,274,578
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	432,400	552,438	0	984,838
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option#	8,392,497	0	0	8,392,497
3.	Sweat Equity	0	0	0	0
4.	Commission	0	0	0	0
	- as % of profit				
	- others, specify				
5.	Others, please specify	0	0	0	0
	Total*	**28,482,752**	**4,903,282**	**2,873,382**	**36,259,416**

*Does not include the fair value of ESOPs grants

Fair value of ESOPS grants, as per black scholes in the year of vesting.

VII. Penalties/punishment/compounding of offences

During FY2019, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Remuneration details under Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended for the financial year ended 31 March 2019

Name of director/key managerial personnel	Ratio of remuneration of director to median remuneration of employees	% Increase in remuneration in the financial year
A. Whole time director		
Rajeev Jain – Managing Director	271.95	17.71
B. Non- executive directors		
Rahul Bajaj – Chairman	2.36	(25.00)
Nanoo Pamnani - Vice Chairman	51.74	69.83
Sanjiv Bajaj - Vice Chairman	4.46	(10.53)
Madhur Bajaj	2.10	-
Rajiv Bajaj	1.84	16.67
Dipak Poddar	2.63	-
Ranjan Sanghi	3.41	(23.53)
D J Balaji Rao	2.10	14.29
Omkar Goswami	3.15	(7.69)
Gita Piramal	2.36	-
D S Mehta*	2.63	(9.09)
Rajendra Lakhotia*	2.63	(16.67)
C. Key Managerial Personnel		
Rajeev Jain, Managing Director		17.71
Sandeep Jain, Chief Financial Officer		43.14
Anant Damle, Company Secretary (retired on 30 September 2018)		Not Applicable#
R. Vijay, Company Secretary (appointed w.e.f. 1 October 2018)		Not Applicable#
D. % increase in Median Remuneration of employees other than managing director		(4.92)
E. Number of permanent employees on the rolls of the Company as on 31 March 2019		18,392

* Ceased to be director w.e.f. 31 March 2019 close of business hours.
# Being employed for the part of the year

Notes:

- Remuneration payable to non-executive directors is based on the number of meetings of the Board and/or Committees attended by them during the year.
- Remuneration to directors does not include sitting fee paid to them for attending Board and/or Committee meetings.
- As approved by the Board, Nanoo Pamnani, is being paid an additional commission of ₹ 1.80 crore, for certain additional services rendered by him during the year, at the request of the Management.

Notes on disclosures under rule 5

1. Average percentage increase in salary of employees other than Managing Director is 12.15%.
2. Percentage increase in remuneration of Managing Director is 17.71%. The increase in remuneration of Managing Director is keeping in view his duties and responsibilities, the performance of the Company and trend of remuneration in industry.
3. The remuneration paid as above was as per the Remuneration Policy of the Company.

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Secretarial audit report (Form MR-3)

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

For the financial year ended 31 March 2019

To The Members of
Bajaj Finance Ltd.
(CIN: L65910MH1987PLC042961)
Akurdi, Pune 411 035

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

Based on my verification of the 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 2019, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019, according to the provisions of:

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

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

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

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

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

(vi) Rules, regulations and guidelines issued by the Reserve Bank of India as are applicable to Deposit taking Non-Banking Financial Companies with classification as a 'Loan Company'; which are specifically applicable to the Company. RBI vide its circular dated 22 February 2019 re-classified the three categories of NBFCs viz., Asset Finance Companies (AFCs), Loan Companies (LCs) and Investment Companies (ICs) have been merged into a new category called NBFC - Investment and Credit Company (NBFC-ICC).

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. and National Stock Exchange of India Ltd. 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.

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. There is no change in the composition of the Board of Directors during the period under review.

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

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

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

1. on 8 March 2019, increased the borrowing powers of the Company from ₹ 100,000 crore to ₹ 130,000 crore under section 180(1)(c) of the Companies Act, 2013 and creation of charge/security on the Company's assets with respect to borrowings upto maximum of ₹ 130,000 crore under section 180(1)(a) of the Companies Act, 2013.

2. allotted debentures on private placement basis from time to time, totalling to an amount equal to the face value of ₹ 8,610.45 crore and complied with the rules and regulations under various Acts.

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

Shyamprasad D Limaye
FCS No. 1587
CP No. 572

Pune: 16 May 2019

Independent Auditors' 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 of
Bajaj Finance Ltd.
Pune

1. The Corporate Governance Report prepared by Bajaj Finance Limited (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 2019. 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 judgement, 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 2019 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 2018 to 31 March 2019;

(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 2019, 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: 089802

Pune: 31 May 2019

Declaration on Code of Conduct

To,
The Board of Directors
Bajaj Finance Ltd.

I, Rajeev Jain, Managing Director of Bajaj Finance Ltd. hereby declare that all the Board members and Senior Managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended 31 March 2019.

Rajeev Jain
Managing Director

Pune: 16 May 2019

Certificate by practising company secretary

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations (as amended)]

In the matter of Bajaj Finance Ltd. (CIN: L65910MH1987PLC042961) having its registered Office at Akurdi, Pune - 411 035.

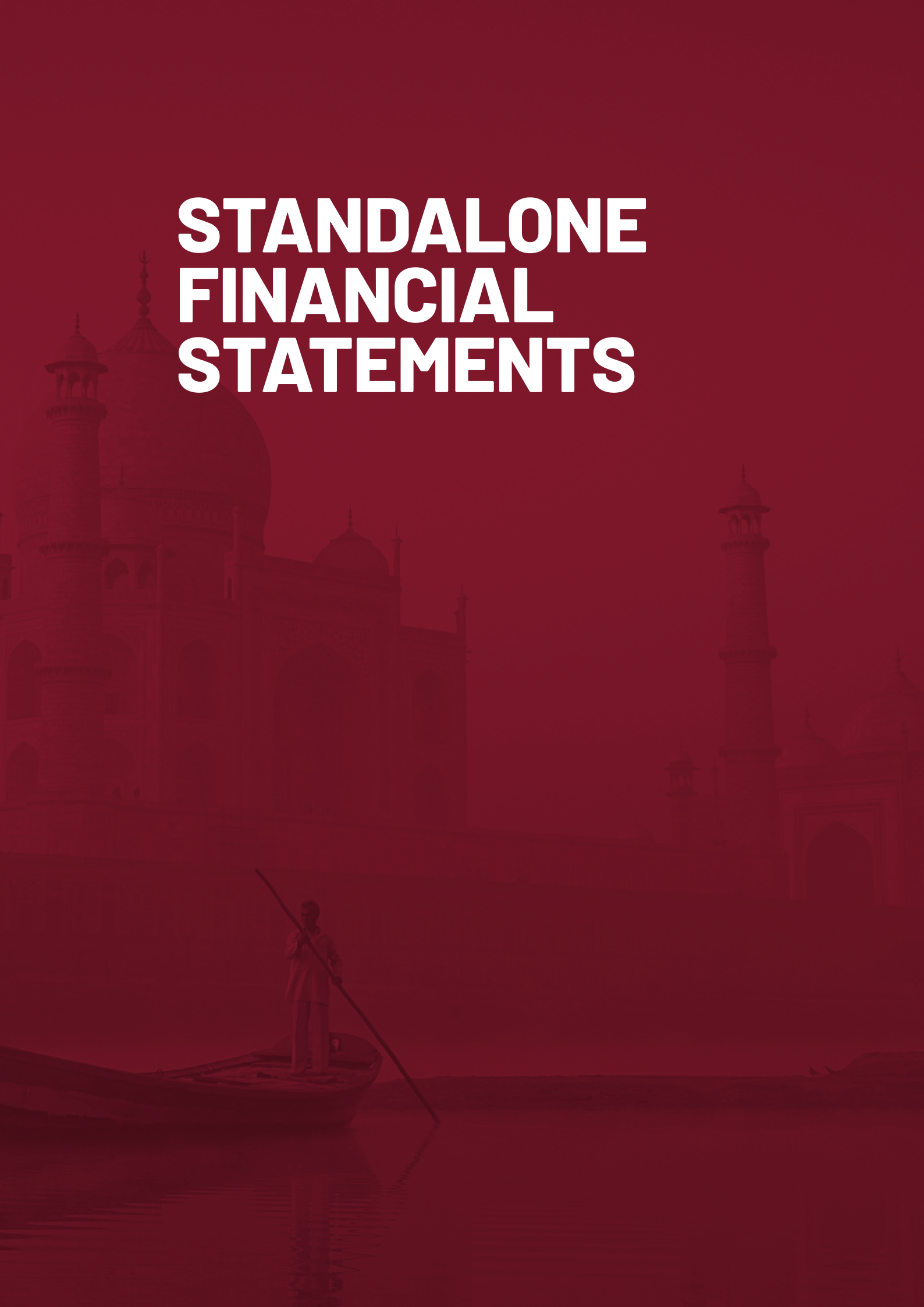
On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company, I certify that the following persons were directors of the Company (during 1 April 2018 to 31 March 2019) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of director	DIN	Designation
1	Rahulkumar Kamalnayan Bajaj	00014529	Chairman
2	Nanoo Gobindram Pamnani	00053673	Vice Chairman
3	Sanjivnayan Rahulkumar Bajaj	00014615	Vice Chairman
4	Rajeev Jain	01550158	Managing director
5	Madhurkumar Ramkrishnaji Bajaj	00014593	Non-executive director
6	Rajivnayan Rahulkumar Bajaj	00018262	Non-executive director
7	Dipak Kumar Poddar	00001250	Independent director
8	Ranjan Surajprakash Sanghi	00275842	Independent director
9	Balaji Rao Jagannathrao Doveton	00025254	Independent director
10	Omkar Goswami	00004258	Independent director
11	Gita Piramal	01080602	Independent director
12	Dhirajlal Shantilal Mehta	00038366	Independent director
13	Rajendra Lakhotia	00163156	Independent director

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

Pune: 16 May 2019

STANDALONE FINANCIAL STATEMENTS



Independent Auditors' Report on the Standalone Ind AS Financial Statements

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

Opinion

We have audited the accompanying standalone Ind AS financial statements of Bajaj Finance Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('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 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in note 51 of the Ind AS financial statements)*	
The Company has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date Balance Sheet as at 1 April 2017 have been prepared under Ind AS.	• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.

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

Key audit matters	How our audit addressed the key audit matter
The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	• Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested the disclosures prescribed under Ind AS.
(b) Impairment of financial assets (expected credit losses) *(as described in note 8 of the Ind AS financial statements)*	
Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: • unbiased, probability weighted outcome under various scenarios; • time value of money; • impact arising from forward looking macro-economic factors and; • availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: • grouping of borrowers based on homogeneity by using appropriate statistical techniques; • staging of loans and estimation of behavioral life; • determining macro-economic factors impacting credit quality of receivables; • estimation of losses for loan products with no/minimal historical defaults. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.	• We read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109. • We tested the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa. • We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Audited disclosures included in the Ind AS financial statements in respect of expected credit losses.
(c) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorised. • We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorisation. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

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

Other information

The other information comprises the information included in the Annual Report, but does not include the standalone Ind AS financial statements and our auditors' report thereon. The Company's Board of Directors is responsible for the other information.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended 31 March 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

(1) As required by 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 purposes of our audit;

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

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

(e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;

(g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note no. 41 to the standalone Ind AS 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: 089802

Pune: 16 May 2019

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

(1) (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/fixed assets are held in the name of the Company.

(2) 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.

(3) (a) The Company has granted loans to a party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

(b) The Company has granted loans to a party covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.

(4) 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.

(5) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder, to the extent applicable, have been complied with. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(6) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.

(7) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, goods and services 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.

Annexure 1 to Independent Auditors' Report (Contd.)

(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, goods and services tax and cess which have not been deposited on account of any dispute, are as follows:

(₹ In Crore)

Name of the Statute	Nature of disputed dues	Amount under dispute	Amount paid*	Period to which the amount relates	Forum where dispute is pending
Employees State Insurance Act, 1948	ESIC contribution	4.46	Nil	FY 1999-2000 to 2006-07	Employees State Insurance Court
Employees State Insurance Act, 1948	ESIC contribution	0.68	Nil	FY 1991-92 to 2002-03	Deputy Director Employee State Insurance Corporation
Income Tax Act, 1961	Income Tax	9.67	Nil	FY 2011-12, FY 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	8.56	Nil	FY 1996-97 to FY 2002-03, FY 2005-06, FY 2011-12 and FY 2012-13, FY 2013-14	Income Tax Appellate Tribunal (Pune)
Income Tax Act, 1961	Income Tax	35.36	Nil	FY 1995-96 to FY 2010-11	Mumbai High Court
Finance Act, 1994	Service Tax	1,340.49**	10.00	FY 2010-11 to Sep 2016	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	151.10**	4.04	July 2012 to March 2016	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	94.09**	Nil	April 2016 to June 2017	Commissioner (Goods & Service Tax)
Finance Act, 1994	Service Tax	2.53	0.19	FY 2007-08 to September 2015	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	2.92**	Nil	July 2012 to June 2016	Additional Commissioner
Finance Act, 1994	Service Tax	0.54	0.03	FY 2012-13 and FY 2013-14	Customs, Excise and Service Tax Appellate Tribunal
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.86	Nil	FY 2005-06 to FY 2008-09	Additional Commissioner, Sales Tax
Kerala Value Added Tax Act, 2003	Value Added Tax	0.09	Nil	FY 2005-06	VAT Appellate Tribunal
Rajasthan Value Added Tax Act, 2003	Value Added Tax	3.28	1.29	FY 2008-09 to July 2014	Supreme Court of India
Rajasthan Value Added Tax Act, 2003	Value Added Tax	0.15	0.06	July 2014 to March 2017	VAT Appellate Tribunal

* Paid under protest

** Includes interest and penalty

(8) In our opinion and according to the information and explanations given by the Management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.

(9) According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer or further public offer.

Annexure 1 to Independent Auditors' Report (Contd.)

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(10) 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 no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(11) 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.

(12) 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.

(13) 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.

(14) 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, not commented upon.

(15) 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.

(16) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

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 Finance Ltd. (the 'Company') as of 31 March 2019 in conjunction with our audit of the standalone Ind AS 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 with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements

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

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

Annexure 2 to Independent Auditors' Report (Contd.)

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

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

Inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at 31 March 2019, 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: 089802

Pune: 16 May 2019

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	240.00	227.33	324.69
Bank balances other than cash and cash equivalents	6	1.69	1.49	1.18
Receivables	7			
Trade receivables		805.38	585.21	403.93
Other receivables		86.59	53.64	62.23
Loans	8	95,181.26	75,532.88	55,445.82
Investments	9	10,370.41	3,653.46	4,109.97
Other financial assets	10	297.04	254.79	487.99
		106,982.37	**80,308.80**	**60,835.81**
Non-financial assets				
Current tax assets (net)		147.80	24.28	33.28
Deferred tax assets (net)	11	660.83	762.98	673.23
Property, plant and equipment	12	495.84	343.87	285.90
Intangible assets	12	158.49	120.79	75.23
Other non-financial assets	13	54.54	54.71	17.96
		1,517.50	**1,306.63**	**1,085.60**
Total assets		**108,499.87**	**81,615.43**	**61,921.41**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables	14			
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		0.44	0.43	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		547.25	438.89	287.63
Other payables				
Total outstanding dues of micro enterprises and small enterprises		–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		218.64	169.94	90.35
Debt securities	15	39,048.97	31,528.94	25,709.67
Borrowings (other than debt securities)	16	29,970.67	20,169.36	17,409.94
Deposits	17	13,193.01	7,792.87	4,272.28
Subordinated debts	18	4,139.07	4,138.16	3,501.37
Other financial liabilities	19	1,411.81	1,249.38	1,316.92
		88,529.86	**65,487.97**	**52,588.34**

Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
Non-financial liabilities				
Current tax liabilities (net)		22.37	24.87	79.43
Provisions	20	68.88	61.71	50.61
Other non-financial liabilities	21	315.13	223.67	169.00
		406.38	**310.25**	**299.04**
Equity				
Equity share capital	22	115.37	115.03	109.37
Other equity	23	19,448.26	15,702.18	8,924.66
		19,563.63	**15,817.21**	**9,034.03**
Total liabilities and equity		**108,499.87**	**81,615.43**	**61,921.41**
Summary of significant accounting policies	3			

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
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain
Chief Financial Officer

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Rahul Bajaj
Chairman

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Sanjiv Bajaj
Vice Chairman

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
Revenue from operations			
Interest income	25	15,345.64	11,511.38
Fees and commission income	26	1,630.90	806.45
Net gain on fair value changes	27	256.73	183.43
Sale of services	28	62.90	67.66
Recoveries of financial assets written off	29	87.80	68.46
Total revenue from operations		**17,383.97**	**12,637.38**
Other income	30	16.88	12.28
Total income		**17,400.85**	**12,649.66**
Expenses			
Finance costs	31	5,938.85	4,566.95
Fees and commission expense	32	761.12	533.45
Impairment on financial instruments	33	1,476.29	1,026.02
Employee benefits expense	34	1,721.17	1,415.48
Depreciation and amortisation expenses	12	137.37	101.96
Other expenses	35	1,330.75	1,174.58
Total expenses		**11,365.55**	**8,818.44**
Profit before tax		**6,035.30**	**3,831.22**
Tax expense:			
Current tax		2,043.73	1,427.00
Deferred tax (credit)/charge		101.23	(80.29)
Total tax expense	11	**2,144.96**	**1,346.71**
Profit after tax		**3,890.34**	**2,484.51**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(13.64)	(8.04)
Tax impact on above		4.77	2.81
Items that will be reclassified to profit or loss in subsequent periods:			
Changes in fair value of fair value through OCI (FVOCI) debt securities		16.27	(19.04)
Tax impact on above		(5.69)	6.65
Other comprehensive income for the year (net of tax)		**1.71**	**(17.62)**
Total comprehensive income for the year		**3,892.05**	**2,466.89**

Statement of Profit and Loss (Contd.)

Particulars	Note No.	For the year ended 31 March 2019	2018
Earnings per share:	36		
(Nominal value per share ₹ 2)			
Basic (₹)		67.52	44.16
Diluted (₹)		66.95	43.71
Summary of significant accounting policies	3		

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
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Statement of Changes in Equity

Equity share capital

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Balance at the beginning of the year	115.03	109.37
Changes in equity share capital during the year [refer note no. 22(a)]	0.34	5.66
Balance at the end of the year	**115.37**	**115.03**

Other equity

For the year ended 31 March 2019

(₹ In Crore)

Particulars	Note No.	Reserves and surplus							
		Securities premium	Retained earnings	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Other comprehensive income on debt securities	Total other equity
Balance as at 31 March 2018	23	8,223.73	4,787.63	1,823.75	785.65	9.25	82.01	(9.84)	15,702.18
Profit after tax		–	3,890.34	–	–	–	–	–	3,890.34
Other comprehensive income (net of tax)		–	(8.87)	–	–	–	–	10.58	1.71
		8,223.73	**8,669.10**	**1,823.75**	**785.65**	**9.25**	**82.01**	**0.74**	**19,594.23**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		–	(779.00)	779.00	–	–	–	–	–
Dividend including tax thereon		–	(277.88)	–	–	–	–	–	(277.88)
Fair value of stock options – charge for the year		–	–	–	–	–	74.80	–	74.80
Transfer on allotment of shares to employees pursuant to ESOP scheme		17.97	–	–	–	–	(17.97)	–	–
Transfer on cancellation of stock options		–	–	–	0.99	–	(0.99)	–	–
		8,241.70	**7,612.22**	**2,602.75**	**786.64**	**9.25**	**137.85**	**0.74**	**19,391.15**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2018		91.79	–	–	–	–	–	–	91.79
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2019		34.68	–	–	–	–	–	–	34.68
Balance as at 31 March 2019	23	**8,298.81**	**7,612.22**	**2,602.75**	**786.64**	**9.25**	**137.85**	**0.74**	**19,448.26**

Statement of Changes in Equity (Contd.)

Other equity (Contd.)

For the year ended 31 March 2018

(₹ In Crore)

Particulars	Note No.	Reserves and surplus						Other comprehensive income on debt securities	Total other equity
		Securities premium	Retained earnings	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account		
Balance as at 1 April 2017	23	3,710.27	3,075.78	1,293.75	785.60	9.25	47.46	2.55	8,924.66
Profit after tax		–	2,484.51	–	–	–	–	–	2,484.51
Other comprehensive income (net of tax)		–	(5.23)	–	–	–	–	(12.39)	(17.62)
		3,710.27	**5,555.06**	**1,293.75**	**785.60**	**9.25**	**47.46**	**(9.84)**	**11,391.55**
Issue of equity share capital		4,494.67	–	–	–	–	–	–	4,494.67
Share issue expenses		(29.26)	–	–	–	–	–	–	(29.26)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		–	(530.00)	530.00	–	–	–	–	–
Dividend including tax thereon		–	(237.43)	–	–	–	–	–	(237.43)
Fair value of stock options – charge for the year		–	–	–	–	–	45.01	–	45.01
Received on allotment of shares to Trust for employees pursuant to ESOP scheme		67.20	–	–	–	–	–	–	67.20
Transfer on allotment of shares to employees pursuant to ESOP scheme		10.41	–	–	–	–	(10.41)	–	–
Transfer on cancellation of stock options		–	–	–	0.05	–	(0.05)	–	–
		8,253.29	**4,787.63**	**1,823.75**	**785.65**	**9.25**	**82.01**	**(9.84)**	**15,731.74**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 1 April 2017		62.23	–	–	–	–	–	–	62.23
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2018		91.79	–	–	–	–	–	–	91.79
Balance as at 31 March 2018	23	**8,223.73**	**4,787.63**	**1,823.75**	**785.65**	**9.25**	**82.01**	**(9.84)**	**15,702.18**

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
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain
Chief Financial Officer

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Rahul Bajaj
Chairman

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Sanjiv Bajaj
Vice Chairman

Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(I) Operating activities		
Profit before tax	6,035.30	3,831.22
Adjustments for:		
Interest income	(15,345.64)	(11,511.38)
Depreciation and amortisation	137.37	101.96
Impairment on financial instruments	1,476.29	1,026.02
Net (gain)/loss on disposal of property, plant and equipment	(3.65)	0.37
Finance costs	5,938.85	4,566.95
Share based payment to employees	74.79	45.01
Net (gain)/loss on financial instruments at fair value through profit or loss (FVTPL)	(256.73)	(183.43)
Service fees for management of assigned portfolio of loans	(62.90)	(67.66)
Dividend income (₹ 12,000, previous year ₹ 10,688)		
	(2,006.32)	(2,190.94)
Cash inflow from interest on loans	15,200.71	11,420.37
Cash inflow from service asset	68.54	67.66
Cash outflow towards finance cost	(5,862.63)	(4,148.28)
Cash generated from operation before working capital changes	**7,400.30**	**5,148.81**
Working capital changes		
(Increase)/decrease in trade receivables	(220.17)	(181.28)
(Increase)/decrease in other receivables	(32.95)	8.59
(Increase)/decrease in loans	(21,110.43)	(21,112.13)
(Increase)/decrease in other financial assets	(48.09)	232.89
(Increase)/decrease in other non-financial assets	1.11	(36.59)
Increase/(decrease) in trade payables	108.37	151.51
Increase/(decrease) in other payables	48.70	79.59
Increase/(decrease) in other financial liabilities	162.22	(67.84)
Increase/(decrease) in provisions	(6.47)	3.06
Increase/(decrease) in other non-financial liabilities	91.46	54.67
	(21,006.25)	(20,867.53)
Income tax paid (net of refunds)	(2,169.75)	(1,472.56)
Net cash used in operating activities (I)	**(15,775.70)**	**(17,191.28)**
Carried forward	(15,775.70)	(17,191.28)

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Brought forward	(15,775.70)	(17,191.28)
(II) Investing activities		
Purchase of property, plant and equipment	(263.78)	(134.16)
Proceeds from sale of property, plant and equipment	30.45	1.02
Purchase of intangible assets	(91.00)	(72.88)
Purchase of investments measured at amortised cost	(44.89)	(42.42)
Proceeds from investments measured at amortised cost	33.60	–
Purchase of investments measured at FVOCI	(646.56)	(607.43)
Proceeds from sale of investments measured at FVOCI	200.07	474.31
Purchase of investments measured at FVTPL	(401,671.20)	(213,853.42)
Proceeds from sale of investments measured at FVTPL	397,722.00	216,065.66
Purchase of equity investments designated at FVOCI	–	(225.00)
Dividend received (₹ 12,000, Previous year ₹ 10,688)		
Interest received on investments measured at FVTPL and FVOCI	114.11	99.26
Investment in subsidiaries	(2,020.38)	(1,200.00)
Net cash generated from/(used in) investing activities (II)	**(6,637.58)**	**504.94**
(III) Financing activities		
Issue of equity share capital (including securities premium)	57.45	4,537.97
Share issue expenses	–	(29.26)
Dividends paid	(230.15)	(196.83)
Dividend distribution tax paid	(47.52)	(40.30)
Deposits received (net)	5,264.44	3,440.84
Debt securities issued (net)	7,549.94	5,518.65
Borrowings other than debt securities issued (net)	9,831.79	2,757.91
Subordinated debts issued	–	600.00
Net cash generated from financing activities (III)	**22,425.95**	**16,588.98**
Net increase/(decrease) in cash and cash equivalents (I+II+III)	**12.67**	**(97.36)**
Cash and cash equivalents at the beginning of the year	**227.33**	**324.69**
Cash and cash equivalents at the end of the year	**240.00**	**227.33**

- The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.
- Components of cash and cash equivalents are disclosed in note no. 5.

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain
Chief Financial Officer

Nanoo Pamnani
Vice Chairman and
Chairman – Audit Committee

Rahul Bajaj
Chairman

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Sanjiv Bajaj
Vice Chairman

Notes to standalone financial statements for the year ended 31 March 2019

1 Corporate information

Bajaj Finance Ltd. ('the Company', 'BFL') is a company limited by shares, incorporated on 25 March 1987 and domiciled in India. The Company is engaged in the business of lending. BFL has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India. It also accepts public and corporate deposits and offers variety of financial services products to its customers. The Company has its registered office at Akurdi, Pune, Maharashtra, India and its principal place of business at 4th floor, Bajaj Finserv corporate office, Viman nagar, Pune, Maharashtra, India. The parent of the Company is Bajaj Finserv Ltd.

The Company is deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 5 March 1998, with Registration No. A-13.00243. RBI, vide the circular – 'Harmonisation of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonisation of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC – Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC-Investment and Credit Company (NBFC-ICC).

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 16 May 2019, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its annual general meeting.

2 Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2018, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2019 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 'First-time Adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note no. 51.

2.1 Presentation of financial statements

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgments

The preparation of the Company's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment [Refer note no. 3.4(i)]
- Fair value of financial instruments [Refer note no. 3.15, 47 and 48]

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

- Effective Interest Rate (EIR) [Refer note no. 3.1(i)]
- Impairment on financial assets [Refer note no. 3.4(i) 8 and 49]
- Provisions and other contingent liabilities [Refer note no. 3.10 and 41]
- Provision for tax expenses [Refer note no. 3.6(i)]
- Residual value and useful life of property, plant and equipment [Refer note no. 3.7(h)]

3 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Income

(i) Interest income

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 3.4(i)] regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 3.4(i)], the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Dividend income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Fees and commission

The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Company recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

(c) Sale of services

The Company, on de-recognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit or loss and, correspondingly creates a service asset in Balance Sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 'Revenue From Contracts with Customers' as articulated above in 'other revenue from operations'.

(d) Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

(iv) Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable.

3.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR [refer note no. 3.1(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

(iii) Taxes

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into four categories:
(a) Debt instruments at amortised cost
(b) Debt instruments at FVOCI
(c) Debt instruments at FVTPL
(d) Equity instruments designated at FVOCI

(a) Debt instruments at amortised cost

The Company measures its financial assets at amortised cost if both the following conditions are met:
- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the nature of portfolio and the period for which the interest rate is set.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios in the books of the Company, it may sell these portfolios to banks and/or asset reconstruction companies.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

After initial measurement, such financial assets are subsequently measured at amortised cost on effective interest rate (EIR). For further details, refer note no. 3.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

(b) Debt instruments at FVOCI

The Company subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as long term investments in Government securities to meet regulatory liquid asset requirement of the Company's deposit program and mortgage loans portfolio where the Company periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

(c) Debt instruments at FVTPL

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend incomes are recorded in interest income and dividend income, respectively according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

The Company's investments into mutual funds, Government securities (trading portfolio) and certificate of deposits for trading and short term cash flow management have been classified under this category.

(d) Equity investments designated under FVOCI

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The Company has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

Derecognition of Financial Assets

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The right to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:
- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Impairment of financial assets

ECL are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:
- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behaviourial score cards and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 49.

(ii) Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR [Refer note no. 3.1(i)]. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3.5 Investment in subsidiaries

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

3.6 Taxes

(i) Current tax

Current 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 (ICDS) 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.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. 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.

(ii) Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.7 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

Depreciation on property, plant and equipment

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

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

(c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.

(d) 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.

(e) Tangible assets which are depreciated over a useful life that is 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

(f) Assets having unit value up to ₹ 5,000 is depreciated fully in the financial year of purchase of asset.

(g) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognised.

(h) 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.

3.8 Intangible assets and amortisation thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The intangible assets are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.9 Impairment of non-financial assets

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

3.10 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.11 Foreign currency translation

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

Initial recognition

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

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

3.12 Retirement and other employee benefits

(i) Gratuity

Payment for present liability of future payment of gratuity is made to the approved gratuity fund viz. Bajaj Auto Ltd. Gratuity Fund Trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in plan assets managed by LIC and BALICL as compared to actuarial liability determined by an appointed actuary using the projected unit credit method are recognised as a liability. Gains and losses through remeasurements of the net defined benefit liability/assets are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

(ii) Superannuation

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

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

(iii) Provident fund

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

(iv) Compensated absences

Privilege leave entitlements are recognised as a liability as per the rules of the Company. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed actuary. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

3.13 Employee Stock Option Scheme

The Company operates 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 number of options that may be exercised by employees.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised in employee benefits expenses together with a corresponding increase in employee stock option outstanding account in other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Non– market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions are not met.

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.

3.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

Company acting as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the Company as a lessee have been classified as operating leases.

Lease payments under an operating lease is recognised on an accrual basis in the Statement of Profit and Loss.

3.15 Fair value measurement

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 47 and 48.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

4 Standard issued but not yet effective

Ind AS 116 'Leases' was notified on 30 March 2019 and it replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-Balance Sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company has leases in which it acts as a lessee and which needs to be accounted for as per requirements of Ind AS 116. The Company is in the process of determining the accounting impact of Ind AS 116 on its lease contracts wherein it acts as a lessee. The Company does not have any lease contracts wherein it acts as a lessor.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

5 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	79.23	60.86	44.06
Balance with banks in current accounts	160.77	166.47	280.63
	240.00	227.33	324.69

6 Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Earmarked balances with banks (against matured fixed deposits and unclaimed dividend)	1.69	1.49	1.18
	1.69	1.49	1.18

7 Receivables

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade receivables			
Considered good – unsecured			
Interest subsidy*	572.35	426.11	296.56
Service asset	92.95	98.59	98.59
Fees, commission and others	140.08	60.51	8.78
	805.38	585.21	403.93
Other receivables			
Considered good – unsecured**	86.59	53.64	62.23
	86.59	53.64	62.23

- Impairment allowance recognised on trade and other receivables is ₹ Nil (Previous year: ₹ Nil).
- No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

* Includes receivables from related party ₹ Nil (Previous year ₹ 1.87 crore).

** Includes receivables from related party ₹ 14.26 crore (Previous year ₹ 11.55 crore).

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

8 Loans

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
(A) Term loans	92,177.62	5,032.01	97,209.63	69,336.84	7,722.15	77,058.99	47,613.05	9,300.16	56,913.21
Less: Impairment loss allowance	1,957.91	70.46	2,028.37	1,441.37	84.74	1,526.11	1,328.20	139.19	1,467.39
Total (A)	**90,219.71**	**4,961.55**	**95,181.26**	**67,895.47**	**7,637.41**	**75,532.88**	**46,284.85**	**9,160.97**	**55,445.82**
(B) Out of above									
(I) Secured									
Against hypothecation of automobiles, equipments, durables, plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	45,383.56	5,032.01	50,415.57	36,646.93	7,722.15	44,369.08	26,616.49	9,300.16	35,916.65
Less: Impairment loss allowance	944.87	70.46	1,015.33	631.48	84.74	716.22	734.46	139.19	873.65
Total (I)	44,438.69	4,961.55	49,400.24	36,015.45	7,637.41	43,652.86	25,882.03	9,160.97	35,043.00
(II) Unsecured*	46,794.06	–	46,794.06	32,689.91	–	32,689.91	20,996.56	–	20,996.56
Less: Impairment loss allowance	1,013.04	–	1,013.04	809.89	–	809.89	593.74	–	593.74
Total (II)	45,781.02	–	45,781.02	31,880.02	–	31,880.02	20,402.82	–	20,402.82
Total (B) = (I+II)	**90,219.71**	**4,961.55**	**95,181.26**	**67,895.47**	**7,637.41**	**75,532.88**	**46,284.85**	**9,160.97**	**55,445.82**
(C) Out of above									
(I) Loans in India									
(i) Public sector	–	–	–	–	–	–	–	–	–
Less: Impairment loss allowance	–	–	–	–	–	–	–	–	–
Sub-total (i)	–	–	–	–	–	–	–	–	–
(ii) Others	92,177.62	5,032.01	97,209.63	69,336.84	7,722.15	77,058.99	47,613.05	9,300.16	56,913.21
Less: Impairment loss allowance	1,957.91	70.46	2,028.37	1,441.37	84.74	1,526.11	1,328.20	139.19	1,467.39
Sub-total (ii)	90,219.71	4,961.55	95,181.26	67,895.47	7,637.41	75,532.88	46,284.85	9,160.97	55,445.82
Total (I)	90,219.71	4,961.55	95,181.26	67,895.47	7,637.41	75,532.88	46,284.85	9,160.97	55,445.82
(II) Loans outside India	–	–	–	–	–	–	–	–	–
Total (C) = (I+II)	**90,219.71**	**4,961.55**	**95,181.26**	**67,895.47**	**7,637.41**	**75,532.88**	**46,284.85**	**9,160.97**	**55,445.82**

* Includes receivables from related parties ₹ 24.41 crore (Previous year ₹ 42.63 crore)

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	93,456.34	1,950.92	1,802.37	97,209.63	74,777.25	1,081.66	1,200.08	77,058.99	54,444.72	1,045.45	1,423.04	56,913.21
Less: Impairment loss allowance	595.91	359.03	1,073.43	2,028.37	464.08	251.71	810.32	1,526.11	334.15	257.30	875.94	1,467.39
Net carrying amount	92,860.43	1,591.89	728.94	95,181.26	74,313.17	829.95	389.76	75,532.88	54,110.57	788.15	547.10	55,445.82

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

8 Loans (Contd.)

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows

(₹ In Crore)

Particulars	As at 31 March 2019							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2018	74,777.25	464.08	1,081.66	251.71	1,200.08	810.32	77,058.99	1,526.11
Transfers during the year								
transfers to stage 1	93.82	20.50	(89.95)	(18.28)	(3.87)	(2.22)	-	-
transfers to stage 2	(1,632.30)	(21.31)	1,641.14	25.97	(8.84)	(4.66)	-	-
transfers to stage 3	(1,583.59)	(30.59)	(562.35)	(148.63)	2,145.94	179.22	-	-
	(3,122.07)	(31.40)	988.84	(140.94)	2,133.23	172.34	-	-
Impact of changes in credit risk on account of stage movements	-	(14.68)	-	225.65	-	1,026.52	-	1,237.49
Changes in opening credit exposures (additional disbursement net of repayments)	(35,274.51)	(214.42)	(733.07)	(119.09)	(948.03)	(181.68)	(36,955.61)	(515.19)
New credit exposures during the year, net of repayments	57,075.67	392.33	613.49	141.70	382.14	210.97	58,071.30	745.00
Amounts written off during the year	-	-	-	-	(965.05)	(965.05)	(965.05)	(965.05)
As at 31 March 2019	**93,456.34**	**595.91**	**1,950.92**	**359.03**	**1,802.37**	**1,073.43**	**97,209.63**	**2,028.37**

(₹ In Crore)

Particulars	As at 31 March 2018							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 1 April 2017	54,444.72	334.15	1,045.45	257.30	1,423.04	875.94	56,913.21	1,467.39
Transfers during the year								
transfers to stage 1	138.09	26.47	(124.54)	(21.05)	(13.55)	(5.42)	-	-
transfers to stage 2	(795.20)	(16.41)	811.42	21.59	(16.22)	(5.18)	-	-
transfers to stage 3	(1,036.76)	(21.75)	(465.71)	(132.22)	1,502.47	153.97	-	-
	(1,693.87)	(11.69)	221.17	(131.68)	1,472.70	143.37	-	-
Impact of changes in credit risk on account of stage movements	-	(14.35)	-	138.37	-	792.74	-	916.76
Changes in opening credit exposures (additional disbursement net of repayments)	(26,614.95)	(131.81)	(558.94)	(120.70)	(1,030.80)	(208.42)	(28,204.69)	(460.93)
New credit exposures during the year, net of repayments	48,641.35	287.78	373.98	108.42	277.89	149.44	49,293.22	545.64
Amounts written off during the year	-	-	-	-	(942.75)	(942.75)	(942.75)	(942.75)
As at 31 March 2018	**74,777.25**	**464.08**	**1,081.66**	**251.71**	**1,200.08**	**810.32**	**77,058.99**	**1,526.11**

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
(i) Net impairment loss allowance charge/(release) for the year	502.26	58.72
(ii) Amounts written off during the year	965.05	942.75
Impairment on loans	1,467.31	1,001.47
Add: Impairment on other assets	8.98	24.55
Impairment on financial instruments	1,476.29	1,026.02

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

9. Investments

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) At amortised cost			
In Pass Through Certificates (PTC) representing securitisation of loan receivables	53.71	42.42	–
Total (A)	53.71	42.42	–
(B) At fair value through other comprehensive income			
(i) In Government securities*	1,255.60	793.17	658.46
Add: Fair value gain/(losses)	1.15	(15.12)	3.92
Sub-total (i)	1,256.75	778.05	662.38
* Include ₹ 1,029.23 crore (Previous year ₹ 612.67 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Company towards maintenance of liquid assets as prescribed by the RBI Act, 1934.			
(ii) In equity instruments			
Equity shares	0.01	0.01	–
Preference shares (compulsorily convertible into equity shares) of One Mobikwik Systems Pvt. Ltd.	224.99	224.99	–
Sub-total (ii)	225.00	225.00	–
Total (B) = (i + ii)	1,481.75	1,003.05	662.38
(C) At fair value through profit or loss			
(i) In mutual funds	3,500.00	100.00	2,663.53
Add: Fair value gains/(losses)	3.74	0.14	9.92
Sub-total (i)	3,503.74	100.14	2,673.45
(ii) In Government securities	425.45	980.05	440.66
Add: Fair value gains/(losses)	0.23	(0.20)	5.48
Sub-total (ii)	425.68	979.85	446.14
(iii) In certificates of deposit	1,357.00	–	–
Add: Fair value gains/(losses)	0.15	–	–
Sub-total (iii)	1,357.15	–	–
Total (C) = (i + ii + iii)	5,286.57	1,079.99	3,119.59
(D) At cost			
Investment in subsidiaries	3,548.38	1,528.00	328.00
Total (D)	3,548.38	1,528.00	328.00
Total (A+B+C+D)	10,370.41	3,653.46	4,109.97

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Out of above			
In India	10,370.41	3,653.46	4,109.97
Outside India	–	–	–
	10,370.41	3,653.46	4,109.97

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

10 Other financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Security deposits*	36.64	39.59	20.68
Advances to dealers	253.88	204.61	465.22
Other advances**	6.52	10.59	2.09
	297.04	254.79	487.99

– Impairment loss allowance recognised on other financial assets is ₹ Nil (Previous year: ₹ Nil).

* Includes security deposits with related parties ₹ 1.09 crore (Previous year ₹ 1.09 crore).

** Includes receivables from related parties ₹ 4.90 crore (Previous year ₹ 4.92 crore).

11 Deferred tax assets (net)

Reconciliation of tax expenses and profit before tax multiplied by corporate tax rate

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Profit before tax	6,035.30	3,831.22
At corporate tax rate of 34.944% (Previous year 34.608%)	2,108.98	1,325.91
Tax on non-deductible expenditure	35.98	20.80
Tax expense (effective tax rate of 35.540%, Previous year 35.151%)	2,144.96	1,346.71

Deferred tax assets recorded in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Deferred tax relates to the following:			
Deferred tax assets			
Disallowance u/s 43B of the Income Tax Act, 1961	22.00	19.34	13.50
Impairment on financial instruments	599.99	452.69	445.90
Financial instruments measured at EIR	21.02	276.29	216.42
Unrealised net loss on fair value changes	–	5.30	–
Other temporary differences	32.72	24.31	20.49
Gross deferred tax assets	675.73	777.93	696.31
Deferred tax liabilities			
Depreciation and amortisation	9.82	11.68	16.33
Unrealised net gain on fair value changes	1.85	–	5.38
Other temporary differences	3.23	3.27	1.37
Gross deferred tax liabilities	14.90	14.95	23.08
Deferred tax assets/(liabilities), net	660.83	762.98	673.23

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

11 Deferred tax assets (net) (Contd.)

Changes in deferred tax assets recorded in profit or loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	2.11	(3.03)
Impairment on financial instruments	(147.30)	(6.79)
Depreciation and amortisation	(1.86)	(4.65)
Financial instruments measured at EIR	255.27	(59.87)
Unrealised net gain on fair value changes	1.46	(4.03)
Other temporary differences	(8.45)	(1.92)
	101.23	(80.29)

– Deferred tax charge for the year ended 31 March 2018 includes an impact of ₹ 7.34 crore on account of revaluation of deferred tax assets (net) due to change in corporate tax rate.

Changes in deferred tax assets recorded in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Deferred tax relates to the following:		
Changes in fair value of FVOCI debt securities	5.69	(6.65)
Disallowance u/s 43B of the Income Tax Act, 1961	(4.77)	(2.81)
	0.92	(9.46)

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

12 Property, plant and equipment and intangible assets

For the financial year 2018-19

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year	As at 31 March 2019	As at 31 March 2019
Property, plant and equipment (a)									
Freehold land (b)	2.26	–	–	2.26	–	–	–	–	2.26
Buildings (c)	156.46	47.80	0.78	203.48	45.83	0.26	7.05	52.62	150.86
Computers	123.89	45.90	14.47	155.32	69.28	12.13	25.81	82.96	72.36
Office equipment	81.70	52.72	2.79	131.63	38.49	(0.59)	21.19	60.27	71.36
Furniture and fixtures	116.99	54.11	3.06	168.04	32.52	2.85	18.11	47.78	120.26
Vehicles	39.88	17.48	10.25	47.11	15.62	5.22	9.59	19.99	27.12
Leasehold improvements	63.08	44.83	2.02	105.89	38.65	1.65	17.27	54.27	51.62
Sub-total	**584.26**	**262.84**	**33.37**	**813.73**	**240.39**	**21.52**	**99.02**	**317.89**	**495.84**
Intangible assets (d)									
Softwares	198.12	91.00	17.68	271.44	77.33	2.73	38.35	112.95	158.49
Sub-total	**198.12**	**91.00**	**17.68**	**271.44**	**77.33**	**2.73**	**38.35**	**112.95**	**158.49**
Total	**782.38**	**353.84**	**51.05**	**1,085.17**	**317.72**	**24.25**	**137.37**	**430.84**	**654.33**

For the financial year 2017-18

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2017	Additions	Deductions/ adjustments	As at 31 March 2018	As at 1 April 2017	Deductions/ adjustments	For the year	As at 31 March 2018	As at 31 March 2018
Property, plant and equipment (a)									
Freehold land (b)	2.26	–	–	2.26	–	–	–	–	2.26
Buildings (c)	156.46	–	–	156.46	40.14	–	5.69	45.83	110.63
Computers	94.32	32.22	2.65	123.89	49.20	2.26	22.34	69.28	54.61
Office equipment	52.90	29.31	0.51	81.70	25.35	0.36	13.50	38.49	43.21
Furniture and fixtures	77.97	40.32	1.30	116.99	20.53	0.92	12.91	32.52	84.47
Vehicles	24.32	17.52	1.96	39.88	9.79	1.49	7.32	15.62	24.26
Leasehold improvements	48.45	14.63	–	63.08	25.77	–	12.88	38.65	24.43
Sub-total	**456.68**	**134.00**	**6.42**	**584.26**	**170.78**	**5.03**	**74.64**	**240.39**	**343.87**
Intangible assets (d)									
Softwares	129.83	72.88	4.59	198.12	54.60	4.59	27.32	77.33	120.79
Sub-total	**129.83**	**72.88**	**4.59**	**198.12**	**54.60**	**4.59**	**27.32**	**77.33**	**120.79**
Total	**586.51**	**206.88**	**11.01**	**782.38**	**225.38**	**9.62**	**101.96**	**317.72**	**464.66**

(a) See note no. 3.7

(b) Represents share in undivided portion of land on purchase of office premises.

(c) Includes cost of shares in co-operative society of ₹ 500 (Previous year ₹ 500).

(d) See note no. 3.8

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

13 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Capital advances	3.74	2.80	2.64
Indirect tax credits available for utilisation	19.64	31.59	7.79
Deposits against appeals	17.01	13.24	3.26
Advances to suppliers and others	14.15	7.08	4.27
	54.54	54.71	17.96

14 Payables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(I) Trade payables			
Total outstanding dues of micro enterprises and small enterprises#	0.44	0.43	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises*	547.25	438.89	287.63
	547.69	439.32	287.81
(II) Other payables			
Total outstanding dues of micro enterprises and small enterprises#	–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises**	218.64	169.94	90.35
	218.64	169.94	90.35

* Includes payable to related parties ₹ 13.05 crore (Previous year ₹ 3.36 crore).

** Includes payable to related parties ₹ 6.36 crore (Previous year ₹ 5.16 crore).

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

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.44	0.43	0.18
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end (Previous year ₹ 43,126 – since paid)	–		–
Payment made to suppliers (other than interest) beyond the appointed day, during the year	4.67	2.71	1.39
Interest paid to suppliers under MSMED Act (other than section 16)	–	–	–
Interest paid to suppliers under MSMED Act (section 16)	0.12	0.07	0.07
Interest due and payable to suppliers under MSMED Act, for payments already made	–	–	–
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (Previous year ₹ 43,126 – since paid)	–		–

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

15 Debt Securities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) At amortised cost			
(I) Secured*			
Privately placed redeemable non-convertible debentures/bonds	31,419.07	27,381.30	20,994.10
Sub-total (I)	31,419.07	27,381.30	20,994.10
(II) Unsecured			
Privately placed partly paid redeemable non-convertible debentures	1,274.81	466.36	128.50
Borrowings by issue of commercial papers	6,355.09	3,681.28	4,587.07
Sub-total (II)	7,629.90	4,147.64	4,715.57
Total (I + II)	39,048.97	31,528.94	25,709.67
(B) Out of above			
In India	39,048.97	31,528.94	25,709.67
Outside India	–	–	–
	39,048.97	31,528.94	25,709.67

* Secured by pari passu charge created by mortgage of Company's Chennai office, on loan receivables as stated in the respective information memorandum. Until 5 July 2018, the Company had mortgaged its residential property at Pune on pari passu charge against specific debentures.

– Related parties are current holders of ₹ 1,861 crore in aggregate of the above debt securities (Previous year ₹ 830 crore).

(C) Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2019

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	1,770.00	–	–	–	1,770.00
1095-1460	2,292.00	7,902.93	425.00	2,209.92	12,829.85
More than 1460	607.50	1,190.20	1,129.20	7,217.28	10,144.18
Issued at discount and redeemable at par					
1090-1460	96.85	–	–	–	96.85
Issued at par and redeemable at premium					
730-1095	328.10	12.00	–	–	340.10
1095-1460	691.60	1,584.10	619.70	2,902.85	5,798.25
More than 1460	85.00	–	18.50	3.80	107.30
Interest accrued and impact of EIR					1,607.35
					32,693.88

– Interest rate ranges from 7.25% p.a. to 10% p.a. as at 31 March 2019.

– As at 31 March 2019, partly called and paid unsecured debentures of ₹ 1,274.81 crore.

– Amount to be called and paid is ₹ 200 crore each in Jun 2019, Jun 2020 and Jun 2021.

– Amount to be called and paid is ₹ 445 crore each in Nov 2019, Nov 2020, Nov 2021 and Nov 2022.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

15 Debt securities (Contd.)

Terms of repayment of non-convertible debentures (NCDs) as on 31 March 2018

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	605.00	1,770.00	–	–	2,375.00
1095-1460	1,179.00	2,267.00	7,848.16	365.00	11,659.16
More than 1460	384.00	632.50	1,245.20	4,833.55	7,095.25
Issued at discount and redeemable at par					
1090-1460	–	90.07	–	–	90.07
Issued at par and redeemable at premium					
730-1095	762.00	328.10	12.00	–	1,102.10
1095-1460	885.00	691.60	1,584.10	619.70	3,780.40
More than 1460	–	85.00	–	22.30	107.30
Interest accrued and impact of EIR					1,638.38
					27,847.66

- Interest rate ranges from 7.25% p.a. to 10% p.a. as at 31 March 2018.
- As at 31 March 2018, partly called and paid unsecured debentures of ₹ 444.55 crore.
- Amount to be called and paid is ₹ 120.45 crore in Oct 2018.
- Amount to be called and paid is ₹ 200 crore each in Jun 2018, Jun 2019, Jun 2020 and Jun 2021.

Terms of repayment of non-convertible debentures (NCDs) as on 1 April 2017

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	230.00	605.00	1,770.00	–	2,605.00
1095-1460	686.00	1,179.00	2,267.00	1,400.00	5,532.00
More than 1460	720.00	384.00	632.50	3,429.30	5,165.80
Issued at discount and redeemable at par					
1090-1460	–	–	83.27	–	83.27
Issued at par and redeemable at premium					
600-1095	1,665.00	762.00	328.10	–	2,755.10
1095-1460	708.50	885.00	776.60	1,251.40	3,621.50
More than 1460	–	–	–	22.30	22.30
Interest accrued and impact of EIR					1,337.63
					21,122.60

- Interest rate ranges from 7.45% p.a. to 10% p.a. as at 1 April 2017.
- As at 1 April 2017, partly called and paid unsecured debentures of ₹ 124.10 crore.
- Amount to be called and paid is ₹ 120.45 crore each in Oct 2017 and Oct 2018.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

15 Debt securities (Contd.)

(D) Terms of repayment of commercial papers as at 31 March 2019

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	6,355.71	–	–	–	6,355.71
Interest accrued and impact of EIR					(0.62)
					6,355.09

- Interest rate ranges from 7.55% p.a. to 7.65% p.a. as at 31 March 2019.
- Face value of commercial paper is ₹ 6,400 crore as at 31 March 2019.

Terms of repayment of commercial papers as at 31 March 2018

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	3,683.02	–	–	–	3,683.02
Interest accrued and impact of EIR					(1.74)
					3,681.28

- Interest rate ranges 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.

Terms of repayment of commercial papers as at 1 April 2017

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	4,588.69	–	–	–	4,588.69
Interest accrued and impact of EIR					(1.62)
					4,587.07

- Interest rate ranges from 6.50% p.a. to 8.36% p.a. as at 1 April 2017.
- Face value of commercial paper is ₹ 4,645 crore as at 1 April 2017.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

16 Borrowings (other than debt securities)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) In India			
At amortised cost:			
Term loans from banks	27,003.44	16,194.48	14,237.01
Cash credit	1,505.73	1,150.27	1,234.44
Working capital demand loans	796.59	850.77	1,000.00
Overdraft facility	250.07	914.41	588.66
Collateralised borrowing and lending obligation (CBLO) against Government securities	414.84	1,059.43	349.83
	29,970.67	20,169.36	17,409.94
Outside India	–	–	–
(B) Out of above			
Secured (Against hypothecation of loans, book debts and other receivables)	29,970.67	19,669.35	16,307.42
Unsecured	–	500.01	1,102.52
	29,970.67	20,169.36	17,409.94

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

16 Borrowings (other than debt securities) (Contd.)

(C) Terms of repayment of term loans, working capital demand loans and CBLO as at 31 March 2019

Original Maturity of loan (In no. of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	₹ In Crore
Monthly									
More than 1095	–	–	4	500.00	–	–	–	–	500.00
Quarterly									
Up to 365	4	544.44	–	–	–	–	–	–	544.44
366-730	4	447.22	6	816.66	–	–	–	–	1,263.88
731-1095	–	–	6	622.22	6	816.66	–	–	1,438.88
More than 1095	37	1,006.25	34	1,112.50	25	1,172.22	26	3,680.58	6,971.55
Half yearly									
731-1095	–	–	–	–	3	150.00	–	–	150.00
More than 1095	35	1,300.00	31	1,050.00	14	875.00	6	500.00	3,725.00
Yearly									
Up to 365	3	300.00	–	–	–	–	–	–	300.00
366-730	–	–	2	517.50	–	–	–	–	517.50
731-1095	–	–	3	320.00	2	486.25	–	–	806.25
More than 1095	2	50.00	3	125.00	5	457.50	10	1,268.75	1,901.25
On maturity (Bullet)									
Up to 365	3	1,209.68	–	–	–	–	–	–	1,209.68
731-1095	3	400.00	1	800.00	–	–	–	–	1,200.00
More than 1095	14	1,250.00	11	2,250.00	4	2,000.00	8	2,215.00	7,715.00
Interest accrued and impact of EIR									(28.56)
									28,214.87

– Interest rate ranges from 7.40% p.a. to 9.50% p.a. as at 31 March 2019.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

16 Borrowings (other than debt securities) (Contd.)

Terms of repayment of term loans, working capital demand loans and CBLO as at 31 March 2018

Original Maturity of loan (In no. of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	₹ In Crore
Monthly									
More than 1095	–	–	–	–	4	500.00	–	–	500.00
Quarterly									
More than 1095	58	1,600.00	35	950.00	35	1,150.00	21	668.75	4,368.75
Half yearly									
More than 1095	30	700.00	35	1,300.00	31	1,050.00	15	825.00	3,875.00
Yearly									
More than 1095	–	–	2	50.00	3	125.00	3	200.00	375.00
On maturity (Bullet)									
Up to 365	4	2,069.60	–	–	–	–	–	–	2,069.60
731-1095	3	250.00	3	400.00	–	–	–	–	650.00
More than 1095	2	200.00	14	1,250.00	11	2,250.00	7	2,565.00	6,265.00
Interest accrued and impact of EIR									1.33
									18,104.68

– Interest rate range froms 7.27% p.a. to 8.45% p.a. as at 31 March 2018.

Terms of repayment of term loans, working capital demand loans and CBLO as at 1 April 2017

Original Maturity of loan (In no. of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	₹ In Crore
Monthly									
More than 1095	–	–	–	–	–	–	4	500.00	500.00
Quarterly									
731-1095	5	62.50	–	–	–	–	–	–	62.50
More than 1095	18	537.50	58	1,600.00	35	950.00	50	1,568.75	4,656.25
Half yearly									
731-1095	9	197.86	–	–	–	–	–	–	197.86
More than 1095	20	460.00	30	700.00	35	1,300.00	38	1,575.00	4,035.00
Yearly									
More than 1095	–	–	–	–	2	50.00	4	200.00	250.00
On maturity (Bullet)									
Up to 365	3	1350.00	–	–	–	–	–	–	1,350.00
366-730	3	300.00	–	–	–	–	–	–	300.00
731-1095	7	685.00	3	250.00	3	400.00	–	–	1,335.00
More than 1095	9	900.00	2	200.00	14	1,250.00	5	550.00	2,900.00
Interest accrued and impact of EIR									0.23
									15,586.84

- Interest rate ranges from 8.05% p.a. to 9.70% p.a. as at 1 April 2017.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

17 Deposits
(Unsecured)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) At amortised cost			
Public deposits*	6,828.35	3,418.60	2,472.36
From others	6,364.66	4,374.27	1,799.92
	13,193.01	7,792.87	4,272.28

* As defined in chapter II, para 3 (xiii) of Master directions – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 as issued by RBI.

– Include from related parties ₹ 9.16 crore (Previous year ₹ 5.54 crore).

(B) Terms of repayment of public deposits as at 31 March 2019

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365-730	1,143.80	42.26	–	–	1,186.06
731-1095	566.08	345.25	3.55	–	914.88
More than 1095	116.19	811.59	2,716.18	910.83	4,554.79
Interest accrued and impact of EIR					172.62
					6,828.35

Terms of repayment of deposit from others as at 31 March 2019

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	1,265.10	–	–	–	1,265.10
366-730	4,224.79	84.46	–	–	4,309.25
731-1095	298.19	38.80	–	–	336.99
More than 1095	11.55	77.66	55.63	121.54	266.38
Interest accrued and impact of EIR					186.94
					6,364.66

– Interest rates range from 7.25% p.a. to 10.00% p.a. as at 31 March 2019.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

17 Deposits
(Unsecured) (Contd.)

Terms of repayment of public deposits as at 31 March 2018

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365-730	565.63	266.57	–	–	832.20
731-1095	42.25	572.79	9.01	–	624.05
More than 1095	362.96	117.96	882.08	490.50	1,853.50
Interest accrued and impact of EIR					108.85
					3,418.60

Terms of repayment of deposit from others as at 31 March 2018

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	423.83	–	–	–	423.83
366-730	2,488.02	810.64	–	–	3,298.66
731-1095	100.48	299.44	0.19	–	400.11
More than 1095	34.27	12.55	77.33	12.50	136.65
Interest accrued and impact of EIR					115.02
					4,374.27

– Interest rates ranges from 7.05% p.a. to 10% p.a. as at 31 March 2018

Terms of repayment of public deposits as at 1 April 2017

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365-730	318.89	235.84	–	–	554.73
731-1095	136.89	42.95	542.13	–	721.97
More than 1095	212.13	368.97	119.43	419.86	1,120.39
Interest accrued and impact of EIR					75.27
					2,472.36

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

17 Deposits
(Unsecured) (Contd.)

Terms of repayment of deposit from others as at 1 April 2017

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	15.18	–	–	–	15.18
366-730	1,060.24	293.43	–	–	1,353.67
731-1095	107.89	100.48	48.18	–	256.55
More than 1095	43.50	43.27	11.95	6.95	105.67
Interest accrued and impact of EIR					68.85
					1,799.92

– Interest rates ranges from 7.30% p.a. to 10.25% p.a. as at 1 April 2017.

18 Subordinated debts
(Unsecured)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) In India			
At amortised cost			
Privately placed Subordinated (Tier II) redeemable non-convertible debentures*	4,139.07	4,138.16	3,501.37
	4,139.07	4,138.16	3,501.37
(B) Outside India	–	–	–

* Related parties are current holders of ₹ 164.50 crore in aggregate of the reference issue (Previous year ₹ 164.50 crore).

(C) Terms of repayment of subordinated debts as at 31 March 2019

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	228.70	50.00	3,659.60	3,938.30
Interest accrued and impact of EIR					200.77
					4,139.07

– Interest rate ranges from 8.05% p.a. to 10.21% p.a. as at 31 March 2019.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

18 Subordinated debts
(Unsecured) (Contd.)

Terms of repayment of subordinated debts as at 31 March 2018

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	–	228.70	3,709.60	3,938.30
Interest accrued and impact of EIR					199.86
					4,138.16

– Interest rate ranges from 8.05% p.a. to 10.21% p.a. as at 31 March 2018.

Terms of repayment of subordinated debts as at 1 April 2017

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	–	–	3,338.30	3,338.30
Interest accrued and impact of EIR					163.07
					3,501.37

– Interest rate ranges from 8.05% p.a. to 10.21% p.a. as at 1 April 2017.

19 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Unclaimed dividends	1.68	1.47	1.17
Book overdraft	1,085.80	825.86	1,048.90
Security deposits	88.64	62.05	39.45
Unclaimed matured deposits*	0.07	0.04	0.01
Others**	235.62	359.96	227.39
	1,411.81	1,249.38	1,316.92

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

** Includes amounts pertaining to related parties ₹ 0.16 crore (Previous year ₹ 1.90 crore).

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

20 Provisions

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
Gratuity	30.85	24.48	14.36
Compensated absences*	20.97	21.40	20.68
Other long term service benefits	7.18	5.53	5.52
Provision retained on sale of non performing assets as per RBI	9.88	10.30	10.05
	68.88	61.71	50.61

* Includes amount payable for encashable leaves not permitted to carry forward of ₹ 13.58 crore as at 31 March 2019 (Previous year ₹ Nil) .

21 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory dues	247.67	193.36	83.97
Income received in advance	–	–	8.67
Others	67.46	30.31	76.36
	315.13	223.67	169.00

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

22 Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
75,000,000 (75,000,000) equity shares of ₹ 2 each	150.00	150.00	150.00
Issued			
577,968,388 (577,968,388) equity shares of ₹ 2 each	115.59	115.59	115.59
Subscribed and paid up			
577,968,388 (577,968,388) equity shares of ₹ 2 each fully called up and paid up	115.59	115.59	109.98
Less: 1,093,723 (2,834,200) equity shares of ₹ 2 each held in a trust for employees under ESOP Scheme [See footnote (e) below]	0.22	0.56	0.61
	115.37	115.03	109.37

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

Particulars	Nos.	₹ In Crore
Equity share capital issued, subscribed and fully paid up	549,890,090	109.98
Less: Equity shares held in trust for employees under ESOP scheme	3,057,500	0.61
As at 1 April 2017	**546,832,590**	**109.37**
As at 1 April 2017	549,890,090	109.98
Add: Issued during the year to Trust for employees pursuant to ESOP scheme	1,451,080	0.29
Add: Issued during the year to eligible Qualified Institutional Buyers[#]	26,627,218	5.32
	577,968,388	115.59
Less: Equity shares held in trust for employees under ESOP scheme	2,834,200	0.56
As at 31 March 2018	**575,134,188**	**115.03**
As at 1 April 2018	577,968,388	115.59
Less: Equity shares held in trust for employees under ESOP scheme	1,093,723	0.22
As at 31 March 2019	**576,874,665**	**115.37**

[#] On 12 September 2017, the Company through Qualified Institutions Placement (QIP) allotted 26,627,218 equity shares to the eligible Qualified Institutional Buyers (QIB) at a price of ₹ 1,690 per equity share of ₹ 2 face value (inclusive of premium of ₹ 1,688 per share) aggregating ₹ 4,500 crore. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Funds received in the QIP of equity shares have been utilised for the purpose mentioned in the objects of the issue in the offer document.

On 14 September 2016, the Allotment Committee of the Board of Directors allotted 269,360,950 equity shares of face value of ₹ 2 each as bonus shares in the proportion of one bonus equity share for every one equity share of face value of ₹ 2 held as on the record date, by capitalising an amount of ₹ 538,721,900 from securities premium account. The bonus shares were listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) w.e.f. 19 September 2016. Other than this, Company has not allotted any bonus shares in previous years.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

22 Equity share capital (Contd.)

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

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

(ii) Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, 9,250,000 equity shares held by Bajaj Finserv Ltd. are restricted from transfer and pledge up to 11 December 2019.

(c) Shares held by Holding Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finserv Ltd.*	317,816,130	63.56	317,816,130	63.56	317,816,130	63.56

* An associate of Bajaj Holdings and Investments Ltd.

(d) Details of shareholders holding more than 5% shares in the Company (Face value ₹ 2 per share)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding
Bajaj Finserv Ltd.*	317,816,130	54.99%	317,816,130	54.99%	317,816,130	57.80%

* An associate of Bajaj Holdings and Investments Ltd.

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

Particulars	No. of Stock options/Equity shares
a. Number of equity shares approved/reserved for issue under Employee Stock Option Plan, 2009 to employees of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital)	25,071,160
b. Options granted under the scheme up to 31 March 2019	24,802,316
c. Options cancelled up to 31 March 2019 and added back to pool for future grants	3,485,442
d. Balance available under the scheme for future grants (d=a-b+c)	3,754,286
e. Equity shares allotted to BFL Employee Welfare Trust up to 31 March 2019	15,789,000
f. Stock Options exercised up to 31 March 2019	14,695,277
g. Balance stock options available with BFL Employee Welfare Trust on 31 March 2019 (g=e-f)	1,093,723

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year have been reduced against the share capital as if the trust is administered by the Company itself. The securities premium related to the unexercised equity shares held by the trust at the close of the year aggregating ₹ 346,849,803 (As at 31 March 2018 ₹ 917,873,582) has also been reduced from securities premium account and adjusted against the loan outstanding from the trust.

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

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

23 Other equity

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) Securities premium			
Balance at the beginning of the year	8,315.52	3,772.50	3,772.50
Add: Received during the year			
On allotment of shares to Trust for employees pursuant to ESOP scheme	–	67.20	
On allotment of shares to employees pursuant to ESOP scheme	17.97	10.41	
On issue of shares under Qualified Institutional Buyers	–	4,494.67	
Less: Share issue expenses as per section 52 of the Companies Act, 2013	–	29.26	
	8,333.49	8,315.52	3,772.50
Less: Premium on equity shares held in trust for employees under the ESOP scheme	34.68	91.79	62.23
Balance at the end of the year	8,298.81	8,223.73	3,710.27
(ii) Retained earnings			
Balance at the beginning of the year	4,787.63	3,075.78	3,084.37
Profit for the year	3,890.34	2,484.51	
Item of other comprehensive income recognised directly in retained earnings			
On defined benefit plan	(8.87)	(5.23)	(8.59)
	8,669.10	5,555.06	3,075.78
Appropriations:			
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	(779.00)	(530.00)	
Dividend paid	(231.19)	(197.96)	
Tax on dividend	(47.52)	(40.30)	
Adjustment of dividend to ESOP Trust [See note no. 22 (e)]	0.83	0.83	
Total appropriations	(1,056.88)	(767.43)	–
Balance at the end of the year	7,612.22	4,787.63	3,075.78
Other reserves			
(iii) 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	1,823.75	1,293.75	1,293.75
Add: Transferred during the year	779.00	530.00	
Balance as at the end of the year	2,602.75	1,823.75	1,293.75
(iv) General reserve			
Balance as at the beginning of the year	785.65	785.60	785.60
Add: Transfer on cancellation of stock options	0.99	0.05	
Balance as at the end of the year	786.64	785.65	785.60

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

23 Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other reserves (Contd.)			
(v) Infrastructure reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961			
Balance as at the beginning of the year	9.25	9.25	9.25
Balance as at the end of the year	9.25	9.25	9.25
(vi) Other comprehensive income on debt securities			
Balance as at the beginning of the year	(9.84)	2.55	2.55
Addition/(reduction) during the year	10.58	(12.39)	
Balance as at the end of the year	0.74	(9.84)	2.55
(vii) Share options outstanding account			
Balance as at the beginning of the year	82.01	47.46	47.46
Add: Fair value of stock options	74.80	45.01	
Less: Transfer on allotment of shares to employees pursuant to ESOP scheme	17.97	10.41	
Less: Transfer on cancellation of stock options	0.99	0.05	
Balance as at the end of the year	137.85	82.01	47.46
Total other equity	19,448.26	15,702.18	8,924.66

24 Nature and purpose of other equity

(i) Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

(ii) Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.

The Company recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/(asset).

(iii) Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

24 Nature and purpose of other equity (Contd.)

(iv) General reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

(v) Infrastructure reserve created under section 36(1)(viii) of the Income Tax Act, 1961

Infrastructure reserve is created to avail the deduction as per the provisions of Section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long term finance for development of infrastructure facility in India.

(vi) Other comprehensive income

On equity investments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated in the FVOCI equity investments reserve. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

On debt investments

The Company recognises changes in the fair value of debt instruments held with a dual business objective of collect and sell in other comprehensive income. These changes are accumulated in the FVOCI debt investments reserve. The Company transfers amounts from this reserve to profit or loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified to Profit or Loss.

On loans

The Comapny recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss. The table gives details of movement of fair value changes:

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Balance as at the beginning of the year	–	–
Fair value changes	70.46	84.74
Impairment loss allowances transferred to profit or loss	(70.46)	(84.74)
Balance as at the end of the year	–	–

(vii) Share options outstanding account

Share options outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Company for employees of the Group.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

25 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	On financial assets measured at				On financial assets measured at			
	FVOCI	Amortised cost	FVTPL	Total	FVOCI	Amortised cost	FVTPL	Total
On loans	621.19	14,589.94	–	15,211.13	911.27	10,505.91	–	11,417.18
On investments	58.53	2.97	69.19	130.69	54.29	0.35	35.44	90.08
On others	–	3.82	–	3.82	–	4.12	–	4.12
	679.72	**14,596.73**	**69.19**	**15,345.64**	**965.56**	**10,510.38**	**35.44**	**11,511.38**

26 Fees and commission income

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Service and administration charges	573.06	342.89
Fees on value added services and products	318.91	196.69
Foreclosure income	103.42	24.67
Distribution income	635.51	242.20
	1,630.90	806.45

27 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
(A) Net gain/(loss) on financial instruments measured at fair value through profit or loss		
On trading portfolio:		
Realised gain/(loss) on debt instruments at FVTPL	252.27	192.27
Unrealised gain/(loss) on debt instruments at FVTPL	4.19	(15.46)
(B) Others		
Realised gain/(loss) on sale of debt FVOCI instruments	0.27	6.62
	256.73	183.43

28 Sale of services

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Service fees for management of assigned portfolio of loans	62.90	67.66
	62.90	67.66

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

29 Recoveries of financial assets written off

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Recoveries of financial assets written off	83.11	58.39
Net realisation on sale of written off loans	4.69	10.07
	87.80	68.46

30 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Interest on income tax refund	–	1.86
Net gain on disposal of property, plant and equipment	3.65	–
Net gain on foreign currency transaction and translation	0.05	0.01
Dividend income (₹ 12,000, Previous year ₹ 10,688)		
Miscellaneous income	13.18	10.41
	16.88	12.28

31 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
On financial liabilities measured at amortised cost:		
On debt securities	2,865.98	2,468.94
On borrowings other than debt securities	1,847.89	1,277.38
On subordinated debts	352.29	341.34
On deposits	868.22	476.41
On others	4.47	2.88
	5,938.85	4,566.95

32 Fees and commission expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Commission and incentives	61.64	42.02
Recovery costs	646.87	491.43
Loan portfolio management service charges	52.61	–
	761.12	533.45

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

33 Impairment on financial instruments

(₹ In Crore)

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	At amortised cost	At FVOCI	Total	At amortised cost	At FVOCI	Total
On loans	1,414.70	52.61	1,467.31	891.27	110.20	1,001.47
On others	8.98	–	8.98	24.55	–	24.55
	1,423.68	52.61	1,476.29	915.82	110.20	1,026.02

34 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Employees emoluments	1,538.37	1,293.90
Contribution to provident fund and other funds	64.17	53.23
Share based payment to employees	74.79	45.01
Staff welfare expenses	43.84	23.34
	1,721.17	1,415.48

35 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Insurance	3.22	2.88
Rent, taxes and energy cost	80.77	62.88
Director's fees, commission and expenses	4.17	3.45
Communication expenses	67.95	63.88
Outsourcing/back office expenses	196.07	196.03
Travelling expenses	186.03	159.21
Information technology expenses	155.05	137.48
Bank charges	98.45	82.03
Net loss on disposal of property, plant and equipment	–	0.37
Auditor's fees and expenses*	0.66	0.63
Advertisement, branding and promotion	182.12	166.04
Expenditure towards Corporate Social Responsibility activities**	56.78	39.56
Repairs and maintenance	49.99	37.51
Printing and stationery	15.22	10.98
Legal and professional charges	15.09	14.91
Customer experience	67.15	43.14
Miscellaneous expenses	152.03	153.60
	1,330.75	1,174.58

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

35 Other expenses (Contd.)

* Payment to auditor (net of service tax/GST credit availed)#

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Audit fee	0.44	0.36
Tax audit fee	0.05	0.05
Limited review fees	0.09	0.09
In other capacity:		
Other services	0.06	0.10
Reimbursement of expenses	0.02	0.03
	0.66	0.63

Excludes fees of ₹ 0.33 crore incurred in the year ended 31 March 2018 in respect of fund raised through Qualified Institutional Placement, adjusted against securities premium.

** Corporate Social Responsibility expenditure

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(a) Gross amount required to be spent by the Company during the year	56.59	39.40
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	–	–
(ii) On purpose other than (i) above	56.78	39.56

36 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2019	2018
(A) Net profit attributable to equity shareholders (₹ In Crore)	3,890.34	2,484.51
(B) Weighted average number of equity shares for basic earnings per share	576,195,060	562,553,482
Effect of dilution:		
Employee stock option	4,854,887	5,811,764
(C) Weighted average number of equity shares for diluted earnings per share	581,049,948	568,365,246
Earning per share (Basic) (₹) (A/B)	67.52	44.16
Earning per share (Diluted) (₹) (A/C)	66.95	43.71

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

37 Segment Information

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

38 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

39 Revenue from contract with customers

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Type of services		
Service and administration charges	573.06	342.89
Fees on value added services and products	318.91	196.69
Foreclosure charges	103.42	24.67
Distribution income	635.51	242.20
Sale of services	62.90	67.66
	1,693.80	874.11
Geographical markets		
India	1,693.80	874.11
Outside India	–	–
	1,693.80	874.11
Timing of revenue recognition		
Services transferred at a point in time	1,693.80	874.11
Services transferred over time	–	–
	1,693.80	874.11

Contract balances

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Service asset	92.95	98.59
Fees, commission and others	140.08	60.51
	233.03	159.10

– Accounts receivable are recognised when the right to consideration becomes unconditional.

– Impairment loss allowance charge recognised for contract asset is ₹ Nil (Previous year ₹ Nil)

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

40 Employee benefits plan

Defined benefit plans

(A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

Movement in defined benefit obligations

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Defined benefit obligation as at the opening of the year	78.72	57.36
Current service cost	16.56	12.62
Interest on defined benefit obligation	5.89	4.12
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	0.46	4.20
Actuarial loss/(gain) arising from change in demographic assumptions	0.06	(10.91)
Actuarial loss/(gain) arising on account of experience changes	11.44	13.80
Benefits paid	(3.75)	(2.02)
Liabilities assumed/(settled)*	(13.17)	(0.45)
Defined benefit obligation as at the end of the year	96.21	78.72

* On account of business combination within the Group.

Movement in plan assets

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Fair value of plan asset as at the beginning of the year	54.34	43.14
Employer contributions	24.86	11.24
Interest on plan assets	4.87	3.42
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(1.77)	(1.00)
Benefits paid	(3.75)	(2.02)
Assets acquired/(settled)*	(13.17)	(0.45)
Fair value of plan asset as at the end of the year	65.38	54.34

* On account of business combination within the Group.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

40 Employee benefits plan (Contd.)

(A) Gratuity (Contd.)

Reconciliation of net liability/asset

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Net defined benefit liability/(asset) as at the beginning of the year	24.48	14.36
Expense charged to Statement of Profit and Loss	17.59	13.33
Amount recognised in other comprehensive income	13.64	8.04
Employer contributions	(24.86)	(11.24)
Net defined benefit liability/(asset) as at the end of the year	30.85	24.48

Expenses charged to the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	16.56	12.62
Interest cost	1.03	0.71
	17.59	13.33

Movement in asset ceiling

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Value of asset ceiling as at the beginning of the year	0.10	0.14
Interest on opening balance of asset ceiling	0.01	0.01
Remeasurements due to change in surplus/deficit	(0.09)	(0.06)
Value of asset ceiling as at the end of the year	0.02	0.10

Remeasurement (gains)/losses in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening amount recognised in other comprehensive income	21.24	13.21
Changes in financial assumptions	0.46	4.20
Changes in demographic assumptions	0.06	(10.91)
Experience adjustments	11.44	13.80
Actual return on plan assets less interest on plan assets	1.77	1.00
Adjustment to recognise the effect of asset ceiling	(0.09)	(0.06)
Closing amount recognised outside profit or loss in other comprehensive income	34.88	21.24

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

40 Employee benefits plan (Contd.)

Amount recognised in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Present value of funded defined benefit obligation	96.21	78.72	57.36
Fair value of plan assets	65.38	54.34	43.14
Net funded obligation	30.83	24.38	14.22
Amount not recognised due to asset limit	0.02	0.10	0.14
Net defined benefit liability recognised in Balance Sheet	30.85	24.48	14.36

Key actuarial assumptions

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Discount rate (p.a.)	7.70%	7.75%	7.35%
Salary escalation rate (p.a.)	11%	11%	10%
Category of plan assets			
Insurer managed funds	100%	100%	100%

Sensitivity analysis for significant assumptions is as shown below

Particulars	As at 31 March 2019		As at 31 March 2018	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(4.60%)	4.77%	(4.66%)	4.84%
Impact of decrease in 50 bps on defined benefit obligation	4.94%	(4.48%)	5.01%	(4.55%)

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

40 Employee benefits plan (Contd.)

Projected plan cash flow

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Maturity Profile		
Expected benefits for year 1	6.48	5.43
Expected benefits for year 2	6.64	5.42
Expected benefits for year 3	7.87	5.71
Expected benefits for year 4	7.86	6.48
Expected benefits for year 5	8.00	6.35
Expected benefits for year 6	8.34	6.56
Expected benefits for year 7	8.29	6.73
Expected benefits for year 8	9.66	6.81
Expected benefits for year 9	8.59	7.83
Expected benefits for year 10 and above	164.47	139.08

Expected contribution to fund in the next year

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Expected contribution to fund in the next year	29.50	19.50

(B) Compensated absences

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Maturity Profile			
Present value of unfunded obligations	7.39	21.40	20.68
Expense recognised in the Statement of Profit and Loss	2.77	19.56	16.88
Discount rate (p.a.)	7.70%	7.75%	7.35%
Salary escalation rate (p.a)	11%	11%	10%

(C) Long-term service benefit liabilty

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of unfunded obligations	7.18	5.53	5.52
Expense recognised in the Statement of Profit and Loss	1.65	0.01	5.52
Discount rate (p.a.)	7.70%	7.75%	7.35%

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

40 Employee benefits plan (Contd.)

(D) Provident fund

In case of certain employees, the Provident fund contribution is made to Bajaj Auto Ltd. Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as of 31 March 2019. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are as set out below:

Movement in defined benefit obligations

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Defined benefit obligations as the beginning of the year	240.79	176.35
Current service cost	21.09	18.08
Interest on defined benefit obligation	19.60	13.90
Remeasurement due to:		
Actuarial loss/(gain) arising on account of experience changes	1.83	3.76
Employees contribution	43.54	37.01
Benefits paid	(17.99)	(10.58)
Liabilities assumed/(settled)*	(23.49)	2.27
Defined benefit obligation as at the end of the year	285.37	240.79

* On account of business combination within the Group.

Movement in plan assets

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Fair value of plan asset as at the beginning of the year	240.79	176.35
Interest on plan assets	19.60	13.90
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	1.83	3.76
Employer contribution	21.09	18.08
Employees contribution	43.54	37.01
Benefits paid	(17.99)	(10.58)
Assets acquired/(settled)*	(23.49)	2.27
Fair value of plan asset as at the end of the year	285.37	240.79

* On account of business combination within the Group.

Reconciliation of net liability/asset

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Net defined benefit liability/(asset) as at the beginning of the year	–	–
Expense charged to Statement of Profit and Loss	21.09	18.08
Employer contribution	(21.09)	(18.08)
Net defined benefit liability/(asset) as at the end of the year	–	–

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

40 Employee benefits plan (Contd.)

Expenses charged to the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Current service cost	21.09	18.08
	21.09	18.08

Remeasurement gains/(losses) in other comprehensive income

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Opening amount recognised in other comprehensive income	–	–
Experience adjustments	1.83	3.76
Actual return on plan assets less interest on plan assets	(1.83)	(3.76)
Closing amount recognised outside profit or loss in other comprehensive income	–	–

Amount recognised in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Present value of funded defined benefit obligation	285.37	240.79	176.35
Fair value of plan assets	285.37	240.79	176.35
Net funded obligation	–	–	–
Amount not recognised due to asset limit	–	–	–
Net defined benefit liability/(asset) recognised in Balance Sheet	–	–	–

Key actuarial assumptions

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Discount rate (p.a.)	7.70%	7.75%	7.35%
Future derived return on assets (p.a.)	8.68%	8.64%	8.90%
Discount rate for the remaining term to maturity of the investment (p.a.)	7.35%	7.65%	7.15%
Average historical yield on the investment portfolio (p.a.)	8.33%	8.54%	8.70%
Guaranteed rate of return (p.a.)	8.65%	8.55%	8.65%

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

40 Employee benefits plan (Contd.)

Category of plan assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Government debt securities	148.97	121.12	91.70
Other debt instruments	94.81	84.10	63.49
Others	41.59	35.57	21.16
	285.37	240.79	176.35

Sensitivity analysis for significant assumptions is as shown below

The following table summarises the impact in absolute terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the difference between the rate earned and the guaranteed rate.

Particulars	As at 31 March 2019		As at 31 March 2018	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	–	–	–	–

41 Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Disputed claims against the Company not acknowledged as debts	28.04	31.27	17.29
VAT matters under appeal	4.39	2.39	2.24
ESI matters under appeal	5.14	5.14	5.14
Service tax matters under appeal			
On interest subsidy	1,340.49	1,243.80	1,147.10
On penal interest/charges	245.19	–	–
On others	5.45	3.11	4.43
Income tax matters			
Appeals by the Company	0.32	8.90	12.93
Appeals by the Income tax department	0.24	32.98	32.98

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

41 Contingent liabilities and commitments (Contd.)

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

(ii) The Commissioner, Service Tax Commissionerate, Pune, through an order dated 31 March 2017, has confirmed the demand of service tax of ₹ 644.65 crore and penalties of ₹ 198.95 crore from the Company in relation to the interest subsidy the Company received from manufacturers and dealers during the period 1 April 2010 to 30 September 2016. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2019 amounted to ₹ 496.89 crore. In accordance with legal advice, the Company filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. The Company, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

(iii) The Commissioner, Central Excise and CGST, Pune–I Commissionerate, through an order dated 7 September 2018, has confirmed the demand of service tax of ₹ 53.87 crore and penalties of ₹ 53.87 crore from the Company in relation to the penal interest/charges the Company received from the customers during the period 1 July 2012 to 31 March 2017. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Company pays the service tax demanded, which as at 31 March 2019 amounted to ₹ 43.36 crore. In accordance with legal advice, the Company filed an appeal on 26 December 2018 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.

In addition, the Commissioner, Central Excise and CGST, Pune–I Commissionerate, has issued a periodical show cause notice on 30 March 2019 demanding payment of service tax of ₹ 40.22 crore and penalty thereon of ₹ 40.22 crore on penal interest/charges received by the Company from the customers during the period 1 April 2016 to 30 June 2017. The Commissioner has also demanded payment of interest on the service tax amount demanded, through a show cause notice, until the date the Company pays the demand, which as at 31 March 2019, amounted to ₹ 13.65 crore. The Company is in the process of preparation and filing of reply against this periodical show cause notice.

(iv) 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.

(v) H'ble Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The Company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal counsel and the response/ direction from the authorities, including on representations made by an industry association in this regard.

(b) Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))	32.37	41.32	17.77
(ii) Other commitments – towards partially disbursed/un-encashed loans	336.31	335.14	2,233.15
	368.68	376.46	2,250.92

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

41 Contingent liabilities and commitments (Contd.)

(C) Lease commitments

The Company's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellations by either party or certain agreements contains clause for escalation of lease payments. The non-cancellable operating lease agreements are ranging from 36 to 60 months. There are no sub-leases. An amount of ₹ 65.24 crore (Previous year ₹ 48.32 crore) has been charged as lease payments to the Statement of Profit and Loss.

The total future minimum lease rentals payable at the Balance Sheet date for non-cancellable portion of the leases are as under:

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Minimum lease obligations:		
Not later than one year	13.90	4.50
Later than one year but not later than five years	36.18	12.80
Later than five years	5.07	0.68

42 Unhedged foreign currency exposure

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Foriegn currency	₹ In Crore	Foriegn currency	₹ In Crore	Foriegn currency	₹ In Crore
USD	488,888	3.41	932,079	6.14	124,445	0.82
Pound	–	–	9,461	0.09	–	–

43 Changes in liability

The Company does not have any financing activities which affect the capital and asset structure of the Company without the use of cash and cash equivalents.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019		2018	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
(A) Holding Company, subsidiaries and fellow subsidiaries					
1. Bajaj Finserv Ltd. (Holding company)	Contribution to equity (317,816,130 shares of ₹ 2 each)	–	(63.56)	–	(63.56)
	Dividend paid	127.13	–	114.41	–
	Business support charges paid	16.55	–	10.07	–
	Business support charges received	0.34	–	0.31	–
	Secured non-convertible debentures issued	–	(751.00)	–	(635.00)
	Secured non-convertible debentures redemption	10.00	–	–	–
	Interest paid on non-convertible debentures	64.01	–	39.12	–
	Fixed deposits repaid	–	–	50.00	–
	Interest incurred on fixed deposits	–	–	2.71	–
	Asset sale	0.51	–	0.09	–
	License fee paid (₹ 505, Previous year ₹ 505)		–		–
	Other receipts	0.07	–	0.07	–
	Other payments	0.86	–	–	–
2. Bajaj Housing Finance Ltd. (Subsidiary)	Investment in equity shares	2,000.00	3,528.00	1,200.00	1,528.00
	Purchase of equity shares of Bajaj Financial Securities Ltd.	20.38	–	–	–
	Security deposit	–	0.08	0.08	0.08
	Business support charges paid	1.13	–	1.98	–
	Business support charges received	18.69	–	17.75	2.17
	Rent paid	0.17	–	0.18	–
	Fees and commission paid	54.15	–	–	–
	Assignment of loan portfolio	393.54	–	–	–
	Servicing fees received on assignment of loans	0.68	–	–	–
	Asset purchase	0.04	–	–	–
	Asset sale	4.67	–	–	–
	Other payments	1.81	–	–	–
	Other receipts	0.38	–	–	–
3. Bajaj Financial Securities Ltd. (Subsidiary)	Investment in equity shares	–	20.38	–	–
	Fixed deposits repaid	–	–	0.11	–
	Interest incurred on fixed deposits	–	–	0.01	–
4. Bajaj Allianz Life Insurance Company Ltd. (Fellow subsidiary)	Contribution to equity (200,000 shares of ₹ 2 each)	–	(0.04)	–	–
	Security deposit for property	–	0.60	–	0.60
	Insurance expenses	3.68	–	3.02	0.03
	Insurance premium adjusted (including cancellation receipts)	223.80	4.61	238.60	1.40
	Commission income	15.72	3.25	3.60	0.93
	Secured non-convertible debentures issued	–	(245.00)	–	(65.00)
	Unsecured non-convertible debentures issued	–	(397.50)	–	(72.50)
	Secured non-convertible debentures redemption	20.00	–	30.00	–
	Interest paid on non-convertible debentures	12.16	–	25.56	–
	Business support charges received	0.09	0.05	0.19	0.03
	Rent and maintenance expense	0.86	(0.07)	0.93	–
	Claim receipts	32.05	–	2.91	–

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019		2018	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
5. Bajaj Allianz General Insurance Company Ltd. (Fellow subsidiary)	Insurance expenses	18.07	0.30	13.65	(1.09)
	Insurance premium adjusted (including cancellation receipts)	452.73	(0.16)	287.57	3.49
	Commission income	65.38	10.94	28.59	8.28
	Secured non-convertible debentures issued	–	(400.00)	–	(50.00)
	Unsecured non-convertible debentures issued	–	(40.00)	–	(40.00)
	Secured non-convertible debentures redemption	–	–	60.00	–
	Interest paid on non-convertible debentures	7.44	–	15.51	–
	Business support charges received	–	–	0.10	–
	Interest subsidy received	3.24	–	1.19	–
	Claim receipts	1.31	–	–	–
6. Bajaj Finserv Direct Ltd. (Fellow subsidiary)	Business support charges paid	24.41	(1.04)	–	–
	Sourcing commission paid	37.23	(5.97)	–	–
	Assets purchase	0.13	(0.14)	–	–
	Asset sale	20.79	–	–	–
	Other payments	0.73	–	–	–
	Others receipts	0.51	0.02	–	–
(B) Key managerial personnel and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.05	–	0.06	–
	Commission	0.09	(0.08)	0.12	(0.11)
2. Nanoo Pamnani (Vice Chairman)	Sitting fees	0.09	–	0.08	–
	Commission	1.97	(1.95)	1.16	(1.14)
3. Sanjiv Bajaj (Vice Chairman)	Sitting fees	0.09	–	0.10	–
	Commission	0.17	(0.15)	0.19	(0.17)
4. Rajeev Jain (Managing Director)	Remuneration	11.75	(6.36)	10.06	(5.16)
	Equity shares issued pursuant to stock option scheme	2.19	–	1.80	–
	Fair value of stock options granted	10.91	–	6.41	–
5. Madhur Bajaj (Director)	Sitting fees	0.04	–	0.04	–
	Commission	0.08	(0.07)	0.08	(0.07)
6. Rajiv Bajaj (Director)	Sitting fees	0.04	–	0.03	–
	Commission	0.07	(0.06)	0.06	(0.05)
7. Dipak Poddar (Director)	Sitting fees	0.05	–	0.05	–
	Commission	0.10	(0.09)	0.10	(0.09)
8. D.S.Mehta (Director)	Sitting fees	0.05	–	0.06	–
	Commission	0.10	(0.09)	0.11	0.10
	Fixed deposit accepted	2.95	(8.28)	5.01	(5.33)
	Fixed deposit repaid	–	–	4.25	–
	Interest paid on fixed deposit	–	–	0.84	–
	Fixed deposit interest accrued	0.67	(0.87)	0.45	(0.21)
9. Ranjan Sanghi (Director)	Sitting fees	0.07	–	0.09	–
	Commission	0.13	(0.12)	0.17	(0.15)
10. Rajendra Lakhotia (Director)	Sitting fees	0.05	–	0.06	–
	Commission	0.10	(0.08)	0.12	(0.10)
11. D J Balaji Rao (Director)	Sitting fees	0.04	–	0.04	–
	Commission	0.08	(0.07)	0.07	(0.06)
12. Omkar Goswami (Director)	Sitting fees	0.06	–	0.07	–
	Commission	0.12	(0.11)	0.13	(0.12)

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019		2018	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
13. Gita Piramal (Director)	Sitting fees	0.05	–	0.05	–
	Commission	0.09	(0.08)	0.09	(0.08)
14. Shekher Bajaj	Nil	–	–	–	–
15. Niraj Bajaj	Nil	–	–	–	–
(C) Other entities					
1. Bajaj Auto Ltd.	Investment in equity shares (₹ 7,685)	–		–	
	Dividend received (₹ 9,000, Previous year ₹ 8,250)		–		–
	Security deposit	–	0.21	–	0.21
	Interest subsidy received	9.85	–	23.78	1.87
	Business support charges paid	25.68	(0.83)	26.36	(0.56)
	Business support charges received	0.23	–	0.51	0.03
2. Bajaj Holdings & Investments Ltd.	Investment in equity shares (₹ 19,646)	–		–	
	Dividend received (₹ 3,000, previous year ₹ 2,438)		–		–
	Business support charges paid	2.54	–	2.54	–
	Business support charges received	0.34	–	0.31	–
	Other payments	0.03	–	0.03	–
	Other receipts	0.01	–	0.03	–
3. Mukand Ltd.	Loan given	–	24.41	25.00	42.63
	Principal repayment received	18.22	–	16.34	–
	Income received	4.10	–	4.30	–
4. Hind Musafir Agency Ltd.	Services received	39.50	(1.99)	33.34	(0.66)
5. Bajaj Electricals Ltd.	Assets purchased	0.49	(0.06)	0.14	0.01
6. Jamnalal Sons Pvt. Ltd.	Contribution to equity (940 shares of ₹ 2 each ₹ 1,880)	–		–	
	Dividend paid (₹ 3,760, previous year ₹ 3,384)		–		–
	Security deposit	–	0.19	0.10	0.19
	Rent and other expenses	0.49	–	0.39	–
7. Maharashtra Scooters Ltd.	Contribution to equity (18,974,660 shares of ₹ 2 each)	–	(3.79)	–	(3.79)
	Dividend paid	7.59	–	6.83	–
	Business support charges received	0.12	–	0.12	–
	Secured non-convertible debentures issued	–	(140.00)	–	(80.00)
	Secured non-convertible debentures redemption	5.00	–	–	–
	Interest paid on non-convertible debentures	10.24	–	7.20	–
(D) Post employment benefit entity					
1. Bajaj Auto Ltd. Provident Fund	Unsecured non-convertible debentures issued	–	(52.00)	–	(52.00)
	Interest paid on non-convertible debentures	4.92	–	2.81	–
	Provident fund contribution (Employer's share)	21.09	(5.82)	18.08	(4.85)
2. Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.49	–	0.42	–
3. Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	6.00	–	–	–
4. Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	19.00	–	10.11	–

Notes

- Transaction values are excluding taxes and duties.
- Amounts in bracket denote credit balance.
- Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosures have been made only when there have been transactions with those parties.
- Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on an arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

45 Capital

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

(i) Capital management

Objective

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

The Company monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis through its Assets Liability Management Committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

The Company's dividend distribution policy states that subject to profit, the Board shall endeavour to maintain a dividend payout (including dividend distribution tax) of around 15% of profits after tax on standalone financials, to the extent possible.

The Company is also the provider of equity capital to its wholly owned subsidiaries and also provides them with non-equity capital where necessary. These investments are funded by the Company through its equity share capital and other equity which inter alia includes retained profits.

(ii) Regulatory capital

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Tier I capital	17,025.70	14,836.83	8,285.57
Tier II capital	4,587.47	4,455.44	3,828.27
	21,613.17	19,292.27	12,113.84
Risk weighted assets (RWA)	104,606.38	80,452.27	62,119.80
Tier I CRAR	16.27%	18.44%	13.34%
Tier II CRAR	4.39%	5.54%	6.16%
	20.66%	23.98%	19.50%

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

45 Capital (Contd.)

(iii) Dividend distributions made and proposed

Dividends on equity shares declared and paid during the year

(₹ In Crore)

Particulars	FY2019	FY2018
Dividend paid including dividend distribution tax out of profits of previous year*	278.71	238.26
Profit as per previous GAAP for the relevant year	2,646.70	1,836.55
Dividend as a percentage of profit for the relevant year	10.53%	12.97%

* Includes amount paid ₹ 0.83 crore (Previous year ₹ 0.83 crore) on unexercised option to Trust which do not accrete to it.

Proposed for approval at the annual general meeting (not recognised as a liability as at 31 March 2019)

Particulars	(₹ In Crore)
Dividend on equity shares at ₹ 6 per share	347.94
Add: Dividend distribution tax on dividend proposed	71.52
Total dividend including dividend distribution tax (a)	419.46
Profit after tax for the year ended 31 March 2019 (b)	3,890.34
Dividend proposed as a percentage of profit after tax (a/b)	10.78%

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

46 Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

47 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note no. 48) using quoted market prices of the underlying instruments;
- Fair values of strategic investments in equity instruments designated under FVOCI have been measured under level 3 (refer note no. 48) at fair value based on a discounted cash flow model.
- Fair values of other investments under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, investments in equity instruments designated at FVOCI, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

48 Fair value hierarchy

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation based on using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Equity investments designated under FVOCI has been valued using discounted cash flow method.

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2019

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-19	5,286.57	–	–	5,286.57
Equity instrument classified under FVOCI*	31-Mar-19	–	–	225.00	225.00
Other investments under FVOCI	31-Mar-19	1,256.75	–	–	1,256.75
Loans under FVOCI	31-Mar-19	–	4,961.55	–	4,961.55
		6,543.32	4,961.55	225.00	11,729.87

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2018

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-18	1,079.99	–	–	1,079.99
Equity instrument classified under FVOCI*	31-Mar-18	–	–	225.00	225.00
Other investments under FVOCI	31-Mar-18	778.05	–	–	778.05
Loans under FVOCI	31-Mar-18	–	7,637.41	–	7,637.41
		1,858.04	7,637.41	225.00	9,720.45

* There is no fair value gains/losses on equity instruments designated under FVOCI.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

48 Fair value hierarchy (Contd.)

Quantitative disclosures of fair value measurement hierarchy for assets as at 1 April 2017

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	1-Apr-17	3,119.59	–	–	3,119.59
Investments under FVOCI	1-Apr-17	662.38	–	–	662.38
Loans under FVOCI	1-Apr-17	–	9,160.97	–	9,160.97
		3,781.97	9,160.97	–	12,942.94

Sensitivity analysis of significant unobservable input on the fair value of equity instrument classified under FVOCI

Particulars	Sensitivity to fair value as at 31 March 2019	
	1% increase	1% decrease
Discounting rate	(7.18)	6.43
Cash flows	5.66	(6.54)

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

48 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	240.00	240.00	–	–	240.00
Bank balances other than cash and cash equivalents	1.69	1.69	–	–	1.69
Trade receivables	805.38	–	–	805.38	805.38
Other receivables	86.59	–	–	86.59	86.59
Loans	90,219.71	–	–	90,525.14	90,525.14
Investments	53.71	–	–	54.09	54.09
Other financial assets	297.04	–	–	297.04	297.04
	91,704.12	241.69	–	91,768.24	92,009.93
Financial liabilities					
Trade payables	547.69	–	–	547.69	547.69
Other payables	218.64	–	–	218.64	218.64
Debt Securities	39,048.97	–	38,777.14	–	38,777.14
Borrowings (other than debt securities)	29,970.67	–	–	29,970.67	29,970.67
Deposits	13,193.01	–	13,015.54	–	13,015.54
Subordinated debts	4,139.07	–	4,199.26	–	4,199.26
Other financial liabilities	1,411.81	–	–	1,411.81	1,411.81
	88,529.86	–	55,991.94	32,148.81	88,140.75

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

48 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	227.33	227.33	–	–	227.33
Bank balances other than cash and cash equivalents	1.49	1.49	–	–	1.49
Trade receivables	585.21	–	–	585.21	585.21
Other receivables	53.64	–	–	53.64	53.64
Loans	67,895.47	–	–	68,315.78	68,315.78
Investments	42.42	–	–	42.70	42.70
Other financial assets	254.79	–	–	254.79	254.79
	69,060.35	228.82	–	69,252.12	69,480.94
Financial liabilities					
Trade payables	439.32	–	–	439.32	439.32
Other payables	169.94	–	–	169.94	169.94
Debt Securities	31,528.94	–	31,231.14	–	31,231.14
Borrowings (other than debt securities)	20,169.36	–	–	20,169.36	20,169.36
Deposits	7,792.87	–	7,909.79	–	7,909.79
Subordinated debts	4,138.16	–	4,282.89	–	4,282.89
Other financial liabilities	1,249.38	–	–	1,249.38	1,249.38
	65,487.97	–	43,423.82	22,028.00	65,451.82

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

48 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	324.69	324.69	–	–	324.69
Bank balances other than cash and cash equivalents	1.18	1.18	–	–	1.18
Trade receivables	403.93	–	–	403.93	403.93
Other receivables	62.23	–	–	62.23	62.23
Loans	46,284.85	–	–	46,720.97	46,720.97
Other financial assets	487.99	–	–	487.99	487.99
	47,564.87	325.87	–	47,675.12	48,000.99
Financial liabilities					
Trade payables	287.81	–	–	287.81	287.81
Other payables	90.35	–	–	90.35	90.35
Debt Securities	25,709.67	–	26,048.78	–	26,048.78
Borrowings (other than debt securities)	17,409.94	–	–	17,409.94	17,409.94
Deposits	4,272.28	–	4,301.11	–	4,301.11
Subordinated debts	3,501.37	–	3,757.25	–	3,757.25
Other financial liabilities	1,316.92	–	–	1,316.92	1,316.92
	52,588.34	–	34,107.14	19,105.02	53,212.16

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies

Risk Management Framework

A summary of the major risks faced by the Company, its measurement monitoring and management are described as under:

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises: • when long term assets cannot be funded at the expected term resulting in cashflow mismatches; • amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is: • measured by identifying gaps in the structural and dynamic liquidity statements. • monitored by – assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. – periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. • managed by the Company's treasury team under the guidance of ALCO.
Interest rate risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee	Interest rate risk is: • measured using Valuation at Risk ('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income. • monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities. • managed by the Company's treasury team under the guidance of ALCO.
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company	Board appointed Risk Management Committee	Credit risk is: • measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various matrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. • monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks. • managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle Management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed Risk Management Committee.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company maintains a judicious mix of borrowings from banks, money markets and public and other deposits. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company maintain a healthy asset liability position and contain interest rate movements during the financial year 2018-19 (FY2019) – the weighted average cost of borrowing moved only 15 bps despite volatile market conditions. The Company continues to evaluate new sources of borrowing by way of new routes of funding like rupee denominated External Commercial Borrowings (ECB) –masala bonds and Foreign currency denominated bonds.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities:

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	14,252.58	30,721.51	44,974.09	9,430.46	27,347.56	36,778.02	9,888.05	19,559.22	29,447.27
Borrowings (other than debt securities)	10,264.87	25,161.61	35,426.49	8,400.27	16,193.21	24,593.48	7,075.31	14,604.05	21,679.35
Deposits	8,341.96	6,484.17	14,826.13	4,623.99	4,165.27	8,789.26	2,215.02	2,632.48	4,847.50
Subordinated debts	352.15	6,080.56	6,432.71	356.80	6,435.07	6,791.88	303.77	5,518.71	5,822.47
Trade payables	547.69	-	547.69	439.32	-	439.32	287.81	-	287.81
Other payables	218.64	-	218.64	169.94	-	169.94	90.35	-	90.35
Other financial liabilities	1,411.81	-	1,411.81	1,249.38	-	1,249.38	1,316.92	-	1,316.92
	35,389.70	68,447.85	103,837.55	24,670.17	54,141.11	78,811.28	21,177.22	42,314.46	63,491.68

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	240.00	–	240.00	227.33	–	227.33	324.69	–	324.69
Bank balances other than cash and cash equivalents	1.69	–	1.69	1.49	–	1.49	1.18	–	1.18
Trade receivables	805.38	–	805.38	585.21	–	585.21	403.93	–	403.93
Other receivables	86.59	–	86.59	53.64	–	53.64	62.23	–	62.23
Loans	42,254.19	52,927.07	95,181.26	33,395.77	42,137.11	75,532.88	23,773.32	31,672.50	55,445.82
Investments	5,309.78	5,060.63	10,370.41	1,294.57	2,358.89	3,653.46	2,663.53	1,446.44	4,109.97
Other financial assets	297.04	–	297.04	254.79	–	254.79	487.99	–	487.99
Non-financial assets									
Current tax assets (net)	–	147.80	147.80	–	24.28	24.28	–	33.28	33.28
Deferred tax assets (net)	–	660.83	660.83	–	762.98	762.98	–	673.23	673.23
Property, plant and equipment	–	495.84	495.84	–	343.87	343.87	–	285.90	285.90
Other intangible assets	–	158.49	158.49	–	120.79	120.79	–	75.23	75.23
Other non-financial assets	37.52	17.02	54.54	41.46	13.25	54.71	14.70	3.26	17.96
	49,032.19	59,467.68	108,499.87	35,854.26	45,761.17	81,615.43	27,731.57	34,189.84	61,921.41
LIABILITIES									
Financial liabilities									
Trade payables	547.69	–	547.69	439.32	–	439.32	287.81	–	287.81
Other payables	218.64	–	218.64	169.94	–	169.94	90.35	–	90.35
Debt securities	13,891.75	25,157.22	39,048.97	9,187.56	22,341.38	31,528.94	9,982.10	15,727.57	25,709.67
Borrowings (other than debt securities)	8,283.06	21,687.61	29,970.67	6,885.61	13,283.75	20,169.36	6,316.20	11,093.74	17,409.94
Deposits	8,024.43	5,168.58	13,193.01	4,256.20	3,536.67	7,792.87	2,049.59	2,222.69	4,272.28
Subordinated debts	–	4,139.07	4,139.07	–	4,138.16	4,138.16	–	3,501.37	3,501.37
Other financial liabilities	1,411.81	–	1,411.81	1,249.38	–	1,249.38	1,316.92	–	1,316.92
Non-financial liabilities									
Current tax liabilities (net)	22.37	–	22.37	24.87	–	24.87	79.43	–	79.43
Provisions	20.97	47.91	68.88	21.40	40.31	61.71	20.68	29.93	50.61
Other non-financial liabilities	247.67	67.46	315.13	193.36	30.31	223.67	92.64	76.36	169.00
	32,668.39	56,267.85	88,936.24	22,427.64	43,370.58	65,798.22	20,235.72	32,651.66	52,887.38

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk.

Interest rate risk

On investments

During FY2019, the Company recalibrated its investment portfolio to holding shorter duration investments which resulted in minimal fair value change impact on its investment portfolio. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR and the parameters for monitoring the same are defined in its investment policy.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	53.71	54.09	(0.59)	0.60
Investment at FVTPL	5,286.57	5,286.57	(11.48)	11.48
Investment at FVOCI (other than equity)	1,256.75	1,256.75	(44.07)	44.07

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	42.42	42.70	(0.46)	0.47
Investment at FVTPL	1,079.99	1,079.99	(2.57)	2.57
Investment at FVOCI (other than equity)	778.05	778.05	(31.28)	31.28

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	–	–	–	–
Investment at FVTPL	3,119.59	3,119.59	(58.19)	58.19
Investment at FVOCI (other than equity)	662.38	662.38	(40.00)	40.00

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	95,181.26	95,486.69	(833.73)	857.72
Debt Securities	39,048.97	38,777.14	(685.37)	720.31
Borrowings (other than debt securities)	29,970.67	29,970.67	–	–
Deposits	13,193.01	13,015.54	(174.79)	179.91
Subordinated debts	4,139.07	4,199.26	(184.46)	197.31

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	75,532.88	75,953.19	(580.61)	598.38
Debt Securities	31,528.94	31,231.14	(560.41)	585.38
Borrowings (other than debt securities)	20,169.36	20,169.36	–	–
Deposits	7,792.87	7,909.79	(94.33)	96.32
Subordinated debts	4,138.16	4,282.89	(210.40)	226.66

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	55,445.82	55,881.94	(380.66)	390.87
Debt Securities	25,709.67	26,048.78	(420.28)	437.74
Borrowings (other than debt securities)	17,409.94	17,409.94	–	–
Deposits	4,272.28	4,301.11	(59.45)	60.89
Subordinated debts	3,501.37	3,757.25	(198.72)	215.18

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. It has a diversified lending model and focuses on six broad categories viz: (i) consumer lending, (ii) SME lending, (iii) rural lending, (iv) mortgages, (v) loan against securities, and (vi) commercial lending. The Company assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) along with an adjustment considering forward macro economic conditions [for a detailed note for methodology of computation of ECL please refer to significant accounting policies note no 3.4(i) to the financial statements].

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant:

<table>
<tr><th rowspan="2">Lending verticals</th><th rowspan="2">Nature of businesses</th><th colspan="3">PD</th><th rowspan="2">EAD</th><th rowspan="2">LGD</th></tr>
<tr><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Consumer lending – B2B</td><td>Financing for products such as two wheeler, three wheeler, consumer durable, digital, lifecare and furniture etc.</td><td>Use of application and behavioural scorecards</td><td rowspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td rowspan="2">100%</td><td rowspan="7">EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date</td><td rowspan="7">Past trends of recoveries for each set of portfolios are discounted a reasonable approximation of the original effective rates of interest.</td></tr>
<tr><td>Consumer lending – B2C</td><td>Personal loans to salaried and self employed individuals</td><td>Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td></tr>
<tr><td>SME lending</td><td>Unsecured and secured loans to SME's, self employed customers and professionals</td><td colspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td rowspan="3">100%</td></tr>
<tr><td>Rural lending – B2B</td><td>Financing for products such as consumer durable, digital and furniture etc.</td><td>Use application and behavioural scorecards</td><td rowspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td></tr>
<tr><td>Rural lending – B2C</td><td>Personal loans to salaried, self employed customers and professionals</td><td>Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td></tr>
<tr><td>Mortgages</td><td>Home loans, loans against property, developer finance and lease rental discounting</td><td colspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers for retail loans and internal evaluation with a management overlay for wholesale loans.</td><td>100%</td></tr>
<tr><td>Loans against securities</td><td>Loans against shares, mutual funds, deposits and insurance policies</td><td colspan="2">Determined on evaluation of time to sell in event of defaults</td><td>100%</td><td>EAD is computed based on assessment of time to default considering customer profile and time for liquidation of securities</td><td>Based on associated risk of the underlying securities</td></tr>
<tr><td>Commercial lending</td><td>Working capital and term loans to small and mid sized corporates</td><td colspan="2">External ratings or internal evaluation with a management overlay for each customer or customer industry segment.</td><td>100%</td><td>EAD is computed taking into consideration the time to default based on historic trends across rating profile</td><td>Based on estimates of cash flows</td></tr>
</table>

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

(₹ In Crore)

As at 31 March 2019

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	47,737.20	1,560.80	1,117.57	4,5719.14	390.12	684.80
Allowance for ECL	242.31	201.61	571.41	353.60	157.42	502.02
ECL Coverage ratio	0.51%	12.92%	51.13%	0.77%	40.35%	73.31%

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

(₹ In Crore)

As at 31 March 2018

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross Carrying Value	42,891.25	793.55	684.28	31,886.00	288.11	515.80
Allowance for ECL	161.81	135.07	419.34	302.27	116.64	390.98
ECL Coverage ratio	0.38%	17.02%	61.28%	0.95%	40.48%	75.80%

(₹ In Crore)

As at 1 April 2017

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross Carrying Value	34,025.13	815.59	1,075.93	20,419.59	229.86	347.11
Allowance for ECL	113.53	162.72	597.40	220.62	94.58	278.54
ECL Coverage ratio	0.33%	19.95%	55.52%	1.08%	41.15%	80.25%

Collateral Valuation

The nature of products across these broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

The main types of collateral across various products obtained are as follows:

Product group	**Nature of securities**
Consumer lending – B2B	Hypothecation of underlying product financed e.g. two wheeler, three wheeler and consumer durable etc.
Rural lending – B2B	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loans against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies
Commercial lending	Plant and Machinery, Book debts etc.

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company exercises its right of repossession across all secured products but primarily in its two wheeler and three wheeler financing business. It also resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues. For its loan against securities business, the Company recoups shortfall in value of securities through part recall of loans or additional securities from the customer, or sale of underlying securities. The Company does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

49 Risk management objectives and policies (Contd.)

Analysis of Concentration Risk

The Company continues to grow its product offerings by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

Measurement uncertainty and sensitivity analysis of ECL estimates

Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and Management estimates which ensure that the scenarios are unbiased.

The Company has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Gross carrying amount of loans	97,209.63	77,058.99	56,913.21
Reported ECL	2,028.37	1,526.11	1,467.39
Reported ECL coverage	2.09%	1.98%	2.58%
ECL amounts for alternate scenario			
Central scenario (80%)	2,006.08	1,509.34	1,451.27
Downside scenario (10%)	2,249.53	1,692.51	1,627.38
Upside scenario (10%)	1,985.52	1,493.87	1,436.39
ECL coverage ratios by scenario			
Central scenario (80%)	2.06%	1.96%	2.55%
Downside scenario (10%)	2.31%	2.20%	2.86%
Upside scenario (10%)	2.04%	1.94%	2.52%

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

50 Employee stock option plan

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the 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 6,77,313 stock options i.e. from 1,829,803 to 2,507,116 options of the face value of ₹ 10 each under the stock options scheme of the Company i.e. Employee Stock Option Plan 2009.

Pursuant to the sub-division of each equity share of face value of ₹ 10 into five equity shares of face value of ₹ 2 on 10 September 2016 and allotment of bonus equity share in the proportion of one equity share of face value of ₹ 2 for every one equity share on 14 September 2016, the aggregate number of equity shares which would be available for future grants under the Employee Stock Option Plan, 2009 were adjusted from 2,507,116 equity shares of face value of ₹ 10 to 25,071,160 equity shares of face value of ₹ 2 each.

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, thirteen grants have been made as of 31 March 2019, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	–	–	1,282,500	37,500	–
21-Jul-10	54.20	3,267,500	60,620	–	2,887,510	319,370	60,620
28-Jul-11	70.52	3,762,000	148,935	–	3,186,065	427,000	148,935
16-May-12	87.61	3,595,000	501,270	–	2,514,480	579,250	501,270
15-May-13	138.04	3,949,300	826,775	–	2,269,525	853,000	826,775
1-Nov-13	135.31	197,000	–	–	49,250	147,750	–
16-Jul-14	219.66	2,816,000	1,073,660	–	1,401,590	340,750	1,073,660
20-May-15	448.16	1,935,000	522,840	336,750	705,910	369,500	859,590
24-May-16	765.37	1,430,000	342,800	566,250	302,450	218,500	909,050
17-May-17	1,347.75	1,120,750	181,979	741,765	84,900	112,106	923,744
16-Oct-17	1,953.05	16,350	4,086	12,264	–	–	16,350
1-Feb-18	1,677.85	120,000	14,572	77,031	11,097	17,300	91,603
17-May-18	1,919.95	1,273,416	–	1,210,000	–	63,416	1,210,000
Total		24,802,316	3,677,537	2,944,060	14,695,277	3,485,442	6,621,597

Weighted average fair value of stock options granted during the year is as follows:

Particulars	FY2019	FY2018		
Grant date	17-May-18	17-May-17	16-Oct-17	1-Feb-18
No. of options granted	1,273,416	1,120,750	16,350	120,000
Weighted average fair value (₹)	824.14	557.79	816.23	707.80

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

50 Employee stock option plan (Contd.)

Following table depicts range of exercise prices and weighted average remaining contractual life

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	7,354,130	54.20–1,953.05	499.76	4.40
Granted during the year	1,273,416	1,919.95	1,919.95	
Cancelled during the year	265,472	219.66–1,919.95	1,142.42	
Expired during the year	–	–	–	
Exercised during the year	1,740,477	54.20–1,677.85	330.09	
Outstanding at the end of the year	6,621,597	54.20–1,953.05	791.71	4.20
Exercisable at the end of the year	3,677,537	54.20–1,953.05	321.42	2.63

The weighted average market price of equity shares for options exercised during the year is ₹ 2,440.04 (previous year ₹ 1,533.20).

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
12-Jan-10	6.70%	1-5 years	54.01%	0.62%	35.87
21-Jul-10	7.42%	3.5 -6.5 years	55.38%	1.28%	54.20
28-Jul-11	8.27%	3.5 -6.5 years	53.01%	1.42%	70.52
16-May-12	8.36%	3.5 -6.5 years	49.58%	1.37%	87.61
15-May-13	7.32%	1-5 years	29.97%	1.09%	138.04
1-Nov-13	8.71%	1-5 years	32.83%	1.11%	135.31
16-Jul-14	8.66%	1-5 years	38.01%	0.73%	219.66
20-May-15	7.76%	3.5 -6.5 years	34.88%	0.36%	448.16
24-May-16	7.38%	3.5 -6.5 years	33.13%	0.47%	765.37
17-May-17	6.89%	3.5 -6.5 years	34.23%	0.19%	1,347.75
16-Oct-17	6.69%	3.5 -6.5 years	34.51%	0.04%	1,953.05
1-Feb-18	7.42%	3.5 -6.5 years	34.05%	0.21%	1,677.85
17-May-18	7.91%	3.5 -6.5 years	33.65%	0.19%	1,919.95

For the year ended 31 March 2019, the Company has accounted expense of ₹ 74.79 crore as employee benefit expenses (note no. 34) on the aforesaid employee stock option plan (Previous year ₹ 45.01 crore). The balance in employee stock option outstanding account is ₹ 137.85 crore as of 31 March 2019 (Previous year ₹ 82.01 crore).

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

51 First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has prepared its Ind AS compliant financial statements for year ended on 31 March 2019, the comparative period ended on 31 March 2018 and an opening Ind AS Balance Sheet as at 1 April 2017 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

For periods ended up to the year ended 31 March 2018, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

(A) Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company.

Mandatory exceptions

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

(i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

Optional exemptions availed

(i) Share based payments

Ind AS 102 requires recognition of stock options on the basis of fair value at date of grant over the vesting period. Ind AS 101 provides a one time exemption for stock options that vested before the date of transition.

The Company has elected to apply this exemption to employee stock options that vested before the date of transition and accordingly recognised fair value of unvested employee stock options in its opening Balance Sheet.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

51 First-time adoption of Ind AS (Contd.)

(ii) Investment in subsidiary

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries as per previous GAAP carrying value or at fair value on the date of transition.

The Company has elected to measure its investment in subsidiary as per previous GAAP carrying value.

(iii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Company has elected to apply this exemption for such contracts/arrangements.

(B) Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition 1 April 2017 and as at 31 March 2018

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018			As at 1 April 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents		227.33	–	227.33	324.69	–	324.69
Bank balances other than cash and cash equivalents		1.49	–	1.49	1.18	–	1.18
Trade receivables	6	486.62	98.59	585.21	305.34	98.59	403.93
Other receivables		53.64	–	53.64	62.23	–	62.23
Loans	3,4	78,011.26	(2,478.38)	75,532.88	57,682.89	(2,237.07)	55,445.82
Investments	2,7	3,668.64	(15.18)	3,653.46	4,090.65	19.32	4,109.97
Other financial assets		254.79	–	254.79	487.99	–	487.99
		82,703.77	(2,394.97)	80,308.80	62,954.97	(2,119.16)	60,835.81
Non-financial assets							
Current tax assets (net)		24.28	–	24.28	33.28	–	33.28
Deferred tax assets (net)		386.41	376.57	762.98	369.07	304.16	673.23
Property, plant and equipment		343.87	–	343.87	285.90	–	285.90
Intangible assets		120.79	–	120.79	75.23	–	75.23
Other non-financial assets		54.71	–	54.71	17.97	(0.01)	17.96
		930.06	376.57	1,306.63	781.45	304.15	1,085.60
Total assets		83,633.83	(2,018.40)	81,615.43	63,736.42	(1,815.01)	61,921.41

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

51 First-time adoption of Ind AS (Contd.)

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018			As at 1 April 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities							
Trade payables		439.32	–	439.32	287.81	–	287.81
Other payables		169.94	–	169.94	90.35	–	90.35
Debt securities	3	31,583.58	(54.64)	31,528.94	25,759.19	(49.52)	25,709.67
Borrowings (other than debt securities)	3	20,169.55	(0.19)	20,169.36	17,410.11	(0.17)	17,409.94
Deposits	3	7,807.76	(14.89)	7,792.87	4,283.04	(10.76)	4,272.28
Subordinated debts	3	4,157.48	(19.32)	4,138.16	3,519.83	(18.46)	3,501.37
Other financial liabilities		1,249.38	–	1,249.38	1,316.92	–	1,316.92
		65,577.01	(89.04)	65,487.97	52,667.25	(78.91)	52,588.34
Non-financial liabilities							
Current tax liabilities (net)		24.87	–	24.87	79.43	–	79.43
Provisions	4	1,289.99	(1,228.28)	61.71	1,220.44	(1,169.83)	50.61
Other non-financial liabilities		223.67	–	223.67	169.00	–	169.00
		1,538.53	(1,228.28)	310.25	1,468.87	(1,169.83)	299.04
Equity							
Equity share capital		115.03	–	115.03	109.37	–	109.37
Other equity		16,403.26	(701.08)	15,702.18	9,490.93	(566.27)	8,924.66
		16,518.29	(701.08)	15,817.21	9,600.30	(566.27)	9,034.03
Total liabilities and equity		83,633.83	(2,018.40)	81,615.43	63,736.42	(1,815.01)	61,921.41

Reconciliation of equity as at 1 April 2017 and as at 31 March 2018 summarised in below table

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018	As at 1 April 2017
Equity as reported under previous GAAP		**16,518.29**	**9,600.30**
Adjustments			
Fair valuation of investment classified under FVTPL	2	(0.07)	15.40
Impact of EIR based amortisation of loan receivables, net	3	(978.26)	(796.86)
Amortisation of finance costs	3	89.03	78.91
Impairment of financial assets	4	(271.81)	(270.40)
Service asset		98.59	98.59
Impact due to fair valuation of investment designated under FVOCI	6	(15.14)	3.92
		(1,077.66)	(870.44)
Less: Deferred tax adjustment		376.58	304.17
Equity as per Ind AS		**15,817.21**	**9,034.03**

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

51 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ In Crore)

Particulars	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	3,4,6	11,434.08	77.30	11,511.38
Fees and commission income		1,463.78	(657.33)	806.45
Net gain on fair value changes	2	198.90	(15.47)	183.43
Sale of services	6	80.26	(12.60)	67.66
Recoveries of financial assets written off		68.46	-	68.46
Total revenue from operations		**13,245.48**	**(608.10)**	**12,637.38**
Other income		12.28	-	12.28
Total income		**13,257.76**	**(608.10)**	**12,649.66**
Expenses				
Finance costs	3	4,584.73	(17.78)	4,566.95
Fees and commission expense	3	803.16	(269.71)	533.45
Impairment on financial instruments	4	1,025.76	0.26	1,026.02
Employee benefits expenses	1,7	1,378.51	36.97	1,415.48
Depreciation and amortisation expenses		101.96	-	101.96
Other expenses	3	1,307.28	(132.70)	1,174.58
Total expenses		**9,201.40**	**(382.96)**	**8,818.44**
Profit before tax		**4,056.36**	**(225.14)**	**3,831.22**
Tax expense:				
Current tax		1,427.00	-	1,427.00
Deferred tax (credit)/charge		(17.34)	(62.95)	(80.29)
Total tax expense		**1,409.66**	**(62.95)**	**1,346.71**
Profit after tax		**2,646.70**	**(162.19)**	**2,484.51**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement gains/(losses) on defined benefit plans	7	-	(8.04)	(8.04)
Tax impact on above		-	2.81	2.81
Items that will be reclassified to profit or loss in subsequent periods				
Changes in fair value of FVOCI debt securities	3	-	(19.04)	(19.04)
Tax impact on above		-	6.65	6.65
Other comprehensive income for the year (net of tax)		**-**	**(17.62)**	**(17.62)**
Total comprehensive income for the year		**2,646.70**	**(179.81)**	**2,466.89**

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

51 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018 summarised in below table

(₹ In Crore)

Particulars	Notes to first time adoption	31 March 2018
Profit after tax as reported under previous GAAP		**2,646.70**
Adjustments:		
Impact due to fair valuation of options issued under ESOP	1	(45.01)
Fair valuation of investment classified under FVTPL	2	(15.47)
Impact of EIR based amortisation of loan receivables (net)	3	(181.43)
Amortisation of finance costs	3	10.15
Impairment of financial assets	4	(1.42)
Remeasurement of defined benefit plan	5	8.04
		(225.14)
Less: Deferred tax adjustment		62.95
Total adjustment (net of tax)		(162.19)
Profit after tax as per Ind AS for the year ended 31 March 2018		2,484.51
Other comprehensive income	7	(17.62)
Total comprehensive income as per Ind AS		**2,466.89**

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

51 First-time adoption of Ind AS (Contd.)

Notes to first time adoption of Ind AS

(1) Fair valuation of ESOPs

Under previous GAAP, the Company had an accounting policy choice to measure the options issued under ESOP either at fair value or intrinsic value. The Company under previous GAAP measured the ESOP at its intrinsic value. Under Ind AS, the ESOP scheme floated by the Company qualifies as equity settled and is mandatorily required to be measured at the grant date fair value. As per Ind AS 101 – first time adoption of Ind AS, the Company has availed the optional exemption of determining the fair value of options unvested as at 1 April 2017 (the transition date) only. The resulting fair value of aforesaid options has been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

(2) Fair valuation of investments subsequently measured under FVTPL and FVOCI

Under the previous GAAP, investments in Government and trust securities, fixed maturity plans and other mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018 or Other Comprehensive Income (OCI) depending upon the subsequent measurement category for the investments.

(3) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings.

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

(4) Impairment of financial assets

Under previous GAAP, loan losses and provisions were computed basis RBI guidelines and Management estimations. Under Ind AS, the same is required to be computed as per the impairment principles laid out in Ind AS 109 – 'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

(5) Remeasurement of defined benefit plan obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

(6) Service asset

Under Ind AS 109, an entity on transfer of a financial asset that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, shall on the date of derecognition recognise a servicing asset at fair value of fees to be received over the contractual life in excess of its cost of the servicing obligation. The impact of fair value change is recognised in Statement of Profit and Loss. Under previous GAAP such revenues were recognised in Statement of Profit and Loss over servicing period.

Accordingly, the fair value of service asset is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

51 First-time adoption of Ind AS (Contd.)

Notes to first time adoption of Ind AS (Contd.)

(7) Components of other comprehensive income (OCI)

Under Ind AS, following items has been recognised in other comprehensive income in the Statement of Profit and Loss of the Company:

- Re-measurement gains/(losses) on defined benefit plans
- Changes in fair value of FVOCI equity instruments
- Changes in fair value of FVOCI debt securities

All above adjustments, except remeasurement gains/(losses) on defined benefit plans as set out in note (5) above, are recognised in other comprehensive income reserve (net of related deferred taxes) as at the date of transition and for the year ended 31 March 2018 and subsequently in the OCI section in the Statement of Profit and Loss for the year ended 31 March 2018.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2018

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2018.

52 Amounts less than ₹ 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Annexure (Forming part of the financial statements)

I Schedule to Balance Sheet

As required by RBI Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions')

(₹ In Crore)

Particulars	Amount outstanding as on 31 March 2019	Amount overdue
Liabilities side		
(1) Loans and advances availed by the Company inclusive of interest accrued thereon but not paid		
(a) Debentures		
Secured	31,419.07	–
Unsecured (Other than falling within the meaning of public deposit)	5,413.88	–
(b) Deferred credits	–	–
(c) Term loans	27,003.44	–
(d) Inter-corporate loans and borrowings	6,364.66	–
(e) Commercial papers	6,355.09	–
(f) Public deposits (as defined in chapter II, para 3 (xiii) of Master directions – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 as issued by RBI.)	6,828.35	–
(g) Other Loans (CBLO, cash credit and working capital demand loan)	2,967.23	–
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)		
(a) In the form of unsecured debentures	–	–
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–
(c) Other public deposits	6,828.35	–

(₹ In Crore)

Particulars	Amount outstanding as on 31 March 2019
Asset Side	
(3) Break-up of loans and advances including bills receivables (other than those included in (4) below)	
(a) Secured	49,400.24
(b) Unsecured	47,024.57
(4) Break up of leased assets and assets under finance and hypothecation loans counting towards asset finance activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	–
(b) Operating lease	–
(ii) Stock under finance including financing charges under sundry debtors	
(a) Assets under finance, net of unmatured finance charges and advance EMI	–
(b) Repossessed assets	–
(iii) Hypothecation loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	–
(b) Loans other than (a) above	–

Annexure (Forming part of the financial statements)

I Schedule to Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Amount outstanding as on 31 March 2019
(5) Break-up of investments	
Current Investments	
(a) Quoted:	
(i) Shares (a) Equity	–
(b) Preference	–
(ii) Debentures and bonds	–
(iii) Units of mutual funds	3,503.74
(iv) Government securities	425.68
(v) Others – Certificate of Deposits	1,357.15
(b) Unquoted	
(i) Shares (a) Equity	–
(b) Preference	–
(ii) Debentures and bonds	–
(iii) Units of mutual funds	–
(iv) Government securities	–
(v) Others (Investment in securitised assets)	23.21
Long-term Investments	
(a) Quoted:	
(i) Shares (a) Equity (₹ 27,331)	
(b) Preference	–
(ii) Debentures and bonds	–
(iii) Units of mutual funds	–
(iv) Government securities	1,256.75
(v) Others	–
(b) Unquoted:	
(i) Shares (a) Equity	3,548.39
(b) Preference	224.99
(ii) Debentures and bonds	
(iii) Units of mutual funds	–
(iv) Government securities	–
(v) Others (Investment in securitised assets)	30.50

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

I Schedule to Balance Sheet (Contd.)

(6) Borrower group-wise classification of all leased assets, stock under financing and loans and advances

(₹ In Crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
Related parties:			
Subsidiaries	–	0.08	0.08
Companies in the same group	–	19.77	19.77
Other related parties	–	24.41	24.41
Other than related parties	49,400.24	46,980.30	96,380.54
	49,400.24	47,024.56	96,424.80

(7) Investor group-wise classification of all investments (current and long-term in shares and securities)

(₹ In Crore)

Category	Market value	Book value
Related parties:		
Subsidiaries	3,548.38	3,548.38
Companies in the same group (₹ 27,331)		
Other related parties	–	–
Other than related parties	6,822.03	6,822.03
	10,370.41	10,370.41

(8) Other information

(₹ In Crore)

Particulars	Amount
Gross non-performing assets*	
Related parties	–
Other than related parties	1,794.08
Net non-performing assets *	
Related parties	–
Other than related parties	720.68
Assets acquired in satisfaction of debt	–

* Provision for ECL Stage 3 net of interest has been considered.

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

II The Disclosures of restructured accounts as required by the NBFC Master Directions issued by RBI

(₹ In Crore)

Type of restructuring – Others[+]		Asset classification				
		Standard	Sub– standard	Doubtful	Loss	Total
Restructured accounts as on 1 April of the FY (opening figures)	No. of borrowers	171	344	50	–	565
	Amount outstanding	58.89	44.35	3.56	–	106.80
	provision thereon**	10.77	20.55	2.61	–	33.93
Fresh restructuring during the year*	No. of borrowers	1	133	–	–	134
	Amount outstanding	3.83	44.77	–	–	48.60
	provision thereon**	0.81	10.54	–	–	11.35
Upgradations to restructured standard category during the FY#	No. of borrowers	134	(134)	–	–	–
	Amount outstanding	13.89	(13.89)	–	–	–
	provision thereon**	6.60	(6.60)	–	–	–
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	(170)	–	–	–	(170)
	Amount outstanding	(25.67)	–	–	–	(25.67)
	provision thereon**	(8.94)	–	–	–	(8.94)
Downgradations of restructured accounts during the FY#	No. of borrowers	(1)	1	–	–	–
		–	(1)	1	–	–
	Amount outstanding	(33.22)	35.30	0.30	–	2.37
	provision thereon**	(1.83)	19.53	0.16	–	17.86
Write-offs/Settlements/Recoveries of restructured accounts during the FY*	No. of borrowers	–	(192)	(48)	–	(240)
	Amount outstanding	–	(22.59)	(3.14)	–	(25.73)
	provision thereon**	–	(10.71)	(2.33)	–	(13.04)
Restructured accounts as on 31 March of the FY (closing figures)	No. of borrowers	135	151	3	–	289
	Amount outstanding	17.72	87.93	0.72	–	106.37
	provision thereon**	7.41	33.11	0.44	–	41.16

[+] Since the disclosure of restructured advance account pertains to section 'Others', the first two sections, namely, 'Under CDR Mechanism' and 'Under SME Debt Restructuring Mechanism' as per format prescribed in the guidelines are not included above.

* Includes movement of amount outsanding and provision thereon of the existing resturctured accounts.

** Provisions considered as per ECL.

Represents movement by asset classification.

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated)

(1) Capital

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) CRAR (%)	20.66%	23.98%
(ii) CRAR Tier I capital (%)	16.27%	18.44%
(iii) CRAR Tier II capital (%)	4.39%	5.54%
(iv) Amount of subordinated debt raised as Tier II capital* (Raised during the year ₹ Nil, previous year ₹ 600 crore)	3,938.30	3,938.30
(v) Amount raised by issue of perpetual debt instruments	–	–

* Discounted value of ₹ 3,632.50 crore (Previous year ₹ 3,739.66 crore) considered for Tier II capital against the book value of ₹ 3,938.30 crore (Previous year ₹ 3,938.30 crore).

– The Company has considered impairment loss allowance towards stage 1 and stage 2 loans as 'contingent provision for standard assets' for calculating Tier II capital. The Company has determined the capital to risk-weighted assets ratio using the carrying value of assets and liabilities.

(2) Investments

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
(A) Value of investments		
(i) Gross value of investments		
– In India	10,368.74	3,670.99
– Outside India	–	–
(ii) Provisions for depreciation/amortisations		
– In India	(1.67)	17.54
– Outside India	–	–
(iii) Net value of investments		
– In India	10,370.41	3,653.45
– Outside India	–	–
(B) Movement of provisions held towards depreciation/appreciation/amortisations on investments		
(i) Opening balance	17.54	5.78
(ii) Add: Provisions made during the year (Net of appreciation)	(19.07)	2.57
(iii) Less: Write-off/write back of excess provisions during the year	0.14	(9.19)
(iv) Closing balance	(1.67)	17.54

(3) Derivatives

(A) Forward rate agreement/interest rate swap

The Company has not traded in forward rate agreement/interest rate swap during the current and previous year.

(B) Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

(C) Disclosures on risk exposure in derivatives

The Company has no transaction/exposure in derivatives during the current and previous year.

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(4) Disclosures relating to Securitisation

(A) Outstanding amount of securitised assets as per books of the SPVs
The Company has not entered into Securitisation transactions during the current and previous year.

(B) Details of financial assets sold to securitisation/reconstruction company for asset reconstruction*

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(i) No. of accounts	191	203
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	53.09	71.82
(iii) Aggregate consideration	55.67	78.80
(iv) Additional consideration realised in respect of accounts transferred in earlier years	–	–
(v) Aggregate gain/(loss) over net book value	2.58	6.98

*Includes 10 written-off accounts (Previous year 16) with aggregate consideration of ₹ 2.53 crore (Previous year ₹ 2.55 crore).

(C) Details of assignment transactions undertaken

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(i) No. of accounts	5,901	6,357
(ii) Aggregate value of accounts sold, gross exposure	1,381.98	2,156.11
(iii) Aggregate consideration for assigned portion	1,381.98	2,156.11
(iv) Additional consideration realised in respect of accounts transferred in earlier years	–	–
(v) Aggregate gain/(loss) over net book value	–	–

(D) Details of non-performing financial assets purchased/sold

(a) Details of non-performing financial assets purchased
The Company has not purchased any non-performing financial asset during the current and previous year.

(b) Details of non-performing financial assets sold (other than sale to ARCs)*

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(i) No. of accounts sold	100,930	96,772
(ii) Aggregate outstanding	281.99	183.96
(iii) Aggregate consideration received	10.30	19.87

*Includes 97,153 written-off accounts (Previous year 95,697) with aggregate outstanding of ₹ 214.64 crore (Previous year ₹ 152.70 crore) and consideration received thereon ₹ 3.73 crore (Previous year ₹ 7.52 crore).

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(5) Asset Liability Management – maturity pattern of certain items of assets and liabilities*

(₹ In Crore)

Particulars	Up to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 Year	Over 1 years to 3 years	Over 3 years to 5 years	Over 5 years	Total
Public deposits	160.01	147.28	140.81	382.84	1,093.40	4,016.66	923.56	–	6,864.56
Advances (Receivables under financing activity)	7,748.07	5,262.80	5,199.26	12,203.33	17,014.10	31,770.51	12,425.98	5,915.54	97,539.59
Investments	5,292.84	17.28	7.39	6.67	10.35	348.50	516.53	4,170.85	10,370.41
Borrowings (Other than public deposits)	6,302.73	745.93	4,031.14	5,521.58	13,108.62	27,779.59	14,814.26	11,421.66	83,725.51
Foreign currency assets	–	–	–	–	–	–	–	–	–
Foreign currency liabilities	–	–	–	–	–	–	–	–	–

* Amounts disclosed as per the behavouralised pattern.

(6) Exposure

(A) Exposure to Real Estate Sector*

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Direct Exposure		
(a) Residential mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	8,142.00	10,693.09
(b) Commercial real estate Lending secured by mortgages on commercial real estates	3,371.76	3,007.27
(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
– Residential	38.57	–
– Commercial real estate	–	–

* Represents amount outstanding as per contract with borrowers.

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(B) Exposure to Capital Market*

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	–	–
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	–	–
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	5,942.86	6,480.21
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	–	–
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–	–
(vii) Bridge loans to companies against expected equity flows/issues;	–	–
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	–	–
Total Exposure to Capital Market	5,942.86	6,480.21

* Represents amounts outstanding as per contract with borrowers.

(C) Details of financing of Parent Company products
The Company does not have any financing of parent company products during the current and previous year.

(D) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded
The Company has not exceeded the prudential exposure limits during the current and previous year.

(E) Unsecured advances
Total loans and advances includes ₹ 46,951.28 crore which are unsecured advances (Previous year ₹ 32,743.95 crore).

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(7) Registration obtained from other financial sector regulators

Regulator	Registration no.	Date of registration/ renewal
Insurance Regulatory and Development Authority		
As a corporate agent for:		
Bajaj Allianz Life Insurance Company Ltd.		
Bajaj Allianz General Insurance Company Ltd.		
Max Bupa Health Insurance Company Ltd.		
Future Generali Life Insurance Company Ltd.	CA0101	01-Apr-2016
The Oriental Insurance Company Ltd		
Aditya Birla Health Insurance Company Ltd.		
HDFC Life Insurance Company Ltd.		
TATA AIG General Insurance Company Ltd.		
AMFI Registered Mutual Fund Advisor (ARMFA)	ARN – 90319	27-Jun-2016

(8) Details of penalties imposed by RBI and other Regulators

The Reserve Bank of India vide its press release dated 14 January 2019 imposed a monetary penalty of ₹ 1 crore on the Company for deficiencies in compliance with the Fair Practices Code. The said penalty does not have any material impact on the Company. No other penalty has been levied by RBI or any other Regulators.

(9) Details of ratings assigned by credit rating agencies and migration of ratings during the year

Rating agency	Programme	Ratings Assigned	Migration in ratings during the year
India Ratings	Non-convertible Debenture	IND AAA/Stable	Nil
	Subordinate Debt	IND AAA/Stable	Nil
	Long-term Bank Rating	IND AAA/Stable	Nil
	Short-term Bank Rating	IND A1+	Nil
CRICIL	Non-convertible Debenture	CRISIL AAA/Stable	Nil
	Lower Tier II Bond	CRISIL AAA/Stable	Nil
	Fixed Deposit	FAAA/Stable	Nil
	Long-term Bank Rating	CRISIL AAA/Stable	Nil
	Short-term Bank Rating	CRISIL A1+	Nil
	Subordinate Debt	CRISIL AAA/Stable	Nil
	Short-term Debt	CRISIL A1+	Nil
ICRA	Non-convertible Debenture	ICRA AAA/Stable	Nil
	Lower Tier II Bond	ICRA AAA/Stable	Nil
	Fixed Deposit	MAAA(Stable)	Nil
	Subordinate Debt	ICRA AAA/Stable	Nil
CARE	Non-convertible Debenture	CARE AAA/Stable	Nil
	Subordinate Debt	CARE AAA/Stable	Nil
S&P	Entity level	Investment grade Long term issuer rating of 'BBB-' with stable outlook and a short term rating of 'A-3'	Nil

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(10) Remuneration of non-executive directors
Details of remuneration of directors are disclosed as part of the Directors' Report.

(11) Provisions and contingencies

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	For the year ended 31 March 2019	2018
Provision for non-performing assets*	263.07	(65.62)
Provision for income tax/deferred tax and tax adjustments of earlier years	2,144.96	1,346.71
Provision for standard assets#	239.18	124.33

* Represents impairment loss allowance on stage 3 loans.

Represents impairment loss allowance on stage 1 and stage 2 loans.

(12) Draw down from reserves
During the year, the Company has not drawn down any amount from reserves.

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

(A) Concentration of deposits*

(₹ In Crore)

Particulars	As at 31 March 2019
Total deposits of twenty largest depositors	5,555.39
Percentage of deposits to twenty largest depositors to total deposits	43.29%

* Includes only principal component.

(B) Concentration of advances*

(₹ In Crore)

Particulars	As at 31 March 2019
Total advances to twenty largest borrowers	3,725.72
Percentage of advances to twenty largest borrowers to total advances	3.78%

* Represents outstanding amounts as per contract with borrowers.

(C) Concentration of exposures (Including Off-Balance Sheet exposure)*

(₹ In Crore)

Particulars	As at 31 March 2019
Total exposure to twenty largest borrowers/customers	3,725.72
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	3.78%

* Represents outstanding amounts as per contract with borrowers.

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(D) Concentration of NPAs*

(₹ In Crore)

Particulars	As at 31 March 2019
Total exposure to top four NPA accounts	277.43

* As per ECL Stage 3 net of interest.

(E) Sector-wise NPAs*

Sector	% of NPAs to total advances in that sector as at 31 March 2019
Agriculture and allied activities	0.00%
MSME	0.00%
Corporate borrowers	0.35%
Services	0.00%
Unsecured personal loans	1.35%
Auto loans	5.12%
Other personal loans	0.68%

* Represents stage 3 loans.

(14) Movement of NPAs*

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(I) Net NPAs to net advances (%)	0.73%	0.45%
(II) Movement of NPAs (Gross)		
(a) Opening balance	1,163.80	982.38
(b) Additions during the year	1,514.00	932.06
(c) Reductions during the year (Including loans written-off)	883.72	750.64
(d) Closing balance	1,794.08	1,163.80
(III) Movement of net NPAs		
(a) Opening balance	353.48	106.44
(b) Additions during the year	750.65	474.58
(c) Reductions during the year	383.45	227.54
(d) Closing balance	720.68	353.48
(IV) Movement of provisions for NPAs		
(a) Opening balance	810.32	875.94
(b) Provisions made during the year	763.35	457.48
(c) Write-off/write-back of excess provisions	500.27	523.10
(d) Closing balance	1,073.40	810.32

* Represents stage 3 loans.

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

III The disclosures as required by the NBFC Master Directions issued by RBI
(Disclosures are made as per Ind AS financial statements except otherwise stated) (Contd.)

(15) Disclosure of complaints

Particulars	For the year ended 31 March 2019	2018
No. of complaints pending at the beginning of the year	225	–
No. of complaints received during the year	7,279	12,425
No. of complaints redressed during the year	7,455	12,200
No. of complaints pending at the end of the year	49	225

IV The disclosure of gold loan portfolio as required by the NBFC Master Directions issued by RBI

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Total gold loan portfolio	853.37	655.01
Total assets	98,497.88	78,011.24
Gold loan portfolio as % of total assets	0.87%	0.84%

V The disclosure of gold auction as required by the NBFC Master Directions issued by RBI

Particulars	For the year ended 31 March 2019	2018
Number of loan accounts	946	Nil
Outstanding amount (₹ In Crore)	8.37	Nil
Value fetched on auctions (₹ In Crore)	8.27	Nil

VI The disclosures as required by the Master Direction –Monitoring of frauds in NBFCs issued by RBI dated 29 September 2016

There were 6 cases (Previous year – Nil) of frauds amounting to ₹ 3.21 crores (Previous year – ₹ Nil) reported during the year.

Statement containing salient features of the financial statement of subsidiaries/ associate companies/joint ventures

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

(₹ In Crore)

1	Name of the subsidiary	Bajaj Housing Finance Ltd.	Bajaj Financial Securities Ltd.*
2	The date since when subsidiary was acquired	01.11.2014	01.11.2014
3	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	01.04.2018 – 31.03.2019	01.04.2018 – 31.03.2019
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA
5	Share capital	3,550.00	14.00
6	Other equity	108.35	6.84
7	Total assets	19,257.60	20.91
8	Total liabilities	15,599.25	0.07
9	Investments	1,756.17	20.83
10	Turnover	1,149.37	1.53
11	Profit before taxation	148.70	1.50
12	Provision for taxation (net)	38.90	0.31
13	Profit after taxation	109.80	1.19
14	Proposed dividend	NA	NA
15	% of shareholding	100%	100%

* Pursuant to the acquisition of 100% shareholding of Bajaj Financial Securities Ltd. (BFinsec) from Bajaj Housing Finance Ltd., (wholly owned subsidiary), BFinsec became the direct wholly owned subsidiary of the Company w.e.f. 10 August 2018.

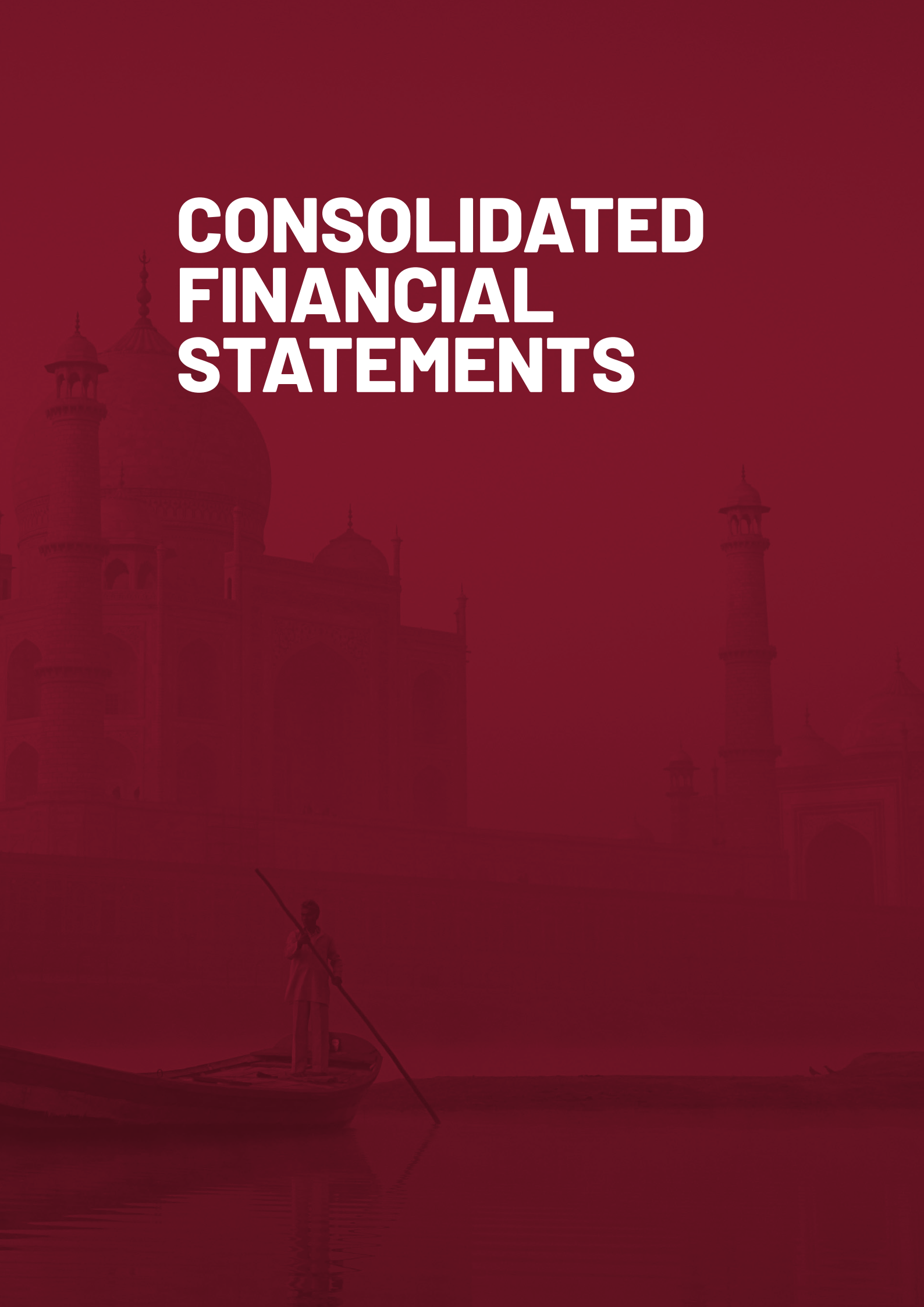
Part B: Associates and Joint Venture – Not Applicable

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Pune: 16 May 2019

CONSOLIDATED FINANCIAL STATEMENTS



Independent Auditors' Report on the Consolidated Ind AS Financial Statements

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

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bajaj Finance Ltd. (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') comprising of the consolidated Balance Sheet as at 31 March 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in note 52 of the consolidated Ind AS financial statements)*	
The Group has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Group had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date Balance Sheet as at 1 April 2017 have been prepared under Ind AS.	• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.

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

Key audit matters	How our audit addressed the key audit matter
The transition has involved significant change in the Group's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under the extant Reserve Bank of India (RBI) and National Housing Bank (NHB) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	• Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested the disclosures prescribed under Ind AS.
(b) Impairment on financial assets (expected credit losses) *(as described in note 8 of the consolidated Ind AS financial statements)*	
Ind AS 109 requires the Group to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: • unbiased, probability weighted outcome under various scenarios; • time value of money; • impact arising from forward looking macro-economic factors and; • availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: • grouping of borrowers based on homogeneity by using appropriate statistical techniques; • staging of loans and estimation of behavioral life; • determining macro-economic factors impacting credit quality of receivables; • estimation of losses for loan products with no/minimal historical defaults. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.	• We read and assessed the Group's accounting policies for impairment of financial assets and their compliance with Ind AS 109. • We tested the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa. • We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied for loan products with inadequate historical defaults. • Audited disclosures included in the Ind AS financial statements in respect of expected credit losses.
(c) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Group. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• We tested the design and operating effectiveness of the Group's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes Management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorised. • We tested the Group's periodic review of access rights. We also tested requests of changes to systems for approval and authorisation. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

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

Other information

The Other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditors' report thereon. The Holding Company's Board of Directors is responsible for the Other information.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

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

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

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

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 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, none of the directors of the Group's companies, incorporated in India is disqualified as on 31 March 2019 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 with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, refer to our separate Report in 'Annexure 1' to this report;

(g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Holding Company and its subsidiaries to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer note no. 42 to the consolidated Ind AS financial statements;

(ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2019;

(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 during the year ended 31 March 2019.

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

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

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 Ind AS financial statements of Bajaj Finance Ltd. as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of Bajaj Finance Ltd. (hereinafter referred to as the 'Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 consolidated Ind AS 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:

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

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS 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 1 to Independent Auditors' Report (Contd.)

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated Ind AS 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 and its subsidiary companies, 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 2019, 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.

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	347.02	338.17	324.98
Bank balances other than cash and cash equivalents	6	1.69	1.49	1.18
Receivables	7			
Trade receivables		805.38	585.21	403.93
Other receivables		92.19	53.67	62.23
Loans	8	112,512.82	79,102.50	55,445.87
Investments	9	8,599.03	3,139.43	4,131.23
Other financial assets	10	303.08	258.72	487.99
		122,661.21	**83,479.19**	**60,857.41**
Non-financial assets				
Current tax assets (net)		149.82	24.28	33.30
Deferred tax assets (net)	11	669.03	767.45	665.63
Property, plant and equipment	12	526.51	346.15	287.51
Goodwill		3.27	3.27	3.27
Other intangible assets	12	165.06	120.84	75.23
Other non-financial assets	13	57.60	57.09	17.99
		1,571.29	**1,319.08**	**1,082.93**
Total assets		**124,232.50**	**84,798.27**	**61,940.34**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables	14			
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		0.44	0.45	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		563.36	445.52	287.89
Other payables				
Total outstanding dues of micro enterprises and small enterprises		–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		280.22	205.06	90.35
Debt securities	15	46,681.33	33,571.03	25,709.67
Borrowings (other than debt securities)	16	37,574.44	21,055.16	17,409.94
Deposits	17	13,193.01	7,792.87	4,272.14
Subordinated debts	18	4,139.07	4,138.16	3,501.37
Other financial liabilities	19	1,671.66	1,422.99	1,316.92
		104,103.53	**68,631.24**	**52,588.46**

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
Non-financial liabilities				
Current tax liabilities (net)		22.37	26.26	79.43
Provisions	20	73.89	62.20	50.61
Other non-financial liabilities	21	335.69	230.73	169.03
		431.95	**319.19**	**299.07**
Equity				
Equity share capital	22	115.37	115.03	109.37
Other equity	23	19,581.65	15,732.81	8,943.44
		19,697.02	**15,847.84**	**9,052.81**
Total liabilities and equity		**124,232.50**	**84,798.27**	**61,940.34**
Summary of significant accounting policies	3			

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
Revenue from operations			
Interest income	25	16,348.75	11,585.50
Fees and commission income	26	1,681.87	808.15
Net gain on fair value changes	27	297.90	214.64
Sale of services	28	68.77	67.66
Recoveries of financial assets written off	29	87.80	68.46
Total revenue from operations		**18,485.09**	**12,744.41**
Other income	30	16.67	12.43
Total income		**18,501.76**	**12,756.84**
Expenses			
Finance costs	31	6,623.56	4,613.90
Fees and commission expense	32	712.88	533.46
Impairment on financial instruments	33	1,501.35	1,030.49
Employee benefits expense	34	1,940.90	1,433.62
Depreciation and amortisation expenses	12	144.15	102.07
Other expenses	35	1,399.76	1,199.86
Total expenses		**12,322.60**	**8,913.40**
Profit before tax		**6,179.16**	**3,843.44**
Tax expense:			
Current tax		2,085.89	1,439.43
Deferred tax (credit)/charge		98.28	(92.36)
Total tax expense	11	**2,184.17**	**1,347.07**
Profit after tax		**3,994.99**	**2,496.37**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans		(16.32)	(8.04)
Tax impact on above		5.56	2.81
Items that will be reclassified to profit or loss in subsequent periods:			
Changes in fair value of fair value through OCI (FVOCI) debt securities		16.27	(19.04)
Tax impact on above		(5.69)	6.65
Other comprehensive income for the year (net of tax)		**(0.18)**	**(17.62)**
Total comprehensive income for the year		**3,994.81**	**2,478.75**

Consolidated Statement of Profit and Loss (Contd.)

Particulars	Note No.	For the year ended 31 March 2019	2018
Earnings per share:	37		
(Nominal value per share ₹ 2)			
Basic (₹)		69.33	44.38
Diluted (₹)		68.75	43.92
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Consolidated Statement of Changes in Equity

Equity share capital

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Balance at the beginning of the year	115.03	109.37
Changes in equity share capital during the year [refer note no. 22(a)]	0.34	5.66
Balance at the end of the year	**115.37**	**115.03**

Other equity

For the year ended 31 March 2019

(₹ In Crore)

Particulars	Note No.	Reserves and surplus								
		Securities premium	Retained earnings	Reserve fund as per NHB Act	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Other comprehensive income on debt securities	Total other equity
Balance as at 31 March 2018	23	8,223.73	4,813.77	4.49	1,823.75	785.65	9.25	82.01	(9.84)	15,732.81
Profit after tax		–	3,994.99	–	–	–	–	–	–	3,994.99
Other comprehensive income (net of tax)		–	(10.76)	–	–	–	–	–	10.58	(0.18)
		8,223.73	**8,798.00**	**4.49**	**1,823.75**	**785.65**	**9.25**	**82.01**	**0.74**	**19,727.62**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		–	(779.00)	–	779.00	–	–	–	–	–
Transfer to reserve fund in terms of section 29C of the National Housing Bank Act, 1987		–	(14.18)	14.18	–	–	–	–	–	–
Transfer to infrastructure reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		–	(7.40)	–	–	–	7.40	–	–	–
Dividend including tax thereon		–	(277.88)	–	–	–	–	–	–	(277.88)
Fair value of stock options – charge for the year		–	–	–	–	–	–	74.80	–	74.80
Transfer on allotment of shares to employees pursuant to ESOP scheme		17.97	–	–	–	–	–	(17.97)	–	–
Transfer on cancellation of stock options		–	–	–	–	0.99	–	(0.99)	–	–
		8,241.70	**7,719.54**	**18.67**	**2,602.75**	**786.64**	**16.65**	**137.85**	**0.74**	**19,524.54**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2018		91.79	–	–	–	–	–	–	–	91.79
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2019		34.68	–	–	–	–	–	–	–	34.68
Balance as at 31 March 2019	23	**8,298.81**	**7,719.54**	**18.67**	**2,602.75**	**786.64**	**16.65**	**137.85**	**0.74**	**19,581.65**

Consolidated Statement of Changes in Equity (Contd.)

Other equity (Contd.)

For the year ended 31 March 2018

(₹ In Crore)

Particulars	Note No.	Reserves and surplus								Total other equity
		Securities premium	Retained earnings	Reserve fund as per NHB Act	Reserve fund as per RBI Act	General reserve	Infrastructure reserve	Share options outstanding account	Other comprehensive income on debt securities	
Balance as at 1 April 2017	23	3,710.27	3,094.53	0.03	1,293.75	785.60	9.25	47.46	2.55	8,943.44
Profit after tax		–	2,496.37	–	–	–	–	–	–	2,496.37
Other comprehensive income (net of tax)		–	(5.24)	–	–	–	–	–	(12.39)	(17.63)
		3,710.27	**5,585.66**	**0.03**	**1,293.75**	**785.60**	**9.25**	**47.46**	**(9.84)**	**11,422.18**
Issue of equity share capital		4,494.67	–	–	–	–	–	–	–	4,494.67
Share issue expenses		(29.26)	–	–	–	–	–	–	–	(29.26)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		–	(530.00)	–	530.00	–	–	–	–	–
Transfer to reserve fund in terms of section 29C of the National Housing Bank Act, 1987		–	(4.46)	4.46	–	–	–	–	–	–
Dividend including tax thereon		–	(237.43)	–	–	–	–	–	–	(237.43)
Fair value of stock options – charge for the year		–	–	–	–	–	–	45.01	–	45.01
Received on allotment of shares to Trust for employees pursuant to stock options		67.20	–	–	–	–	–	–	–	67.20
Transfer on allotment of shares to employees pursuant to ESOP scheme		10.41	–	–	–	–	–	(10.41)	–	–
Transfer on cancellation of stock options		–	–	–	–	0.05	–	(0.05)	–	–
		8,253.29	**4,813.77**	**4.49**	**1,823.75**	**785.65**	**9.25**	**82.01**	**(9.84)**	**15,762.37**
Add: Premium on equity shares held in Trust for employees under the ESOP scheme as at 1 April 2017		62.23	–	–	–	–	–	–	–	62.23
Less: Premium on equity shares held in Trust for employees under the ESOP scheme as at 31 March 2018		91.79	–	–	–	–	–	–	–	91.79
Balance as at 31 March 2018	23	**8,223.73**	**4,813.77**	**4.49**	**1,823.75**	**785.65**	**9.25**	**82.01**	**(9.84)**	**15,732.81**

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Consolidated Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(I) Operating activities		
Profit before tax	6,179.16	3,843.44
Adjustments for:		
Interest income	(16,348.75)	(11,585.50)
Depreciation and amortisation	144.15	102.07
Impairment on financial instruments	1,501.35	1,030.49
Net (gain)/loss on disposal of property, plant and equipment	(3.39)	0.37
Finance costs	6,623.56	4,613.90
Share based payment to employees	74.79	45.01
Net (gain)/loss on financial instruments at fair value through profit or loss (FVTPL)	(297.90)	(214.64)
Service fees for management of assigned portfolio of loans	(68.77)	(67.66)
Dividend income (₹ 12,000, previous year ₹ 10,688)		
	(2,195.80)	(2,232.52)
Cash inflow from service asset	74.41	67.66
Cash inflow from interest on loans	16,148.51	11,446.53
Cash outflow towards finance cost	(6,344.49)	(4,181.56)
Cash generated from operation before working capital changes	**7,682.63**	**5,100.11**
Working capital changes		
(Increase)/decrease in trade receivables	(220.17)	(181.28)
(Increase)/decrease in other receivables	(38.52)	8.56
(Increase)/decrease in loans	(34,848.03)	(24,643.06)
(Increase)/decrease in other financial assets	(50.20)	228.96
(Increase)/decrease in other non-financial assets	1.14	(38.93)
Increase/(decrease) in trade payables	117.83	157.90
Increase/(decrease) in other payables	75.16	114.71
Increase/(decrease) in other financial liabilities	248.46	105.77
Increase/(decrease) in provisions	(4.63)	3.55
Increase/(decrease) in other non-financial liabilities	104.96	61.70
	(34,614.00)	(24,182.12
Income tax paid (net of refunds)	(2,215.32)	(1,483.58)
Net cash used in operating activities (I)	**(29,146.69)**	**(20,565.59)**
Carried forward	(29,146.69)	(20,565.59)

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Brought forward	(29,146.69)	(20,565.59)
(II) Investing activities		
Purchase of property, plant and equipment	(300.43)	(134.95)
Proceeds from sale of property, plant and equipment	31.24	1.03
Purchase of other intangible assets	(97.80)	(72.93)
Purchase of investments measured at amortised cost	(44.89)	(42.42)
Proceeds from investments measured at amortised cost	33.60	–
Purchase of investments measured at FVOCI	(646.56)	(607.43)
Proceeds from sale of investments measured at FVOCI	200.07	474.31
Purchase of investments measured at FVTPL	(475,228.84)	(225,363.70)
Proceeds from sale of investments measured at FVTPL	470,558.01	226,942.43
Purchase of equity investments designated at FVOCI	–	(225.00)
Dividend received (₹ 12,000, Previous year ₹ 10,688)		
Interest received on investment measured at FVTPL and FVOCI	119.81	104.09
Net cash generated from/(used in) investing activities (II)	**(5,375.79)**	**1,075.43**
(III) Financing activities		
Issue of equity share capital (including securities premium)	57.45	4,537.97
Share issue expenses	–	(29.26)
Dividends paid	(230.15)	(196.83)
Dividend distribution tax	(47.52)	(40.30)
Deposits received (net)	5,264.44	3,440.98
Debt securities issued (net)	12,922.92	7,547.08
Borrowings other than debt securities issued (net)	16,564.19	3,643.71
Subordinated debts issued	–	600.00
Net cash generated from financing activities (III)	**34,531.33**	**19,503.35**
Net increase in cash and cash equivalents (I+II+III)	**8.85**	**13.19**
Cash and cash equivalents at the beginning of the year	**338.17**	**324.98**
Cash and cash equivalents at the end of the year	**347.02**	**338.17**

- The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.
- Components of cash and cash equivalents are disclosed in note no. 5.

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Notes to consolidated financial statements for the year ended 31 March 2019

1 Corporate information

Bajaj Finance Ltd. ('the Parent Company') is a company limited by shares, incorporated on 25 March 1987 and domiciled in India. The Parent Company is engaged in the business of lending. The Parent Company together with its subsidiaries (hereinafter collectively referred to as the 'Group') has a diversified lending portfolio across retail, SME and commercial customers with a significant presence in urban and rural India. The Parent Company also accepts public and corporate deposits and offers variety of financial services products to its customers. The Parent Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business at 4th floor, Bajaj Finserv corporate office, Viman nagar, Pune, Maharashtra, India. The ultimate parent Company of the Group is Bajaj Finserv Ltd.

The Parent Company is deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 5 March 1998, with Registration No. A-13.00243. RBI, vide the circular – 'Harmonisation of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonisation of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC – Investment and Credit Company (NBFC-ICC). Accordingly, the Parent Company has been reclassified as NBFC-Investment and Credit Company (NBFC-ICC).

The audited consolidated financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 16 May 2019, Board of Directors approved and recommended the audited consolidated financial statements for consideration and adoption by the shareholders in its annual general meeting.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI and National Housing Bank Guidelines/Regulations ('NHB directions') to the extent applicable. The consolidated financial statements have been prepared on a going concern basis. The Group uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2018, the Group had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions and NHB directions to the extent applicable (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with Ind AS. The Group has applied Ind AS 101 'First-time Adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in note no. 52.

2.1 Presentation of financial statements

The Group presents its Balance Sheet in order of liquidity.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgments

The preparation of the Group's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment [Refer note no. 3.4(i)]
- Fair value of financial instruments [Refer note no. 3.14, 48 and 49]

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

- Effective Interest Rate (EIR) [Refer note no. 3.1(i)]
- Impairment on financial assets [Refer note no. 3.4(i), 8 and 50]
- Provisions and other contingent liabilities [Refer note no. 3.9 and 42]
- Provision for tax expenses [Refer note no. 3.5(i)]
- Residual value and useful life of property, plant and equipment [Refer note no. 3.6(h)]

2.2 Principles of consolidation

(i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Parent Company holds the entire shareholding in its subsidiaries and there are no contractual arrangements which rebute the control of the Parent Company over its subsidiaries.

The financial statements of subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(ii) The Consolidated financial statements include results of the subsidiaries of Bajaj Finance Ltd. (Parent Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Name of the Company	Country of incorporation	Proportion of ownership as at reporting date	Consolidated as
Bajaj Housing Finance Ltd.	India	100%	Subsidiary
Bajaj Financial Securities Ltd.*	India	100%	Subsidiary

* On 10 August 2018, the Parent Company acquired 100% shareholding in Bajaj Financial Securities Ltd. from its wholly owned subsidiary, Bajaj Housing Finance Ltd.

Figures for preparation of consolidated financial statements have been derived from the audited financial statements of the respective companies in the Group.

(iii) Disclosure in terms of Schedule III of the Companies Act, 2013

Name of the entities in the Group	Net Assets (i.e. total assets minus total liabilities)		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	₹ In Crore	As a % of consolidated profit or loss	₹ In Crore	As a % of consolidated other comprehensive income	₹ In Crore	As a % of consolidated total comprehensive income	₹ In Crore
Parent								
Bajaj Finance Ltd.	81.32%	16,017.75	98.72%	3,944.03	(950.00%)	1.71	98.77%	3,945.74
Subsidiaries								
Bajaj Housing Finance Ltd.	18.57%	3,658.43	1.25%	49.77	1050.00%	(1.89)	1.20%	47.88
Bajaj Financial Securities Ltd.	0.11%	20.84	0.03%	1.19			0.03%	1.19
Total	100.00%	19,697.02	100.00%	3,994.99	100.00%	(0.18)	100.00%	3,994.81

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Income

(i) Interest income

The Group recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or a assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Group recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets (as set out in note no. 3.4 (i)) regarded as 'Stage 3', the Group recognises interest income on the amortised cost net of impairment loss of financial assets at EIR. If financial asset is no longer credit-impaired (as outlined in note no. 3.4 (i)), the Group reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Dividend income

Dividend income on equity shares is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue From Contracts with Customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Fees and commission

The Group recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), as applicable. The Group recognises gains/losses on fair value change of financial assets measured as FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL and FVOCI.

(c) Sale of services

The Group, on derecognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit or loss and, correspondingly creates a service asset in Balance Sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 'Revenue From Contracts with Customers' as articulated above in 'other revenue from operations'.

(d) Recoveries of financial assets written off

The Group recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

(iv) Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable.

3.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR [refer note no. 3.1(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the statement of profit and loss on an accrual basis.

(iii)Taxes

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into four categories:
(a) Debt instruments at amortised cost
(b) Debt instruments at FVOCI
(c) Debt instruments at FVTPL
(d) Equity instruments designated at FVOCI

(a) Debt instruments at amortised cost

The Group measures its financial assets at amortised cost if both the following conditions are met:
- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the nature of portfolio and the period for which the interest rate is set.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Group for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios in the books of the Group, it may sell these portfolios to banks and/or asset reconstruction companies.

After initial measurement, such financial assets are subsequently measured at amortised cost on Effective Interest Rate (EIR). For further details, refer note no. 3.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

(b) Debt instruments at FVOCI

The Group subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as long term investments in Government securities to meet regulatory liquid asset requirement of the Group's deposit program and mortgage loans portfolio where the Group periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

(c) Debt instruments at FVTPL

The Group classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend income are recorded in interest income and dividend income, respectively according to the terms of the contract, or when the right to receive has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

The Group's investments into mutual funds, Government securities and certificate of deposits for trading and short term cash flow management have been classified under this category.

(d) Equity investments designated under FVOCI

All equity investments in scope of Ind AS 109 'Financial instruments' are measured at fair value. The Group has strategic investments in equity for which it has elected to present subsequent changes in the fair value in OCI. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

Derecognition of Financial Assets

The Group derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The right to receive cash flows from the asset have expired; or
- The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Group has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Group does not have any continuing involvement in the same.

The Group transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Group retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

not expected to compensate the Group adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:
- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Impairment on financial assets

ECL are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (Stage 3)

The Group recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:
- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

(b) Significant increase in credit risk (Stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

(c) Without significant increase in credit risk since initial recognition (Stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Group has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behaviourial score cards and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no.50.

(ii) Financial liabilities

A Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR [Refer note no. 3.1(i)]. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.4 Financial instruments (Contd.)

Derecognition

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3.5 Taxes

(i) Current tax

Current 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 (ICDS) 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.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. 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.

(ii) Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.6 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

Depreciation on property, plant and equipment

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

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

(c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.

(d) 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.

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

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

(f) Assets having unit value up to ₹ 5,000 is depreciated fully in the financial year of purchase of asset.

(g) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the statement of profit and loss when the asset is derecognised.

(h) 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.

3.7 Intangible assets and amortisation thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The intangible assets are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Impairment on non-financial assets

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

3.9 Provisions and contingent liabilities

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Group also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.10 Foreign currency translation

The Group's financial statements are presented in Indian Rupee, which is also the Group's functional currency.

Initial recognition

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

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the statement of profit and loss.

3.11 Retirement and other employee benefits

(i) Gratuity

Payment for present liability of future payment of gratuity is made to the approved gratuity fund viz. Bajaj Auto Ltd. Gratuity Fund Trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in plan assets managed by LIC and BALICL as compared to actuarial liability determined by an appointed actuary using the projected unit credit method are recognised as a liability. Gains and losses through remeasurements of the net defined benefit liability or assets are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in statement of profit and loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

(ii) Superannuation

Defined contribution to superannuation fund is made as per the scheme of the Group.

(iii) Provident fund

Contributions are made to Bajaj Auto Ltd. Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the Group and recognised as an expense. Shortfall in fund assets over present obligation determined using the projected unit credit method by an appointed actuary is recognised as a liability.

For one of its subsidiaries, retirement benefit in the form of provident fund is a defined contribution scheme. The said subsidiary has no obligation other than the contribution payable to the provident fund authorities. The subsidiary recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

(iv) Compensated absences

Privilege leave entitlements are recognised as a liability as per the rules of the Group. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed actuary. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

3.12 Employee Stock Option Scheme

The Group operates Employee Stock Option Scheme through a trust formed for the purpose. Equity shares are issued to the trust on the basis of the Group's expectation of the number of options that may be exercised by employees.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised in employee benefits expenses together with a corresponding increase in employee stock option outstanding account in other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Non-market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions are not met.

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.

3.13 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company acting as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the Group as a lessee have been classified as operating leases.

Lease payments under an operating lease is recognised on an accrual basis in the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Summary of significant accounting policies (Contd.)

3.14 Fair value measurement

The Group measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 48 and 49.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3.15 Business combinations under common control

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Group accounts for business combinations under common control as per the pooling of interest method.

The pooling of interest method involves the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

4 Standard issued but not yet effective

Ind AS 116 'Leases' was notified on 30 March 2019 and it replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-Balance Sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has leases in which it acts as a lessee and which needs to be accounted for as per requirements of Ind AS 116. The Group is in the process of determining the accounting impact of Ind AS 116 on its lease contracts wherein it acts as a lessee. The Group does not have any lease contracts wherein it acts as a lessor.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

5 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Cash on hand	79.23	60.86	44.06
Balances with banks:			
In current accounts	267.79	177.20	280.92
In fixed deposits (with maturity less than 3 months)	–	100.11	–
	347.02	338.17	324.98

6 Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Earmarked balances with bank (against matured fixed deposits and unclaimed dividend)	1.69	1.49	1.18
	1.69	1.49	1.18

7 Receivables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Trade receivables			
Considered good – unsecured			
Interest subsidy*	572.35	426.11	296.56
Service asset	92.95	98.59	98.59
Fees, commission and others	140.08	60.51	8.78
	805.38	585.21	403.93
Other receivables			
Considered good – unsecured**	92.19	53.67	62.23
	92.19	53.67	62.23

– Impairment loss allowance recognised on trade and other receivables is ₹ Nil (Previous year: ₹ Nil).

– No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

* Includes receivables from related party ₹ Nil (Previous year ₹ 1.87 crore).

** Includes receivables from related party ₹ 14.85 crore (Previous year ₹ 9.38 crore).

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

8 Loans

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
(A) Term loans	96,487.70	18,082.70	114,570.40	69,845.99	10,787.09	80,633.08	47,613.10	9,300.16	56,913.26
Less: Impairment loss allowance	1,967.17	90.41	2,057.58	1,442.49	88.09	1,530.58	1,328.20	139.19	1,467.39
Total (A)	**94,520.53**	**17,992.29**	**112,512.82**	**68,403.50**	**10,699.00**	**79,102.50**	**46,284.90**	**9,160.97**	**55,445.87**
(B) Out of above									
(I) Secured									
Against hypothecation of automobiles, equipments, durables, plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	49,160.77	18,082.70	67,243.47	37,031.03	10,787.09	47,818.12	26,616.54	9,300.16	35,916.70
Less: Impairment loss allowance	952.88	90.41	1,043.29	632.24	88.09	720.33	734.46	139.19	873.65
Total (I)	48,207.89	17,992.29	66,200.18	36,398.79	10,699.00	47,097.79	25,882.08	9,160.97	35,043.05
(II) Unsecured*	47,326.93	–	47,326.93	32,814.96	–	32,814.96	20,996.56	–	20,996.56
Less: Impairment loss allowance	1,014.29	–	1,014.29	810.25	–	810.25	593.74	–	593.74
Total (II)	46,312.64	–	46,312.64	32,004.71	–	32,004.71	20,402.82	–	20,402.82
Total (B) = (I + II)	**94,520.53**	**17,992.29**	**112,512.82**	**68,403.50**	**10,699.00**	**79,102.50**	**46,284.90**	**9,160.97**	**55,445.87**
(C) Out of above									
(I) Loans in India									
(i) Public sector	–	–	–	–	–	–	–	–	–
Less: Impairment loss allowance	–	–	–	–	–	–	–	–	–
Sub-total (i)	–	–	–	–	–	–	–	–	–
(ii) Others	96,487.70	18,082.70	114,570.40	69,845.99	10,787.09	80,633.08	47,613.10	9,300.16	56,913.26
Less: Impairment loss allowance	1,967.17	90.41	2,057.58	1,442.49	88.09	1,530.58	1,328.20	139.19	1,467.39
Sub-total (ii)	94,520.53	17,992.29	112,512.82	68,403.50	10,699.00	79,102.50	46,284.90	9,160.97	55,445.87
Total (I)	94,520.53	17,992.29	112,512.82	68,403.50	10,699.00	79,102.50	46,284.90	9,160.97	55,445.87
(II) Loans outside India	–	–	–	–	–	–	–	–	–
Total (C) = (I+II)	**94,520.53**	**17,992.29**	**112,512.82**	**68,403.50**	**10,699.00**	**79,102.50**	**46,284.90**	**9,160.97**	**55,445.87**

* Includes receivables from related parties ₹ 24.41 crore (Previous year ₹ 42.63 crore).

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	110,747.99	2,010.56	1,811.85	114,570.40	78,350.76	1,082.24	1,200.08	80,633.08	54,444.77	1,045.45	1,423.04	56,913.26
Less: Impairment loss allowance	618.50	362.32	1,076.76	2,057.58	468.48	251.78	810.32	1,530.58	334.15	257.30	875.94	1,467.39
	110,129.49	1,648.24	735.09	112,512.82	77,882.28	830.46	389.76	79,102.50	54,110.62	788.15	547.10	55,445.87

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

8 Loans (Contd.)

Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowance (ECL) is as follows

(₹ In Crore)

Particulars	As at 31 March 2019							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2018	78,350.76	468.48	1,082.24	251.78	1,200.08	810.32	80,633.08	1,530.58
Transfers during the year								
transfers to stage 1	93.82	20.50	(89.95)	(18.28)	(3.87)	(2.22)	-	-
transfers to stage 2	(1,662.54)	(21.38)	1,671.38	26.04	(8.84)	(4.66)	-	-
transfers to stage 3	(1,592.83)	(30.63)	(562.35)	(148.63)	2,155.18	179.26	-	-
	(3,161.55)	(31.51)	1,019.08	(140.87)	2,142.47	172.38	-	-
Impact of changes in credit risk on account of stage movements	-	(14.68)	-	226.89	-	1,028.88	-	1,241.09
Changes in opening credit exposures (additional disbursement net of repayments)	(35,314.11)	(214.93)	(732.59)	(119.13)	(950.90)	(181.61)	(36,997.60)	(515.67)
New credit exposures during the year, net of repayments	70,872.89	411.14	641.83	143.65	385.57	212.16	71,900.29	766.95
Amounts written off during the year	-	-	-	-	(965.37)	(965.37)	(965.37)	(965.37)
As at 31 March 2019	**110,747.99**	**618.50**	**2,010.56**	**362.32**	**1,811.85**	**1,076.76**	**114,570.40**	**2,057.58**

(₹ In Crore)

Particulars	As at 31 March 2018							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 1 April 2017	54,444.77	334.15	1,045.45	257.30	1,423.04	875.94	56,913.26	1,467.39
Transfers during the year								
transfers to stage 1	138.09	26.47	(124.54)	(21.05)	(13.55)	(5.42)	-	-
transfers to stage 2	(795.20)	(16.41)	811.42	21.59	(16.22)	(5.18)	-	-
transfers to stage 3	(1,036.76)	(21.75)	(465.71)	(132.22)	1,502.47	153.97	-	-
	(1,693.87)	(11.69)	221.17	(131.68)	1,472.70	143.37	-	-
Impact of changes in credit risk on account of stage movements	-	(14.35)	-	138.37	-	792.74	-	916.76
Changes in opening credit exposures (additional disbursement net of repayments)	(26,614.60)	(131.81)	(558.94)	(120.70)	(1,030.80)	(208.42)	(28,204.34)	(460.93)
New credit exposures during the year, net of repayments	52,214.46	292.18	374.56	108.49	277.89	149.44	52,866.91	550.11
Amounts written off during the year	-	-	—	—	(942.75)	(942.75)	(942.75)	(942.75)
As at 31 March 2018	**78,350.76**	**468.48**	**1,082.24**	**251.78**	**1,200.08**	**810.32**	**80,633.08**	**1,530.58**

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
(i) Net impairment loss allowance charge/(release) for the year	527.00	63.19
(ii) Amounts written off during the year	965.37	942.75
Impairment on loans	1,492.37	1,005.94
Add: Impairment on other assets	8.98	24.55
Impairment on financial instruments	1,501.35	1,030.49

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

9. Investments

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) At amortised cost			
In Pass Through Certificates (PTC) representing securitisation of loan receivables	53.71	42.42	–
Total (A)	53.71	42.42	–
(B) At fair value through other comprehensive income			
(i) In Government securities*	1,255.60	793.17	658.46
Add: Fair value gain/(losses)	1.15	(15.12)	3.92
Sub-total (i)	1,256.75	778.05	662.38
* Includes ₹ 1,029.23 crore (Previous year ₹ 612.67 crore) pledged towards floating charge in favour of trustees representing the public deposit holders of the Parent Company towards maintenance of liquid assets as prescribed by the RBI Act, 1934.			
(ii) In equity instruments			
Equity shares	0.01	0.01	–
Preference shares (compulsorily convertible into equity shares) of One Mobikwik Systems Pvt. Ltd.	224.99	224.99	–
Sub-total (ii)	225.00	225.00	–
Total (B) = (i + ii)	1,481.75	1,003.05	662.38
(C) At fair value through profit or loss			
(i) In mutual funds	4,869.37	521.01	2,986.35
Add: Fair value gains/(losses)	6.64	0.59	36.36
Sub-total (i)	4,876.01	521.60	3,022.71
(ii) In Government securities	425.45	980.05	440.66
Add: Fair value gains/(losses)	0.23	(0.20)	5.48
Sub-total (ii)	425.68	979.85	446.14
(iii) In certificates of deposits	1,761.62	296.32	–
Add: Fair value gains/(losses)	0.26	–	–
Sub-total (iii)	1,761.88	296.32	–
(iv) In commercial paper	–	296.19	–
Add: Fair value gains/(losses)	–	–	–
Sub-total (iv)	–	296.19	–
Total (C) = (i+ ii + iii + iv)	7,063.57	2,093.96	3,468.85
Total (A+B+C)	8,599.03	3,139.43	4,131.23

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Out of above			
In India	8,599.03	3,139.43	4,131.23
Outside India	–	–	–
	8,599.03	3,139.43	4,131.23

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

10 Other financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Security deposits*	40.77	40.90	20.68
Advances to dealers	253.88	207.23	465.22
Other advances**	8.43	10.59	2.09
	303.08	258.72	487.99

– Impairment loss allowance recognised on other financial assets is ₹ Nil (Previous year ₹ Nil).
* Includes security deposits with related parties ₹ 1.03 crore (Previous year ₹ 1 crore).
** Includes receivables from related parties ₹ 0.43 crore (Previous year ₹ 3.61 crore).

11 Deferred tax assets (net)

Reconciliation of tax expenses and profit before tax multiplied by average corporate tax rate

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Profit before tax	6,179.16	3,843.44
At average corporate tax rate of 34.836% (Previous year 34.570%)	2,152.58	1,328.69
Tax on non-deductible expenditure	35.98	20.99
Utilisation of previously unrecognised tax losses	(2.54)	(2.61)
Tax amount on income not subject to tax	(1.85)	–
Tax expense (Effective tax rate of 35.347%, Previous year 35.049%)	2,184.17	1,347.07

Deferred tax assets recorded in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Deferred tax relates to the following:			
Deferred tax asset			
Disallowance u/s 43B of the Income Tax Act, 1961	22.69	19.48	13.50
Impairment on financial instruments	606.30	454.00	445.90
Financial instruments measured at EIR	24.13	279.84	216.42
Unrealised net loss on fair value changes	–	5.30	–
Other temporary differences	33.50	24.31	20.49
Gross deferred tax assets	686.62	782.93	696.31
Deferred tax liabilities			
Depreciation and amortisation	9.92	12.08	16.33
Special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	2.15	–	–
Unrealised net gain on fair value changes	2.29	0.13	12.98
Other temporary differences	3.23	3.27	1.37
Gross deferred tax liabilities	17.59	15.48	30.68
Deferred tax assets/(liabilities), net	669.03	767.45	665.63

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

11 Deferred tax assets (net) (Contd.)

Changes in deferred tax assets recorded in profit or loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	1.56	(3.17)
Impairment on financial instruments	(152.29)	(8.10)
Depreciation and amortisation	(2.16)	(4.25)
Financial instruments measured at EIR	255.71	(63.42)
Special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	2.13	–
Unrealised net gain on fair value changes	1.78	(11.50)
Other temporary differences	(8.45)	(1.92)
	98.28	(92.36)

– Deferred tax charge for the year ended 31 March 2018 includes an impact of ₹ 7.42 crore on account of revaluation of deferred tax assets (net) due to change in corporate tax rate.

Changes in deferred tax assets recorded in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Deferred tax relates to the following:		
Changes in fair value of FVOCI debt securities	5.69	(6.65)
Disallowance u/s 43B of the Income Tax Act, 1961	(5.56)	(2.81)
	0.13	(9.46)

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

12 Property, plant and equipment and other intangible assets

For the financial year 2018-19

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year	As at 31 March 2019	As at 31 March 2019
Property, plant and equipment (a)									
Freehold land (b)	2.26	–	–	2.26	–	–	–	–	2.26
Building (c)	158.68	47.80	0.78	205.70	46.52	0.26	7.14	53.40	152.30
Computers	123.90	56.64	15.52	165.02	69.28	12.31	27.84	84.81	80.21
Office equipment	81.72	60.29	2.83	139.18	38.51	(0.59)	22.81	61.91	77.27
Furniture and fixtures	116.99	57.35	3.22	171.12	32.52	2.86	18.84	48.50	122.62
Vehicles	40.63	25.03	10.25	55.41	15.63	5.23	10.59	20.99	34.42
Leasehold improvements	63.08	51.67	2.02	112.73	38.65	1.65	18.30	55.30	57.43
Sub-total	**587.26**	**298.78**	**34.62**	**851.42**	**241.11**	**21.72**	**105.52**	**324.91**	**526.51**
Other intangible assets (d)									
Softwares	198.46	97.80	17.68	278.58	77.62	2.73	38.63	113.52	165.06
Sub-total	**198.46**	**97.80**	**17.68**	**278.58**	**77.62**	**2.73**	**38.63**	**113.52**	**165.06**
Total	**785.72**	**396.58**	**52.30**	**1,130.00**	**318.73**	**24.45**	**144.15**	**438.43**	**691.57**

For the financial year 2017-18

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2017	Additions	Deductions/ adjustments	As at 31 March 2018	As at 1 April 2017	Deductions/ adjustments	For the year	As at 31 March 2018	As at 31 March 2018
Property, plant and equipment (a)									
Freehold land (b)	2.26	–	–	2.26	–	–	–	–	2.26
Building (c)	158.68	–	–	158.68	40.75	–	5.77	46.52	112.16
Computers	94.32	32.24	2.66	123.90	49.20	2.26	22.34	69.28	54.62
Office equipment	52.90	29.33	0.51	81.72	25.35	0.36	13.52	38.51	43.21
Furniture and fixtures	77.97	40.32	1.30	116.99	20.53	0.92	12.91	32.52	84.47
Vehicles	24.32	18.27	1.96	40.63	9.79	1.49	7.33	15.63	25.00
Leasehold improvements	48.45	14.63	–	63.08	25.77	–	12.88	38.65	24.43
Sub-total	**458.90**	**134.79**	**6.43**	**587.26**	**171.39**	**5.03**	**74.75**	**241.11**	**346.15**
Other intangible assets (d)									
Softwares	130.12	72.93	4.59	198.46	54.89	4.59	27.32	77.62	120.84
Sub-total	**130.12**	**72.93**	**4.59**	**198.46**	**54.89**	**4.59**	**27.32**	**77.62**	**120.84**
Total	**589.02**	**207.72**	**11.02**	**785.72**	**226.28**	**9.62**	**102.07**	**318.73**	**466.99**

(a) See note no. 3.6

(b) Represents share in undivided portion of land on purchase of office premises

(c) Includes cost of shares in co-operative society ₹ 500 (Previous year ₹ 500)

(d) See note no. 3.7

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

13 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Capital advances	4.45	2.80	2.64
Indirect tax credits available for utilisation	20.34	33.96	7.82
Deposits against appeals	17.01	13.24	3.26
Advances to suppliers and others	15.80	7.09	4.27
	57.60	57.09	17.99

14 Payables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(I) Trade payables			
Total outstanding dues of micro enterprises and small enterprises#	0.44	0.45	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises*	563.36	445.52	287.89
	563.80	445.97	288.07
(II) Other payables			
Total outstanding dues of micro enterprises and small enterprises#	–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises**	280.22	205.06	90.35
	280.22	205.06	90.35

* Includes payable to related parties ₹ 12.02 crore (Previous year ₹ 3.38 crore).

** Includes payable to related parties ₹ 6.36 crore (Previous year ₹ 5.16 crore).

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

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.44	0.45	0.18
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end (since paid)	–	0.01	–
Payment made to suppliers (other than interest) beyond the appointed day, during the year	5.60	2.80	1.39
Interest paid to suppliers under MSMED Act (other than section 16)	–	–	–
Interest paid to suppliers under MSMED Act (section 16)	0.13	0.07	0.07
Interest due and payable to suppliers under MSMED Act, for payments already made (Previous year ₹ 12,668)	–		–
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (since paid)	–	0.01	–

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

15 Debt securities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) At amortised cost			
(I) Secured*			
Privately placed redeemable non-convertible debentures/bonds	35,723.96	29,423.39	20,994.10
Sub-total (I)	35,723.96	29,423.39	20,994.10
(II) Unsecured			
Privately placed partly paid redeemable non-convertible debentures	1,274.81	466.36	128.50
Borrowings by issue of commercial papers	9,682.56	3,681.28	4,587.07
Sub-total (II)	10,957.37	4,147.64	4,715.57
Total (I + II)	46,681.33	33,571.03	25,709.67
(B) Out of above			
In India	46,681.33	33,571.03	25,709.67
Outside India	–	–	–
	46,681.33	33,571.03	25,709.67

* Secured by pari passu charge created by mortgage of Parent Company's Chennai office, on loan receivables as stated in the respective information memorandum. Until 5 July 2018, the Parent Company had mortgaged its residential property at Pune on pari passu charge against specific debentures.

– Related parties are current holders of ₹ 1,861 crore in aggregate of the above debt securities (Previous year ₹ 830 crore).

(C) Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2019

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	1,770.00	100.00	352.63	–	2,222.63
1095-1460	2,292.00	7,902.93	504.94	2,319.91	13,019.78
More than 1460	607.50	1,190.20	1,129.20	7,217.28	10,144.18
Issued at discount and redeemable at par					
1090-1460	96.85	–	–	–	96.85
Issued at par and redeemable at premium					
366-730	–	320.00	–	–	320.00
730-1095	328.10	12.00	428.29	–	768.39
1095-1460	691.60	1,584.10	2,468.44	3,737.11	8,481.25
More than 1460	85.00	–	18.50	3.80	107.30
Interest accrued and impact of EIR					1,838.37
					36,998.77

– Interest rate ranges from 7.25% p.a. to 10% p.a. as at 31 March 2019.

– As at 31 March 2019, partly called and paid unsecured debentures of ₹ 1,274.81 crore.

– Amount to be called and paid is ₹ 200 crore each in Jun 2019, Jun 2020 and Jun 2021.

– Amount to be called and paid is ₹ 445 crore each in Nov 2019, Nov 2020, Nov 2021 and Nov 2022.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

15 Debt securities (Contd.)

Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2018

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	605.00	1,770.00	100.00	79.92	2,554.92
1095-1460	1,179.00	2,267.00	7,848.15	365.00	11,659.15
More than 1460	384.00	632.50	1,245.20	4,833.55	7,095.25
Issued at discount and redeemable at par					
1090-1460	–	90.07	–	–	90.07
Issued at par and redeemable at premium					
730-1095	762.00	328.10	12.00	–	1,102.10
1095-1460	885.00	691.60	1,584.10	2,468.21	5,628.91
More than 1460	–	85.00	–	22.30	107.30
Interest accrued and impact of EIR					1,652.05
					29,889.75

- Interest rate ranges from 7.25% p.a. to 10% p.a. as at 31 March 2018.
- As at 31 March 2018, partly called and paid unsecured debentures of ₹ 444.55 crore.
- Amount to be called and paid is ₹ 120.45 crore in Oct 2018.
- Amount to be called and paid is ₹ 200 crore each in Jun 2018, Jun 2019, Jun 2020 and Jun 2021.

Terms of repayment of non-convertible debentures (NCDs) as at 1 April 2017

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	230.00	605.00	1,770.00	–	2,605.00
1095-1460	686.00	1,179.00	2,267.00	1,400.00	5,532.00
More than 1460	720.00	384.00	632.50	3,429.30	5,165.80
Issued at discount and redeemable at par					
1090-1460	–	–	83.27	–	83.27
Issued at par and redeemable at premium					
600-1095	1,665.00	762.00	328.10	–	2,755.10
1095-1460	708.50	885.00	776.60	1,251.40	3,621.50
More than 1460	–	–	–	22.30	22.30
Interest accrued and impact of EIR					1,337.63
					21,122.60

- Interest rate ranges from 7.45% p.a. to 10% p.a. as at 1 April 2017.
- As at 1 April 2017, partly called and paid unsecured debentures of ₹ 124.10 crore.
- Amount to be called and paid is ₹ 120.45 crore each in Oct 2017 and Oct 2018.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

15 Debt securities (Contd.)

(D) Terms of repayment of commercial papers as at 31 March 2019

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	9,683.49	–	–	–	9,683.49
Interest accrued and impact of EIR					(0.93)
					9,682.56

- Interest rate ranges from 7.46% p.a. to 7.65% p.a. as at 31 March 2019.
- Face value of commercial paper is ₹ 9,750 crore as at 31 March 2019.

Terms of repayment of commercial papers as at 31 March 2018

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	3,683.02	–	–	–	3,683.02
Interest accrued and impact of EIR					(1.74)
					3,681.28

- Interest rate ranges 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.

Terms of repayment of commercial papers as at 1 April 2017

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Up to 365	4,588.69	–	–	–	4,588.69
Interest accrued and impact of EIR					(1.62)
					4,587.07

- Interest rate ranges from 6.50% p.a. to 8.36% p.a. as at 1 April 2017.
- Face value of commercial paper is ₹ 4,645 crore as at 1 April 2017.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

16 Borrowings (other than debt securities)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) In India			
At amortised cost:			
Term loans from banks	34,339.00	16,894.48	14,237.01
Cash credit	1,773.93	1,261.07	1,234.44
Working capital demand loans	796.59	850.77	1,000.00
Overdraft facility	250.07	989.41	588.66
Collateralised borrowing and lending obligation (CBLO) against Government securities	414.85	1,059.43	349.83
	37,574.44	21,055.16	17,409.94
Outside India	–	–	–
(B) Out of above			
Secured (Against hypothecation of loans, book debts and other receivables)	37,574.44	20,555.15	16,307.42
Unsecured	–	500.01	1,102.52
	37,574.44	21,055.16	17,409.94

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

16 Borrowings (other than debt securities) (Contd.)

(C) Terms of repayment of term loans, working capital demand loans and CBLO as at 31 March 2019

Original maturity of loans (In no. of days)	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due more than 3 years		Total ₹ In Crore
	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	
Monthly									
Greater than 1095	–	–	4	500.00	–	–	–	–	500.00
Quarterly									
Up to 365	7	602.77	–	–	–	–	–	–	602.77
366-730	4	447.22	45	1,374.99	–	–	–	–	1,822.21
731-1095	–	–	6	622.22	21	1,051.04	–	–	1,673.26
Greater than 1095	37	1,006.25	34	1,112.50	46	1,346.18	82	4,555.58	8,020.51
Half yearly									
Up to 365	4	308.00	–	–	–	–	–	–	308.00
366-730	–	–	4	308.00	–	–	–	–	308.00
731-1095	–	–	–	–	5	304.00	–	–	304.00
Greater than 1095	35	1,300.00	31	1,050.00	16	1,029.00	32	2,376.00	5,755.00
Yearly									
Up to 365	9	553.34	–	–	–	–	–	–	553.34
366-730	–	–	8	770.84	–	–	–	–	770.84
731-1095	–	–	3	320.00	3	516.25	–	–	836.25
Greater than 1095	2	50.00	3	125.00	11	780.82	21	1,808.75	2,764.57
On maturity (Bullet)									
Up to 365	3	1,209.69	–	–	–	–	–	–	1,209.69
366-730	–	–	2	150.00	–	–	–	–	150.00
731-1095	3	400.00	1	800.00	2	450.00	–	–	1,650.00
Greater than 1095	14	1,250.00	11	2,250.00	4	2,000.00	11	2,865.00	8,365.00
Interest accrued and impact of EIR									(42.99)
									35,550.45

– Interest rate ranges from 7.40% p.a. to 9.50% p.a. as at 31 March 2019.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

16 Borrowings (other than debt securities) (Contd.)

Terms of repayment of term loans, working capital demand loans and CBLO as at 31 March 2018

Original maturity of loans (In no. of days)	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due more than 3 years		Total ₹ In Crore
	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	
Monthly									
More than 1095	–	–	–	–	4	500.00	–	–	500.00
Quarterly									
366 to 730	–	–	3	58.33	–	–	–	–	58.33
731 to 1095	–	–	–	–	12	154.17	–	–	154.17
More than 1095	58	1,600.00	35	950.00	42	1,229.17	51	827.08	4,606.25
Half yearly									
More than 1095	30	700.00	35	1,300.00	31	1,050.00	15	825.00	3,875.00
Yearly									
More than 1095	–	–	2	50.00	3	125.00	5	400.00	575.00
On maturity (Bullet)									
Up to 365	4	2,069.60	–	–	–	–	–	–	2,069.60
731-1095	3	250.00	3	400.00	–	–	–	–	650.00
More than 1095	2	200.00	14	1,250.00	12	2,300.00	7	2,565.00	6,315.00
Interest accrued and impact of EIR									1.33
									18,804.68

– Interest rate range froms 7.27% p.a. to 8.45% p.a. as at 31 March 2018.

Terms of repayment of term loans, working capital demand loans and CBLO as at 1 April 2017

Original maturity of loan (In no. of days)	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due more than 3 years		Total ₹ In Crore
	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	
Monthly									
More than 1095	–	–	–	–	–	–	4	500.00	500.00
Quarterly									
731-1095	5	62.50	–	–	–	–	–	–	62.50
More than 1095	18	537.50	58	1,600.00	35	950.00	50	1,568.75	4,656.25
Half yearly									
731-1095	9	197.86	–	–	–	–	–	–	197.86
More than 1095	20	460.00	30	700.00	35	1,300.00	38	1,575.00	4,035.00
Yearly									
More than 1095	–	–	–	–	2	50.00	4	200.00	250.00
On maturity (Bullet)									
Up to 365	3	1,350.00	–	–	–	–	–	–	1,350.00
366-730	3	300.00	–	–	–	–	–	–	300.00
731-1095	7	685.00	3	250.00	3	400.00	–	–	1,335.00
More than 1095	9	900.00	2	200.00	14	1,250.00	5	550.00	2,900.00
Interest accrued and impact of EIR									0.23
									15,586.84

– Interest rate ranges from 8.05% p.a. to 9.70% p.a. as at 1 April 2017.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

17 Deposits (Unsecured)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) At amortised cost			
Public deposits*	6,828.35	3,418.61	2,472.36
From others	6,364.66	4,374.26	1,799.78
	13,193.01	7,792.87	4,272.14

* As defined in chapter II, para 3 (xiii) of Master directions – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 as issued by RBI.

• Include from related parties ₹ 9.16 crore (Previous year ₹ 5.54 crore).

(B) Terms of repayment of public deposits as at 31 March 2019

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365–730	1,143.80	42.26	–	–	1,186.06
731–1095	566.08	345.25	3.55	–	914.88
More than 1095	116.19	811.59	2,716.18	910.83	4,554.79
Interest accrued and impact of EIR					172.62
					6,828.35

Terms of repayment of deposit from others as at 31 March 2019

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	1,265.10	–	–	–	1,265.10
366–730	4,224.79	84.46	–	–	4,309.25
731–1095	298.19	38.80	–	–	336.99
More than 1095	11.55	77.66	55.62	121.54	266.37
Interest accrued and impact of EIR					186.95
					6,364.66

– Interest rates range from 7.25% p.a. to 10.00% p.a. as at 31 March 2019.

Terms of repayment of public deposits as at 31 March 2018

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365 to 730	565.63	266.57	–	–	832.20
731-1095	42.25	572.79	9.01	–	624.05
More than 1095	362.96	117.96	882.08	490.50	1,853.50
Interest accrued and impact of EIR					108.86
					3,418.61

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

17 Deposits (Unsecured) (Contd.)

Terms of repayment of deposit from others as at 31 March 2018

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	423.83	–	–	–	423.83
366–730	2,488.01	810.64	–	–	3,298.65
731-1095	100.48	299.44	0.19	–	400.11
More than 1095	34.27	12.55	77.33	12.50	136.65
Interest accrued and impact of EIR					115.02
					4,374.26

– Interest rates range from 7.05% p.a. to 10.00% p.a. as at 31 March 2018.

Terms of repayment of public deposits as at 1 April 2017

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
365–730	318.89	235.84	–	–	554.73
731-1095	136.89	42.95	542.13	–	721.97
More than 1095	212.13	368.97	119.43	419.86	1,120.39
Interest accrued and impact of EIR					75.27
					2,472.36

Terms of repayment of deposit from others as at 1 April 2017

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	15.18	–	–	–	15.18
366–730	1,060.24	293.43	–	–	1,353.67
731-1095	107.89	100.48	48.18	–	256.55
More than 1095	43.39	43.27	11.95	6.95	105.56
Interest accrued and impact of EIR					68.82
					1,799.78

– Interest rates range from 7.30% p.a. to 10.25% p.a. as at 1 April 2017.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

18 Subordinated debts (Unsecured)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) In India			
At amortised cost			
Privately placed subordinated (Tier II) redeemable non-convertible debentures*	4,139.07	4,138.16	3,501.37
	4,139.07	4,138.16	3,501.37
(B) Outside India	–	–	–

* Related parties are current holders of ₹ 164.50 crore of the referenced issue face value (Previous year ₹ 164.50 crore).

Terms of repayment of subordinated debts as at 31 March 2019

(₹ In Crore)

Original maturity of loans (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	228.70	50.00	3,659.60	3,938.30
Interest accrued and impact of EIR					200.77
					4,139.07

– Interest rate ranges from 8.05% p.a. to 10.21% p.a. as at 31 March 2019.

Terms of repayment of subordinated debts as at 31 March 2018

(₹ In Crore)

Original maturity of loans (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	–	228.70	3,709.60	3,938.30
Interest accrued and impact of EIR					199.86
					4,138.16

- Interest rate ranges from 8.05% p.a. to 10.21% p.a. as at 31 March 2018.

Terms of repayment of subordinated debts as at 1 April 2017

(₹ In Crore)

Original maturity of loans (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	–	–	3,338.30	3,338.30
Interest accrued and impact of EIR					163.07
					3,501.37

- Interest rate ranges from 8.05% p.a. to 10.21% p.a. as at 1 April 2017.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

19 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unclaimed dividends	1.68	1.47	1.17
Book overdraft	1,334.66	995.98	1,048.90
Security deposits	88.64	62.05	39.45
Unclaimed matured deposits*	0.07	0.04	0.01
Others**	246.61	363.45	227.39
	1,671.66	1,422.99	1,316.92

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

** Include amounts pertaining to related parties ₹ 4.88 crore (Previous year ₹ 1.09 crore).

20 Provisions

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
Gratuity	32.97	24.61	14.36
Compensated absences*	23.14	21.69	20.68
Other long term service benefits	7.90	5.60	5.52
Provision retained on sale of non performing assets as per RBI	9.88	10.30	10.05
	73.89	62.20	50.61

* Include amounts payable for encashable leaves not permitted to be carry forward of ₹ 15.75 crore as at 31 March 2019 (Previous year ₹ Nil).

21 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory dues	262.03	197.72	84.00
Income received in advance	–	–	8.67
Others	73.66	33.01	76.36
	335.69	230.73	169.03

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

22 Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
75,000,000 (75,000,000) equity shares of ₹ 2 each	150.00	150.00	150.00
Issued			
577,968,388 (577,968,388) equity shares of ₹ 2 each	115.59	115.59	109.98
Subscribed and paid up			
577,968,388 (577,968,388) equity shares of ₹ 2 each fully called up and paid up	115.59	115.59	109.98
Less: 1,093,723 (2,834,200) equity shares of ₹ 2 each held in a trust for employees under ESOP scheme [See footnote (e) below]	0.22	0.56	0.61
	115.37	115.03	109.37

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

Particulars	Nos.	₹ In Crore
Equity share capital issued, subscribed and fully paid up	549,890,090	109.98
Less: Equity shares held in trust for employees under ESOP scheme	3,057,500	0.61
As at 1 April 2017	546,832,590	109.37
As at 1 April 2017	549,890,090	109.98
Add: Issued during the year to Trust for employees pursuant to ESOP scheme	1,451,080	0.29
Add: Issued during the year to eligible Qualified Institutional Buyers#	26,627,218	5.32
	577,968,388	115.59
Less: equity shares held in trust for employees under ESOP scheme	2,834,200	0.56
As at 31 March 2018	575,134,188	115.03
As at 1 April 2018	577,968,388	115.59
Less: equity shares held in trust for employees under ESOP scheme	1,093,723	0.22
As at 31 March 2019	576,874,665	115.37

On 12 September 2017, the Parent Company through Qualified Institutions Placement (QIP) allotted 26,627,218 equity shares to the eligible Qualified Institutional Buyers (QIB) at a price of ₹ 1,690 per equity share of ₹ 2 face value (inclusive of premium of ₹ 1,688 per share) aggregating ₹ 4,500 crore. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Funds received in the QIP of equity shares have been utilised for the purpose mentioned in the objects of the issue in the offer document.

On 14 September 2016, the Allotment Committee of the Board of Directors allotted 269,360,950 equity shares of face value of ₹ 2 each as bonus shares in the proportion of one bonus equity share for every one equity share of face value of ₹ 2 held as on the record date, by capitalising an amount of ₹ 538,721,900 from securities premium account. The bonus shares were listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) w.e.f. 19 September 2016. Other than this, Parent Company has not allotted any bonus shares in previous years.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

22 Equity share capital (Contd.)

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

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

(ii) Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, 9,250,000 equity shares held by Bajaj Finserv Ltd. are restricted from transfer and pledge up to 11 December 2019.

(c) Shares held by Holding Company (Face value ₹ 2 per share)

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
Particulars	Nos.	₹ In Crore	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finserv Ltd.*	317,816,130	63.56	317,816,130	63.56	317,816,130	63.56

* An associate of Bajaj Holdings and Investments Ltd.

(d) Details of shareholders holding more than 5% shares in the Company (Face value ₹ 2 per share)

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
Particulars	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding
Bajaj Finserv Ltd. *	317,816,130	54.99%	317,816,130	54.99%	317,816,130	57.80%

* An associate of Bajaj Holdings and Investments Ltd.

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

Particulars	No. of Stock options/Equity shares
a. Number of equity shares approved/reserved for issue under Employee Stock Option Plan, 2009 to employees of the Group drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 (SEBI Guidelines) (i.e. 5% of the then subscribed and paid up share capital)	25,071,160
b. Options granted under the scheme up to 31 March 2019	24,802,316
c. Options cancelled up to 31 March 2019 and added back to pool for future grants	3,485,442
d. Balance available under the scheme for future grants (d=a-b+c)	3,754,286
e. Equity shares allotted to BFL Employee Welfare Trust up to 31 March 2019	15,789,000
f. Stock Options exercised up to 31 March 2019	14,695,277
g. Balance stock options available with BFL Employee Welfare Trust on 31 March 2019 (g=e-f)	1,093,723

Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year have been reduced against the share capital as if the trust is administered by the Parent Company itself. The securities premium related to the unexercised equity shares held by the trust at the close of the year aggregating ₹ 346,849,803 (As at 31 March 2018 ₹ 917,873,582) has also been reduced from securities premium account and adjusted against the loan outstanding from the trust.

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

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

23 Other equity

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) Securities premium			
Balance at the beginning of the year	8,315.52	3,772.50	3,772.50
Add: Received during the year			
On allotment of shares to Trust for employees pursuant to ESOP scheme	–	67.20	
On allotment of shares to employees pursuant to ESOP scheme	17.97	10.41	
On issue of shares under Qualified Institutional Buyers	–	4,494.67	
Less: Share issue expenses as per section 52 of the Companies Act, 2013	–	29.26	
	8,333.49	8,315.52	3,772.50
Less: Premium on equity shares held in trust for employees under the ESOP scheme	34.68	91.79	62.23
Balance at the end of the year	8,298.81	8,223.73	3,710.27
(ii) Retained earnings			
Balance at the beginning of the year	4,813.77	3,094.53	3,103.12
Profit for the year	3,994.99	2,496.37	
Item of other comprehensive income recognised directly in retained earnings			
On defined benefit plan	(10.76)	(5.24)	(8.59)
	8,798.00	5,585.66	3,094.53
Appropriations:			
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	(779.00)	(530.00)	
Transfer to reserve fund in terms of section 29C of the NHB Act, 1987	(14.18)	(4.46)	
Transfer to infrastructure reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961	(7.40)		
Dividend paid	(231.19)	(197.96)	
Tax on dividend	(47.52)	(40.30)	
Adjustment of dividend to ESOP Trust [See note no. 22(e)]	0.83	0.83	
Total appropriations	(1,078.46)	(771.89)	
Balance at the end of the year	7,719.54	4,813.77	3,094.53
Other reserves			
(iii) 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	1,823.75	1,293.75	1,293.75
Add: Transferred during the year	779.00	530.00	
Balance as at the end of the year	2,602.75	1,823.75	1,293.75
(iv) Reserve fund in terms of section 29C of the National Housing Bank Act,1987			
Balance as at the beginning of the year	4.49	0.03	0.03
Add: transferred during the year	14.18	4.46	
Balance as at the end of the year	18.67	4.49	0.03

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

23 Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other reserves (Contd.)			
(v) General reserve			
Balance as at the beginning of the year	785.65	785.60	785.60
Add: Transfer on cancellation of stock options	0.99	0.05	
Balance as at the end of the year	786.64	785.65	785.60
(vi) Infrastructure reserve in terms of section 36 (1)(viii) of the Income Tax Act, 1961			
Balance as at the beginning of the year	9.25	9.25	9.25
Add: Transferred during the year	7.40		
Balance as at the end of the year	16.65	9.25	9.25
(vii) Other comprehensive income on debt securities			
Balance as at the beginning of the year	(9.84)	2.55	2.55
Add: Additions during the year	10.58	(12.39)	
Balance as at the end of the year	0.74	(9.84)	2.55
(viii) Share options outstanding account			
Balance as at the beginning of the year	82.01	47.46	47.46
Add: Fair value of stock options	74.8	45.01	
Less: Transfer on allotment of shares to employees pursuant to ESOP scheme	17.97	10.41	
Less: Transfer on cancellation of stock options	0.99	0.05	
Balance as at the end of the year	137.85	82.01	47.46
Total other equity	19,581.65	15,732.81	8,943.44

24 Nature and purpose of other equity

(i) Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

(ii) Retained earnings

Retained earnings represents the surplus in profit and loss account and appropriations.
The Group recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/(asset).

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

24 Nature and purpose of other equity

(iii) Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

(iv) Reserve fund in terms of section 29C of the National Housing Bank Act,1987

Reserve fund is created as per the terms of section 29C of the National Housing Bank Act,1987 as a statutory reserve.

(v) General reserve

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

(vi) Infrastructure reserve created under section 36(1)(viii) of the Income Tax Act, 1961

Infrastructure reserve is created to avail the deduction as per the provisions of section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes and for development of infrastructure facility in India.

(vii) Other comprehensive income

On equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated in the FVOCI equity investments reserve. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

On debt investments

The Group recognises changes in the fair value of debt instruments held with a dual business objective of collect and sell in other comprehensive income. These changes are accumulated in the FVOCI debt investments reserve. The Group transfers amounts from this reserve to profit or loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified to profit or loss.

On loans

The Group recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss. The table gives details of movement of fair value changes:

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Balance as at the beginning of the year	–	–
Fair value changes	90.41	88.09
Impairment loss allowances transferred to profit or loss	(90.41)	(88.09)
Balance as at the end of the year	–	–

(viii) Share options outstanding account

Share options outstanding account is created as required by Ind AS 102 'Share Based Payments' on the Employee Stock Option Scheme operated by the Parent Company for employees of the Group.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

25 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	On financial assets measured at				On financial assets measured at			
	FVOCI	Amortised cost	FVTPL	Total	FVOCI	Amortised cost	FVTPL	Total
On loans	1,330.71	14,881.44	–	16,212.15	975.36	10,515.23	–	11,490.59
On investments	58.53	3.56	70.69	132.78	54.29	0.46	36.04	90.79
On others	–	3.82	–	3.82	–	4.12	–	4.12
	1,389.24	14,888.82	70.69	16,348.75	1,029.65	10,519.81	36.04	11,585.50

26 Fees and commission income

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Service and administration charges	580.64	343.38
Fees on value added services and products	328.51	197.22
Foreclosure income	105.16	24.71
Distribution income	667.56	242.84
	1,681.87	808.15

27 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
(A) Net gain/(loss) on financial instruments measured at fair value through profit or loss		
On trading portfolio:		
Realised gain/(loss) on debt instruments at FVTPL	290.89	249.47
Unrealised gain/(loss) on debt instruments at FVTPL	6.74	(41.45)
(B) Others		
Realised gain/(loss) on sale of debt FVOCI instruments	0.27	6.62
	297.90	214.64

28 Sale of services

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Service fees for management of assigned portfolio of loans	63.77	67.66
Other service fees	5.00	–
	68.77	67.66

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

29 Recoveries of financial assets written off

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Recoveries of financial assets written off	83.11	58.39
Net realisation on sale of written off loans	4.69	10.07
	87.80	68.46

30 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Interest on income tax refund	–	1.86
Net gain on disposal of property, plant and equipment	3.39	–
Net gain on foreign currency transaction and translation	0.05	0.01
Dividend income (₹ 12,000, Previous year ₹ 10,688)		
Miscellaneous income	13.23	10.56
	16.67	12.43

31 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
On financial liabilities measured at amortised cost:		
On debt securities	3,251.61	2,502.60
On borrowings other than debt securities	2,146.97	1,290.68
On deposits	868.22	476.40
On subordinated debts	352.29	341.34
On others	4.47	2.88
	6,623.56	4,613.90

32 Fees and commission expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Commission and incentives	61.33	42.03
Recovery costs	646.87	491.43
Loan portfolio management service charges	4.68	–
	712.88	533.46

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

33 Impairment on financial instruments

(₹ In Crore)

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	At amortised cost	At FVOCI	Total	At amortised cost	At FVOCI	Total
On loans	1,431.61	60.76	1,492.37	894.62	111.32	1,005.94
On others	8.98	–	8.98	24.55	–	24.55
	1,440.59	60.76	1,501.35	919.17	111.32	1,030.49

34 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Employees emoluments	1,742.42	1,311.30
Contribution to provident fund and other funds	70.17	53.70
Share based payment to employees	74.79	45.01
Staff welfare expenses	53.52	23.61
	1,940.90	1,433.62

35 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Insurance	3.24	2.88
Rent, taxes and energy cost	90.31	62.71
Director's fees, commission and expenses	4.17	3.45
Communication expenses	69.36	64.02
Outsourcing/back office expenses	209.90	211.23
Travelling expenses	201.68	160.24
Information technology expenses	164.50	138.90
Bank charges	99.10	82.21
Net loss on disposal of property, plant and equipment	–	0.37
Auditor's fees and expenses*	0.71	0.73
Advertisement, branding and promotion expenses	183.23	166.85
Expenditure towards Corporate Social Responsibility activities**	56.78	39.56
Repairs and maintenance	56.49	38.44
Printing and stationery	16.76	10.98
Legal and professional charges	16.92	15.30
Customer experience	67.31	43.86
Miscellaneous expenses	159.30	158.13
	1,399.76	1,199.86

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

35 Other expenses (Contd.)

* Payment to auditor (net of Service Tax/GST credit availed)#

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Audit fees	0.46	0.37
Tax audit fee	0.05	0.05
Limited review fees	0.10	0.10
In other capacity		
Other services	0.08	0.20
Reimbursement of expenses	0.02	0.02
	0.71	0.74

Excludes fees of ₹ 0.33 crore incurred for the year ended 31 March 2018 in respect of fund raised through Qualified Institutional Placement, adjusted against securities.premium

** Corporate Social Responsibility expenditure

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(a) Gross amount required to be spent by the Group during the year	56.59	39.40
(b) Amount spent in cash during the year on		
(i) Construction/acquisition of any asset	–	–
(ii) On purpose other than (i) above	56.78	39.56

36 Business combinations under common control

During the year, the Parent Company acquired 100% equity shares of Bajaj Financial Securities Ltd. (Bfinsec), which was under common control. The effective date of business combination on which the Parent Company obtains the control on the entity was 10 August 2018. Bajaj Financial Securities Ltd. was incorporated in the financial year 2009-10, for the purpose of providing services in the securities market and had stock broking and Depository participant (DP) license. However, due to the change in the business environment, the acquiree had discontinued its operations and surrendered the stock broking and DP license.

Bfinsec received approval from SEBI to carry on the business as a stock broker on 24 January 2019 and trading membership of BSE Ltd. on 29 January 2019. Bfinsec is in its early stages of commencing stock broking and DP business.

Details of acquisition transaction

Particulars	₹ In Crore
Components of consideration paid:	
Cash	20.38
Net market value of asset acquired:	
Net assets acquired	19.91
Tax benefit on unabsorbed losses of ₹ 1.71 crore	0.47
	20.38

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

37 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Parent Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2019	2018
(A) Net profit attributable to equity shareholders (₹ In Crore)	3,994.99	2,496.37
(B) Weighted average number of equity shares for basic earnings per share	576,195,060	562,553,482
Effect of dilution:		
Employee stock option	4,854,887	5,811,764
(C) Weighted average number of equity shares for diluted earnings per share	581,049,947	568,365,246
Earning per share (Basic) (₹) (A/B)	69.33	44.38
Earning per share (Diluted) (₹) (A/C)	68.75	43.92

38 Segment Information

The Group operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Group operates in a single geographical segment i.e. domestic.

39 Transfer of financial assets that are derecognised in their entirety where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

40 Revenue from contract with customers

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Type of services		
Service and administration charges	580.64	342.89
Fees on value added services and products	328.51	196.69
Foreclosure charges	105.16	24.67
Distribution income	667.56	242.20
Sale of services	68.77	67.66
	1,750.64	874.11
Geographical markets		
India	1,750.64	874.11
Outside India	–	–
	1,750.64	874.11
Timing of revenue recognition		
Services transferred at a point in time	1,750.64	874.11
Services transferred over time	–	–
	1,750.64	874.11

Contract balances

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Service asset	92.95	98.59
Fees, commission and other	140.08	60.51
	233.03	159.10

– Accounts receivable are recognised when the right to consideration becomes unconditional.

– Impairment loss allowance recognised for contract asset ₹ Nil (Previous year ₹ Nil).

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

41 Employee benefits plan

Defined benefit plans

(A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

Movement in defined benefit obligations

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Defined benefit obligation as at the opening of the year	79.32	57.36
Current service cost	16.85	12.74
Interest on defined benefit obligation	5.94	4.13
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	0.52	4.22
Actuarial loss/(gain) arising from change in demographic assumptions	0.07	(10.95)
Actuarial loss/(gain) arising on account of experience changes	14.64	13.84
Benefits paid	(4.14)	(2.02)
Liabilities assumed/(settled)*	(5.12)	–
Defined benefit obligation as at the end of the year	108.08	79.32

* On account of business combination within the Group.

Movement in plan assets

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Fair value of plan asset as at the beginning of the year	54.82	43.14
Employer contributions	25.86	11.25
Interest on plan assets	4.91	3.44
Administration expenses	(0.01)	–
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(1.19)	(0.99)
Benefits paid	(4.14)	(2.02)
Assets acquired/(settled)*	(5.12)	–
Fair value of plan asset as at the end of the year	75.14	54.82

* On account of business combination within the Group.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

41 Employee benefits plan (Contd.)

Reconciliation of net liability/asset

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Net defined benefit liability/(asset) as at the beginning of the year	24.61	14.36
Expense charged to Statement of Profit and Loss	17.88	13.45
Amount recognised in other comprehensive income	16.33	8.05
Employer contributions	(25.85)	(11.25)
Net defined benefit liability/(asset) as at the end of the year	32.97	24.61

Expenses charged to the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Current service cost	16.86	12.74
Interest cost	1.03	0.71
	17.89	13.45

Movement in asset ceiling

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Value of asset ceiling as at the beginning of the year	0.10	0.14
Interest on opening balance of asset ceiling	0.01	0.01
Remeasurements due to change in surplus/deficit	(0.09)	(0.05)
Value of asset ceiling as at the end of the year	0.02	0.10

Remeasurement (gains)/losses in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Opening amount recognised in other comprehensive income	21.25	13.21
Changes in financial assumptions	0.52	4.22
Changes in demographic assumptions	0.07	(10.95)
Experience adjustments	14.64	13.84
Actual return on plan assets less interest on plan assets	1.19	0.99
Adjustment to recognise the effect of asset ceiling	(0.09)	(0.06)
Closing amount recognised outside profit or loss in other comprehensive income	37.58	21.25

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

41 Employee benefits plan (Contd.)

Amount recognised in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of funded defined benefit obligation	108.08	79.32	57.36
Fair value of plan assets	75.14	54.82	43.14
Net funded obligation	32.94	24.51	14.22
Amount not recognised due to asset limit	0.02	0.10	0.14
Net defined benefit liability recognised in Balance Sheet	32.96	24.61	14.36

Key actuarial assumptions

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate (p.a.)	7.70%	7.75%	7.35%
Salary escalation rate (p.a.)	11%	11%	10%
Category of plan assets			
Insurer managed funds	100%	100%	100%

Sensitivity analysis for significant assumptions is as shown below

Particulars	As at 31 March 2019		As at 31 March 2018	
	Discount rate (p.a.)	Salary escalation rate	Discount rate (p.a.)	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	(4.63%)	4.81%	(4.66%)	4.84%
Impact of decrease in 50 bps on defined benefit obligation	4.98%	(4.52%)	5.01%	(4.55%)

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

41 Employee benefits plan (Contd.)

Projected plan cash flow

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Maturity Profile		
Expected benefits for year 1	7.12	5.46
Expected benefits for year 2	7.36	5.46
Expected benefits for year 3	8.65	5.76
Expected benefits for year 4	8.71	6.55
Expected benefits for year 5	8.92	6.43
Expected benefits for year 6	9.27	6.63
Expected benefits for year 7	9.26	6.79
Expected benefits for year 8	10.78	6.87
Expected benefits for year 9	9.58	7.89
Expected benefits for year 10 and above	187.21	140.14

Expected contribution to fund in the next year

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Expected contribution to fund in the next year	30.50	19.50

(B) Compensated absences

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Maturity Profile			
Present value of unfunded obligations	9.56	21.69	20.68
Expense recognised in the Statement of Profit and Loss	6.17	19.56	16.88
Discount rate (p.a.)	7.70%	7.75%	7.35%
Salary escalation rate (p.a.)	11%	11%	10%

(C) Long-term service benefit liabilty

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Present value of unfunded obligations	7.90	5.60	5.52
Expense recognised in the statement of profit and loss	2.30	0.02	5.52
Discount rate (p.a.)	7.70%	7.75%	7.35%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

41 Employee benefits plan (Contd.)

(D) Provident fund

In case of certain employees, the Provident fund contribution is made to Bajaj Auto Ltd. Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as of 31 March 2019. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are as set out below:

Movement in defined benefit obligations

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Defined benefit obligations as the beginning of the year	240.79	176.35
Current service cost	21.09	18.08
Interest on defined benefit obligation	19.60	13.90
Remeasurements due to:		
Actuarial loss/(gain) arising on account of experience changes	1.83	3.76
Employees contribution	43.54	37.01
Benefits paid	(17.99)	(10.58)
Liabilities assumed/(settled)*	(23.49)	2.27
Defined benefit obligation as at the end of the year	285.37	240.79

* On account of business combination within the Group.

Movement in plan assets

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Fair value of plan asset as at the beginning of the year	240.79	176.35
Interest on plan assets	19.60	13.90
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	1.83	3.76
Employer contributions	21.09	18.08
Employees contribution	43.54	37.01
Benefits paid	(17.99)	(10.58)
Assets acquired/(settled)*	(23.49)	2.27
Fair value of plan asset as at the end of the year	285.37	240.79

* On account of business combination within the Group.

Reconciliation of net liability/asset

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Net defined benefit liability/(asset) as at the beginning of the year	–	–
Expense charged to statement of profit and loss	21.09	18.08
Employer contribution	(21.09)	(18.08)
Net defined benefit liability/(asset) as at the end of the year	–	–

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

41 Employee benefits plan (Contd.)

Expenses charged to the statement of profit and loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Current service cost	21.09	18.08
	21.09	18.08

Remeasurement gains/(losses) in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Opening amount recognised in OCI	–	–
Experience adjustments	1.83	3.76
Actual return on plan assets less interest on plan assets	(1.83)	(3.76)
Closing amount recognised in OCI	–	–

Amount recognised in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Present value of funded defined benefit obligation	285.37	240.79	176.35
Fair value of plan assets	285.37	240.79	176.35
Net funded obligation	–	–	–
Amount not recognised due to asset limit	–	–	–
Net defined benefit liability/(asset) recognised in Balance Sheet	–	–	–

Key actuarial assumptions

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Discount rate (p.a.)	7.70%	7.75%	7.35%
Future derived return on assets (p.a.)	8.68%	8.64%	8.90%
Discount rate for the remaining term to maturity of the investment (p.a.)	7.35%	7.65%	7.15%
Average historical yield on the investment portfolio (p.a.)	8.33%	8.54%	8.70%
Guaranteed rate of return (p.a.)	8.65%	8.55%	8.65%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

41 Employee benefits plan (Contd.)

Category of plan assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Government debt securities	148.97	121.12	91.70
Other debt instruments	94.81	84.10	63.49
Others	41.59	35.57	21.16
	285.37	240.79	176.35

Sensitivity analysis for significant assumptions is as shown below

The following table summarises the impact in absolute terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the difference between the rate earned and the guaranteed rate.

Particulars	As at 31 March 2019		As at 31 March 2018	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Impact on defined benefit obligation	–	–	–	–

42 Contingent liabilities and commitments

(A) Contingent liabilities not provided for in respect of

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Disputed claims against the Group not acknowledged as debts	28.09	31.27	17.29
VAT matters under appeal	4.39	2.39	2.24
ESI matters under appeal	5.14	5.14	5.14
Service tax matters under appeal			
On interest subsidy	1,340.49	1,243.80	1,147.10
On penal interest/charges	245.19	–	–
On others	5.45	3.11	4.43
Income tax matters			
Appeals by the Group	0.32	8.90	12.93
Appeals by the Income tax department	0.24	32.98	32.98

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

(ii) The Commissioner, Service Tax Commissionerate, Pune, through an order dated 31 March 2017, has confirmed the demand of service tax of ₹ 644.65 crore and penalties of ₹ 198.95 crore from the Parent Company in relation to the interest subsidy the Parent Company received from manufacturers and dealers during the period 1 April 2010 to 30 September 2016. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Parent Company pays the service tax

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

42 Contingent liabilities and commitments (Contd.)

demanded, which as at 31 March 2019 amounted to ₹ 496.89 crore. In accordance with legal advice, the Parent Company filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. The Parent Company, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

(iii) The Commissioner, Central Excise and CGST, Pune –I, Commissionerate, through an order dated 7 September 2018, has confirmed the demand of service tax ₹ 53.87 crore and penalties of ₹ 53.87 crore from the Parent Company in relation to the penal interest/ charges the Parent Company received from the customers during the period 1 July 2012 to 31 March 2017. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date the Parent Company pays the service tax demanded, which as at 31 March 2019 amounted to ₹ 43.36 crore. In accordance with legal advice, the Parent Company filed an appeal on 26 December 2018 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. The Parent Company, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

In addition, the Commissioner, Central Excise and CGST, Pune–I, Commissionerate, has issued a periodical show cause notice on 30 March 2019 demanding payment of service tax of ₹ 40.22 crore and penalty thereon of ₹ 40.22 crore on penal interest/charges received by the Parent Company from the customers during the period 1 April 2016 to 30 June 2017. The Commissioner has also demanded payment of interest on the service tax amount demanded, through a show cause notice, until the date the Parent Company pays the demand, which as at 31 March 2019, amounted to ₹ 13.65 crore. The Parent Company is in the process of preparation and filing of reply against this periodical show cause notice.

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

(v) The H'ble Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The Parent Company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal counsel and the response/direction from the authorities, including on representations made by an industry association in this regard.

(B) Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital commitments [estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)]	33.27	41.49	17.77
Other commitments – towards partially disbursed/un-encashed loans	481.31	349.55	2,233.51
	514.58	391.04	2,251.28

(C) Lease commitments

The Group's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellations by either party or certain agreements contains clause for escalation of lease payments. The non-cancellable operating lease agreements are ranging from 36 to 60 months. There are no sub-leases.
An amount of ₹ 69.16 crore (Previous year ₹ 48.32 crore) has been charged as lease payments to the Statement of Profit and Loss .

The total future minimum lease rentals payable at the Balance Sheet date for non-cancellable portion of the leases are as under:

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Minimum lease obligations		
Not later than one year	15.40	4.50
Later than one year but not later than five years	38.43	12.80
Later than five years	5.07	0.68

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

43 Unhedged foreign currency exposure

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Foriegn currency	₹ In Crore	Foriegn currency	₹ In Crore	Foriegn currency	₹ In Crore
USD	488,888	3.41	932,079	6.14	124,445	0.82
Pound	–	–	9,461	0.09	–	–

44 Changes in liabilities arising from financing activities

The Group does not have any financing activities which affect the capital and asset structure of the Group without the use of cash and cash equivalents.

45 Disclosure of transactions with related parties as required by Ind AS 24

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019		2018	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
(A) Holding Company, subsidiaries and fellow subsidiaries					
1. Bajaj Finserv Ltd. (Holding company)	Contribution to equity (317,816,130 shares of ₹ 2 each)	–	(63.56)	–	(63.56)
	Dividend paid	127.13	–	114.41	–
	Business support charges paid	16.55	–	10.07	–
	Business support charges received	0.34	–	0.31	–
	Secured non-convertible debentures issued	–	(751.00)	–	(635.00)
	Secured non-convertible debentures redemption	10.00	–	–	–
	Interest paid on non-convertible debentures	64.01	–	39.12	–
	Fixed deposits repaid	–	–	50.00	–
	Interest incurred on fixed deposits	–	–	2.71	–
	Asset sale	0.51	–	0.09	–
	License fee paid (₹ 505, Previous year ₹ 505)		–		–
	Other receipts	0.07	–	0.07	–
	Other payments	0.86	–	–	–
2. Bajaj Allianz Life Insurance Company Ltd. (Fellow subsidiary)	Contribution to equity (200,000 shares of ₹ 2 each)	–	(0.04)	–	–
	Security deposit for property	–	0.60	–	0.60
	Insurance expenses	4.12	0.04	3.02	0.03
	Insurance premium adjusted (including cancellation receipts)	486.42	(3.99)	251.16	0.19
	Commission income	15.72	3.25	3.60	0.93
	Secured non-convertible debentures issued	–	(245.00)	–	(65.00)
	Unsecured non-convertible debentures issued	–	(397.50)	–	(72.50)
	Secured non-convertible debentures redemption	20.00	–	30.00	–
	Interest paid on non-convertible debentures	12.16	–	25.56	–
	Business support charges received	0.09	0.05	0.19	0.03
	Rent and maintenance expense	0.86	(0.07)	0.93	–
	Claim receipts	32.05	–	2.91	–

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019		2018	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
3. Bajaj Allianz General Insurance Company Ltd. (Fellow subsidiary)	Insurance expenses	19.98	0.39	13.65	(1.09)
	Insurance premium adjusted (including cancellation receipts)	460.95	(0.89)	292.24	3.39
	Commission income	65.38	10.94	28.59	8.28
	Secured non-convertible debentures issued	–	(400.00)	–	(50.00)
	Unsecured non-convertible debentures issued	–	(40.00)	–	(40.00)
	Secured non-convertible debentures redemption	–	–	60.00	–
	Interest paid on non-convertible debentures	7.44	–	15.51	–
	Business support charges received	–	–	0.10	–
	Interest subsidy received	3.24	–	1.19	–
	Claim receipts	1.31	–	–	–
4. Bajaj Finserv Direct Ltd. (Fellow subsidiary)	Business support charges paid	36.85	0.59	–	–
	Sourcing commission paid	37.23	(5.97)	–	–
	Assets purchase	0.13	(0.14)	–	–
	Asset sale	20.79	–	–	–
	Other payments	0.73	–	–	–
	Others receipts	0.51	0.02	–	–
(B) Key managerial personnel and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.05	–	0.06	–
	Commission	0.09	(0.08)	0.12	(0.11)
2. Nanoo Pamnani (Vice Chairman)	Sitting fees	0.09	–	0.08	–
	Commission	1.97	(1.95)	1.16	(1.14)
3. Sanjiv Bajaj (Vice Chairman)	Sitting fees	0.09	–	0.10	
	Commission	0.17	(0.15)	0.19	(0.17)
4. Rajeev Jain (Managing Director)	Remuneration	11.75	(6.36)	10.06	(5.16)
	Equity shares issued pursuant to stock option scheme	2.19	–	1.80	–
	Fair value of stock options granted	10.91	–	6.41	–
5. Madhur Bajaj (Director)	Sitting fees	0.04	–	0.04	–
	Commission	0.08	(0.07)	0.08	(0.07)
6. Rajiv Bajaj (Director)	Sitting fees	0.04	–	0.03	–
	Commission	0.07	(0.06)	0.06	(0.05)
7. Dipak Poddar (Director)	Sitting fees	0.05	–	0.05	–
	Commission	0.10	(0.09)	0.10	(0.09)
8. D.S.Mehta (Director)	Sitting fees	0.05	–	0.06	–
	Commission	0.10	(0.09)	0.11	0.10
	Fixed deposit accepted	2.95	(8.28)	5.01	(5.33)
	Fixed deposit repaid	–	–	4.25	–
	Interest paid on fixed deposit	–	–	0.84	–
	Fixed deposit interest accrued	0.67	(0.87)	0.45	(0.21)
9. Ranjan Sanghi (Director)	Sitting fees	0.07	–	0.09	–
	Commission	0.13	(0.12)	0.17	(0.15)
10. Rajendra Lakhotia (Director)	Sitting fees	0.05	–	0.06	–
	Commission	0.10	(0.08)	0.12	(0.10)
11. D J Balaji Rao (Director)	Sitting fees	0.04	–	0.04	–
	Commission	0.08	(0.07)	0.07	(0.06)
12. Omkar Goswami (Director)	Sitting fees	0.06	–	0.07	–
	Commission	0.12	(0.11)	0.13	(0.12)
13. Gita Piramal (Director)	Sitting fees	0.05	–	0.05	–
	Commission	0.09	(0.08)	0.09	(0.08)
14. Shekher Bajaj	Nil	–	–	–	–
15. Niraj Bajaj	Nil	–	–	–	–

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019		2018	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
(C) Other entities					
1. Bajaj Auto Ltd.	Investment in equity shares (₹ 7,685)	–		–	
	Dividend received (₹ 9,000, Previous year ₹ 8,250)		–		–
	Security deposit paid	0.02	0.23	–	0.21
	Interest subsidy received	9.85	–	23.78	1.87
	Business support charges paid	25.68	(0.83)	26.36	(0.56)
	Business support charges received	0.23	–	0.51	0.03
	Rent paid	0.01	–	–	–
2. Bajaj Holdings & Investments Ltd.	Investment in equity shares (₹ 19,646)	–		–	
	Dividend received (₹ 3,000, Previous year ₹ 2,438)		–		–
	Business support charges paid	2.54	–	2.54	–
	Business support charges received	0.34	–	0.31	–
	Other payments	0.03	–	0.03	–
	Other receipts	0.01	–	0.03	–
3. Mukand Ltd.	Loan given	–	24.41	25.00	42.63
	Principal repayment received	18.22	–	16.34	–
	Income received	4.11	–	4.30	–
4. Hind Musafir Agency Ltd.	Services received	41.81	(1.99)	33.42	(0.68)
5. Bajaj Electricals Ltd	Assets purchased	0.49	(0.06)	0.14	0.01
6. Jamnalal Sons Pvt. Ltd.	Contribution to equity (940 shares of ₹ 2 each ₹ 1,880)	–		–	
	Dividend Paid (₹ 3,760, Previous year ₹ 3,384)		–		–
	Security deposit	–	0.19	0.10	0.19
	Rent and other expenses	0.49	–	0.39	–
7. Maharashtra Scooters Ltd.	Contribution to equity (18,974,660 shares of ₹ 2 each)	–	(3.79)	–	(3.79)
	Dividend paid	7.59	–	6.83	–
	Business support charges received	0.12	–	0.12	
	Secured non-convertible debentures issued	–	(140.00)	–	(80.00)
	Secured non-convertible debentures redemption	5.00	–	–	–
	Interest paid on non-convertible debentures	10.24	–	7.20	–
(D) Post employment benefit entity					
1. Bajaj Auto Ltd. Provident Fund	Unsecured non-convertible debentures issued	–	(52.00)	–	(52.00)
	Interest paid on non-convertible debentures	4.92	–	2.81	–
	Provident fund contribution (Employer's share)	21.09	(5.82)	18.08	(4.85)
2. Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.49	–	0.42	–
3. Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	6.00	–	–	–
4. Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	19.00	–	10.11	–

Notes

- Transaction values are excluding taxes and duties.
- Amounts in bracket denote credit balance.
- Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosures have been made only when there have been transactions with the Group.
- Related parties as defined under clause 9 of the Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Group. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Group as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

46 Capital

The Group actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI and NHB. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI.

(i) Capital management

Objective

The Group's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Group aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Group endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Group's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

The Group monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis through its Assets Liability Management Committee (ALCO).

The Group endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

The Parent Company's dividend distribution policy states that subject to profit, the Board shall endeavour to maintain a dividend payout (including dividend distribution tax) of around 15% of profits after tax on standalone financials, to the extent possible.

The Parent Company is also the provider of equity capital to its wholly owned subsidiaries and also provides them with non-equity capital where necessary. These investments are funded by the Parent Company through its equity share capital and other equity which inter alia includes retained profits.

(ii) Regulatory capital

Bajaj Finance Ltd. (Standalone)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Tier I capital	17,025.70	14,836.83	8,285.57
Tier II capital	4,587.47	4,455.44	3,828.27
	21,613.17	19,292.27	12,113.84
Risk weighted assets (RWA)	104,606.38	80,452.27	62,119.80
Tier I CRAR	16.27%	18.44%	13.34%
Tier II CRAR	4.39%	5.54%	6.16%
	20.66%	23.98%	19.50%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

46 Capital (Contd.)

Bajaj Housing Finance Ltd. (Standalone)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Tier I capital	3,626.95	1,547.13	324.87
Tier II capital	70.52	15.00	–
	3,697.47	1,562.13	324.87
Risk weighted assets (RWA)	14,520.52	3,461.83	324.99
Tier I CRAR	24.97%	44.69%	99.96%
Tier II CRAR	0.49%	0.43%	0.00%
	25.46%	45.12%	99.96%

(iii) Dividend distributions made and proposed

Subsidiaries have not paid any dividend so far and have not recommended any dividend for financial year ended 31 March 2019 as well.

Dividends on equity shares paid and proposed by Bajaj Finance Ltd. during the year

(₹ In Crore)

Particulars	FY2019	FY2018
Dividend paid including dividend distribution tax out of profits of previous year*	278.71	238.26
Profit as per previous GAAP for the relevant year	2,646.70	1,836.55
Dividend as a percentage of profit for the relevant year	10.53%	12.97%

* includes amount paid ₹ 0.83 crore (Previous year ₹ 0.83 crore) on unexercised option to Trust which do not accrete to it.

Proposed for approval at the annual general meeting (not recognised as a liability as at 31 March 2019)

Particulars	₹ In Crore
Dividend on equity shares at ₹ 6 per share	347.94
Add: Dividend distribution tax on dividend proposed	71.52
Total dividend including dividend distribution tax (a)	419.46
Profit after tax for the year ended 31 March 2019 (b)	3,890.34
Dividend proposed as a percentage of profit after tax (a/b)	10.78%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

47 Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

48 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Group has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Group's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of Investments held for trading under FVTPL have been determined under level 1 (refer note no. 49) using quoted market prices of the underlying instruments;
- Fair values of strategic investments in equity instruments designated under FVOCI have been measured under level 3 (refer note no. 49) at fair value based on a discounted cash flow model;
- Fair values of other investments under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

The Group has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

49 Fair value hierarchy

The Group determines fair values of its financial instruments according to the following hierarchy:

Level 1: Valuation based on quoted market price: Financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: Valuation based on using observable inputs: Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: Valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Equity investments designated under FVOCI has been valued using discounted cash flow method.

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2019

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-19	7,063.57	–	–	7,063.57
Equity instrument classified under FVOCI*	31-Mar-19	–	–	225.00	225.00
Other investments under FVOCI	31-Mar-19	1,256.75	–	–	1,256.75
Loans under FVOCI	31-Mar-19	–	17,992.29	–	17,992.29
		8,320.32	17,992.29	225.00	26,537.61

* There is no fair value gain/losses on equity instruments designated under FVOCI.

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2018

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-18	2,093.96	–	–	2,093.96
Equity instrument classified under FVOCI*	31-Mar-18	–	–	225.00	225.00
Other investments under FVOCI	31-Mar-18	778.05	–	–	778.05
Loans under FVOCI	31-Mar-18	–	10,699.00	–	10,699.00
		2,872.01	10,699.00	225.00	13,796.01

* There is no fair value gain/losses on equity instruments designated under FVOCI.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

49 Fair value hierarchy (Contd.)

Quantitative disclosures of fair value measurement hierarchy for assets as at 1 April 2017

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	1-Apr-17	3,468.85	–	–	3,468.85
Investments under FVOCI	1-Apr-17	662.38	–	–	662.38
Loans under FVOCI	1-Apr-17	–	9,160.97		9,160.97
		4,131.23	9,160.97	–	13,292.20

Sensitivity analysis of significant unobservable input on the fair value of equity instrument classified under FVOCI

Particulars	Sensitivity to fair value as at 31 March 2019	
	1% increase	1% decrease
Discounting rate	(7.18)	6.43
Cash flows	5.66	(6.54)

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

49 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	347.02	347.02	–	–	347.02
Bank balances other than cash and cash equivalents	1.69	1.69	–	–	1.69
Trade receivables	805.38	–	–	805.38	805.38
Other receivables	92.19	–	–	92.19	92.19
Loans	94,520.53	–	–	94,825.96	94,825.96
Investments	53.71	–	–	54.09	54.09
Other financial assets	303.08	–	–	303.08	303.08
	96,123.60	348.71	–	96,080.70	96,429.41
Financial liabilities					
Trade payables	563.80	–	–	563.80	563.80
Other payables	280.22	–	–	280.22	280.22
Debt Securities	46,681.33	–	46,403.77	–	46,403.77
Borrowings (Other than debt securities)	37,574.44	–	–	37,574.44	37,574.44
Deposits	13,193.01	–	13,015.54	–	13,015.54
Subordinated debts	4,139.07	–	4,199.26	–	4,199.26
Other financial liabilities	1,671.66	–	–	1,671.66	1,671.66
	104,103.53	–	63,618.57	40,090.12	103,708.69

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

49 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	338.17	338.17	–	–	338.17
Bank balances other than cash and cash equivalents	1.49	1.49	–	–	1.49
Trade receivables	585.21	–	–	585.21	585.21
Other receivables	53.67	–	–	53.67	53.67
Loans	68,403.50	–	–	68,823.81	68,823.81
Investments	42.42	–	–	42.70	42.70
Other financial assets	258.72	–	–	258.72	258.72
	69,683.18	339.66	–	69,764.11	70,103.77
Financial liabilities					
Trade payables	445.97	–	–	445.97	445.97
Other payables	205.06	–	–	205.06	205.06
Debt Securities	33,571.03	–	33,278.15	–	33,278.15
Borrowings (Other than debt securities)	21,055.16	–	–	21,055.16	21,055.16
Deposits	7,792.87	–	7,909.79	–	7,909.79
Subordinated debts	4,138.16	–	4,282.89	–	4,282.89
Other financial liabilities	1,422.99	–	–	1,422.99	1,422.99
	68,631.24	–	45,470.83	23,129.18	68,600.01

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

49 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	324.98	324.98	–	–	324.98
Bank balances other than cash and cash equivalents	1.18	1.18	–	–	1.18
Trade receivables	403.93	–	–	403.93	403.93
Other receivables	62.23	–	–	62.23	62.23
Loans	46,284.90	–	–	46,721.02	46,721.02
Other financial assets	487.99	–	–	487.99	487.99
	47,565.21	326.16	–	47,675.17	48,001.33
Financial liabilities					
Trade payables	288.07	–	–	288.07	288.07
Other payables	90.35	–	–	90.35	90.35
Debt Securities	25,709.67	–	26,048.78	–	26,048.78
Borrowings (Other than debt securities)	17,409.94	–	–	17,409.94	17,409.94
Deposits	4,272.14	–	4,300.97	–	4,300.97
Subordinated debts	3,501.37	–	3,757.25		3,757.25
Other financial liabilities	1,316.92	–	–	1,316.92	1,316.92
	52,588.46	–	34,107.00	19,105.28	53,212.28

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies

Risk Management Framework

A summary of the major risks faced by the Group, its measurement, monitoring and management are described as under

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises: • when long term assets cannot be funded at the expected terms resulting in cashflow mismatches • amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is: • measured by identifying gaps in the structural and dynamic liquidity statements. • monitored by – assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. – periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Group. • managed by the Group's treasury team under the guidance of ALCO.
Interest rate risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee	Interest rate risk is: • measured using Valuation at Risk ('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income. • monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities. • managed by the Group's treasury team under the guidance of ALCO.
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Group	Board appointed Risk Management Committee	Credit risk is: • measured as the amount at risk due to repayment default of a customer or counterparty to the Group. Various matrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. • monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks. • managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle Management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed Risk Management Committee.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

Liquidity and funding risk

The Group's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Group continuously monitors liquidity in the market; and as a part of its ALCO, the Group strategy maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Group maintains a judicious mix of borrowings from banks, money markets and public and other deposits. The Group continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Group maintain a healthy asset liability position and contain interest rate movements during the financial year 2018-19 (FY2019) the weighted average cost of borrowing moved only 15 bps despite volatile market conditions. The Group continues to evaluate new sources of borrowing by way of new routes of funding like rupee denominated External Commercial Borrowings (ECB), masala bonds and Foreign currency denominated bonds.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities:

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	17,646.60	34,858.35	52,504.94	9,430.46	29,934.52	39,364.98	9,888.05	19,559.22	29,447.27
Borrowings (Other than debt securities)	11,771.77	33,279.89	45,051.66	8,705.90	16,973.09	25,678.98	7,075.31	14,604.05	21,679.35
Deposits	8,341.96	6,484.17	14,826.13	4,623.99	4,165.27	8,789.26	2,215.02	2,632.48	4,847.50
Subordinated debts	352.15	6,080.56	6,432.71	356.80	6,435.07	6,791.88	303.77	5,518.71	5,822.47
Trade payables	563.80	–	563.80	445.97	–	445.97	288.07	–	288.07
Other payables	280.22	–	280.22	205.06	–	205.06	90.35	–	90.35
Other financial liabilities	1,671.66	–	1,671.66	1,422.99	–	1,422.99	1,316.92	–	1,316.92
	40,628.16	80,702.97	121,331.12	25,191.18	57,507.94	82,699.12	21,177.48	42,314.46	63,491.94

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	347.02	–	347.02	338.17	–	338.17	324.98	–	324.98
Bank balances other than cash and cash equivalents	1.69	–	1.69	1.49	–	1.49	1.18	–	1.18
Trade receivables	805.38	–	805.38	585.21	–	585.21	403.93	–	403.93
Other receivables	92.19	–	92.19	53.67	–	53.67	62.23	–	62.23
Loans	42,956.97	69,555.85	112,512.82	33,521.43	45,581.07	79,102.50	23,773.32	31,672.55	55,445.87
Investments	7,065.95	1,533.08	8,599.03	2,301.12	838.31	3,139.43	3,006.87	1,124.36	4,131.23
Other financial assets	303.08	–	303.08	257.33	1.39	258.72	487.99	–	487.99
Non-financial assets									
Current tax assets (net)	–	149.82	149.82	–	24.28	24.28	–	33.30	33.30
Deferred tax assets (net)	–	669.03	669.03	–	767.45	767.45	–	665.63	665.63
Property, plant and equipment	–	526.51	526.51	–	346.15	346.15	–	287.51	287.51
Goodwill		3.27	3.27		3.27	3.27		3.27	3.27
Other intangible assets	–	165.06	165.06	–	120.84	120.84	–	75.23	75.23
Other non-financial assets	40.56	17.04	57.60	43.84	13.25	57.09	14.74	3.25	17.99
	51,612.84	72,619.66	124,232.50	37,102.26	47,696.01	84,798.27	28,075.24	33,865.10	61,940.34
LIABILITIES									
Financial liabilities									
Trade payables	563.80	–	563.80	445.97	–	445.97	288.07	–	288.07
Other payables	280.22	–	280.22	205.06	–	205.06	90.35	–	90.35
Debt securities	17,245.99	29,435.34	46,681.33	9,201.23	24,369.80	33,571.03	9,982.10	15,727.57	25,709.67
Borrowings (Other than debt securities)	9,158.26	28,416.18	37,574.44	7,071.41	13,983.75	21,055.16	6,316.20	11,093.74	17,409.94
Deposits	8,024.43	5,168.58	13,193.01	4,256.20	3,536.67	7,792.87	2,049.45	2,222.69	4,272.14
Subordinated liabilities	–	4,139.07	4,139.07	–	4,138.16	4,138.16	–	3,501.37	3,501.37
Other financial liabilities	1,671.66	–	1,671.66	1,422.99	–	1,422.99	1,316.92	–	1,316.92
Non-financial liabilities									
Current tax liabilities (net)	22.37	–	22.37	26.26	–	26.26	79.43	–	79.43
Provisions	25.99	47.90	73.89	21.69	40.51	62.20	20.68	29.93	50.61
Other non-financial liabilities	268.25	67.44	335.69	200.42	30.31	230.73	92.67	76.36	169.03
	37,260.97	67,274.51	104,535.48	22,851.23	46,099.20	68,950.43	20,235.87	32,651.66	52,887.53

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk.

Interest rate risk

On investments

During FY2019, the Group recalibrated its investment portfolio to holding shorter duration investments which resulted in minimal fair value change impact on its investment portfolio. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR and the parameters for monitoring the same are defined in its investment policy.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	53.71	54.09	(0.59)	0.60
Investment at FVTPL	7,063.57	7,063.57	(13.97)	13.97
Investment at FVOCI (other than equity)	1,256.75	1,256.75	(44.07)	44.07

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	42.42	42.70	(0.46)	0.47
Investment at FVTPL	2,093.96	2,093.96	(6.69)	6.69
Investment at FVOCI (other than equity)	778.05	778.05	(31.28)	31.28

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	–	–	–	–
Investment at FVTPL	3,468.85	3,468.85	(62.00)	62.00
Investment at FVOCI (other than equity)	662.38	662.38	(40.00)	40.00

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	112,512.82	112,818.25	(833.73)	857.72
Debt securities	46,681.33	46,403.77	(773.53)	811.24
Borrowings (other than debt securities)	37,574.44	37,574.44	–	–
Deposits	13,193.01	13,015.54	(174.79)	179.91
Subordinated debts	4,139.07	4,199.26	(184.46)	197.31

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	79,102.50	79,522.81	(580.61)	598.38
Debt securities	33,571.03	33,278.15	(616.53)	643.65
Borrowings (other than debt securities)	21,055.16	21,055.16	–	–
Deposits	7,792.87	7,909.79	(94.33)	96.32
Subordinated debts	4,138.16	4,282.89	(210.40)	226.66

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	55,445.87	55,881.99	(380.66)	390.87
Debt securities	25,709.67	26,048.78	(420.28)	437.74
Borrowings (other than debt securities)	17,409.94	17,409.94	–	–
Deposits	4,272.14	4,300.97	(59.45)	60.89
Subordinated debts	3,501.37	3,757.25	(198.72)	215.18

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Group. It has a diversified lending model and focuses on six broad categories viz: (i) consumer lending, (ii) SME lending, (iii) rural lending, (iv) mortgages, (v) loan against securities, and (vi) commercial lending. The Group assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Group classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) along with an adjustment considering forward macro economic conditions [for a detailed note for methodology of computation of ECL please refer to significant accounting policies note no 3.4 (i) to the financial statements].

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

The table below summarises the approach adopted by the Group for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant:

Lending verticals	Nature of businesses	PD			EAD	LGD
		Stage 1	Stage 2	Stage 3		
Consumer lending – B2B	Financing for products such as two wheeler, three wheeler, consumer durable, digital, lifecare and furniture etc.	Use of application and behavioural scorecards	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.	100%	EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date	Past trends of recoveries for each set of portfolios are discounted a reasonable approximation of the original effective rates of interest.
Consumer lending – B2C	Personal loans to salaried and self employed individuals	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.				
SME lending	Unsecured and secured loans to SME's, self employed customers and professionals	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.		100%		
Rural lending – B2B	Financing for products such as consumer durable, digital and furniture etc.	Use application and behavioural scorecards	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.			
Rural lending – B2C	Personal loans to salaried, self employed customers and professionals	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.				
Mortgages	Home loans, loans against property, developer finance and lease rental discounting	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers for retail loans and internal evaluation with a Management overlay for wholesale loans.		100%		
Loans against securities	Loans against shares, mutual funds, deposits and insurance policies	Determined on evaluation of time to sell in event of defaults		100%	EAD is computed based on assessment of time to default considering customer profile and time for liquidation of securities	Based on associated risk of the underlying securities
Commercial lending	Working capital and term loans to small and mid sized corporates	External ratings or internal evaluation with a Management overlay for each customer or customer industry segment.		100%	EAD is computed taking into consideration the time to default based on historic trends across rating profile	Based on estimates of cash flows

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

As at 31 March 2019

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	64,497.36	1,619.27	1,126.84	46,250.63	391.29	685.02
Allowance for ECL	263.83	204.79	574.67	354.67	157.53	502.10
ECL Coverage ratio	0.41%	12.65%	51.00%	0.77%	40.26%	73.30%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

As at 31 March 2018

(₹ In Crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross Carrying Value	46,339.73	794.11	684.28	32,011.03	288.13	515.80
Allowance for ECL	165.84	135.14	419.35	302.64	116.64	390.97
ECL Coverage ratio	0.36%	17.02%	61.28%	0.95%	40.48%	75.80%

As at 1 April 2017

(₹ In Crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross Carrying Value	34,025.16	815.60	1,075.94	20,419.61	229.85	347.10
Allowance for ECL	113.53	162.72	597.40	220.62	94.58	278.54
ECL Coverage ratio	0.33%	19.95%	55.52%	1.08%	41.15%	80.25%

Collateral Valuation

The nature of products across these broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Group's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Group's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Group's credit risk.

The main types of collateral across various products obtained are as follows:

Product group	**Nature of securities**
Consumer lending – B2B	Hypothecation of underlying product financed e.g. two wheeler, three wheeler and consumer durable etc.
Rural lending – B2B	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loans against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies
Commercial lending	Plant and Machinery, Book debts etc.

The Group periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Group exercises its right of repossession across all secured products but primarily in its two wheeler and three wheeler financing business. It also resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues. For its loan against securities business, the Group recoups shortfall in value of securities through part recall of the loans or additional securities from the customer, or sale of underlying securities. The Group does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

50 Risk management objectives and policies (Contd.)

Analysis of concentration risk

The Group continues to grow its product offerings by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

Classification of financial assets under various stages

Measurement uncertainty and sensitivity analysis of ECL estimates

Expected credit loss impairment allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

Methodology

The Group has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. The Group has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and Management estimates which ensure that the scenarios are unbiased.

The Group has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

(₹ in Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Gross carrying amount of loans	114,570.40	80,633.08	56,913.26
Reported ECL	2,057.58	1,530.58	1,467.39
Reported ECL coverage	1.80%	1.90%	2.58%
ECL amounts for alternate scenario			
Central scenario (80%)	2,035.29	1,514.00	1,451.49
Downside scenario (10%)	2,278.74	1,695.10	1,625.11
Upside scenario (10%)	2,014.73	1,498.71	1,436.83
ECL Coverage ratios by scenario			
Central scenario (80%)	1.78%	1.88%	2.55%
Downside scenario (10%)	1.99%	2.10%	2.86%
Upside scenario (10%)	1.76%	1.86%	2.52%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

51 Employee stock option plan

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the then issued equity capital of the Parent Company aggregating to 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Parent Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Parent Company under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 6,77,313 stock options i.e. from 1,829,803 to 2,507,116 options of the face value of ₹ 10 each under the stock options scheme of the Parent Company i.e. Employee Stock Option Plan 2009.

Pursuant to the sub-division of each equity share of face value of ₹ 10 into five equity shares of face value of ₹ 2 on 10 September 2016 and allotment of bonus equity share in the proportion of one equity share of face value of ₹ 2 for every one equity share on 14 September 2016, the aggregate number of equity shares which would be available for future grants under the Employee Stock Option Plan, 2009 were adjusted from 2,507,116 equity shares of face value of ₹ 10 to 25,071,160 equity shares of face value of ₹ 2 each.

The Nomination and Remuneration Committee of the Parent Company has approved the following grants to select senior level executives of the Parent Company in accordance with the Stock Option Scheme. Under the scheme, thirteen grants have been made as of 31 March 2019, details of which, duly adjusted for sub-division of shares and issue of bonus shares thereon, are given as under:

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	35.87	1,320,000	–	–	1,282,500	37,500	–
21-Jul-10	54.20	3,267,500	60,620	–	2,887,510	319,370	60,620
28-Jul-11	70.52	3,762,000	148,935	–	3,186,065	427,000	148,935
16-May-12	87.61	3,595,000	501,270	–	2,514,480	579,250	501,270
15-May-13	138.04	3,949,300	826,775	–	2,269,525	853,000	826,775
1-Nov-13	135.31	197,000	–	–	49,250	147,750	–
16-Jul-14	219.66	2,816,000	1,073,660	–	1,401,590	340,750	1,073,660
20-May-15	448.16	1,935,000	522,840	336,750	705,910	369,500	859,590
24-May-16	765.37	1,430,000	342,800	566,250	302,450	218,500	909,050
17-May-17	1,347.75	1,120,750	181,979	741,765	84,900	112,106	923,744
16-Oct-17	1,953.05	16,350	4,086	12,264	–	–	16,350
1-Feb-18	1,677.85	120,000	14,572	77,031	11,097	17,300	91,603
17-May-18	1,919.95	1,273,416	–	1,210,000	–	63,416	1,210,000
Total		24,802,316	3,677,537	2,944,060	14,695,277	3,485,442	6,621,597

Weighted average fair value of stock options granted during the year is as follows:

Particulars	FY2019	FY2018		
Grant date	17-May-18	17-May-17	16-Oct-17	1-Feb-18
No. of options granted	1,273,416	1,120,750	16,350	120,000
Weighted average fair value (₹)	824.14	557.79	816.23	707.80

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

51 Employee stock option plan (Contd.)

Following table depicts range of exercise prices and weighted average remaining contractual life

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	7,354,130	54.20–1,953.05	499.76	4.40
Granted during the year	1,273,416	1,919.95	1,919.95	
Cancelled during the year	265,472	219.66–1,919.95	1,142.42	
Expired during the year	–	–	–	
Exercised during the year	1,740,477	54.20–1,677.85	330.09	
Outstanding at the end of the year	6,621,597	54.20–1,953.05	791.71	4.20
Exercisable at the end of the year	3,677,537	54.20–1,953.05	321.42	2.63

The weighted average market price of equity shares for options exercised during the year is ₹ 2,440.04 (Previous year ₹ 1,533.20).

Method used for accounting for share based payment plan

The Group has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Risk Free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
12-Jan-10	6.70%	1-5 years	54.01%	0.62%	35.87
21-Jul-10	7.42%	3.5–6.5 years	55.38%	1.28%	54.20
28-Jul-11	8.27%	3.5–6.5 years	53.01%	1.42%	70.52
16-May-12	8.36%	3.5–6.5 years	49.58%	1.37%	87.61
15-May-13	7.32%	1-5 years	29.97%	1.09%	138.04
1-Nov-13	8.71%	1-5 years	32.83%	1.11%	135.31
16-Jul-14	8.66%	1-5 years	38.01%	0.73%	219.66
20-May-15	7.76%	3.5–6.5 years	34.88%	0.36%	448.16
24-May-16	7.38%	3.5–6.5 years	33.13%	0.47%	765.37
17-May-17	6.89%	3.5–6.5 years	34.23%	0.19%	1,347.75
16-Oct-17	6.69%	3.5–6.5 years	34.51%	0.04%	1,953.05
1-Feb-18	7.42%	3.5–6.5 years	34.05%	0.21%	1,677.85
17-May-18	7.91%	3.5–6.5 years	33.65%	0.19%	1,919.95

For the year ended 31 March 2019, the Parent Company has accounted expense of ₹ 74.79 crore as employees benefit expenses (note no. 34) on the aforesaid employee stock option plan (Previous year ₹ 45.01 crore). The balance in employee stock option outstanding account is ₹ 137.85 crore as of 31 March 2019 (Previous year ₹ 82.01 crore).

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

52 First-time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The Group has prepared its Ind AS compliant financial statements for year ended on 31 March 2019, the comparative period ended on 31 March 2018 and an opening Ind AS Balance Sheet as at 1 April 2017 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Group in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

For periods ended up to the year ended 31 March 2018, the Group had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

(A) Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Group.

Mandatory exceptions

The Group has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

(i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Group's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Group has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(iv) Impairment on financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Group has assessed impairment of financial assets in conformity with Ind AS 109.

Optional exemptions availed

(i) Share based payments

Ind AS 102 requires recognition of stock options on the basis of fair value at date of grant over the vesting period. Ind AS 101 provides a one time exemption for stock options that vested before the date of transition.

The Group has elected to apply this exemption to employee stock options that vested before the date of transition and accordingly recognised fair value of unvested employee stock options in its opening Balance Sheet.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

52 First-time adoption of Ind AS (Contd.)

(ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Group has elected to apply this exemption for such contracts/arrangements.

(B) Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition 1 April 2017 and as at 31 March 2018

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018			As at 1 April 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
Financial Assets							
Cash and cash equivalents		338.17	–	338.17	324.98	–	324.98
Bank balances other than cash and cash equivalents		1.49	–	1.49	1.18	–	1.18
Trade receivables	6	486.65	98.56	585.21	305.34	98.59	403.93
Other receivables		53.67	–	53.67	62.23	–	62.23
Loans	3,4	81,600.10	(2,497.60)	79,102.50	57,682.98	(2,237.11)	55,445.87
Investments	2,7	3,154.16	(14.73)	3,139.43	4,085.46	45.77	4,131.23
Other financial assets		258.72	–	258.72	487.99	–	487.99
		85,892.96	(2,413.77)	83,479.19	62,950.16	(2,092.75)	60,857.41
Non-financial assets							
Current tax assets (net)		24.28	–	24.28	33.30	–	33.30
Deferred tax assets (net)		386.41	381.04	767.45	369.07	296.56	665.63
Property, plant and equipment		346.15	–	346.15	287.51	–	287.51
Goodwill		3.27	–	3.27	3.27	–	3.27
Other intangible assets		120.84	–	120.84	75.23	–	75.23
Other non-financial assets		57.09	–	57.09	17.99	–	17.99
		938.04	381.04	1,319.08	786.37	296.56	1,082.93
Total assets		86,831.00	(2,032.73)	84,798.27	63,736.53	(1,796.19)	61,940.34

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

52 First-time adoption of Ind AS (Contd.)

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018			As at 1 April 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities							
Trade payables		445.97	–	445.97	288 .07	–	288.07
Other payables		205.06	–	205.06	90.35	–	90.35
Debt securities	3	33,628.26	(57.23)	33,571.03	25,759.19	(49.52)	25,709.67
Borrowings (other than debt securities)	3	21,055.35	(0.19)	21,055.16	17,410.11	(0.17)	17,409.94
Deposits	3	7,807.77	(14.90)	7,792.87	4,282.90	(10.76)	4,272.14
Subordinated debts	3	4,157.48	(19.32)	4,138.16	3,519.83	(18.46)	3,501.37
Other financial liabilities		1,422.99	–	1,422.99	1,316.92	–	1,316.92
		68,722.88	(91.64)	68,631.24	52,667.37	(78.91)	52,588.46
Non-financial liabilities							
Current tax liabilities (net)		26.26	–	26.26	79.43	–	79.43
Provisions	4	1,305.48	(1,243.28)	62.20	1,220.44	(1,169.83)	50.61
Other non-financial liabilities		230.73	–	230.73	169.03	–	169.03
		1,562.47	(1,243.28)	319.19	1,468.90	(1,169.83)	299.07
Equity							
Equity share capital		115.03	–	115.03	109.37	–	109.37
Other equity		16,430.62	(697.81)	15,732.81	9,490.89	(547.45)	8,943.44
		16,545.65	(697.81)	15,847.84	9,600.26	(547.45)	9,052.81
Total liabilities and equity		86,831.00	(2,032.73)	84,798.27	63,736.53	(1,796.19)	61,940.34

Reconciliation of equity as at 1 April 2017 and as at 31 March 2018 summarised in below table

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018	As at 1 April 2017
Equity as reported under previous GAAP		**16,545.65**	**9,600.26**
Adjustments			
Fair valuation of investment classified under FVTPL	2	0.38	41.84
Impact of EIR based amortisation of loan receivables (net)	3	(993.02)	(796.86)
Amortisation of finance costs	3	91.62	78.90
Impairment on financial assets	4	(261.30)	(270.40)
Service asset	6	98.59	98.59
Impact due to fair valuation of investment designated under FVOCI	7	(15.12)	3.92
		(1,078.85)	(844.01)
Less: Deferred tax adjustment		381.04	296.56
Equity as per Ind AS		**15,847.84**	**9,052.81**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

52 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ In Crore)

Particulars	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	3,4,6	11,507.10	78.40	11,585.50
Fees and commission income		1,487.83	(679.68)	808.15
Net gain on fair value changes	2	256.10	(41.46)	214.64
Sale of services	6	80.26	(12.60)	67.66
Recoveries of financial assets written off		68.46	–	68.46
Total revenue from operations		**13,399.75**	**(655.34)**	**12,744.41**
Other income		12.43	–	12.43
Total income		**13,412.18**	**(655.34)**	**12,756.84**
Expenses				
Finance costs	3	4,634.28	(20.38)	4,613.90
Fees and commission expense	3	803.17	(269.71)	533.46
Impairment on financial instruments	4	1,040.76	(10.27)	1,030.49
Employee benefits expenses	1,7	1,396.65	36.97	1,433.62
Depreciation and amortisation expenses		102.07	–	102.07
Other expenses	3	1,339.05	(139.19)	1,199.86
Total expenses		**9,315.98**	**(402.58)**	**8,913.40**
Profit before tax		**4,096.20**	**(252.76)**	**3,843.44**
Tax expense:				
Current tax		1,439.43	–	1,439.43
Deferred tax (credit)/charge		(17.34)	(75.02)	(92.36)
Total tax expense		**1,422.09**	**(75.02)**	**1,347.07**
Profit after tax		**2,674.11**	**(177.74)**	**2,496.37**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement gains/(losses) on defined benefit plans	7	–	(8.04)	(8.04)
Tax impact on above		–	2.81	2.81
Items that will be reclassified to profit or loss in subsequent periods				
Changes in fair value of FVOCI debt securities	3	–	(19.04)	(19.04)
Tax impact on above		–	6.65	6.65
Other comprehensive income for the year (net of tax)		**–**	**(17.62)**	**(17.62)**
Total comprehensive income for the year		**2,674.11**	**(195.36)**	**2,478.75**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

52 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018 summarised in below table

(₹ In Crore)

Particulars	Notes to first time adoption	31 March 2018
Profit after tax as reported under previous GAAP		**2,674.11**
Adjustments		
Impact due to fair valuation of options issued under ESOP	1	(45.01)
Fair valuation of investment classified under FVTPL	2	(41.46)
Impact of EIR based amortisation of loan receivables (net)	3	(196.14)
Amortisation of finance costs	3	12.72
Impairment on financial assets	4	9.10
Remeasurement of defined benefit plan	5	8.04
		(252.75)
Less: Deferred tax adjustment		75.01
Total adjustment (net of tax)		(177.74)
Profit after tax as per Ind AS for the year ended 31 March 2018		**2,496.37**
Other comprehensive income	7	(17.62)
Total comprehensive income as per Ind AS		**2,478.75**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

52 First-time adoption of Ind AS (Contd.)

Notes to first time adoption of Ind AS

(1) Fair valuation of ESOPs

Under previous GAAP, the Group had an accounting policy choice to measure the options issued under ESOP either at fair value or intrinsic value. The Group under previous GAAP measured the ESOP at its intrinsic value. Under Ind AS, the ESOP scheme floated by the Group qualifies as equity settled and is mandatorily required to be measured at the grant date fair value. As per Ind AS 101 –first time adoption of Ind AS, the Group has availed the optional exemption of determining the fair value of options unvested as at 1 April 2017 (the transition date) only. The resulting fair value of aforesaid options has been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

(2) Fair valuation of investments subsequently measured under FVTPL and FVOCI.

Under the previous GAAP, investments in Government and trust securities, fixed maturity plans and other mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018 or Other Comprehensive Income (OCI) depending upon the subsequent measurement category for the investments.

(3) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings.

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

(4) Impairment on financial assets

Under previous GAAP, loan losses and provisions were computed basis RBI guidelines and Management estimations. Under Ind AS, the same is required to be computed as per the impairment principles laid out in Ind AS 109 –'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

(5) Remeasurement of defined benefit plan obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

(6) Service Asset

Under Ind AS 109, an entity on transfer of a financial asset that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, shall on the date of derecognition recognise a servicing asset at fair value of fees to be received over the contractual life in excess of its cost of the servicing obligation. The impact of fair value change is recognised in Statement of Profit and Loss. Under previous GAAP such revenues were recognised in Statement of Profit and Loss over servicing period on accrual basis.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

52 Notes to first time adoption of Ind AS (Contd.)

Notes to first time adoption of Ind AS (Contd.)

Accordingly, the fair value of service asset is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

(7) Components of other comprehensive income (OCI)

Under Ind AS, following items has been recognised in other comprehensive income in the Statement of Profit and Loss of the Group:

- Re-measurement gains/(losses) on defined benefit plans
- Changes in fair value of FVOCI equity instruments
- Changes in fair value of FVOCI debt securities

All above adjustments, except remeasurement gains/(losses) on defined benefit plans as set out in point (5) above, are recognised in other comprehensive income reserve (net of related deferred taxes) as at the date of transition and for the year ended 31 March 2018 and subsequently in the OCI section in the Statement of Profit and Loss for the year ended 31 March 2018.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2018

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2018.

53 Amounts less than ₹ 50,000 have been shown at actuals against respective line items statutorily required to be disclosed.

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 16 May 2019

On behalf of the Board of Directors

Sandeep Jain Chief Financial Officer	Nanoo Pamnani Vice Chairman and Chairman – Audit Committee	Rahul Bajaj Chairman
R Vijay Company Secretary	Rajeev Jain Managing Director	Sanjiv Bajaj Vice Chairman

Notes

Notes





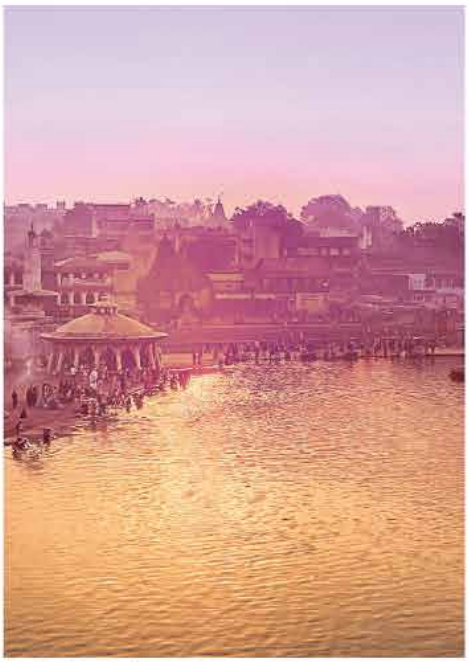
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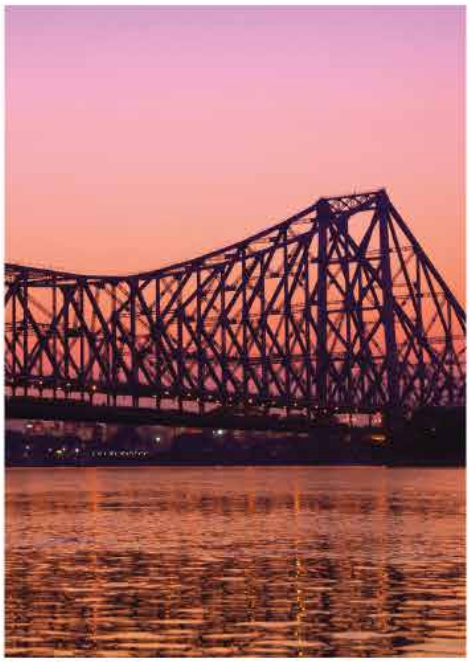
Ganga, Varanasi



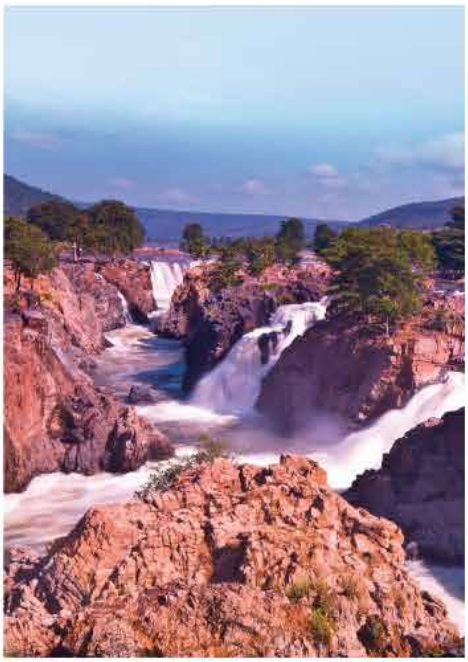
Indus, Ladakh



Godavari, Nashik



Hooghly, Kolkata



Kaveri, Hogenakkal Falls

Just as rivers and their network of tributaries keep our habitat alive and dynamic,
our companies and their products reach far and wide, providing smart financial solutions for India.

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