Placement Document
Not for Circulation
Serial Number: _____
Strictly Confidential

BAJAJ FINANCE LIMITED

*Bajaj Finance Limited, (the "**Company**"), was originally incorporated as Bajaj Auto Finance Private Limited pursuant to a certificate of incorporation dated March 25, 1987 issued by the Registrar of Companies, Maharashtra as a private company limited by shares under the provisions of the Companies Act, 1956, as amended, with CIN L65910MH1987PLC042961. For further details with respect to change of name, please see section "General Information" on page 210.*

The Company is issuing 3,274,853 Equity Shares (as defined below) at a price of ₹ 4,275 per Equity Share (the "**Issue Price**"), including a premium of ₹ 4,265 per Equity Share, aggregating approximately to ₹ 14,000 million (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED AND THE RULES MADE THEREUNDER

The equity shares of the Company of face value of ₹ 10 each (the "**Equity Shares**") are listed on the National Stock Exchange of India Limited (the "**NSE**") and BSE Limited (the "**BSE**", together with the NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on June 3, 2015 was ₹ 4,317.35 and ₹ 4,324.85 per Equity Share, respectively. In-principle approvals under clause 24(a) of the Listing Agreement for listing of the Equity Shares have been received from the BSE and NSE on June 4, 2015. Applications shall be made for obtaining the listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of the Company or of the Equity Shares.

THE COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. A copy of the Placement Document (which includes disclosures prescribed under Form PAS-4) will also be delivered to the Stock Exchanges. The Company shall also make the requisite filings with the Registrar of Companies, Maharashtra at Pune (the "**RoC**") and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined below). This Placement Document has not been and will not be registered as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. This Placement Document has been prepared by the Company solely for providing information in connection with the Issue.

THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER AND CHAPTER VIII OF THE SEBI REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND ONLY QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN REGULATION 2(1)(zd) OF THE SEBI REGULATIONS ("QIBs") <u>WHICH ARE NOT</u>: (A) EXCLUDED PURSUANT TO REGULATION 86 OF THE SEBI REGULATIONS; (B) REGISTERED FPIs, FIIs, FVCIs, BILATERAL AND MULTILATERAL FINANCIAL INSTITUTIONS OR ANY OTHER QIB THAT IS NOT AN ENTITY DEEMED TO BE A PERSON RESIDENT IN INDIA UNDER THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999 ("NON-RESIDENT"); OR (C) 'OWNED' OR 'CONTROLLED' BY NON-RESIDENTS/ PERSONS RESIDENT OUTSIDE INDIA, AS DEFINED UNDER FEMA, EXCEPT AS SPECIFICALLY SET FORTH IN THIS PLACEMENT DOCUMENT, ARE ELIGIBLE TO INVEST IN THIS ISSUE ("ELIGIBLE QIBs").

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 41 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Placement Document together with the Application Form and the Placement Document and the Confirmation of Allotment Note. For further details, see the section "Issue Procedure" on page 166. The distribution of this Placement Document or the disclosure of its contents without the Company's prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Our Company is an "investment company" (as defined in the U.S. Investment Company Act of 1940, as amended, and the related rules (the "**Investment Company Act**") and has not been and will not be registered under the Investment Company Act. Accordingly, the Equity Shares are being offered and sold (a) to persons in the United States and to U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act) who are both (i) qualified institutional buyers (as defined in Rule 144A under the Securities Act and referred to herein as "U.S. QIBs") and (ii) "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act and referred to in herein as "**Qualified Purchasers**") pursuant to Section 4(a)(2) of the Securities Act and Section 3(c)(7) of the Investment Company and (b) to persons outside the United States who are non-U.S. persons in reliance on Regulation S. The Equity Shares are not being offered or sold to any U.S. Retirement Plan (as defined hereinafter). For a description of selling restrictions in certain other jurisdictions, see "Selling Restrictions". The Equity Shares are transferable only in accordance with the restrictions described in "Transfer Restrictions".

The information on the Company's website or any website directly or indirectly linked to the Company's website does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

SOLE GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER
JM FINANCIAL
JM Financial Institutional Securities Limited*

**Formerly, JM Financial Institutional Securities Private Limited*

This Placement Document is dated June 8, 2015.

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NOTICE TO INVESTORS

The Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to its best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to the Company and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to the Company and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to the Company. There are no other facts in relation to the Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, the Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Lead Manager has not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Manager nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Manager as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the Lead Manager or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of the Company and the merits and risks involved in investing in the Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or by or on behalf of the Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Our Company is an "investment company" as defined in the Investment Company Act and has not been and will not be registered under the Investment Company Act. Accordingly, the Equity Shares are being offered and sold (a) to persons in the United States and to U.S. persons who are both (i) U.S. QIBs and Qualified Purchasers pursuant to Section 4(a)(2) of the Securities Act and Section 3(c)(7) of the Investment Company Act and (b) to persons outside the United States who are non-U.S. persons in reliance on Regulation S. The Equity Shares are transferable only in accordance with the restrictions described in "Transfer Restrictions".

The distribution of this Placement Document or the disclosure of its contents without the prior consent of the Company to any person, other than Eligible QIBs specified by the Lead Manager or their representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company and the Lead Manager that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this

Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither the Company nor the Lead Manager are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Company under Indian law, including Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from the Company and review information relating to the Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on the Company's website, www.bajajfinserv.in/finance/, any website directly or indirectly linked to the website of the Company or on the website of the Lead Manager, does not constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE, CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION, MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information for investors in certain other jurisdictions, see the sections "Selling Restrictions" and "Transfer Restrictions" on pages 176 and 181, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the prospective investors in the Issue.

By Bidding for and subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Company and the Lead Manager, as follows:

- You are a QIB as defined in Regulation 2(1)(zd) of the SEBI Regulations and not excluded pursuant to Regulation 86(1)(b) of the SEBI Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI Regulations and undertake to comply with the SEBI Regulations, the Companies Act and all other applicable laws, including any reporting obligations;

- If you are not a resident of India, but a QIB, you are an Eligible FPI having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution or an FVCI, and are eligible to invest in India under applicable law, including FEMA 20, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities. You are not 'owned' or 'controlled' by Non-Residents/ persons resident outside India, as defined under FEMA, except as specified in this Placement Document, and you undertake that your investment pursuant to the Issue shall not amount to direct or indirect foreign investment in the Company;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You have made, or are deemed to have made, as applicable, the representations set forth under sections "Selling Restrictions" and "Transfer Restrictions" on pages 176 and 181, respectively;

- You are aware that the Equity Shares have not been and will not be registered through a prospectus under the Companies Act (as defined hereinafter), the SEBI Regulations or under any other law in force in India. This Placement Document has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- Neither the Company nor the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Lead Manager. Neither the Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Company or its agents (the "**Company Presentations**") with regard to the Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Lead Manager may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information relating to the Company and the Issue that was not publicly available;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. The Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, the Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Placement Document and have read it in its entirety, including in particular, the section "Risk Factors" on page 41;

- In making your investment decision, you have (i) relied on your own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of the Company, the Equity Shares and the terms of the Issue based solely on the information contained in this Placement Document and no other disclosure or representation by the Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in this Placement Document and no other disclosure or representation by the Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Company nor the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against the Company or any of the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to the Company and/or any of the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by the Company of any of its respective obligations or any breach of any representations and warranties by the Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, and

(iv) you are seeking to subscribe to the Equity Shares for your own investment and not with a view to resell or distribute them and have no reason to anticipate any change in your circumstances, which may cause or require you to sell all or some of the Equity Shares in the near future. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the SEBI Regulations) of the Company or any of its affiliates and are not a person related to the promoter, either directly or indirectly and your Bid does not directly or indirectly represent the 'promoter', or 'promoter group', (as defined under the SEBI Regulations) of the Company;

- You agree that in terms of Section 42(7) of the Companies Act, 2013, we shall file the list of Eligible QIBs (to whom the Placement Document has been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Placement Document and other filings required under the Companies Act, 2013.

- You have no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board of Directors of the Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the promoter;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to apply and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Bid made by you would not result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**");

- To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue. For the purposes of this representation:

  (a) the expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of clause 24(a) of the Listing Agreements, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. The Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Lead Manager has entered into a placement agreement with the

Company whereby the Lead Manager has, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use their reasonable efforts as agents of the Company to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of this Placement Document are exclusively the responsibility of the Company, and neither the Lead Manager nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of the Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Lead Manager or the Company or any of their respective affiliates or any other person, and neither the Lead Manager nor the Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "Selling Restrictions" and "Transfer Restrictions" on pages 176 and 181 respectively;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "Transfer Restrictions" and you warrant that you will comply with those restrictions;

- You understand that the Company has not been and will not be registered under the Investment Company Act and you will not be entitled to the benefits of the Investment Company Act;

- You are eligible to invest in India under applicable law, including the FEMA 20, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold the Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts; and

- The Company, the Lead Manager, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given by you to the Lead Manager on its own behalf and on behalf of the Company, and are irrevocable.

Offshore Derivative Instruments (P-Notes)

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations (as defined below), FPIs (other than Category III foreign portfolio investors and unregulated broad based funds, which are classified as Category II FPI by virtue of their investment manager being appropriately regulated) may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with 'know your client' requirements. An FPI shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Affiliates of the Lead Manager which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Company. The Company and the Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Lead Manager and does not constitute any obligations of or claims on the Lead Manager.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Placement Document;

(2) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of the Company, its promoter, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE RBI

Our Company has a valid certificate of registration dated March 5, 1998 issued by the RBI under section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company, or for the correctness of any of the statements or representations made or opinions expressed by the Company, and for repayment of deposits/ discharge of liabilities by our Company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to the 'Company', 'Bajaj Finance Limited, 'Issuer', 'we', 'us' or 'our' are to Bajaj Finance Limited.

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GOI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100,000", and the word "million" means "10 lakh", and the word "crore" means "10 million" or "100 lakh" and the word "billion" means "1,000 million" or "100 crore".

The financial year of the Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'Fiscal Year' or 'fiscal' or "financial year" or 'FY' are to the 12 month period ended on March 31 of that year. The audited standalone financial statements of the Company as at and for the years ended March 31, 2015, 2014, 2013, 2012 and 2011, and the audited consolidated financial statements of the Company as at and for the year ended March 31, 2015, each prepared in accordance with Indian GAAP, are included in this Placement Document in the section "Financial Statements" on page 211.

The Company publishes its financial statements in Indian Rupees. The financial statements of the Company included herein have been prepared in accordance with Indian GAAP as applicable to companies in India. Unless the context otherwise requires, all financial data in this Placement Document are derived from the audited standalone financial statements of the Company as of and for the years ended March 31, 2014, 2013, 2012 and 2011, and the audited consolidated financial statements of the Company as of and for the year ended March 31, 2015. Indian GAAP differs in certain significant respects from International Financial Reporting Standards (the "**IFRS**") and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements, to those of U.S. GAAP or IFRS. See the section "Risk Factors – *Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition*" on page 59. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP, included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise statistical information included in this Placement Document pertaining to the various sectors in which we operate has been reproduced from trade, industry and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so we have relied on internally developed estimates.

Neither we nor the Lead Manager has independently verified this data, nor do we or the Lead Manager make any representation regarding the accuracy of such data. Similarly, while the Company believes that its internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by the Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of the Company to be materially different from any of the forward-looking statements include, among others:

- A downgrade in our credit ratings;
- Increase in the level of NPAs in our portfolio;
- Our inability to manage growth;
- Reputational loss due to internal or external fraud or misconduct by our employees;
- Significant changes in the Government's economic liberalisation and deregulation policies;
- Changes in foreign exchange rates and controls, interest rates; and
- A decline in India's foreign exchange reserves.

Additional factors that could cause actual results, performance or achievements of the Company to differ materially include, but are not limited to, those discussed under the sections "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Business" and on pages 41, 75, 100 and 123, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither the Company nor the Lead Manager undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability company incorporated under the laws of India. All the Directors and key managerial personnel of the Company named herein are residents of India and all or a substantial portion of the assets of the Company and of such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon the Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code (as defined below), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for or as of the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

As of June 3, 2015, the exchange rate (RBI reference rate) was ₹ 63.85 to US$ 1.00 *(Source: www.rbi.org.in)*

(₹ Per US$)

	Period end	**Average(1)**	**High(2)**	**Low(3)**
Fiscal Year:				
2015	62.59	61.15	63.75	58.43
2014	60.10	60.50	68.36	53.74
2013	54.39	54.45	57.22	50.56
2012	51.16	47.95	54.24	43.95
2011	44.65	45.58	47.57	44.03
Month ended:				
May 31, 2015	63.76	63.80	64.20	63.52
April 30, 2015	63.58	62.75	63.61	62.16
March 31, 2015	62.59	62.45	62.82	61.82
February 28, 2015	61.79	62.04	62.43	61.68
January 31, 2015	61.76	62.23	63.45	61.41
December 31, 2014	63.33	62.75	63.75	61.85

Note:
(1) Average of the official rate for each working day of the relevant period.
(2) Maximum of the official rate for each working day of the relevant period.
(3) Minimum of the official rate for each working day of the relevant period.

(Source: www.rbi.org.in)

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein.

Company Related Terms

Term	Description
"Issuer", "BFL", "we", "us", "our", "Bajaj Finance", "Company"	Bajaj Finance Limited, a public limited company incorporated on March 25, 1987 under the Companies Act, 1956 and having its registered office at Akurdi, Pune – 411035, Maharashtra, India
Articles or Articles of Association	Articles of association of the Company, as amended from time to time
Auditors	Statutory auditors of our Company namely Dalal & Shah, Chartered Accountants
Bajaj Auto	Bajaj Auto Limited
Bajaj Financial	Bajaj Financial Securities Limited
Bajaj Housing Finance	Bajaj Housing Finance Limited (formerly known as Bajaj Financial Solutions Limited)
Board of Directors or Board	The board of directors of the Company or any duly constituted committee thereof
Commercial Lending	Has the meaning given to such tem in "*Summary of Business*" on page 26
Consumer Lending	Has the meaning given to such tem in "*Summary of Business*" on page 26
Corporate Office	The corporate office of our Company located at 4th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road, Viman Nagar, Pune – 411 014, India
Digital Grid	Our Company's online digital portal
Director(s)	The directors of the Company
EMI Card	Existing member identification card
Equity Share(s)	The equity shares of the Company having a face value of ₹ 10 each
ESOP	ESOP Scheme 2009
Fee Based Products	Has the meaning given to such tem in "*Summary of Business*" on page 26
Fixed Deposits	Has the meaning given to such tem in "*Summary of Business*" on page 26
Financial Fitness Report	A customized credit report providing an assesment of the customer's credit score from CIBIL as well as an analysis of key financial parameters
IFA	Independent financial advisors
Memorandum or Memorandum of Association	Memorandum of association of the Company, as amended from time to time
Property Fitness Report	A report which provides various insights into the property against which a loan is being disbursed
Registered Office	The registered office of the Company is located at Akurdi, Pune – 411035, Maharashtra, India
Rural	Large townships, or upcountry locations near highways or large cities with predominantly agriculture based economies
Rural Lending	Has the meaning given to such tem in "*Summary of Business*" on page 26
Promoters	Bajaj Finserv Limited, Mr. Rahulkumar Kamalnayan Bajaj and Mr. Madhurkumar Ramkrishnaji Bajaj
SME Lending	Has the meaning given to such tem in "*Summary of Business*" on page 26
Subsidiaries	Bajaj Housing Finance Limited (formerly known as Bajaj Financial Solutions Limited) and Bajaj Financial Securities Limited
Urban	Locations that are non-Rural

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares following the determination of the Issue Price to Eligible QIBs on the basis of the Application Form submitted by them, by the Company in consultation with the Lead Manager and in compliance with Chapter VIII of the SEBI Regulations
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Equity

Term	Description
	Shares to be issued pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) pursuant to which a Eligible QIB shall submit a Bid for the Equity Shares in the Issue
Bid(s)	Indication of interest of a Eligible QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares
Bid/Issue Closing Date	June 8, 2015, which is the last date up to which the Application Forms shall be accepted
Bid/Issue Opening Date	June 4, 2015
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids
Bidder	Any prospective investor, an Eligible QIB, who makes a Bid pursuant to the terms of the Placement Document and the Application Form
"Sole Global Coordinator and Book Running Lead Manager" or "Lead Manager"	Lead Manager to the Issue, namely JM Financial Institutional Securities Limited
CAN or Confirmation of Allocation Note	Note or advice to Eligible QIBs confirming Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such Eligible QIBs
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about June 11, 2015
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by the Company in consultation with the Lead Manager
Designated Date	The date of credit of Equity Shares to the Eligible QIB's demat account, as applicable to the respective Eligible QIBs
Eligible QIB	QIBs, as defined in regulation 2(1)(zd) of the SEBI Regulations which are not, (a) excluded pursuant to regulation 86 of the SEBI Regulations, (b) registered FPIs, FIIs, FVCIs, bilateral and multilateral financial institutions or any other QIB that is a Non-Resident or (c) 'owned' or 'controlled' by Non-Residents/ persons resident outside India, as defined under FEMA, except as specifically set forth in this Placement Document
Escrow Agent	HDFC Bank Limited
Escrow Account	The account entitled "Bajaj Finance Limited – QIP Escrow Account" with regard to any money received towards the subscription of the Equity Shares, opened with the Escrow Agent, subject to the terms of the Escrow Agreement
Escrow Agreement	Agreement dated June 4, 2015, entered into amongst the Company, the Escrow Agent and the Lead Manager for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	The floor price of ₹ 4,407.34, as certified by Dalal & Shah, Auditors, which has been calculated in accordance with Chapter VIII of the SEBI Regulations. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price. The Company may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the SEBI Regulations
Issue	The offer, issue and Allotment of 3,274,853 Equity Shares to Eligible QIBs pursuant to Chapter VIII of the SEBI Regulations and the provisions of the Companies Act, 2013
Issue Price	₹ 4,275 per Equity Share
Issue Size	The issue of 3,274,853 Equity Shares aggregating approximately to ₹ 14,000 million
Listing Agreement(s)	The agreement(s) entered into between the Company and the Stock

Term	Description
	Exchanges in relation to listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10.00% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Pay-in Date	The last date specified in the CAN for payment of application monies by the Eligible QIBs
Placement Agreement	Agreement dated June 4, 2015 entered into amongst the Company and the Lead Manager
Placement Document	The placement document to be issued by the Company in accordance with Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013
Preliminary Placement Document	The preliminary placement document dated June 4, 2015 issued in accordance with Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013
Pricing Date	Has the meaning ascribed to the term in the Placement Agreement
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations or such other persons as maybe permitted by applicable laws to acquire the Equity Shares to be issued pursuant to the Issue
QIP	Qualified institutions placement under Chapter VIII of the SEBI Regulations
Relevant Date	June 4, 2015, which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to open the Issue

Industry Related Terms

Term	Description
AFS	"Available for sale"; the category of all securities other than those held for trading and held to maturity
ALCO	Asset Liability Committee
ALM	Asset and liability management
AML	Anti-money laundering
AUM	Assets under management
Average borrowings	Average borrowings is equal to the total of our long term borrowings, short term borrowings, and current maturities of long term borrowings as at the period end and as at the previous period end, divided by two
Book value per share	Shareholders' funds divided by number of outstanding shares as at the end of financial year
Borrowings or Total Borrowings	Long term borrowings plus short term borrowings plus current maturities of the long term borrowings
CAD	Current account deficit
CAGR	Compounded annual growth rate calculated as nth root of (Ending value divided by beginning value) less one, where n is the count of years being considered less one
CAP	Corrective Action Plan
CAR	Capital adequacy ratio
CASA	Demand deposits and savings bank deposit
Cost to Income Ratio or Cost to Net Interest Income	Operating Expenses divided by Net Interest Income
CRAR	Capital to risk-weighted asset ratio
CRR	Cash reserve ratio
Dividend percentage or dividend %	Dividend per share divided by face value of the share
ECS	Electronic clearing system
Gross advances	All outstanding loans and advances as computed under the Reserve Bank of India guidelines
General provision	Contingent provisions against standard assets
Gross NPAs	Gross non-performing assets in terms of the definition in the prudential

Term	Description
	norms applicable to NBFCs issued by The Reserve Bank of India
Gross NPA %	Gross NPA divided by gross advances
HFT	"Held for Trading"; the category of securities that are held principally for resale within a short period
HTM	"Held to Maturity"; the category of investments not exceeding a prescribed percentage of a bank's total investments which it intends to hold until maturity
IFI	Indian Financials Institution
Interest expense	Interest expended
Interest income	Interest earned
Interest coverage ratio	Profit for the year plus finance costs plus depreciation and amortization divided by finance cost
IT	Information technology
JLF	Joint Lenders' Forum
KYC	Know your customer
LAF	Liquidity adjustment facility
LAP	Loans against property
LAS	Loans against shares
LC	Letter of credit
LCR	Liquidity coverage ratio
LER	Loan equivalent risk
LIBOR	London interbank offered rate
Market borrowings	Borrowings by way of non-convertible debentures and commercial papers
MIS	Management information system
MSF	Marginal standing facility
MSMEs	Micro, small and medium-sized enterprises
NABARD	National Bank for Agricultural and Rural Development
NBFC	Non-banking financial company registered with the RBI
NBFC- D	Deposit taking Non-Banking Financial Company
NBFC – MFI	Non-Banking Financial Company – Micro Finance Institution
Net advances	Gross Advances less provisions against NPAs
Net interest income or NII	Total revenue less finance cost
Net NPAs	Gross Non-Performing assets less provisions made against the NPAs
Net NPA %	Net NPAs divided by Net Advances
NOCs	National operating centres
NPA	Non-performing asset
Operating Expenses	Sum of employee benefits expense, depreciation and amortization and other expenses
PM	Process management
NPA Provisioning Coverage or Provisioning Coverage Ratio or Coverage Ratio	(Gross NPA amount - Net NPA amount) divided by Gross NPA amount
PSL	Priority sector loan
Repo Rate	Re-purchase option rate; the annual rate at which RBI lends to other banks in India
Reverse Repo Rate	The rate at which RBI borrows money from banks in India
Return on average receivables under financing activity or ROA or ROAA	Profit for the year divided by (opening receivables under financing activity plus closing receivables under financing activity) divided by two
Return on average equity or ROAE or ROE or Return on average net worth	Profit for the year divided by (opening shareholders' funds plus closing shareholders' funds) divided by two)
SARFAESI Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
Shareholders' funds	Capital and Reserves and surplus and Money received against share warrants
SIP	Systematic investment plan of mutual funds
SME	Small and medium enterprises

Term	Description
Tier I Capital	Owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund
Tier II Capital	Tier II Capital includes: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five per cent
VaR	Value-at-risk
YTM	Yield to maturity

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AMC	Asset management company
AOP	Association of persons
AS	Accounting Standards issued by ICAI
AY	Assessment year
Banking Ombudsman Scheme	The Banking Ombudsman Scheme, 2006
BSE	BSE Limited
Calendar Year	Year ending on December 31
Category III Foreign Portfolio Investor	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CBI	Central Bureau of Investigation
CCI	Competition Commission of India
CDR	Corporate debt restructuring
CDR System	A joint forum of banks and financial institutions in India established in 2001 as an institutional mechanism for corporate debt restructuring
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CFO	Chief financial officer
CII	Confederation of Indian Industry
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
Competition Act	The Competition Act, 2002, as amended
CPIs	Consumer price indices
CRISIL	Credit Rating Information Services of India Limited
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
EaR	Earnings at risk
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECB	External commercial borrowing
ECS	Electronic clearing service
EGM	Extraordinary general meeting

Term	Description
Eligible FPIs	FPIs that are eligible to participate in this Issue and do not include qualified foreign investors and Category III Foreign Portfolio Investors who are not allowed to participate in the Issue
EPS	Earnings per share
ETL	Expected tail loss
FCCB	Foreign currency convertible bonds
FCNR(B)	Foreign currency non-resident (bank)
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified under Circular No. 1 of 2014, effective from April 17, 2014, as amended from time to time
FEDAI	Foreign Exchange Dealers' Association of India
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FICCI	Federation of Indian Chambers of Commerce and Industry
FIIs	Foreign institutional investors as defined under the SEBI FPI Regulations
FIMMDA	Fixed Income Money Market and Derivatives Association of India
"Financial year" or "Fiscal Year" or "FY" or "Fiscal"	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board of the Ministry of Finance, Government of India
Fitch	Fitch Ratings
FIU-IND	Financial Intelligence Unit based in New Delhi
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. Any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration is deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FRA/IRS	Forward rate agreements/interest rate swaps
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GIR	General index registrar
GoI/Government	Government of India, unless otherwise specified
GST	Goods and services tax; a proposed reform to Indian tax laws relating to indirect taxes on goods and services
HFCs	Housing finance companies
HLAC	High Level Advisory Committee of the RBI
HNIs	High net worth individuals
HR	Human resources
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
ICRA	ICRA Limited
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IMF	International Monetary Fund

Term	Description
Ind-AS/ IND-AS	Indian accounting standards converged with IFRS, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India
Indian GAAP	Generally accepted accounting principles in India as applicable to NBFCs
IPO	Initial public offering
ISO	International Standards Organisation
IT	Information technology
IT Act	The Income Tax Act, 1961, as amended
ITES	Information Technology Enabled Services
MAT	Minimum alternate tax
MCA	The Ministry of Corporate Affairs, Government of India
MNC	Multinational corporation
MoU	Memorandum of understanding
MSEs	Micro and small enterprises
NEAT	National Exchange for Automated Trading
NEFT	National electronic fund transfer
NGOs	Non-government organisations
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government of India
NRE	Non-resident (external)
NRI	Non-resident Indian
NRO	Non-resident Ordinary
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department
PAN	Permanent account number
PDAI	Primary Dealers Association of India
PFIC	Has the meaning given to that term in "Taxation – Certain United States Federal Income Tax Considerations" on page 200
PFRDA	Pension Fund Regulatory and Development Authority
PLM Act	Prevention of Money Laundering Act, 2002, as amended
PMLA	The Prevention of Money Laundering Act, 2002
Prudential Norms	Prudential norms on income recognition, asset classification and provisioning pertaining to advances issued by the RBI on July 1, 2014
PTC	Pass through certificate
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies
Rs./Rupees/INR/₹	Indian Rupees
Rule 144A	Rule 144A under the Securities Act
RWA	Risk weighted assets
S&P	Standard & Poor's Rating Services
SBI	State Bank of India
SCBs	Scheduled commercial banks
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FII Regulations	The erstwhile Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, amended
SEBI Insider Trading Regulations, 1992	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended
SEBI Insider Trading Regulations,	The Securities and Exchange Board of India (Prohibition of Insider Trading)

Term	Description
2015	Regulations, 2015
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEC	United States Securities and Exchange Commission
Securities Act	The U.S. Securities Act of 1933, as amended
SENSEX	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
SEZ	Special economic zone
SICA	The Sick Industrial Companies Act, 1985, as amended
Stock Exchanges	The BSE and the NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011, as amended
U.K.	United Kingdom
U.S. $/U.S. dollar	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Holder	Has the meaning given to that term in "Taxation – Certain United States Federal Income Tax Considerations" on page 200
USA/U.S./United States	The United States of America
VCF	Venture capital fund
WOS	Wholly owned subsidiaries
WPI	Wholesale Price Index
WTO	World Trade Organisation

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	444
b.	Date of incorporation of the company.	28, 125 and 210
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	26
d.	Brief particulars of the management of the company.	153
e.	Names, addresses, DIN and occupations of the directors.	153
f.	Management's perception of risk factors.	75
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	Not Applicable
(i)	Statutory dues;	Not Applicable
(ii)	Debentures and interest thereon;	Not Applicable
(iii)	Deposits and interest thereon; and	Not Applicable
(iv)	Loan from any bank or financial institution and interest thereon.	Not Applicable
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	444
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	35, 167 and 210
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	35, 167 and 210
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	35
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	Cover page and 35
e.	Name and address of the valuer who performed valuation of the security offered.	209
f.	Amount which the company intends to raise by way of securities.	35
g.	Terms of raising of securities:	35
(i)	Duration, if applicable;	Not applicable

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
(ii)	Rate of dividend;	Not Applicable
(iii)	Rate of interest;	Not Applicable
(iv)	Mode of payment; and	Not Applicable
(v)	Repayment.	Not Applicable
h.	Proposed time schedule for which the offer letter is valid.	35
i.	Purposes and objects of the offer.	68
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	68
k.	Principle terms of assets charged as security, if applicable.	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	157
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	205
c.	Remuneration of directors (during the current year and last three financial years).	159
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	239
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	40
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.	205
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	208
4.	**FINANCIAL POSITION OF THE COMPANY**	

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
a.	The capital structure of the company in the following manner in a tabular form:	70
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	70
(b)	Size of the present offer; and	70
(c)	Paid up capital:	70
(A)	After the offer; and	70
(B)	After conversion of convertible instruments (if applicable);	70
(d)	Share premium account (before and after the offer).	70
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	70
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	70
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	38
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	74
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	39
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	40
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	84
5.	**A DECLARATION BY THE DIRECTORS THAT**	442
a.	The company has complied with the provisions of the Act and the rules made thereunder.	
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	
	I am authorised by the Board of Directors of the company vide resolution number ___________ dated ___________ to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters	

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
	incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form. *Signed:* *Date:* *Place:* *Attachments:-* *Copy of board resolution* *Copy of shareholders resolution* *Copy of _____* *Optional attachments, if any*	

SUMMARY OF BUSINESS

Our Company is a Deposit Taking Non-Banking Financial Company ("**NBFC-D**"). Our business has five verticals, namely: (1) Consumer Lending; (2) SME Lending; (3) Commercial Lending; (4) Rural Lending; and (5) Fee Based Products and Fixed Deposits.

Our Consumer Lending vertical provides financing to salaried employees and self-employed individuals. It comprises:

- Two-wheeler (motorcycle) and three-wheeler (auto-rickshaw) loans - we offer loans for purchasing two-wheelers and three-wheelers manufactured by Bajaj Auto Limited ("**Bajaj Auto**").

- Consumer durable loans - we offer loans for purchasing consumer durables, such as television sets, air conditioners, refrigerators, washing machine and other household electronic appliances.

- Lifestyle products loans - we offer loans for purchasing lifestyle products, such as furniture, modular kitchens and luxury watches.

- Digital products loans - we offer loans for purchasing digital products such as mobile phones, laptops and other electronic devices.

- EMI cards – we offer our existing customers who have a consumer durable loan, lifestyle product loan or digital product loan and who meet our eligibility criteria with an Existing Member Identification card ("**EMI Card**"). The EMI Card enables existing customers to avail incremental loans based on their past repayment track record for the purchase of new consumer durables, lifestyle products and digital products by simply swiping at select retail outlets and signing a system generated loan term sheet for such transactions without having to execute new documentation. We plan to grow this product through a focus on customer wallet expansion by expanding store and product coverage.

- Personal loans to existing customers (which we refer to as personal loans cross-sell) - we offer personal loans to our existing customers with timely repayment track records for their short and medium term requirements.

- Salaried personal loans - we offer personal loans to affluent salaried customers.

- Salaried home loans - we offer loans for financing the purchase of residential property to salaried employees.

We intend to expand our home loan business through Bajaj Housing Finance Limited ("**Bajaj Housing Finance**"), our 100% owned subsidiary. Bajaj Housing Finance applied to the National Housing Bank for registration as a housing finance company in December 2014, but it is yet to receive its approval for registration. Offering home loans through a registered housing finance company confers certain inherent advantages, such as increased leverage due to lower capital adequacy norms and lower risk weights for certain classes of loans.

As at March 31, 2015, our Consumer Lending AUM was ₹ 132,022.8 million, which represented 41% of our total AUM.

Our SME Lending vertical provides financing to small and medium enterprises ("**SMEs**") and eligible individuals. It comprises:

- Loans against property - loans against property are generally long term loans secured against collateral of residential or commercial property and are offered on a monthly amortized basis. We also provide lease rental discounting against property, which is a term loan offered against rental receipts derived from lease agreements with corporate tenants.

- Unsecured working capital loans - we provide unsecured working capital loans to SMEs for their short and medium term business requirements.

- Loans to professionals – we offer unsecured working capital loans to doctors and other professionals.

- SME cross sell - we offer loans against property and unsecured working capital loans to existing customers with timely repayment track records.

- Loans against securities (retail and promoter) - we provide loans against marketable and liquid securities to eligible individuals and SMEs to meet their working capital requirements.

- Home loans (self-employed) – we provide home loans to self-employed customers for financing the purchase or construction of residential property.

As at March 31, 2015, our SME Lending AUM was ₹ 171,351.8 million, which represented 53% of our total AUM.

Our Commercial Lending vertical has a mid-market focus and provides financing to firms and companies. It currently comprises:

- Vendor financing (term loans and purchase order financing) - we provide financing to vendors of large automobile manufacturers, such as Bajaj Auto, to meet their short and medium term funding needs.

- Large value lease rental discounting – we provide a term loan against rental receipts derived from lease agreements with corporate tenants.

- Infrastructure finance - we provide loans to large and mid-sized companies engaged in the execution of infrastructure projects in sectors such as power, ports and roads. However, due to the challenges faced by this sector in India, our current emphasis is on maintaining the quality of our infrastructure finance loan portfolio and we have not sanctioned any new infrastructure finance loans since January 2012.

- Construction equipment finance - we previously financed the purchase of construction equipment and provided loans secured by construction equipment. Due to the challenges faced by this sector in India, we decided in the financial year 2015 to wind down our construction equipment finance business and we have not sanctioned any new construction equipment finance loans since July 2014.

As at March 31, 2015, our Commercial Lending AUM was ₹ 17,393.6 million, which represented 5% of our total AUM. We are looking to grow this vertical by identifying opportunities to extend commercial loans in other sectors.

Our Rural Lending vertical comprises consumer durable loans, gold loans, refinance loans, personal loans cross sell, salaried personal loans, loans to professionals, unsecured working capital loans and loans to MSMEs. We define 'Rural' as large townships, or upcountry locations near highways or large cities with predominantly agriculture based economies. Typically, the Rural locations where we have a branch have a population ranging from 50,000 to 300,000. We launched our Rural Lending vertical in July 2013. We currently provide Rural Lending in three states, namely Maharashtra, Gujarat and Karnataka. We plan to expand the number of states in which our Rural Lending vertical operates. As at March 31, 2015, our Rural Lending AUM was ₹ 3,327.7 million, which represented 1% of our total AUM.

Our Fee Based Products and Fixed Deposits comprise our (a) fee based products, such as the distribution of various insurance products, a co-branded credit card with Standard Chartered Bank, an SME credit rating service, which we offer in partnership with CRISIL, a 'Property Fitness Report', which provides various insights into the property against which a loan is being disbursed, a 'Financial Fitness Report' which is a customized credit report, providing an assessment of the customer's credit score from CIBIL as well as an analysis of key financial parameters for salaried and SME customers. For providing the 'Financial Fitness Report, we have a partnership with 'Credit Vidya', a local firm specializing in financial counselling. We also provide an extended warranty for consumer durable and digital products, and (b) Fixed Deposits: our fixed deposits are offered across various tenures with interest at fixed rates, paid on monthly, quarterly, half yearly or annual intervals and with the option of compounding of interest over the tenure of the fixed deposit. As at March 31, 2015, our fixed deposits stood at ₹ 9,833.6 million, which constituted 4% of our borrowings.

We have an extensive pan-India distribution network. As at March 31, 2015, we had a network of 211 branches spread across 21 states and three union territories. Of our total branches, we have categorised 50 as 'Rural' branches, which disburse loans under our Rural Lending vertical, and the others are categorised as "Urban" branches. All of our Urban branches disburse loans under our Consumer Lending vertical and 85 disburse loans under our SME Lending vertical. In addition, our employees at our branches that distribute SME Lending vertical loans also distribute these loans in an additional 34 locations, giving us a total coverage of 119 locations. As at March 31, 2015, we also distributed our products through more than 7,000 consumer durable stores in Urban areas, more than 1,150 lifestyle retail stores, more than 2,650 digital product stores, more than 3,000 Bajaj Auto dealerships, sub-dealerships and authorized service centres, more than 700 direct sales agents, 182 Rural authorized sales and service centres and more than 1,500 consumer durable stores in Rural areas. In addition, we also distribute some of our products via our website.

As at March 31, 2015, we had more than 11 million customers.

As at March 31, 2015, we had 5,058 employees.

Our total AUM was ₹ 75,708.5 million, ₹ 131,070.6 million, ₹ 175,167.0 million, ₹ 240,613.6 million and ₹ 324,095.9 million as at March 31, 2011, 2012, 2013, 2014 and 2015, respectively. As at March 31, 2011, 2012, 2013, 2014 and 2015, our gross NPAs as a percentage of our gross advances were 3.81%, 1.16%, 1.09%, 1.18%, and 1.51%, respectively, and our net NPAs as a percentage of our net advances were 0.80%, 0.12%, 0.19%, 0.28%, and 0.45%, respectively.

Our Company's CRAR as at March 31, 2013, 2014 and 2015 on a standalone basis, computed on the basis of applicable RBI requirements is set forth in the table below:

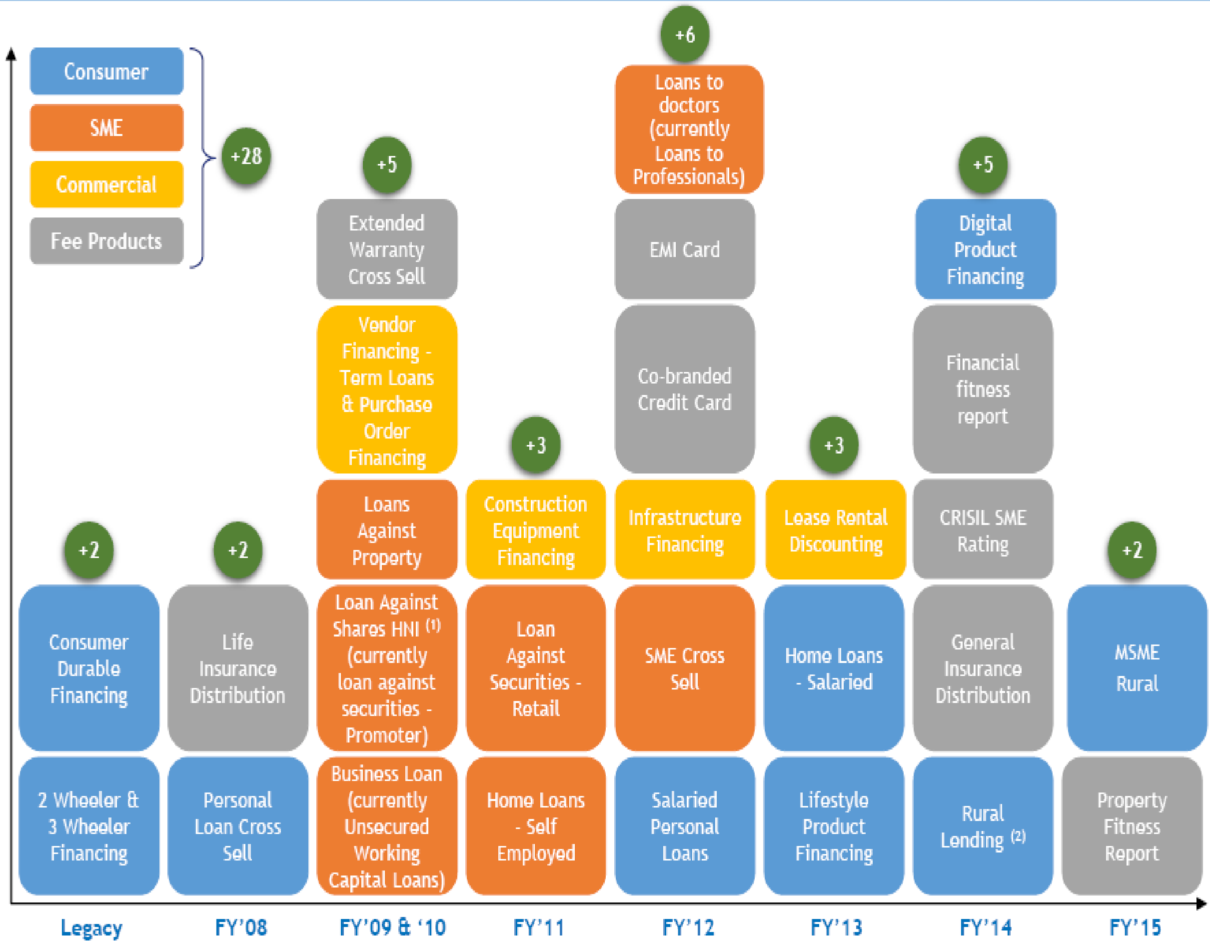
Particulars	As at March 31,		
	2015	2014	2013
CRAR – Tier I capital (%)	14.2	16.2	18.7
CRAR – Tier II capital (%)	3.8	3.0	3.3
Total CRAR (%)	18.0	19.2	22.0

For the years ended March 31, 2011, 2012, 2013, 2014 and 2015, our total revenue was ₹ 14,061.3 million, ₹ 21,719.1 million, ₹ 31,113.7 million, ₹ 40,733.3 million and ₹ 54,182.8 million, respectively, and our profit for the year was ₹ 2,469.6 million, ₹ 4,064.4 million, ₹ 5,913.1 million, ₹ 7,190.1 million and ₹ 8,978.8 million, respectively.

Company History and Structure

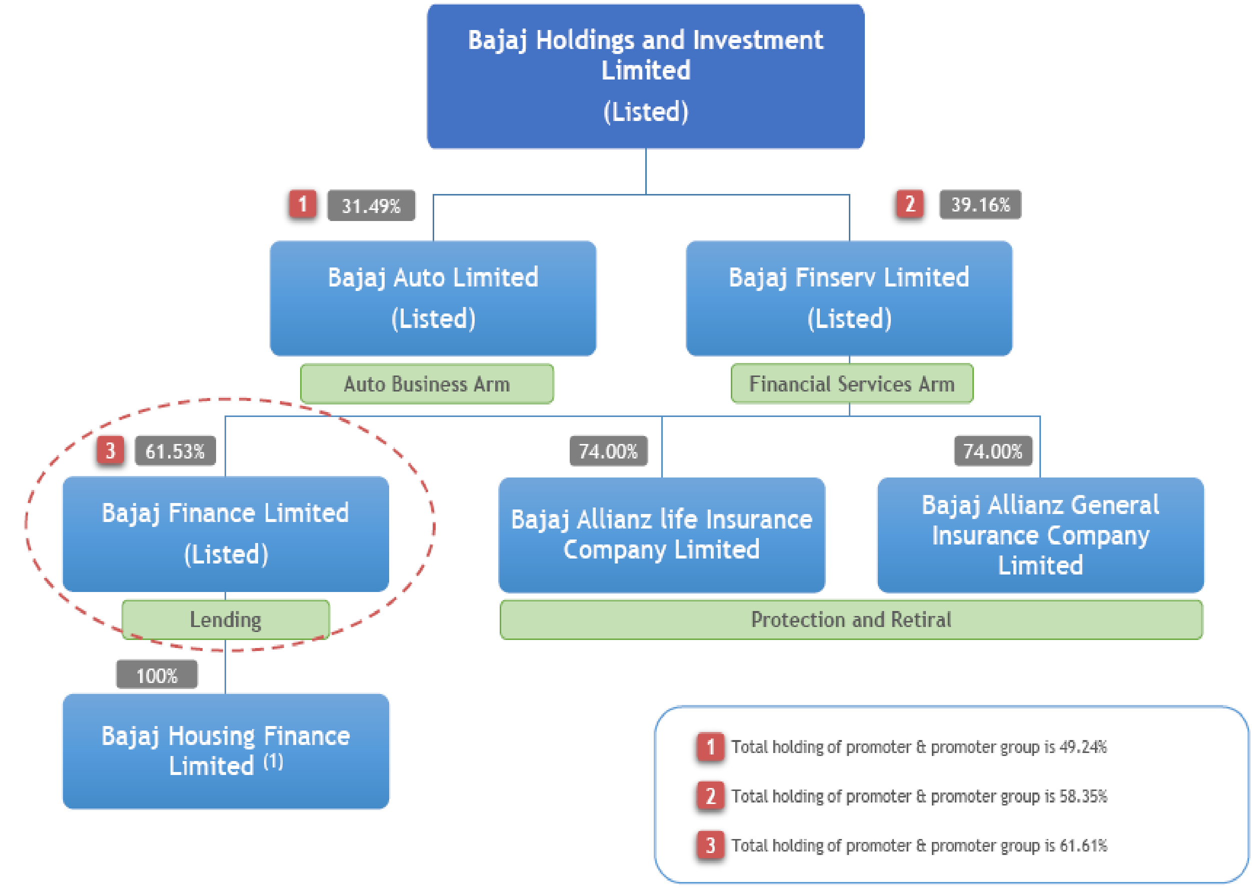
Our Company was incorporated on March 25, 1987 as Bajaj Auto Finance Private Limited. It became a deemed public limited company by virtue of section 43A of the Companies Act, 1956 and thereafter was converted into a public limited company with effect from September 24, 1988. Consequent to the RBI making it mandatory in the financial year 1997 for NBFCs to obtain a certificate of registration to carry on their business, our Company obtained a NBFC license from the RBI in the financial year 1998. The name of our Company was changed to Bajaj Finance Limited with effect from September 6, 2010.

Our Company was originally set up to provide financing for the purchase of two-wheelers and three-wheelers manufactured by Bajaj Auto. In the financial year 1999, we commenced the business of financing consumer durables. Between the financial year 2007 to the financial year 2010, we further diversified our product offerings and transformed ourselves to a multi-product retail financing NBFC. Over the past few years, we have substantially diversified our portfolio from financing two-wheelers and three-wheelers, with 10.3% of our AUM in the two-wheeler and three-wheeler finance business as at March 31, 2015. Set forth below is a chart providing a brief overview of our product launch journey:



The Equity Shares were listed on the BSE on June 7, 1994 and on the NSE on April 1, 2003.

Our Company is a direct subsidiary of Bajaj Finserv Limited, a company listed on the BSE and NSE, and an indirect subsidiary of Bajaj Holdings and Investment Limited, which is also listed on the BSE and NSE. Bajaj Finserv Limited is the holding company for the financial services businesses of the Bajaj group. It was formed in the financial year 2007 as a result of a demerger of Bajaj Auto Limited to enable it to independently run the core businesses of lending, insurance and wealth advisory. Set forth below is a chart showing the Bajaj group structure as at March 31, 2015:



Above shareholding is as of March 31, 2015

Note: 1. W.e.f Nov 2014. It has a 100% subsidiary named Bajaj Financial Securities Limited which does not have any operations

Our Strengths

We believe that the following strengths position us well for continued growth:

The 'Bajaj' brand

The Bajaj group was founded in 1926. We believe that the "Bajaj" name is widely known and respected throughout India, and that being a part of the "Bajaj" conglomerate of businesses has significantly contributed to the recognition and growth of our business. We have consolidated our identity with that of our direct parent, Bajaj Finserv Limited, under a single brand name – "Bajaj Finserv".

Diversified lending model

We are a 'one stop' diversified NBFC-D offering a wide range of financial products through our four lending verticals: Consumer Lending; SME Lending; Commercial Lending; and Rural Lending. Within each of these verticals, we have developed a wide array of products catering to the requirements of a diverse range of target customers, including both individuals and corporates. We have a profitable mix of lending and distribution of fee based products, and emphasize cross-sell of our products to existing customers. We have a mix of secured and unsecured assets. As at March 31, 2015, our Consumer Lending vertical, SME Lending vertical, Commercial Lending vertical and Rural Lending vertical constituted 41%, 53%, 5% and 1%, of our total AUM, respectively.

Robust financial performance

We have continued to deliver strong financial performance year after year, as demonstrated by the below financial indicators:

- Our total AUM was ₹ 75,708.5 million, ₹ 131,070.6 million, ₹ 175,167.0 million, ₹ 240,613.6 million and

₹ 324,095.9 million as at March 31, 2011, 2012, 2013, 2014 and 2015, respectively, representing a CAGR of 44% from March 31, 2011 to March 31, 2015.

- For the years ended March 31, 2011, 2012, 2013, 2014 and 2015, our net interest income (total revenue less finance costs) was ₹ 10,351.2 million, ₹ 14,257.3 million, ₹ 19,056.9 million, ₹ 25,000.9 million and ₹ 31,700.1 million, respectively, representing a CAGR of 32% from financial year 2011 to financial year 2015.

- For the years ended March 31, 2011, 2012, 2013, 2014 and 2015 our profit for the year was ₹ 2,469.6 million, ₹ 4,064.4 million, ₹ 5,913.1 million, ₹ 7,190.1 million and ₹ 8,978.8 million, respectively, representing a CAGR of 38% from financial year 2011 to financial year 2015.

- Our basic earnings per share for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was ₹ 67.5, ₹ 110.8, ₹ 135.7, ₹ 144.8 and ₹ 179.9, respectively, representing a CAGR of 28% from the financial year 2011 to the financial year 2015.

- Our ROAE (also referred as return on average equity) for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 19.7%, 24.0%, 21.9%, 19.5%, 20.4%, respectively.

- Our ROAA (return on average receivables under financing activity) for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 4.4%, 4.2%, 4.1%, 3.6%, 3.3%, respectively.

- Our book value per share as at March 31, 2011, 2012, 2013, 2014 and 2015 was ₹ 370.8, ₹ 492.2, ₹ 676.4, ₹ 802.2 and ₹ 959.9, respectively, representing a CAGR of 27% from March 31, 2011 to March 31, 2015.

- Our dividend percentage for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 100%, 120%, 150%, 160%, and 180%, respectively.

- Our cost to income ratio for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 44.5%, 46.9%, 44.7%, 46.0% and 45.1%, respectively.

Strong credit evaluation and risk management systems leading to relatively low NPAs

All of our principle risks are assessed, identified and monitored through a team that is currently headed by our Managing Director. We have invested considerable time and efforts in developing customized credit assessment and operations processes. We have a contemporary loan origination system, strict monitoring framework and systems to ensure high standards of on-boarding, credit quality and portfolio performance. We have implemented sophisticated analytics and automated credit scoring solutions for credit evaluation.
Our Company exceeds the minimum norms and standards laid down by the RBI relating to the provisioning of delinquent loans. We create a general provision of 0.40% in respect of all standard assets except for Loan against property, where we create a general provision of 0.50%. Our Company's general provisioning policy exceeded the RBI's stipulated general provision of 0.25% for the financial years 2014 and 2015. The RBI's general provisioning requirement will be increased in a phased manner to 0.40% by the financial year 2018. We also make provisions for delinquent receivables which are not yet classified as NPAs. For further details, see "Management Discussion & Analysis of Financial Condition – Critical Accounting Policies – Provisions" on page 83.

As at March 31, 2011, 2012, 2013, 2014 and 2015, our gross NPAs as a percentage of our gross advances were 3.81%, 1.16%, 1.09%, 1.18%, and 1.51%, respectively, and our net NPAs as a percentage of our net advances were 0.80%, 0.12%, 0.19%, 0.28%, and 0.45%, respectively. Our NPA provisioning coverage as at March 31, 2011, 2012, 2013, 2014 and 2015 was 79%, 89%, 83%, 76%, and 71%, respectively. We believe that our credit and risk management policies have helped us maintain relatively low NPA levels.

Experienced senior management coupled with a deep management structure

Our senior management comprises over 30 persons as at March 31, 2015, having vast experience in the banking, financial services and insurance sector. Each of our business verticals is supported by a team of dedicated professionals, many of whom have previously worked at renowned financial institutions in India and abroad. We believe our senior management team helps us implement policies and processes to ensure healthy credit quality and high standards of work ethics and that our current management structure allows scalability.

Pan-India distribution network

We have an extensive pan-India distribution network. As at March 31, 2015, we had a network of 211 branches spread across 21 states and three union territories. Of our total branches, we have categorised 50 as 'Rural' branches, which disburse loans under our Rural Lending vertical, and the others are categorised as "Urban" branches. All of our Urban branches disburse loans under our Consumer Lending vertical and 85 disburse loans under our SME Lending vertical. In addition, our employees at our branches that distribute SME Lending vertical loans also distribute these loans in an additional 34 locations, giving us a total coverage of 119 locations. As at March 31, 2015, we also distributed our products through more than 7,000 consumer durable stores in Urban areas, more than 1,150 lifestyle retail stores, more than 2,650 digital product stores, more than 3,000 Bajaj Auto dealerships, sub-dealerships and authorized service centres, more than 700 direct sales agents, 182 Rural authorized sales and service centres and more than 1,500 consumer durable stores in Rural areas. In addition, we also distribute some of our products via our website.

Effective use of technology

We have a customized platform for loan origination and credit underwriting, which allows our credit officers to generate scorecards to judge the creditworthiness of an individual. The platform generates scorecards after considering all factors including an individual's internal credit rating, external credit rating (CIBIL), salary details and other asset details. With the help of this platform, our credit officers are provided the data to approve/reject a loan within minutes. This platform is also linked to a de-duplication system, which provides access to a customer's credit history and record.

We also have a data analytics platform, which analyzes customer information and helps us in originating new loan products and cross-selling our current loan products.

We believe that our customer service initiatives coupled with the effective use of technology has helped us enhance our recognition and secure both new and repeat business in our lending operations. Our customized web portal acts as a complete self-service tool, which allows our customers to view all their loan details and related statements. The web portal provides facilities such as part-prepayment, foreclosure and payment of overdue instalments using internet banking.

Strong credit ratings

Our strong credit ratings enable us to borrow funds at highly competitive rates. Our current credit ratings are summarized below:

Particulars	**CRISIL Rating**	**ICRA Rating**
Fixed Deposits	FAAA/Stable	MAAA/Stable
Short term debt programme	A1+	A1+
Long term non-convertible debenture programme	AA+/Stable	AA+(Stable)
Lower tier II bonds	AA+/Stable	AA+(Stable)
Cash credit/working capital demand loan	AA+/Stable	N/A
Long term bank facilities	AA+/Stable	N/A
Short term bank facilities	A1+	N/A

Ratings of "FAAA/Stable" and "MAAA/Stable", indicate the highest degree of safety with regard to timely payment of interest and principal. Ratings of "CRISIL AA+/Stable" and "ICRA AA+ (Stable)" indicate a high degree of safety with regards to timely payment of interest and principal. Ratings of "CRISIL A1+" and "ICRA A1+" indicate an adequate degree of safety with regard to timely payment of interest and principal.

Ability to attract and retain talented employees

Our ability to attract and retain talent is demonstrated by the "best employer" awards we have received in the past few years. For example, in the financial year 2014 and the financial year 2015, we were ranked among the top two employers in the banking and financial services segment by 'Great Places to Work', which is a global research, consulting and training firm that identifies, creates and sustains great workplaces by developing high-trust workplace cultures. We were also the only company in the banking and financial services segment to be recognized by AON Hewitt in its ranking of the top 11 employers in India.

Our Strategies

Focus on profitable growth and deliver a sustainable ROA and ROE in the medium term

As at March 31, 2015, our Consumer Lending AUM was ₹ 132,022.8 million, which represented 41% of our total AUM. Our Consumer Lending AUM grew at a CAGR of 37% from March 31, 2013 to March 31, 2015. Our SME Lending AUM as at March 31, 2015 was ₹ 171,351.8 million, which represented 53% of our total AUM. Our SME Lending AUM grew at a CAGR of 42% from March 31, 2013 to March 31, 2015. We believe that these two verticals will continue to present growth opportunities for us.

CRISIL Research expects that in the financial year 2016, growth in two-wheeler loan disbursements will remain robust at around 13-15% and sales growth of two-wheelers is expected to remain healthy at 8-10%.*(Source: "Retail Finance - Auto" Report dated April 2015 by CRISIL Research)*. According to CRISIL Research, the total market size (outstanding) of consumer durable financing was around ₹ 360 billion in the financial year 2013. NBFCs have been dominating this space with an estimated market share of around 80 - 90% *vis-à-vis* banks. *(Source: "NBFC" Report dated February 2014 by CRISIL Research)*.

Lenders have limited their exposure to the SME sector given the risks and SMEs' limited access to immovable collateral. However, given the lesser competition due to the absence of public-sector banks, according to CRISIL Research, there are huge growth opportunities for NBFCs in the SME lending sector. *(Source: "Unsecured Small Business Loans" Report dated May 2015 by CRISIL Research)*. For the loans against property or 'LAP' market, CRISIL Research estimates lenders to have advanced almost ₹ 540 billion in LAPs in the financial year 2015, reflecting that such disbursements grew at a CAGR of 19% since the Financial Year 2012. CRISIL Research expects LAP disbursements to continue growing at a healthy pace between the financial years 2015 to 2017. *(Source: "Loan Against Property" Report dated May 2015 by CRISIL Research)*

We plan to profitably grow our AUM by increasing our penetration through our diversified and differentiated mix of products and opening new branches. We plan to open between 25 to 30 new non-Rural branches and between 10 to 15 new Rural branches by the end of the financial year 2016.

We intend to expand our home loan business, through Bajaj Housing Finance, our 100% owned subsidiary. Bajaj Housing Finance has applied to the National Housing Bank for registration as a housing finance company in December 2014, but it is yet to receive its approval for registration. Offering home loans through a registered housing finance company confers certain inherent advantages such as increased leverage due to lower capital adequacy norms and lower risk weights for certain classes of loans.

We launched our Rural Lending vertical in the financial year 2014. Our Rural Lending vertical currently operates in three states, namely Maharashtra, Gujarat and Karnataka. As at March 31, 2015, our Rural Lending AUM was ₹ 3,327.7 million, which represented 1% of our total AUM. We plan to expand the number of states in which our Rural Lending vertical operates and are currently evaluating expanding into two states.
We are currently evaluating expanding our Commercial Lending vertical into new sectors.

Leverage our existing customers by cross-selling products

As at March 31, 2015, we had a customer base of more than 11 million. We intend to leverage these relationships by cross-selling products across different business segments to credit-worthy customers with timely repayment track records. We have developed a data analytics platform, which analyses customer information and helps us in originating new loan products and to cross-sell our current loan products. We intend to increase the momentum of cross-selling our fee based products to our existing customers.

To expand the cross-selling of our fee based products, we have engaged dedicated relationship managers who are assigned a pool of customers. Relationship managers are divided into two segments: those that meet customers in person; and 'video' or tele-relationship managers, who engage with the customer over the telephone or via the internet. We plan to strengthen the cross-selling our fee based products through relationship managers in our top 20 locations by the end of the financial year 2016, with a focus on targeting our largest customers in these locations.

We have also entered into tie-ups with independent financial advisors for cross-selling our products to our existing customers. Independent financial advisors are independent agents who have a set of customers to whom they offer varied investment products. We provide independent financial advisors with pre-approved products to cross-sell to our existing customers and with analytics and technology support to assist them in selling those products.

Continue to attract, train and retain talented employees

We believe a key to our success will be our ability to maintain a healthy mix of experienced and young professionals. We have been successful in building a team of talented professionals with relevant experience, including experts in credit evaluation, risk management, retail consumer products, treasury, technology and marketing. Recruitment is a key management activity and we intend to attract graduates from premier Indian business schools as well as employees with relevant experience.

Improve productivity and reduce risks through the use of technology and analytics

We plan to continue to improve our productivity, reduce risks and improve our customer service through the use of technology and analytics. Our Company has a 'centre of excellence in analytics' where we have developed tools for marketing analytics, pricing analytics, service analytics. risk analytics, fraud analytics and collections analytics. Through marketing and pricing analytics, we have built the ability to accurately segment our customers and to generate a pre-approved credit limit for a particular customer, assisting us in cross-selling our products, and provide personalized customer service. Analytics has also enabled us to create statistical models for assessing behavioural and fraud risk over a customer's life cycle, which further assists in lowering risk and increasing collection efficiency.

Broad base our liabilities

We plan to have a judicious mix of borrowings to achieve an optimal cost of funds while balancing liquidity and concentration risks. As at March 31, 2014, our total borrowings (long-term borrowings, short-term borrowings and current maturities of long-term borrowings) comprised 57.6% through bank borrowings, 41.3% through money market borrowings (25.5% through non-convertible debentures, 13.1% through commercial paper and 2.7% through subordinated (Tier II) redeemable non-convertible debentures), and 1.1% through fixed deposits. As at March 31, 2015, our total borrowings comprised 53.8% through bank borrowings, 42.5% through money market borrowings (33.4% through non-convertible debentures, 5.4% through commercial paper and 3.7% through subordinated (Tier II) redeemable non-convertible debentures), and 3.7% through fixed deposits. As part of our strategy to broad base our borrowings, we increased our fixed deposits from ₹ 2,107.1 million as at March 31, 2014 to ₹ 9,833.6 million as at March 31, 2015.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the section "Risk Factors", "Use of Proceeds", "Placement", "Issue Procedure" and "Description of the Equity Shares" on pages 41, 68, 175, 166 and 187 respectively.

Issuer	Bajaj Finance Limited
Issue Price	₹ 4,275 per Equity Share
Floor Price	₹ 4,407.34 per Equity Share. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price. However, the Company may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the SEBI Regulations
Issue Size	3,274,853 Equity Shares, aggregating approximately to ₹ 14,000 million. A minimum of 10.00% of the Issue Size shall be available for Allocation to Mutual Funds only. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution	April 21, 2015
Date of Shareholders' Resolution	May 20, 2015
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the SEBI Regulations and not excluded pursuant to Regulation 86 of the SEBI Regulations which are not, (a) excluded pursuant to regulation 86 of the SEBI Regulations, (b) registered FPIs, FIIs, FVCIs, bilateral and multilateral financial institutions or any other QIB that is not an entity deemed to be a person resident in India under the Foreign Exchange Management Act, 1999 or (c) 'owned' or 'controlled' by Non-Residents/ persons resident outside India, as defined under FEMA, except as specifically set forth in this Placement Document, are eligible to invest in this Issue. See the section "Issue Procedure – Eligible QIBs" on page 169.
Equity Shares issued and outstanding immediately prior to the Issue	50,147,259 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	53,422,112 Equity Shares
Listing	The Company has obtained in-principle approvals in terms of Clause 24(a) of the Listing Agreements, for listing of the Equity Shares issued pursuant to the Issue from the Stock Exchanges. The Company will make applications to each of the Stock Exchanges after Allotment to obtain final listing and trading approval for the Equity Shares.
Lock-up	The Company will not, for a period of 90 days from the Pricing Date, without the prior written consent of the Lead Manager, directly or indirectly, (a) offer, sell or announce the intention to sell, pledge, issue, contract to issue, grant any option, right or warrant for the issuance and allotment, or otherwise dispose of or

	transfer, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to, any Equity Shares or securities convertible into or exchangeable or exercisable for Equity Shares (including any warrants or other rights to subscribe for any Equity Shares), (b) enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any Equity Shares, whether any such aforementioned transaction is to be settled by allotment of any Equity Shares, in cash or otherwise, or (c) publicly disclose the intention to make any such offer, issuance and allotment or disposition, or to enter into any such transaction, swap, hedge or other arrangement. Provided that this shall not apply to any allotment of Equity Shares pursuant to (i) conversion of 925,000 warrants held by the promoters of the Company as of the date of the Placement Agreement and (ii) any employee stock option scheme of the Company in force as of the date of the Placement Agreement. Each of Bajaj Finserv Limited, Mr. Rahulkumar Kamalnayan Bajaj, Mr. Madhurkumar Ramkrishnaji Bajaj and Jamnalal Sons Private Limited during the period commencing on the date of execution of the Placement Agreement and ending 90 days after the date of the Placement Document, agrees not to: (a) directly or indirectly, issue, offer, lend, create lien, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (a) or (b) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any such transaction.
Transferability Restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. See the section "Transfer Restrictions" on page 181.
Use of Proceeds	The gross proceeds from the Issue will be aggregating approximately to ₹ 14,000 million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, are expected to be approximately ₹ 13,874.3 million. See the section "Use of Proceeds" on page 68 for information regarding the use of net proceeds from the Issue.

<table>
<tr><td>Risk Factors</td><td colspan="2">See the section “Risk Factors” on page 41 for a discussion of risks you should consider before investing in the Equity Shares.</td></tr>
<tr><td>Pay-In Date</td><td colspan="2">Last date specified in the CAN sent to the Eligible QIBs for payment of application money.</td></tr>
<tr><td>Closing</td><td colspan="2">The Allotment of the Equity Shares, expected to be made on or about June 11, 2015.</td></tr>
<tr><td>Ranking</td><td colspan="2">The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank pari passu with the existing Equity Shares of the Company, including rights in respect of dividends.

The shareholders of the Company (who hold Equity Shares as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Closing Date, in compliance with the Companies Act, the Listing Agreements and other applicable laws and regulations. Shareholders may attend and vote in shareholders’ meetings in accordance with the provisions of the Companies Act. See sections “Dividends” and “Description of the Equity Shares” on pages 74 and 187, respectively.</td></tr>
<tr><td rowspan="3">Security Codes for the Equity Shares</td><td>ISIN</td><td>INE296A01016</td></tr>
<tr><td>BSE Code</td><td>500034</td></tr>
<tr><td>NSE Code</td><td>BAJFINANCE-EQ</td></tr>
</table>

SELECTED FINANCIAL INFORMATION

The summary financial information as at and for the year ended March 31, 2011 has been derived from the comparative figures of the previous year reported in our audited financial statements as at and for the year ended March 31, 2012 since for periods commencing from April 1, 2011, the revised Schedule VI, which prescribed the financial reporting format for companies in India, was notified under the Companies Act, 1956. This was done to make the summary financial information in the tables below comparable for all financial years. The summary financial information as at and for the years ended March 31, 2012, 2013 and 2014 is derived from our audited standalone financial statements for those respective financial years. The summary statement of profit and loss and balance sheet as at and for the year ended March 31, 2015 is derived from our statement of audited consolidated profit and loss and balance sheet for that financial year. The summary cash flow statement for the year ended March 31, 2015 is derived from our audited standalone cash flow statement for that financial year. Our Company did not have any subsidiaries until November 1, 2014, when we acquired 100% of the shares of Bajaj Financial Solutions Limited (together with its wholly owned subsidiary, Bajaj Financial Securities Limited). The name of Bajaj Financial Solutions Limited was subsequently changed to Bajaj Housing Finance Limited. Bajaj Housing Finance Limited did not have any operations in the year ended March 31, 2015. As we did not have a consolidated balance sheet as at March 31, 2014, we were unable to prepare a consolidated cash flow statement for the year ended March 31, 2015.

You should read the following information together with the more detailed information contained in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 75 and our audited financial statements, including the notes thereto and the reports thereupon, which appear in the section "Financial Statements" on page 211.

Summary Statement of Profit and Loss

(₹ in millions)

Particulars	Year ended March 31, 2015 (consolidated)	Year ended March 31, 2014 (2)	Year ended March 31, 2013(2)	Year ended March 31, 2012(2)	Year ended March 31, 2011(1),(2)
Revenue from operations	53,818.0	40,314.2	30,937.2	21,630.2	13,923.3
Other income	364.8	419.1	176.5	88.9	138.0
Total revenue	***54,182.8***	***40,733.3***	***31,113.7***	***21,719.1***	***14,061.3***
Expenses:					
Employee benefits expense	4,507.3	3,408.1	2,451.5	1,903.5	1,447.2
Finance costs	22,482.7	15,732.4	12,056.8	7,461.8	3,710.1
Depreciation and amortization	356.0	291.9	151.4	117.7	96.4
Loan losses and provisions	3,845.6	2,578.1	1,817.5	1,543.8	2,046.1
Other expenses	9,421.7	7,811.2	5,920.5	4,670.1	3,062.8
Total expenses	***40,613.3***	***29,821.7***	***22,397.7***	***15,696.9***	***10,362.6***
Profit before tax	**13,569.5**	**10,911.6**	**8,716.0**	**6,022.2**	**3,698.7**
Tax expenses:					
Current tax	5,317.5	4,210.0	3,015.0	2,000.0	1,189.5
Deferred tax expense / (credit)	(731.2)	(487.9)	(212.1)	(42.2)	42.9
Tax adjustments of earlier years	4.4	(0.6)	0.0	0.0	(3.3)
Total tax expense	***4,590.7***	***3,721.5***	***2,802.9***	***1,957.8***	***1,229.1***
Profit for the year	**8,978.8**	**7,190.1**	**5,913.1**	**4,064.4**	**2,469.6**
Earnings per share:					
Basic (₹)	179.9	144.8	135.7	110.8	67.5
Diluted (₹)	177.7	143.7	134.7	110.3	67.5

Notes:

(1) *Figures have been derived from the comparative figures of the previous year reported in our audited financial statements as at and for the year ended March 31, 2012.*

(2) *Our Company did not have any subsidiaries during this period.*

Summary Balance Sheet

(in ₹ millions)

Particulars	As at March 31, 2015 (consolidated)	As at March 31, 2014(2)	As at March 31, 2013(2)	As at March 31, 2012(2)	As at March 31, 2011(1),(2)
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	500.0	497.5	497.8	413.2	366.3
Reserves and surplus	47,497.1	39,411.1	33,172.6	19,709.3	13,214.8
Money received against share warrants	0.0	0.0	0.0	213.2	0.0
Non-current liabilities					
Long-term borrowings	182,735.1	104,777.6	75,030.8	64,078.6	28,540.6
Other Long term liabilities	1,357.7	573.5	419.6	285.4	159.3
Long-term provisions	1,520.8	1,104.7	646.1	322.5	189.0
Current liabilities					
Short-term borrowings	43,139.0	54,727.8	20,801.4	27,945.6	24,689.1
Trade payables	2,690.4	1,959.2	1,689.5	1,826.1	1,517.3
Other current liabilities	47,000.9	41,868.5	45,025.1	13,840.9	16,058.6
Short-term provisions	1,672.3	1,260.1	928.8	632.0	484.1
TOTAL	**328,113.3**	**246,180.0**	**178,211.7**	**129,266.8**	**85,219.1**
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	2,182.6	1,968.4	1,644.3	1,281.3	961.9
Intangible assets	309.2	230.3	117.8	106.6	64.1
Goodwill on consolidation	32.7	0.0	0.0	0.0	0.0
Non-current investments	1,470.9	0.0	52.6	54.8	56.1
Deferred tax assets (net)	2,122.8	1,391.6	903.7	691.6	649.4
Receivables under financing activity	181,196.7	138,524.2	95,481.9	65,692.1	39,320.0
Long-term loans and advances	899.7	1,124.4	862.5	724.4	545.3
Other non-current assets - Fixed deposits with bank	2.4	0.0	0.0	0.0	0.0
Current assets					
Current investments	1,792.0	282.1			
Receivables under financing activity	130,797.8	91,185.3	71,954.5	57,138.8	33,397.8
Cash and bank balances	2,208.7	7,768.1	4,164.0	598.3	8,716.7
Short-term loans and advances	3,439.2	2,918.4	2,348.4	2,218.7	1,200.6
Other current assets	1,658.6	787.2	682.0	760.2	307.2
TOTAL	**328,113.3**	**246,180.0**	**178,211.7**	**129,266.8**	**85,219.1**

Notes:

(1) *Figures have been derived from the comparative figures of the previous year reported in our audited financial statements as at and for the year ended March 31, 2012.*

(2) *Our Company did not have any subsidiaries during this period.*

Summary Cash Flow Statement

(in ₹ millions)

Particulars	Year ended March 31, 2015 (standalone)	Year ended March 31, 2014(2)	Year ended March 31, 2013(2)	Year ended March 31, 2012(2)	Year ended March 31, 2011(1),(2)
Net cash flow generated from operating activities	(70,641.7)	(60,865.7)	(32,658.5)	(45,680.6)	(28,419.7)
Net cash flow generated from investing activities	(3,600.6)	(958.1)	(563.7)	(509.1)	(593.8)
Net cash flow generated from financing activities	68,670.8	65,428.2	36,787.9	38,071.3	34,578.8
Net (decrease)/ increase in cash and cash equivalents during the year	**(5,571.5)**	**3,604.4**	**3,565.7**	**(8,118.4)**	**5,565.3**
Cash and cash equivalents at the beginning of the year	**7,768.1**	**4,163.7**	**598.3**	**8,716.7**	**3,151.4**
Cash and cash equivalents at the end of the year	**2,196.6**	**7,768.1**	**4,164.0**	**598.3**	**8,716.7**

Notes:

(1) *Figures have been derived from the comparative figures of the previous year reported in our audited financial statements as at and for the year ended March 31, 2012.*

(2) *Our Company did not have any subsidiaries during this period.*

There were no reservations or qualifications or adverse remarks of the Statutory Auditors with respect to our audited standalone financial statements as at and for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 or our audited consolidated financial statements as at and for the year ended March 31, 2015.

RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider the risks and uncertainties described below and the other information contained in this Placement Document before making any investment decision relating to our Equity Shares. The occurrence of any of the following events, or the occurrence of other risks that are not currently known to us or that are now deemed by us to be immaterial, could adversely affect our business, financial condition, results of operations, cash flows, and prospects and could cause the market price of our Equity Shares to decline and you could lose all or part of your investment.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Risks Relating to our Business

1. Our financial performance is particularly affected by interest rate volatility. Fluctuations in interest rates could adversely affect our interest income and net interest margin, which could adversely affect our results of operations and cash flows.

Our results of operations are substantially dependent upon the amount of our interest income and net interest margin. Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Our ability to pass on any increase in interest rates depends on our borrowers' willingness to pay higher rates and the competitive landscape in which we operate. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. We borrow funds on both fixed and floating rates. Our floating rate borrowings are primarily term loans with banks that are linked to banks' base rate. Our loan products comprise fixed and floating interest rates. Our floating rate products are predominately composed of home loans, loans against property and loans in our Commercial Lending vertical. Our asset-liability strategy aims to ensure that there are no excessive concentrations on either side of the balance sheet. We diversify our borrowing mix across borrowing instruments, tenors and a mix of fixed and floating borrowings in an endeavour to match both the fixed and floating rate mix of our loan book and the tenors of such loans. If we are unable to match our lending portfolio with our borrowings, we would be exposed to interest rate and liquidity risks as a result of lending to customers at interest rates and in amounts and for periods that may differ from our funding sources. Any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets will result in a decline in our net interest margin and would have an adverse effect on our results of operations and cash flows.

Furthermore, in the event of rising interest rates, our borrowers may be unwilling to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans from us if they are able to switch to more competitively priced advances. Additionally, increases in the rates of interest charged on our floating rate loans would result in higher instalments due from borrowers, which, in turn, could result in higher rates of default and an increase in our NPAs.

2. Our business requires substantial debt and any disruption in debt funding sources would have a material adverse effect on our financial condition, results of operations and cash flows.

As an NBFC, our business is dependent upon our timely access to, and the costs associated with, debt. Our debt funding requirements historically have been met from a combination of term loans from banks, issuance of secured and unsecured non-convertible debentures and issue of commercial paper, as well as through assignment of our loan portfolio. We also source funds from fixed deposits from retail and corporate investors. As an NBFC, we are prohibited from borrowing from international markets. Thus, our business will continue to depend on our ability to access diversified borrowings from within India. Our ability to borrow on acceptable terms and at competitive rates continues to depend on various factors including, but not limited to, our credit ratings, the regulatory environment, liquidity in the markets, policy initiatives in India, the perception of investors and lenders of demand for debt of NBFCs, and our current and future results of operations and financial condition. If we are unable to borrow funds in the amounts we require and on competitive terms, it would have an adverse effect on our financial condition, results of operations and cash flows.

3. Any downgrade in our credit ratings could increase interest rates for refinancing our outstanding

debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows.

Our fixed deposit programme and debt are rated by various agencies. Our fixed deposit programme has been rated by CRISIL as "FAAA/Stable" and by ICRA as "MAAA/Stable". These ratings indicate the highest degree of safety with regard to timely payment of interest and principal. Our long-term debt instruments, namely non-convertible debentures, have been rated by CRISIL as "CRISIL AA+/Stable" and by ICRA as "ICRA] AA+(Stable)". Instruments with these ratings are considered to have a high degree of safety in relation to the timely servicing of financial obligations and carry very low credit risk. Our short-term debt programme has been rated by CRISIL as "CRISIL A1+" and by ICRA as "(ICRA) A1+". These ratings indicate the highest degree of safety with regard to timely payment of interest and principal. Any downgrade in our credit ratings could increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and would also adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows.

4. ***If we do not comply with covenants and conditions under our borrowing arrangements or obtain necessary consents required thereunder it could lead to termination of our credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided and the trigger of cross default provisions. Any of the above actions taken by the relevant lender could have a material adverse effect on our credit ratings, financial condition, results of operations and cash flows.***

Our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions or to inform the lenders that we have carried out such activities and entered into such transactions. Specifically, under some of our financing agreements, we require consents from the relevant lenders for, among others, the following matters: making any change in our ownership or our control or our constitution; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge; and raising funds by way of any fresh capital issue. Some of our financing agreements contain financial and other covenants. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

As on the date of this Placement Document, we have applied for but not received consents in connection with initiating and consummating this Issue from State Bank of Bikaner and Jaipur.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit ratings, financial condition, results of operations and cash flows.

5. ***If we are unable to control the level of NPAs in our portfolio effectively or if we are unable to improve our provisioning coverage as a percentage of gross NPAs, our financial condition and results of operations could be adversely affected.***

As at March 31, 2011, 2012, 2013, 2014 and 2015, our gross NPAs were 3.81%, 1.16%, 1.09%, 1.18%, and 1.51% of our gross advances, respectively, and our net NPAs were 0.80%, 0.12%, 0.19%, 0.28% and 0.45% of our net advances, respectively. Various factors that are beyond our control, such as macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates) regulatory hurdles and global competition as well as customer specific factors such as wilful default and mismanagement of a customer's operations, may cause a further increase in the level of NPAs and have an adverse impact on the quality of our loan portfolio. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and would adversely affect our financial condition.

The RBI regulates some aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing loans as a result of these guidelines or otherwise could affect our collections and ability to foreclose on existing NPAs.

The RBI's Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time, prescribe the provisions required in respect of our outstanding loan portfolio. For details, see "Regulation and Policies" on page 145. As at March 31, 2011, 2012, 2013, 2014 and 2015, our provision coverage ratio, which is composed of provisions divided by gross NPAs as a percentage of gross NPAs was 79%, 89%, 83%, 76% and 71%, respectively. In the event the overall credit quality of our loans deteriorates, the current level of our provisioning may be inadequate to cover the increase in our NPAs. There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs or otherwise or that the percentage of NPAs that we will be able to recover will be similar to our past NPA recovery experience.

If we are unable to control the level of our NPAs, the overall quality of our loan portfolio could deteriorate, which could have a material adverse effect on our financial condition and results of operations.

6. ***A revised regulatory framework for NBFCs will result in an increase in NPAs and provisions for NPAs as well as an increase in standard asset provisions for the financial year 2016 onwards, which could have a material adverse effect on our financial condition and results of operations.***

Prior to the financial year 2016, the RBI required NBFCs to classify an asset as a NPA when it has remained overdue for a period of six months or more. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', announced that the asset classification norms for NBFCs (such as our Company) are to be bought in line with that of banks in a phased manner, as follows: assets will become NPAs if they become overdue: (a) for five months for the financial year 2016; (b) for four months for the financial year 2017; and (c) for three months for the financial year 2018. In addition, the months overdue for higher provisioning requirements to become applicable are also being reduced on a phased basis as follows:

Financial Year 2015	Financial Year 2016	Financial Year 2017	Financial Year 2018
• More than 6 months and no more than 24 months overdue - 10% • More than 24 months and no more than 36 months overdue - 20% on secured and 100% on unsecured portion • More than 36 months and no more than 60 months overdue - 30% on secured and 100% on unsecured portion • More than 60 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%	• More than 5 months and no more than 21 months overdue - 10% • More than 21 months and no more than 33 months overdue - 20% on secured and 100% on unsecured portion • More than 33 months and no more than 57 months overdue - 30% on secured and 100% on unsecured portion • More than 57 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%	• More than 4 months and no more than 18 months overdue - 10% • More than 18 months and no more than 30 months overdue - 20% on secured and 100% on unsecured portion • More than 30 months and no more than 54 months overdue - 30% on secured and 100% on unsecured portion • More than 54 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%	• More than 3 months and no more than 15 months overdue - 10% • More than 15 months and no more than 27 months overdue - 20% on secured and 100% on unsecured portion • More than 27 months and no more than 51 months overdue - 30% on secured and 100% on unsecured portion • More than 51 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%

These new norms will result in an increase in our NPAs for the financial year 2016 onwards, which could have a material adverse effect on our financial condition and results of operations.

At present, the RBI requires NBFCs to make a provision for standard assets of 0.25% of the outstanding standard assets. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', announced that the provisioning requirement for standard assets will be increased in a phased manner, as follows: 0.30% by March 31, 2016; 0.35% by March 31, 2017; and 0.40% by the end of March 2018. Since the first quarter of the financial year 2014, we have been making a provision for all standard assets of 0.40%, except for Loan against Property where we make a provision of 0.50%.

For further details on the above, see "Regulations and Policies" on page 145.

7. ***The value of collateral may decrease or we may experience delays in enforcing the sale of collateral when borrowers default on their obligations to us, which may result in failure to recover the expected value of collateral security, exposing us to a potential loss.***

As at March 31, 2015, ₹ 224,270.5 million of our receivable under financing activity were secured by assets, which represented 71.9% of our total receivable under financing activity. We use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and pre-determined margin call thresholds. However, we may not be able to realize the full value of the collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- decreases in the value of the collateral;
- errors in assessing the value of the collateral;
- an illiquid market for the sale of the collateral; and
- current legislative provisions or changes thereto and past or future judicial pronouncements.

If we are unable to realise the full value of collateral, it could have an adverse effect on our financial condition, results of operations and cash flows.

8. ***A portion of our receivables under financing activity are unsecured. If we are unable to recover such receivables under financing activity in a timely manner or at all, our financial condition and results of operations may be adversely affected.***

As at March 31, 2015, ₹ 87,724.0 million of our receivables under financing activity were unsecured, which represented 28.1% of our total receivables under financing activity. Any failure to recover the full amount of principal and interest on unsecured receivables under financing activity given to our customers could adversely affect our financial condition and results of operations.

9. ***If we fail to successfully enforce our intellectual property rights or are unable to renew our intellectual property licence agreements, our competitive position and results of operations could be adversely affected.***

We have entered into a licence agreement dated December 23, 2011 and a supplementary licence agreement dated September 26, 2012 with Bajaj Finserv Limited, pursuant to which we have been granted a licence to use the trademarks in the table below (collectively, the "**Logos**") for our business activities:

Trademark	Application No.	Image
Bajaj Finserv	1827471	BAJAJ FINSERV (Word)
B (Logo)	1959566	
B (Logo) Bajaj Finserv	1992359	
B (Logo) Bajaj Finserv Lending	1992364	
B (Logo)	1992369	

As noted in the table, Bajaj Finserv Limited has applied to register certain trademarks, which are currently pending registration and there can be no assurance that those trademarks will be registered. The Logos Under the terms of the licence agreement and supplementary licence agreement, we pay Bajaj Finserv Limited an annual licence fee of ₹ 101 for the use of each Logo. Currently, no royalty fee is payable to Bajaj Finserv Limited. The licence agreements are valid until September 15, 2016. If we are unable to renew the licence agreements, we will not be entitled to use the Logos for our business activities and we will be required to change our trading name, trademarks and logos. If we change our trading name, trademarks and logos, this may cause a loss of goodwill and result in increased costs, which would adversely affect our business and results of operations.

In addition, we have applied to register certain trademarks, which are currently pending registration and there can be no assurance that those trademarks will be registered. For details, see "Business – Intellectual Property" on page 142.

Unauthorized use of our intellectual property rights by third parties could adversely affect our reputation. Intellectual property rights and our ability to enforce them may be unavailable or limited in some circumstances. If we fail to successfully enforce our intellectual property rights, our competitive position and results of operations could be adversely affected.

10. ***We share our brand name, "Bajaj Finserv" with Bajaj Finserv Limited, our direct parent company. In the event Bajaj Finserv Limited does something that adversely affects its reputation it would have an adverse impact on our reputation, which could have an adverse effect on our business, financial condition and results of operations.***

We share our brand name, "Bajaj Finserv" with Bajaj Finserv Limited, our direct parent company. We have no control over Bajaj Finserv Limited's operations. In the event Bajaj Finserv Limited does something that adversely affects its reputation it would have an adverse impact on our reputation, which could have an adverse effect on our business, financial condition and results of operations

11. ***As part of our business strategy, we assign a portion of our loan assets to banks and other institutions. Any changes in the assignment markets or statutory/regulatory requirements or decisions of courts could adversely affect our ability to enter into such transactions, which could have a material adverse effect on our financial condition, results of operations and cash flows.***

As part of our means of raising and managing our funds, we assign or securitize a portion of the receivables from our loan portfolio to banks and other institutions. Such assignment or securitization transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. Any change in statutory or regulatory requirements in relation to assignments of loans by financial institutions, including the requirements prescribed by RBI, or decisions of courts in India in connection with such transactions could adversely affect our ability to enter into such transactions, which could have a material adverse effect on our financial condition, results of operations and cash flows.

12. If we are unable to comply with the capital adequacy requirements stipulated by the RBI, our business, results of operations and cash flows may be materially and adversely affected.

We are subject to regulations relating to the capital adequacy of NBFCs, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or CRAR. Under the RBI's Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time, our Company is required to have a regulatory minimum CRAR of 15.0%, with a minimum Tier 1 capital of 7.5%. As at March 31, 2015, our Company's CRAR was 18.0% on a standalone basis, of which Tier 1 capital was 14.2%.

The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', has announced that the minimum Tier 1 capital requirements for all NBFCs that have an asset size of ₹ 5,000 million and above and all NBFC-D will be increased in a phased manner as follows: 8.5% by March 31, 2016 and 10% by March 31, 2017.

Although our Company has been maintaining a CRAR above the regulatory minimum requirement, our Company cannot assure you that it will be able to maintain its CRAR within the regulatory requirements. Further, if our Company continues to grow its loan portfolio, it will be required to raise additional Tier I and Tier 2 capital in order to continue to meet applicable capital adequacy ratios with respect to its business. There can be no assurance that our Company will be able to raise adequate additional capital in the future on terms favourable to it, or at all. This could result in non-compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, results of operations and cash flows.

13. We rely in part on stores that sell consumer durable products, lifestyle products and digital products, Bajaj Auto two and three wheeler dealers, sub-dealers and authorised service centres and direct selling agents to sell our products and if they prefer to promote our competitors' products it could reduce our sales and adversely affect our results of operations.

We have an extensive pan-India distribution network. As at March 31, 2015, we had a network of 211 branches spread across 21 states and three union territories. Of our total branches, we have categorised 50 as 'Rural' branches, which disburse loans under our Rural Lending vertical, and the others are categorised as 'Urban' branches. All of our Urban branches disburse loans under our Consumer Lending vertical and 85 disburse loans under our SME Lending vertical. In addition, our employees at our branches that distribute SME Lending vertical loans also distribute these loans in an additional 34 locations, giving us a total coverage of 119 locations. As at March 31, 2015, we also distributed our products through more than 7,000 consumer durable stores in Urban areas, more than 1,150 lifestyle retail stores, more than 2,650 digital product stores, more than 3,000 Bajaj Auto dealerships, sub-dealerships and authorized service centres, more than 700 direct sales agents, 182 Rural authorized sales and service centres and more than 1,500 consumer durable stores in Rural areas. In addition, we also distribute some of our products via our website. We do not have exclusive sales arrangements with any consumer durable stores, lifestyle retail stores, digital product stores, Bajaj Auto dealerships, sub-dealerships and authorized service centres or our direct sales agents. If these third parties prefer to promote our competitors' products it could reduce our sales and adversely affect our results of operations. In addition, there is a risk that direct sales agents could give confidential information to our competitors, which could also reduce our sales and have an adverse effect on our results of operations.

14. We rely on third parties to whom we outsource certain of our operations and if these third parties fail to perform their obligations to us it could adversely affect our business and cause financial loss to us, which we may be unable to recover from such third party in full or at all.

We outsource some of our operations to various third parties, including back office operations to Tata Consultancy Services Limited, document storage to PN Writer & Company Private Limited, IT maintenance to Wipro Ltd and collection of overdue amounts to various third parties. If these third parties fail to perform their obligations to us it could adversely affect our business and cause financial loss to us, which we may be unable to recover from such third party in full or at all.

15. Prepayment by our customers may have an adverse effect on our results of operations.

We permit our customers to prepay their loans without incurring any prepayment charges. Prepayments by our customers reduce our loan assets and adversely impact our interest income. Further, prepayments may also lead to a temporary asset liability mismatch.

16. If the business of Bajaj Housing Finance Limited ("Bajaj Housing Finance"), our wholly-owned subsidiary, is unsuccessful, we may lose some or all of the investments that we have made in it and our reputation, financial condition and results of operations could be adversely affected.

We currently provide home loans as part of our Consumer Lending vertical and SME Lending vertical. Bajaj Housing Finance, our 100% owned subsidiary, has applied to the National Housing Board for registration as a housing finance company, in order to start disbursing home loans. We acquired Bajaj Housing Finance from our parent Bajaj Finserv Limited in November 2014, under the name of Bajaj Financial Solutions Limited, the name being subsequently changed to Bajaj Housing Finance Limited. Assuming Bajaj Housing Finance obtains the registration, we intend to offer home loans through it, as offering home loans through a registered housing finance company confers certain inherent advantages such as increased leverage due to lower capital adequacy norms and lower risk weights for certain classes of loans. We will be required to invest equity into Bajaj Housing Finance in order to grow our housing finance business. If this business is unsuccessful, we may lose some or all of the investments that we make in Bajaj Housing Finance and our reputation, financial condition and results of operations could be adversely affected.

17. We are involved in various legal proceedings, which if determined against us, could have an adverse impact on our results of operations.

We are involved in various civil, criminal, tax proceedings. Most of these proceedings are incidental to our business and NBFC operations and have generally arisen in relation to recovery of dues from our borrowers, claims and consumer complaints from our customers. In addition to this, we also have a compounding proceeding under Section 297 (1) of the Companies Act, 1956, pending with the RoC. For details of civil, criminal, compounding and tax proceedings against us, see "Legal Proceedings" on page 205. We cannot assure you that these legal proceedings will be decided in our favour. Such legal proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. In addition, should any developments arise, such as changes in Indian law or rulings against us by the regulators, courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities and thereby adversely impact our profitability.

18. We have received a notice from the RBI requesting for information in relating to allegations of illegal money lending activity in the state of Kerala and non-adherence to the RBI's Guidelines on Fair Practice Code for Non-Banking Financial Institutions.

We received a notice from the RBI dated January 21, 2015 requesting information in relation to alleged illegal money lending activities in the state of Kerala and in relation to allegations of our Company not adhering to the RBI's Guidelines on Fair Practice Code for Non-Banking Financial Institutions. Our Company responded to the notice from the RBI on January 29, 2015 after which there have been no further queries raised by the RBI in relation to this notice. If, however, the RBI commences an investigation, and our Company is subject to an adverse outcome of such an investigation, our Company may be liable to monetary penalties and we may be prohibited from doing business in Kerala, which could adversely affect our reputation, business and results of operations.

Our Company has also received notices from the RBI dated February 23, 2015, wherein the RBI asked for copies of communication, sanction letters and copies of agreement letters issued by our Thrissur branch, as they were not being provided in vernacular language, in accordance with the Guidelines on Fair Practice Code for Non-Banking Financial Institutions. Our Company responded to this notice on March 25, 2015. There have been no further queries raised by the RBI in relation to this notice. If, however, the RBI commences an investigation, and our Company is subject to an adverse outcome of such an investigation, our Company may be liable to monetary penalties and this could also have an adverse impact on our Company's reputation.

19. In the event customers use loans for purposes other than those stated on the loan application form, it

may result in customers being unable to repay such loans to us, which may have an adverse effect on our financial condition, results of operations and cash flows.

With respect to some of our loans, we do not have any direct control over how the customer actually puts the loan proceeds to use. Although our credit appraisal system conducts a due diligence during its underwriting process and exercises caution in its lending, any use of loan proceeds for purposes outside those stated on the loan application form may negatively affect the repayment capacity of the borrowers to repay the loan. Any failure to repay such loans could have an adverse effect on our financial condition, results of operations and cash flows.

20. We are subject to annual financial inspections by the RBI. Non-compliance with the RBI's observations made during the annual financial inspections could adversely affect our reputation, business, financial condition, results of operations and cash flows.

The RBI conducts an annual financial inspection of our books of accounts and other records relating to our financial position every year under Section 45N of the RBI Act. Inspection by the RBI is a regular exercise and is carried out periodically by the RBI for banks, financial institutions and NBFCs.

In the past, the RBI had made certain observations during the annual financial inspections in connection with our operations. We have taken the necessary actions to comply with such observations.

If we fail to comply with the RBI's observations made during the annual financial inspections, it could adversely affect our reputation, business, financial condition, results of operations and cash flows.

21. Internal or external fraud or misconduct by our employees could adversely affect our reputation and our results of operations.

In the past, we have been subject to acts of fraud committed by our employees and customers. Misconduct by our employees could also include binding us to transactions that exceed authorised limits or present unacceptable risks or concealing unauthorised or unlawful activities from us.

For our two-wheeler and three-wheeler loans, we allow customers to repay their loans using the direct cash collection model. Repayment of the two-wheeler and three-wheeler loans under the direct cash collection model is by way of equal monthly instalments paid in cash at various Bajaj dealer and sub-dealer locations. Large cash collections expose us to the risk of fraud, misappropriation or unauthorized transactions by our representatives and employees responsible for dealing with such cash collections. While we have taken out insurance for cash in safes and in transit, and we have put in place systems to detect and prevent any unauthorized transaction, fraud or misappropriation by our representatives and employees, this may not be effective in all cases. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm.

It is not always possible to deter fraud or misconduct by employees and customers and the precautions we take and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of such fraud or misconduct could adversely affect our reputation, business, results of operations and financial condition.

22. Our customer base mainly comprises individuals and small and medium enterprise ("SME"), who we believe are generally more likely to be affected by declining economic conditions than larger corporate borrowers.

We believe individuals belonging to the salaried class and SMEs are generally less financially resilient than larger corporate borrowers, and, as a result, they may be more adversely affected by declining economic conditions. A significant majority of our customers are individuals or SMEs. Our Consumer Lending vertical is mainly targeted at individual borrowers. As at March 31, 2015, our Consumer Lending vertical and SME Lending vertical represented 40.7% and 52.9% of our total AUM, respectively.

23. We depend on the accuracy and completeness of information about customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of their independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer.

Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

24. If we are unable to retain the services of our senior management team or replace them with equally experienced employees, it could have a material adverse effect on our business.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled and experienced employees. There is significant competition for senior management in the financial services industry from existing Indian and foreign banks and NBFCs, as well as new banks and NBFCs entering the market. If we are unable to retain the services of our senior management team or replace those with equally experienced employees, our ability to expand our business will be impaired and it could have a material adverse effect on our business operations.

Further, failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure.

Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. While we have an incentive structure and an employee stock option scheme namely, ESOP, designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

25. The restrictions imposed on NBFCs by the RBI through a Master Circular – Bank Finance to Non-Banking Financial Companies dated July 1, 2014 (the "Master Circular") may restrict our ability to obtain bank financing for specific activities.

Pursuant to the Master Circular, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under the Master Circular, certain NBFC activities are ineligible for financing by bank credit, such as certain types of discounting and rediscounting of bills, loans and advances by NBFCs to their subsidiaries and group companies, or lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, unsecured loans, inter-corporate deposits provided by the NBFCs and subscription to shares or debentures by NBFCs. In addition, the Master Circular prohibits: banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs; banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees are not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs. These restrictions may adversely affect our access to or the availability of bank financing, which may in turn adversely affect our financial condition, results of operations and cash flows.

26. We operate in a highly regulated industry and changes in the laws, rules and regulations applicable to us may adversely affect our business and results of operations.

We operate in a highly regulated industry and have to adhere to various laws, rules and regulations. For a description of the material laws, rules and regulations applicable to us, see "Regulations and Policies" on page 145. Any changes in the regulatory environment under which we operate could adversely affect our business, results of operations and financial condition. By way of example, see the discussion on changes to the asset classification norms for NBFCs in the Risk Factor "-A revised regulatory framework for NBFCs will result in an increase in NPAs and provisions for NPAs as well as an increase in standard asset provisions for the financial year 2016 onwards, which could have a material adverse effect on our financial condition and results of operations" above.

27. We face increasing competition in our business, which may result in declining margins if we are unable to compete effectively.

Our competitors include established Indian and foreign commercial banks, NBFCs and the private unorganized and informal financiers who principally operate in the local market. Liberalisation of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs and other entities operating in the financial services sector officering a wider range of products and services, which could adversely affect our competitive environment.

Over the last few years, the retail finance sector in India has seen a lot of interest from new entrants. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive retail and SME loans business. Increasing competition may also result in slower growth and a reduction in our net interest margin, and consequently may have an adverse effect on our results of operations and financial condition

28. Weaknesses, disruption or failures in IT systems could adversely impact our business.

We rely on IT systems in connection with financial controls, risk management and transaction processing. The increasing size of our operations, which use automated control and recording systems for record keeping, exposes us to the risk of errors in control and record keeping. Given our volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our dependence upon automated IT systems to record and process transactions may further increase the risk that technical system flaws will result in losses that are difficult to detect. As a result, we face the risk that the design of our controls and procedures may prove inadequate thereby causing delays in detection or errors in information.

We may also be subject to disruptions of our IT systems, arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third parties such as internet backbone providers). So far, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we will not encounter disruptions in the future due to substantially increased number of customers and transactions, or for other reasons. In the event we experience systems interruptions, errors or downtime, this may give rise to deterioration in customer service and to loss or liability to us and may materially and adversely affect our business, financial condition and results of operations.

Further, we are dependent on various external vendors for certain elements of our operations and are exposed to the risk that external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. Failure to perform any of these functions by our external vendors or service providers could materially and adversely affect our business, results of operations and cash flows.

29. If we fail to identify, monitor and manage risks and effectively implement our risk management

policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have devoted resources to develop our risk management policies and procedures and plan to continue to do so in the future. For details, see "Business" on page 123. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. See also the Risk Factor "If we are unable to control the level of NPAs in our portfolio effectively or if we are unable to improve our provisioning coverage as a percentage of gross NPA, our financial condition and results of operations could be adversely affected" above.

If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

30. Our SME Lending vertical accounts for a substantial part of our business and any adverse developments in the SME segment would adversely affect our business, financial condition and results of operations.

As at March 31, 2015, our SME Lending assets under management ("**AUM**") was ₹ 171,351.8 million, representing 52.9% of our total AUM. Our business is therefore highly dependent on various factors that impact the SME segment, such as changes in Indian regulations, domestic economic and political conditions, inflation, natural disasters and calamities. Such factors may result in a decline in the demand for finance from SMEs and may adversely impact the ability of SMEs to perform their obligations to us under existing financing agreements if their businesses suffer, which may adversely affect our business, financial condition and results of operations.

31. Our Consumer Lending vertical accounts for a substantial part of our business and any decrease in demand for consumer products may adversely affect our business, financial condition, results of operations.

As at March 31, 2015, our Consumer Lending AUM was ₹ 132,022.8 million, representing 40.7% of our total AUM. Our business is therefore highly dependent on various factors that impact demand for consumer products and any decrease in demand for consumer products may adversely affect our business, financial condition and results of operations.

32. Our two-wheeler and three-wheeler loan portfolio is heavily dependent on the demand for two-wheeler and three-wheeler vehicles manufactured and sold by Bajaj Auto Limited ("Bajaj Auto"). Any significant shift in customer preference to non-Bajaj Auto Limited vehicles may have a negative impact on the sales of Bajaj Auto, which may adversely affect our business, financial condition and

results of operations.

As at March 31, 2015, our two-wheeler and three-wheeler loan portfolio was ₹ 33,242.2 million, representing 10.3% of our total AUM. We only make two-wheeler and three-wheeler loans to finance the purchase of vehicles manufactured and sold by Bajaj Auto. The two-wheeler and three-wheeler segment in India is highly competitive. Any significant shift in customer preference to non-Bajaj Auto vehicles may have a negative impact on the sales of Bajaj Auto and thereby the demand for our two-wheeler and three-wheeler loans, which would adversely affect our business, financial condition and results of operations.

33. If we fail to effectively manage our growth, it may adversely impact our business.

In the past, we have witnessed rapid growth in both our business and our branch network. For example, our total AUM has grown from ₹ 175,167.0 million as at March 31, 2013 to ₹ 324,095.9 million as at March 31, 2015 and the number of our branches has grown from 78 as at March 31, 2013 to 211 as at March 31, 2015.

Our growth strategy includes growing our loan book and expanding our customer base. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further. If we grow our business assets too quickly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition and results of operations.

Our ability to effectively manage our growth depends primarily upon our ability to manage key issues, such as selecting and retaining skilled manpower, establishing additional branches, achieving cost efficiencies, maintaining an effective technology platform that can be continually upgraded, developing profitable products and services to cater to the needs of our existing and potential customers, improving our risk management systems, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service.

34. If any new products we launch are unsuccessful, it could harm our reputation and adversely affect our results of operations.

As part of our growth strategy, our Company from time to time introduces new product offerings. For example, in the financial year 2015 we launched MSME Rural loans and our Property Fitness Report product. We may incur substantial costs in the future to expand our range of products and cannot guarantee that new products will be successful once they are offered. In the event that such new products are commercial failures, we may lose any or all of the investments that we have made in promoting them, and, consequently, our reputation and results of operations could be adversely affected.

35. We lease most of the premises used by us, including our registered office and any failure to renew such leases or arrangements or their renewal on terms unfavourable to us may adversely affect our results of operations.

As at March 31, 2015, we leased 218 of the 269 business premises and the registered office used by us. If we are unable to renew these lease agreements or arrangements on commercially reasonable terms, we may be required to relocate from those premises. If we relocate operations, this could cause a disruption in our operations or result in increased costs, or both, which could adversely affect our results of operations.

36. Our results of operations could be adversely affected by any disputes with our employees or disputes between our outsourced personnel and their respective employers.

Neither our employees nor our outsourced personnel are members of a labour union. While we believe that we maintain good relationships with our employees and that the third party service providers maintain good relationships with their employees who work for us, there can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our employees or outsourced personnel, which could adversely affect our business and results of operations.

37. ***Materialisation of contingent liabilities could adversely affect our financial condition, results of operations and cash flows.***

As at March 31, 2015, we had contingent liabilities as per AS 29 on “Provisions, Contingent Liabilities and Contingent Assets” not provided for amounting to ₹ 457.2 million, details of which are set forth in the table below:

Particulars	**Amount (₹ in millions) As at March 31, 2015**
Disputed claims against us not acknowledged as debts	77.7
VAT matter under appeal	68.6
ESI matter under appeal	51.4
Service tax matter under appeal	11.9
Income tax matters under dispute	225.2
Guarantees given on behalf of the Company	22.4
Total	**457.2**

The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by the RBI. If any of these contingent liabilities materialize, our financial condition, results of operations and cash flows could be adversely affected.

38. ***We are not required to obtain shareholders’ approval or obtain an independent assessment of certain related party transactions (depending on the value or type of the transaction) before entering into such related party transactions.***

We have entered into transactions with related parties, within the meaning of the Companies Act, 2013, our Listing Agreements and AS 18 as notified by the Companies (Accounting Standards) Rules, 2006. For further information on our related party transactions, see “Financial Information” on page 211. Our policy on related party transactions is that such transactions are conducted on commercial terms on an arm’s length basis in the ordinary course of business. Although the regulations in India and the Listing Agreement requires us to disclose such related party transactions in our financial statements, we are not required to obtain shareholders’ approval or obtain an independent assessment of certain related party transactions (depending on the value or type of the transaction) before entering into such related party transactions.

39. ***Our Promoters have the ability to control or influence the outcome of matters submitted to shareholders for approval, and their interests may differ from those of other shareholders.***

As at March 31, 2015, the Promoters owned 61.6% of the outstanding Equity Shares. As long as our Promoters continue to hold a significant ownership stake in our Company, our Promoters have the ability to control or influence the outcome of any matter submitted to shareholders for approval, including matters relating to sale of all or part of our business, mergers, or acquisitions or disposal of assets; the distribution of dividends; appointment or removal of our directors or officers; and our capital structure or financing. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company, even if it is in best interest of other shareholders. The Promoters may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

40. ***If Bajaj Finserv Limited ceases to exercise control over us as a result of a transfer of its Equity***

Shares or otherwise, we will not be able to derive any benefits from being a part of the Bajaj Finserv Group and this may cause a loss of goodwill and result in increased costs, which would adversely affect our business and results of operations. In addition, if the Promoter's shareholding in our Company falls below 51%, it would result in a default under the agreements we have entered into for certain of our borrowings, which could lead to termination of those credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided thereunder and the trigger of cross default provisions. Any of the above actions taken by a lender could have a material adverse effect on our credit ratings, financial condition, results of operations and cash flows.

As at March 31, 2015, Bajaj Finserv Limited owned 61.5% of our outstanding Equity Shares. If Bajaj Finserv Limited ceases to exercise control over us, as a result of a transfer of its Equity Shares or otherwise, we will not be able to derive any benefit from being a part of the Bajaj Finserv Group and this may cause a loss of goodwill and result in increased costs, which would adversely affect our business and results of operations.

In addition, if the Promoter's shareholding in our Company falls below 51%, it would result in a default under the agreements we have entered into for certain of our borrowings, which could lead to termination of those credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided thereunder and the trigger of cross default provisions. Any of the above actions taken by a lender could have a material adverse effect on our credit ratings, financial condition, results of operations and cash flows.

41. We may not be able to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business.

We require certain statutory and regulatory permits and approvals to operate our business. We have a licence from the RBI, which requires us to comply with certain terms and conditions for us to continue our NBFC operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this licence or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations.

Additionally, our Company is required to obtain certain other approvals including the shops and establishment registrations for premises situated in various states under the relevant legislations. While some of these have been obtained, we have not received certain approvals and renewals. In case the Company fails to obtain these approvals, it may also result in the interruptions of all or some of our operations.

Further, under certain of our contractual arrangements, we are required to hold all necessary and applicable approvals and licences from authorities such as the RBI and the Insurance Regulatory and Development Authority in India ("**IRDA**"), the National Housing Bank and the Association of Mutual Funds of India.

Failure by us to renew, maintain or obtain the required permits or approvals, including those set out above, may have a material adverse effect on our business, results of operations and cash flows.

42. Various state government laws regulating money lending transactions could adversely affect our business, results of operations and cash flows.

A number of states in India have enacted laws to regulate money lending transactions. These laws establish a maximum rate of interest that can be charged. There is ambiguity on whether or not NBFCs are required to comply with the provisions of these state money lending laws. There are severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected. For an example of such proceedings against us, see the Risk Factor "We have received a notice from the RBI requesting for information in relating to allegations of illegal money lending activities in the state of Kerala and non-adherence to the RBI's Guidelines on Fair Practice Code for Non-Banking Financial Institutions" above.

43. ***Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition, results of operations and cash flows.***

We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss.

In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition, results of operations and cash flows.

44. ***Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.***

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the RBI. There can be no assurance that we will be able to pay dividends in the future.

45. ***Statistical and industry data in this Placement Document may be inaccurate, incomplete or unreliable.***

We have not independently verified data obtained from industry publications and other sources referred to in this Placement Document and therefore, while we believe them to be accurate, complete and reliable, we cannot assure you that they are accurate, complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the financial services industry are subject to the caveat that the statistical and other data upon which such discussions are based may be inaccurate, incomplete or unreliable. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. For more details, see "Industry Overview" on page 100.

Risks Relating to India

46. ***Our business and results of operations and the market price and liquidity of the Equity Shares may be adversely affected by changes in foreign exchange rates and controls, interest rates, changes in Government policies, taxation, social and civil unrest and political, economic or other developments in or affecting India.***

Our Company is incorporated in India, we earn all of our revenue in India and our Equity Shares are only traded on the BSE and NSE. As such, our business and results of operations and the market price and liquidity of the Equity Shares could be adversely affected by changes in foreign exchange rates and controls, interest rates, changes in Government policies, taxation, social and civil unrest and political, economic or other developments in or affecting India. In addition, the Indian economy is influenced by economic conditions in other countries, including, but not limited to, the conditions in the United States, in Europe and in certain emerging economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and the financial services sector, which could adversely affect our business and results of operations.

47. ***Increases in the prices of crude oil could adversely affect the Indian economy, which could adversely affect our business, financial condition, results of operations and cash flows.***

India imports a substantial portion of its crude oil requirement. While oil prices have declined from their peak levels, any sharp increase in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and on the Indian financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit, which could adversely affect our business and results of operations.

48. India's trade deficits could have a negative effect on our business.

India's trade relationships with other countries and its trade deficit, driven to a major extent by global crude oil prices, may adversely affect Indian economic conditions. For the calendar year 2014, the merchandise trade deficit was U.S.$137.45 compared to U.S.$162.6 billion for the calendar year 2013. This large merchandise trade deficit neutralises the surpluses of U.S.$115.2 billion for the calendar year 2014 in India's invisibles, which are comprised of international trade in services, income from financial assets, labour and property and cross border transfers of mainly workers' remittances in the current account, resulting in a current account deficit. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, results of operations and cash flows could be adversely affected.

49. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us. A rapid decrease in reserves may lead to higher interest rates and a consequent slowdown in economic growth.

As at March 6, 2015, India's foreign exchange reserves were U.S.$339.79 billion, according to the RBI. Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease in the future. Further, a decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect our business, financial condition and results of operations.

50. Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.

India's sovereign foreign currency long-term debt is currently rated (a) "BBB-" (negative) by Standard & Poor's, (b) "BBB-" (stable) by Fitch, and (c) "Baa3" (stable) by Moody's. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. In the recent past, India's credit ratings have been downgraded due to structural challenges such as corruption, the absence or inadequacy of domestic reforms, and slow economic growth combined with elevated inflation. No assurance can be given that Standard & Poor's, Fitch, Moody's or any other statistical rating organization will not downgrade the credit ratings of India. Any such downgrade would result in India's sovereign debt rating being rated speculative grade, which could adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business, financial condition, results of operations and cash flows.

51. A significant change in the Government's economic liberalisation and deregulation policies could adversely affect our business.

The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Since 1991, successive central governments in India have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. However, the rate of economic liberalisation could change, and specific laws and government policies affecting foreign investment, foreign currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India, which could adversely affect our business and results of operations.

52. If acts of terrorism and other similar threats to security, communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, and our business, results of operations and cash flows.

India has experienced communal disturbances, terrorist attacks and riots in the past. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including those between India and Pakistan. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, as well as other acts of violence or war could influence the Indian economy by creating a perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

53. Natural disasters and other calamities could have a negative impact on the Indian economy and could cause our business to suffer and the trading price of our Equity Shares to decline.

India has experienced natural disasters like earthquakes, floods, tsunamis and drought in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy.

Health epidemics could also disrupt our business, including the most highly pathogenic strains of avian and swine influenza, H5N1 and H1N1. Certain countries in Southeast Asia have reported cases of bird to human transmission of avian and swine influenza resulting in numerous human deaths. Moreover, certain areas at India have experienced outbreaks of H5N1 among livestock. The World Health Organization and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human to human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could adversely affect our business.

54. Certain companies in India, including us, may be required to prepare financial statements under IFRS or a variation thereof, IND-AS. We may be adversely affected by the transition to IFRS or IND-AS in India.

The Ministry of Corporate Affairs, Government of India (the "**MCA**") recently issued a notification dated February 16, 2015, (the "**Notification**") laying down the road map for the implementation of IND-AS in a phased manner. However, the MCA vide the Notification has granted an exemption to non-banking finance companies, amongst others, from applying IND-AS while preparing their respective financial statements, either voluntarily or mandatorily as laid down in the Notification. In the future, we may be required to prepare annual and interim financial statements under IND-AS, if the aforesaid exemption is no longer available.

We have not determined with any degree of certainty the impact that such adoption IND-AS, if the aforesaid exemption is lifted, will have on our financial reporting. The new accounting standards may change, among other things, our methodology for estimating allowances for probable loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of probable loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realisable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognising allowances for probable loan losses in the future which may be higher or lower than under current Indian GAAP. Therefore, there can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. In our transition to IND-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of IND-AS, if mandated by law, will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IND-AS could adversely affect our financial condition, results of operations and cash flows.

55. Companies operating in India are subject to a variety of central and state government taxes and surcharges and any increases in those taxes and surcharges could adversely affect our business and

results of operations.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

56. The proposed new taxation system in India could adversely affect our business and results of operations.

The Government had proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to the General Anti-Avoidance Rules ("**GAAR**").

As regards the implementation of the goods and service tax, the Government had not specified any timeline for their implementation. However, it was announced in the Union Budget of India for the financial year 2016 (the "**Budget**") that the goods and services tax will put in place a state-of-the-art indirect tax system by April 1, 2016. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments. However, as on date of this Placement Document, no amendments have been made to the extant laws in this regard.

The direct taxes code (the "**Code**") aimed to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base and facilitate voluntary compliance. It also aimed to provide greater tax clarity and stability to investors who invest in Indian projects and companies as well as clarify the taxation provisions for international transactions. However, it was announced in the Budget that there was no merit in continuing with the same as a most of the provisions of the Code had been already included under the IT Act and that the jurisprudence under the same is sufficiently evolved.

As regards GAAR, the provisions have been introduced in the Finance Act, 2012 and were scheduled to come into effect from April 1, 2015. However, it was announced in the Budget, that the applicability of GAAR has been deferred by a period of two years and consequently, will apply prospectively to investments made on or after April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty.

As the taxation system is intended to undergo significant overhaul, its consequent effects on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business and results of operations.

57. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notifications, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures, corporate governance norms, audit matters, and related party transactions. Further, the Companies Act, 2013 has also introduced additional requirements that do not have corresponding equivalents under the Companies Act, 1956, including the introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), and prohibitions on advances to directors. We are also required to spend 2.0% of our average net profits during three immediately preceding financial years on corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liabilities on us, Directors and officers in default, for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

We may face challenges in anticipating the changes required by, interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. In 2014, the SEBI issued revised corporate governance guidelines, most of which were effective from October 1, 2014 and a few of which were effective from April 1, 2015. Pursuant to the revised guidelines, we are required to, amongst other things, ensure that there is at least one woman director on our Board at all times, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines (all of which we have complied with). Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our results of operations.

Additionally, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Bill differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps**.**

58. Our ability to borrow money in foreign currencies may be constrained by Indian law, which may adversely affect our business, financial, results of operations and cash flows.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, results of operations and cash flows.

59. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our financial condition, cash flows and results of operations.

Our financial statements are prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors outside India may be familiar. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial condition may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons unfamiliar with Indian GAAP on the financial information presented in this Placement Document should accordingly be limited.

60. Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our directors or executive officers.

We are a limited liability company incorporated under the laws of India. All of our Directors and key managerial personnel are residents of India and all of our assets and such persons are located in India.

As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. For details, see "Enforcement of Civil Liabilities" on page 12. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

61. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

Indian law and regulations applicable to us may delay, deter or prevent a future takeover or change in control of us, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the Takeover Code, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of us. Consequently, even if a potential takeover of us would result in the purchase of our Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations. For more information, see "The Securities Market of India" on page 184.

62. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles, the instructions issued by the RBI and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a financial institution or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a financial institution or corporate entity in another jurisdiction.

Risks Relating to the Issue

63. We cannot guarantee that our Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and Allotted. Approval for listing and trading will require all relevant documents authorising the issuing of the Equity Shares to be submitted. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of the Equity Shares.

64. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of Equity Shares in the Issue, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

65. After this Issue, the price of our Equity Shares may be volatile.

The Issue Price will be determined by us in consultation with the Lead Manager, based on Bids received in compliance with Chapter VIII of the SEBI Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian financial services industry and the perception in the market about investments in the financial services industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

66. Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of our Equity Shares in those currencies, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as, the U.S. dollar, the Euro, the pound sterling and the Singapore dollar) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares in foreign currency terms, independent of our operating results.

67. Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

Under the Companies Act, a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing percentage ownership before the issuance of any new equity shares, unless their pre-emptive rights have been waived by adoption of a special resolution by holders of three-quarters of the shares who have voted on the resolution.

Except for the customary lock-up on our Company's ability to issue equity or equity linked securities discussed in "Placement", there is no restriction on our ability to issue Equity Shares or our major shareholders' ability to dispose of their Equity Shares, and we cannot assure you that we will not issue Equity Shares or that any major shareholder will not dispose of, encumber, or pledge, its Equity Shares. Future issuances of Equity Shares may dilute your shareholding and may adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then current trading price of our Equity Shares. Sales of Equity Shares by our major shareholders may also adversely affect the trading price of our Equity Shares.

We have also issued employee stock options to certain of our employees. To the extent such outstanding employee stock options are exercised, there will be further dilution to investors in this Issue, which may also adversely affect the trading price of the Equity Shares. For details, see "Capitalization Statement" on page 69.

68. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

69. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of the Equity Shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of the Equity Shares is not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

70. Conditions in the Stock Exchanges may affect the price and liquidity of the Equity Shares.

Indian stock exchanges are smaller than stock markets in developed economies and have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary closure of the stock exchanges to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements. For more information on the securities market of India, see "The Securities Market of India" on page 184.

71. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell the Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond certain specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breaker generally imposed by the SEBI on Indian stock exchanges. The maximum movement allowed in the price of the

Equity Shares before the circuit breaker is triggered is determined by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges will inform us of the triggering point of the circuit breaker in effect from time to time, but it may change without our knowledge. This circuit break will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

72. Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In terms of the SEBI Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of the Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

73. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

74. Because we expect the Equity Shares will be treated as stock of a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes, U.S. Holders may suffer various adverse U.S. tax consequences and interest charges.

A non-U.S. corporation will be a PFIC if either (1) 75.0% or more of its gross income is passive income or (2) 50.0% or more of the total value of its assets is attributable to assets, including cash, that produce or are held for the production of passive income. Based on the current and expected composition of our Company's income and assets, our Company expects that 75.0% or more of its gross income will constitute "passive income" and 50.0% or more of its gross assets will constitute "passive assets" for purposes of the PFIC rules. Since our Company does not believe that it can benefit from the exemption from the PFIC rules that is available for foreign banks, our Company expects that it will be treated as a PFIC in this and in subsequent years. As a consequence, U.S. Holders will be subject to the complex PFIC rules, which could result in additional U.S. taxes and interest charges upon a sale or disposition of their Equity Shares or upon certain distributions by our Company. For further details, see "Taxation - Certain United States Federal Income Tax Considerations" on page 200.

75. Our Company is an investment company under the Investment Company Act and as a result the transferability of the Equity Shares by purchasers in the United States may be affected.

Our Company is an "investment company" under the Investment Company Act. Our Company is not registered under the Investment Company Act and exemptions from registration under the Investment Company Act may not be available to it. In connection with the placing of the Equity Shares with U.S. investors in this Issue, our Company is seeking to rely on the exclusion provided under Section 3(c)(7) of the Investment Company Act.

Our Company, through the Lead Manager, is making a private placement of Equity Shares to U.S. investors that are both U.S. QIBs and "qualified purchasers" within the meaning of Section 2(a)(51)(A) of the Investment Company Act, on the terms contained herein. If any Equity Shares are owned by or transferred to a U.S. person who is not a "qualified purchaser," our Company may become subject to the requirement to register under the Investment Company Act. Failure to register under the Investment Company Act when required to so register may lead to fines, penalties, recession rights for investors and other adverse consequences for our Company. Our Company has elected to impose certain additional restrictions on the U.S. Offering and on transferability of the Equity Shares. The Equity Shares purchased in this Issue will only be transferable in the manner described in "Transfer Restrictions" on page 181.

MARKET PRICE INFORMATION

The Equity Shares have been listed on the BSE since June 7, 1994 and the NSE on April 1, 2003. As on the date of this Placement Document, 50,147,259 Equity Shares have been issued, subscribed and are fully paid up.

As of June 3, 2015 the closing price of the Equity Shares on the BSE and the NSE was ₹ 4,317.35 and ₹ 4,324.85 per Equity Share, respectively. Because the Equity Shares are actively traded on the BSE and the NSE, the market price and other information for each of the BSE and the NSE has been given separately.

(i) The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for Fiscal Years ended March 31, 2011, 2012, 2013, March 31, 2014 and March 31, 2015:

BSE									
Fiscal Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹million)**	**Average price for the year (₹)**
March 31, 2011	817.95	November 9, 2010	8,007	6.50	324.5	April 1, 2010	7,259	2.35	611.22
March 31, 2012	825.4	February 9, 2012	6,176	5.10	570.90	June 22, 2011	2,774	1.61	676.99
March 31, 2013	1,403.95	January 15, 2013	32,877	46.83	832.7	April 2, 2012	4,181	3.47	1,124.58
March 31, 2014	1,790.05	March 31, 2014	2,107	3.77	985.30	August 28, 2013	9,275	9.29	1,379.24
March 31, 2015	4,370.05	March 2, 2015	3,318	14.51	1,731.75	May 15, 2014	3,948	6.90	2,825.21

NSE									
Fiscal Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹ million)**	**Average price for the year (₹)**
March 31, 2011	815.80	November 9, 2010	34,403	27.98	325.70	April 1, 2010	12,639	4.09	611.35
March 31, 2012	822.60	February 8, 2012	43,254	35.18	566.10	June 22, 2011	6,652	3.82	677.07
March 31, 2013	1,406.05	January 15, 2013	185,816	265.11	834.70	April 2, 2012	12,512	10.34	1,124.18
March 31, 2014	1,797.70	March 28, 2014	87,170	154.35	984.25	August 28, 2013	58,837	58.73	1,380.09
March 31, 2015	4,384.95	February 28, 2015	54,319	233.53	1,735.65	May 15, 2014	93,181	163.26	2,827.76

(Source: www.bseindia.com and www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the year represents the average of the closing prices on each day of each year.*

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

BSE									
Month, year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total volume of Equity Shares traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total volume of Equity Shares traded on date of low (₹ million)**	**Average price for the month (₹)**
December, 2014	3,481.45	December 31, 2014	1,178	4.08	3,078.65	December 1, 2014	2,769	8.52	3,285.98
January, 2015	4,324.15	January 28, 2015	21,122	92.80	3,425.75	January 6, 2015	2,081	7.15	3,744.10
February, 2015	4,362.80	February 28, 2015	6,724	28.91	4,001.25	February 10, 2015	2,519	10.09	4,153.60
March, 2015	4,370.05	March 2, 2015	3,318	14.51	3,947.30	March 27, 2015	1,616	6.40	4,100.40
April, 2015	4,577.20	April 16, 2015	2,785	12.59	3,989.45	April 28, 2015	2,367	9.47	4,307.78
May, 2015	4,597.00	May 21, 2015	5,600	25.53	4,184.80	May 07, 2015	1,554	6.53	4,386.58

NSE									
Month, year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares on date of low (₹ million)**	**Average price for the month (₹)**
December, 2014	3,483.95	December 31, 2014	15,853	54.85	3,087.15	December 1, 2014	45,252	139.88	3,290.33
January, 2015	4,322.60	January 28, 2015	139,405	613.70	3,425.85	January 6, 2015	13,781	47.38	3,749.44
February, 2015	4,384.95	February 28, 2015	54,319	233.53	4,003.80	February 10, 2015	17,287	69.29	4,156.28
March, 2015	4,371.35	March 2, 2015	41,684	182.75	3,948.20	March 25, 2015	22,256	87.75	4,105.33
April, 2015	4,584.95	April 16, 2015	10,448	46.94	3,989.50	April 29, 2015	63,498	253.07	4,311.85
May, 2015	4,577.00	May 21, 2015	48,428	219.64	4,180.55	May 07, 2015	12,177	51.11	4,387.07

(Source: www.bseindia.com and www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the month represents the average of the closing prices on each day of each month.*

(iii) The following table set forth the details of the number of Equity Shares traded and the turnover during the Fiscal Years 2015, 2014, 2013, 2012 and 2011 on the Stock Exchanges:

Period	**Number of Equity Shares traded**		**Turnover (In ₹ million)**	
	BSE	**NSE**	**BSE**	**NSE**
Fiscal 2011	8,643,558	16,824,614	4,858.38	10,346.28
Fiscal 2012	2,149,869	6,888,524	1,489.58	4,777.18

Period	Number of Equity Shares traded		Turnover (In ₹ million)	
	BSE	NSE	BSE	NSE
Fiscal 2013	1,584,863	7,806,811	1,945.39	9,524.10
Fiscal 2014	2,113,585	9,758,940	2,959.80	13,291.11
Fiscal 2015	1,549,126	8,723,027	4,283.10	24,069.43

(*Source: www.bseindia.com and www.nseindia.com*)

(iv) The following table sets forth the market price on the Stock Exchanges on April 22, 2015, the first working day following the approval of the Board for the Issue:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ million)**
4,319.15	4,384.60	4,185.00	4,266.45	3,689	15.75

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ million)**
4,310.05	4,399.00	4,192.00	4,279.90	17,256	73.87

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue are expected to be approximately ₹ 14,000 million.

The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, are expected to be approximately ₹ 13,874.3 million (the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds of the Issue for meeting long term working capital requirements, capital expenditure and other general corporate purposes as per the Company's growth and business related plans from time to time and to meet the capital adequacy norms laid down by the Reserve Bank of India.

Neither our Promoter nor the Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation (on a consolidated basis) as at March 31, 2015 on an actual basis which has been extracted from our audited consolidated financial statements and as adjusted to give effect to the receipt of the gross proceeds of the Issue, the application thereof and the issue of share warrants:

You should read this table together with the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 75 and our audited consolidated financial results as of and for the Fiscal Year ended March 31, 2015 and the related notes thereto contained in the section "Financial Statements" on page 211.

	As at March 31, 2015	
	Actual	**As Adjusted**
	(₹ million)	
Short term borrowings:		
Secured	22,425.6	22,425.6
Unsecured	20,713.4	20,713.4
Long term borrowings:		
Secured	164,485.7	164,485.7
Unsecured	18,249.4	18,249.4
Current maturities of long term borrowings:		
Secured loans	38,432.0	38,432.0
Unsecured loans	2,600.5	2,600.5
Total borrowings (A)	266,906.6	266,906.6
Shareholders' funds:		
Share capital	500.0	532.7
Securities premium	19,165.7	33,132.9
Reserves and surplus	28,331.4	28,331.4
Money received against share warrants	-	1,020.3
Total Shareholders Funds (B)	47,997.1	63,017.3
Total (A+B)	314,903.7	329,923.9

CAPITAL STRUCTURE

The Equity Share capital of the Company as at the date of this Placement Document is set forth below:

(In ₹ million, except Equity Share data)

		Aggregate value at face value
A	**AUTHORISED SHARE CAPITAL**	
	75,000,000 Equity Shares of ₹ 10 each	750,000,000
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	50,147,259 Equity Shares of ₹ 10/- each	501,472,590
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	3,274,853 Equity Shares aggregating approximately to ₹ 14,000 million	32,748,530
D	**PAID-UP CAPITAL AFTER THE ISSUE**	
	53,422,112 Equity Shares of ₹ 10 each fully paid up	534,221,120
E	**SHARE PREMIUM ACCOUNT**	
	Before the Issue	19,165.7
	After the Issue	33,132.9

Equity Share Capital History of the Company

- The following table sets forth details of allotments of Equity Shares made by the Company since its incorporation:

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
March 25, 1987	100	100	10	10	Subscribers to the Memorandum of Association	Cash[(1)]
June 10, 1987	999,900	1,000,000	10	10	Allotment to erstwhile Bajaj Auto Limited, Bajaj Auto Holdings Limited and dealers of Erstwhile Bajaj Auto Limited	Cash
October 20, 1987	4,000,000	5,000,000	10	10	Rights issue	Cash
May 15, 1990	5,000,000	10,000,000	10	10	Rights issue	Cash
September 27, 1990	3,000	10,003,000	10	10	Allotment to employees of the Company	Cash
May 28,	6,488,200	16,491,200	10	90	Initial public	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
1994					offering by our Company	
January 13, 1998	(1,000)[2]	16,490,200	10	N.A.	Forfeiture of 1,000 partly paid up equity shares for non payment of allotment money	N.A.
January 18, 2006	1,003,260	17,493,460	10	410	Preferential allotment to Bajaj Auto Limited	Cash
January 18, 2006	3,500,000	20,993,460	10	450	Preferential allotment to Copa Cabana, El Dorado Holdings II Limited, Tiger Global LP, Tiger GlobalLimited, Tiger Global II LP, Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership	Cash
February 9, 2007	12,596,076	33,589,536	10	325	Rights issue	Cash
March 29, 2007	1,758,600	35,348,136	10	410	Preferential allotment to Bajaj Auto Limited (conversion of warrants)	Cash
July 17, 2007	1,247,940	36,596,076	10	410	Preferential allotment to Bajaj Auto Limited (conversion of warrants)	Cash
December 29, 2010	33,000[3]	36,629,076	10	358.70	Allotment pursuant to the ESOP Scheme 2009	Cash
March 29, 2012	4,690,000	41,319,076	10	651	Preferential allotment to Bajaj Finserv Limited (conversion of warrants)	Cash
August 9, 2012	30,000[3][4]	41,349,076	10	358.70	Allotment pursuant to the ESOP Scheme 2009	Cash
August 9, 2012	30,000[3]	41,379,076	10	542	Allotment pursuant to the ESOP Scheme	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
					2009	
August 9, 2012	15,000(3)	41,394,076	10	705.15	Allotment pursuant to the ESOP Scheme 2009	Cash
December 4, 2012	60,000(3)	41,454,076	10	542	Allotment pursuant to the ESOP Scheme 2009	Cash
December 4, 2012	50,000(3)	41,504,076	10	705.15	Allotment pursuant to the ESOP Scheme 2009	Cash
December 11, 2012	1,310,000	42,814,076	10	651	Preferential allotment to Bajaj Finserv Limited (conversion of warrants)	Cash
March 2, 2013	6,759,258	495,733,34	10	1,100	Allotment pursuant to rights issue	Cash
March 19, 2013	32,000(3)	49,605,334	10	358.70	Allotment pursuant to the ESOP Scheme 2009	Cash
March 19, 2013	70,000(3)	49,675,334	10	542.00	Allotment pursuant to the ESOP Scheme 2009	Cash
March 19, 2013	58,000(3)	49,733,334	10	705.15	Allotment pursuant to the ESOP scheme	Cash
March 19, 2013	45,000(3)	49,778,334	10	876.10	Allotment pursuant to the ESOP Scheme 2009	Cash
January 4, 2014	18,000(3)	49,796,334	10	358.70	Allotment pursuant to the ESOP scheme	Cash
January 4, 2014	105,000(3)	49,901,334	10	542.00	Allotment pursuant to the ESOP Scheme 2009	Cash
January 4, 2014	105,000(3)	50,006,334	10	705.15	Allotment pursuant to the ESOP Scheme 2009	Cash
January 4, 2014	88,000(3)	50,094,334	10	876.10	Allotment pursuant to the ESOP Scheme 2009	Cash
January 4, 2014	48,000(3)	50,142,334	10	1,380.35	Allotment pursuant to the ESOP Scheme	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
					2009	
November 19, 2014	4,925[(3)]	50,147,259	10	1,353.05	Allotment pursuant to the ESOP Scheme 2009	Cash

(1) *Erstwhile Bajaj Auto Limited, Bajaj Auto Holdings Limited, Ranjan Surajprakash Sanghi, Dipakkumar Jagdishprasad Poddar and Bharat Manharlal Sanghavi were each allotted 10, 10, 30, 30 and 20 equity shares of face value ₹10 each respectively, pursuant to subscription to the Memorandum of Association.*

(2) *Forfeiture of 1,000 partly paid up equity shares for non-payment of allotment money*

(3) *Equity Shares allotted pursuant to Employee Stock Option Scheme, 2009*

(4) *Includes the re-issue of the forfeited partly paid up 1,000 equity shares (forfeited on January 13, 1998)*

Employee Stock Option Scheme

The nomination and remuneration committee of our Company implements the Employee Stock Option Scheme 2009 of our Company. Our Company operates its employee stock option scheme through a trust formed for the purpose. Equity shares are issued to the Trust on the basis of the Company's expectation of the options being exercised by employees.

Our Company has instituted the following employee stock option plan and share purchase scheme:

A. Employee Stock Option Scheme, 2009

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options upto a maximum of 5% of the then issued equity capital of the Company aggregating to 1,829,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme 2009 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). By way of a resolution passed at the annual general meeting of the Company held on 16 July 2014, the limit on the number of stock options was increased from 1,829,803 to 2,507,116 being 5% of the paid-up equity shares as on the date of passing of the aforesaid resolution.

DIVIDENDS

The Company has paid dividends regularly. These dividends are declared at the annual general meeting held each Fiscal Year. The following table sets forth, for the periods indicated, the dividend per Equity Share and the total amount of dividends declared on the Equity Shares, both exclusive of dividend tax.

Fiscal Year	Dividend Per Equity Share	Total Amount of Dividend
	(In ₹)	(In ₹ million)
2015	₹ 18 per equity share on 50,147,259 fully paid equity shares of ₹ 10 each	902.7
2014	₹16 per equity share on 50,142,334 fully paid equity shares of ₹ 10 each	802.3
2013	₹15 per equity share on 49,778,334 fully paid equity shares of ₹10 each	746.7
2012	₹ 12 per equity share on 41,319,076 fully paid equity shares of ₹10 each	495.8
2011	₹ 10 per equity share on 36,629,076 fully paid equity shares of ₹ 10 each	366.3

Dividends are generally declared and paid in the Fiscal Year following the Fiscal Year to which they relate. Under Indian law, a company pays dividends upon a recommendation by its board of directors and upon approval by a majority of the shareholders at the annual general meeting of shareholders held within six months of the end of each fiscal year. The shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.

Future dividends will depend on our revenues, cash flows, financial condition (including capital position) of, and other factors. Accordingly, we cannot provide any assurance that the target payout ratio will be realised. For a description of regulation of dividends, see the section "Regulations and Policies" on page 145. Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited standalone financial statements, the notes and the significant accounting policies thereto as at and for the years ended March 31, 2013 and 2014 and our audited consolidated financial statements, the notes and the significant accounting policies thereto as at and for the year ended March 31, 2015, included in this Placement Document. You should also read "Risk Factors" and "Forward Looking Statements" on pages 41 and 11, both of which discuss a number of factors and contingencies that could affect our financial condition, results of operations and cash flows.

Our audited financial statements as at and for the years ended March 31, 2013 and 2014 were prepared on a standalone basis as our Company had no subsidiaries during those periods. Bajaj Housing Finance Limited became a wholly-owned subsidiary of our Company with effect from November 1, 2014. Accordingly, our Company's audited financial statements as at and for the year ended March 31, 2015 were prepared on a consolidated basis. As Bajaj Housing Finance Limited and its wholly-owned subsidiary, Bajaj Financial Securities Limited, did not commence any operations during the financial year 2015, these subsidiaries had no material effect on our Company's audited consolidated financial statement as at and for the year ended March 31, 2015.

Except as noted or stated below, the financial statement amounts included herein are based on the numbers appearing in the corresponding period's audited standalone financial statements and not on the amounts included for comparison purposes in the following period's standalone financial statements, e.g., the financial statement amounts included herein as at and for the year ended March 31, 2013 are based on the audited financial statements as at and for the year ended March 31, 2013 and not on the regrouped/reclassified numbers as at that date and for that period included for comparison purposes in the audited financial statements as at and for the year ended March 31, 2014.

Our financial statements included in this Placement Document are prepared in accordance with Indian GAAP, which differs in certain material respects from IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements in this Placement Document will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian accounting processes.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year. The following discussion relates to us on a consolidated basis, for the financial year 2015, and on a standalone basis, for the financial years 2014 and 2013. The following discussion also includes internally prepared statistical information and information publicly available from the RBI and other sources.

OVERVIEW

Our Company is a NBFC-D. Our business has five verticals, namely: (1) Consumer Lending; (2) SME Lending; (3) Commercial Lending; (4) Rural Lending; and (5) Fee Based Products and Fixed Deposits.

Our Consumer Lending vertical provides financing to salaried employees and self-employed individuals. It comprises:

- Two-wheeler (motorcycle) and three-wheeler (auto-rickshaw) loans - we offer loans for purchasing two-wheelers and three-wheelers manufactured by Bajaj Auto.

- Consumer durable loans - we offer loans for purchasing consumer durables, such as television sets, air conditioners, refrigerators, washing machine and other household electronic appliances.

- Lifestyle products loans - we offer loans for purchasing lifestyle products, such as furniture, modular kitchens and luxury watches.

- Digital products loans - we offer loans for purchasing digital products such as mobile phones, laptops and other electronic devices.

- EMI cards – we offer our existing customers who have a consumer durable loan, lifestyle product loan or digital product loan and who meet our eligibility criteria with an EMI Card. The EMI Card enables existing customers to avail incremental loans based on their past repayment track record for the purchase of new consumer durables, lifestyle products and digital products by simply swiping at select retail outlets and signing a system generated loan term sheet for such transactions without having to execute new documentation. We plan to grow this product through a focus on customer wallet expansion by expanding store and product coverage.

- Personal loans to existing customers (which we refer to as personal loans cross-sell) - we offer personal loans to our existing customers with timely repayment track records for their short and medium term requirements.

- Salaried personal loans - we offer personal loans to affluent salaried customers.

- Salaried home loans - we offer loans for financing the purchase of residential property to salaried employees.

We intend to expand our home loan business through Bajaj Housing Finance, our 100% owned subsidiary. Bajaj Housing Finance applied to the National Housing Bank for registration as a housing finance company in December 2014, but it is yet to receive its approval for registration. Offering home loans through a registered housing finance company confers certain inherent advantages, such as increased leverage due to lower capital adequacy norms and lower risk weights for certain classes of loans.

As at March 31, 2015, our Consumer Lending AUM was ₹ 132,022.8 million, which represented 41% of our total AUM.

Our SME Lending vertical provides financing to SMEs and eligible individuals. It comprises:

- Loans against property - loans against property are generally long term loans secured against collateral of residential or commercial property and are offered on a monthly amortized basis. We also provide lease rental discounting against property, which is a term loan offered against rental receipts derived from lease agreements with corporate tenants.

- Unsecured working capital loans - we provide unsecured working capital loans to SMEs for their short and medium term business requirements.

- Loans to professionals – we offer unsecured working capital loans to doctors and other professionals.

- SME cross sell - we offer loans against property and unsecured working capital loans to existing customers with timely repayment track records.

- Loans against securities (retail and promoter) - we provide loans against marketable and liquid securities to eligible individuals and SMEs to meet their working capital requirements.

- Home loans (self-employed) – we provide home loans to self-employed customers for financing the purchase or construction of residential property.

As at March 31, 2015, our SME Lending AUM was ₹ 171,351.8 million, which represented 53% of our total AUM.

Our Commercial Lending vertical has a mid-market focus and provides financing to firms and companies. It currently comprises:

- Vendor financing (term loans and purchase order financing) - we provide financing to vendors of large automobile manufacturers, such as Bajaj Auto, to meet their short and medium term funding needs.

- Large value lease rental discounting – we provide a term loan against rental receipts derived from lease agreements with corporate tenants.

- Infrastructure finance - we provide loans to large and mid-sized companies engaged in the execution of infrastructure projects in sectors such as power, ports and roads. However, due to the challenges faced by this sector in India, our current emphasis is on maintaining the quality of our infrastructure finance loan portfolio and we have not sanctioned any new infrastructure finance loans since January 2012.

- Construction equipment finance - we previously financed the purchase of construction equipment and provided loans secured by construction equipment. Due to the challenges faced by this sector in India, we decided in the financial year 2015 to wind down our construction equipment finance business and we have not sanctioned any new construction equipment finance loans since July 2014.

As at March 31, 2015, our Commercial Lending AUM was ₹ 17,393.6 million, which represented 5% of our total AUM. We are looking to grow this vertical by identifying opportunities to extend commercial loans in other sectors.

Our Rural Lending vertical comprises consumer durable loans, gold loans, refinance loans, personal loans cross sell, salaried personal loans, loans to professionals, unsecured working capital loans and loans to MSMEs. We define 'Rural' as large townships, or upcountry locations near highways or large cities with predominantly agriculture based economies. Typically, the Rural locations where we have a branch have a population ranging from 50,000 to 300,000. We launched our Rural Lending vertical in July 2013. We currently provide Rural Lending in three states, namely Maharashtra, Gujarat and Karnataka. We plan to expand the number of states in which our Rural Lending vertical operates. As at March 31, 2015, our Rural Lending AUM was ₹ 3,327.7 million, which represented 1% of our total AUM.

Our Fee Based Products and Fixed Deposits comprise our (a) fee based products, such as the distribution of various insurance products, a co-branded credit card with Standard Chartered Bank, an SME credit rating service, which we offer in partnership with CRISIL, a 'Property Fitness Report', which provides various insights into the property against which a loan is being disbursed, a 'Financial Fitness Report' which is a customized credit report, providing an assessment of the customer's credit score from CIBIL as well as an analysis of key financial parameters for salaried and SME customers. For providing the 'Financial Fitness Report, we have a partnership with 'Credit Vidya', a local firm specializing in financial counselling. We also provide an extended warranty for consumer durable and digital products, and (b) Fixed Deposits: our fixed deposits are offered across various tenures with interest at fixed rates, paid on monthly, quarterly, half yearly or annual intervals and with the option of compounding of interest over the tenure of the fixed deposit. As at March 31, 2015, our fixed deposits stood at ₹ 9,833.6 million, which constituted 4% of our borrowings.

We have an extensive pan-India distribution network. As at March 31, 2015, we had a network of 211 branches spread across 21 states and three union territories. Of our total branches, we have categorised 50 as 'Rural' branches, which disburse loans under our Rural Lending vertical, and the others are categorised as "Urban" branches. All of our Urban branches disburse loans under our Consumer Lending vertical and 85 disburse loans under our SME Lending vertical. In addition, our employees at our branches that distribute SME Lending vertical loans also distribute these loans in an additional 34 locations, giving us a total coverage of 119 locations. As at March 31, 2015, we also distributed our products through more than 7,000 consumer durable stores in Urban areas, more than 1,150 lifestyle retail stores, more than 2,650 digital product stores, more than 3,000 Bajaj Auto dealerships, sub-dealerships and authorized service centres, more than 700 direct sales agents, 182 Rural authorized sales and service centres and more than 1,500 consumer durable stores in Rural areas. In addition, we also distribute some of our products via our website.

As at March 31, 2015, we had more than 11 million customers.

As at March 31, 2015, we had 5,058 employees.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition, results of operations and cash flows are affected by a number of factors. The following factors are of particular importance.

Growth in our Loan Distribution Network

Our AUM were ₹ 175,167.0 million, ₹ 240,613.6 million and ₹ 324,095.9 million as at March 31, 2013, 2014 and 2015, respectively, representing a CAGR of 36.0% from March 31, 2013 to March 31, 2015. The increases in our AUM have been driven in large part by increases in our loan distribution network. We have an extensive pan-India distribution network. As at March 31, 2015, we had a network of 211 branches spread across 21 states and three union territories. Of our total branches, we have categorised 50 as 'Rural' branches, which disburse loans under our Rural Lending vertical, and the others are categorised as "Urban" branches. All of our Urban branches disburse loans under our Consumer Lending vertical and 85 disburse loans under our SME Lending vertical. In addition, our employees at our branches that distribute SME Lending vertical loans also distribute these loans in an additional 34 locations, giving us a total coverage of 119 locations. As at March 31, 2015, we also distributed our products through more than 7,000 consumer durable stores in Urban areas, more than 1,150 lifestyle retail stores, more than 2,650 digital product stores, more than 3,000 Bajaj Auto dealerships, sub-dealerships and authorized service centres, more than 700 direct sales agents, 182 Rural authorized sales and service centres and more than 1,500 consumer durable stores in Rural areas. In addition, we also distribute some of our products via our website. The growth in our distribution network is illustrated by our branches increasing from 78 as at March 31, 2013 to 211 as at March 31, 2015.

We plan to continue to expand our distribution network and the rate of expansion will to a large extent drive increases in our AUM.

Interest Rates

Our results of operations are substantially dependent upon the amount of our interest income and net interest margin. Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Our ability to pass on any increase in interest rates depends on our borrowers' willingness to pay higher rates and the competitive landscape in which we operate. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. We borrow funds on both fixed and floating rates (which are primarily term loans with banks that are linked to banks' base rate). Our loan products comprise fixed and floating interest rates. Our floating rate products are predominately composed of home loans, loans against property and loans in our Commercial Lending vertical. Our asset-liability strategy aims to ensure that there are no excessive concentrations on either side of the balance sheet. We diversify our borrowing mix across borrowing instruments, tenors and a mix of fixed and floating borrowings in an endeavor to match both the fixed and floating rate mix of our loan book and the tenors of such loans. If we are unable to match our lending portfolio with our borrowings, we would be exposed to interest rate and liquidity risks as a result of lending to customers at interest rates and in amounts and for periods that may differ from our funding sources. Any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets will result in a decline in our net interest margin and would have an adverse effect on our results of operations and cash flows.

Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans from us if they are able to switch to more competitively priced advances. Additionally, increases in the rates of interest charged on our floating rate loans would result in higher instalments due from borrowers, which, in turn, could result in higher rates of default and an increase in our NPAs.

Credit Quality, General Provisioning, NPAs and Provisioning against NPAs

Credit quality is a key driver of our results of operations, as quality loans help to reduce the risk of losses from loan impairment. We believe that our ability to control our NPAs and maintain the credit quality of our portfolio is a function of our strong risk management policies and credit evaluation framework. We have put in place well documented procedures regarding credit appraisal and loan disbursement and have instituted ongoing monitoring mechanisms in order to strengthen our credit quality. For an overview of our credit appraisal and loan disbursement processes, see "Business – Our Products" on page 132.

We classify and, depending on the duration of non-payment, make a provision for loans that become delinquent. For a description of our loan provisioning policy, see "Management's discussion and analysis of financial condition and results of Operations- Critical Accounting Policies – Provisions" on page 83. As at March 31, 2013, 2014 and 2015, our gross NPAs as a percentage of our gross advances were 1.09%, 1.18%, and 1.51%, respectively, and our net NPAs as a percentage of our net advances were 0.19%, 0.28%, and 0.45%, respectively. Our loan losses and provisions were ₹ 1,817.5 million, ₹ 2,578.1 million and ₹ 3,845.6 million for the financial year 2013, 2014 and 2015, respectively.

Various factors, including a rise in unemployment, a sharp and sustained rise in interest rates, a slowdown in economic growth in India, increases in commodity prices, and changes in currency exchange rates may cause an increase in the level of loan delinquencies, a consequent increase in NPAs, and an increase in our loan losses and provisions. In addition, a revised regulatory framework for NBFCs will result in an increase in NPAs and an increase in standard asset provisions for the financial year 2016 onwards, which could have a material adverse effect on our financial condition and results of operations.

For the financial years 2013, 2014 and 2015, the RBI required NBFCs to classify an asset as a NPA when it remained overdue for a period of six months or more. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', announced that the asset classification norms for NBFCs (such as our Company) are to be bought in line with that of banks in a phased manner, as follows: assets will become NPAs if they become overdue: (a) for five months for the financial year 2016; (b) for four months for the financial year 2017; and (c) for three months for the financial year 2018. In addition, the months overdue for higher provisioning requirements to become applicable are also being reduced on a phased basis as follows:

Financial Year 2015	Financial Year 2016	Financial Year 2017	Financial Year 2018
• More than 6 months and no more than 24 months overdue - 10% • More than 24 months and no more than 36 months overdue - 20% on secured and 100% on unsecured portion • More than 36 months and no more than 60 months overdue - 30% on secured and 100% on unsecured portion • More than 60 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%	• More than 5 months and no more than 21 months overdue - 10% • More than 21 months and no more than 33 months overdue - 20% on secured and 100% on unsecured portion • More than 33 months and no more than 57 months overdue - 30% on secured and 100% on unsecured portion • More than 57 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%	• More than 4 months and no more than 18 months overdue - 10% • More than 18 months and no more than 30 months overdue - 20% on secured and 100% on unsecured portion • More than 30 months and no more than 54 months overdue - 30% on secured and 100% on unsecured portion • More than 54 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%	• More than 3 months and no more than 15 months overdue - 10% • More than 15 months and no more than 27 months overdue - 20% on secured and 100% on unsecured portion • More than 27 months and no more than 51 months overdue - 30% on secured and 100% on unsecured portion • More than 51 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%

For the financial years 2013, 2014 and 2015, the RBI required NBFCs to make a provision for standard assets of 0.25% of the outstanding standard assets. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', has announced that the provisioning requirement for standard assets will be increased in a phased manner, as follows: 0.30% by March 31, 2016; 0.35% by March 31, 2017; and 0.40% by the end of March 2018. Since the first quarter of the financial year 2014, we make a provision for all standard assets of 0.40%, except for loans against property where we make a provision of 0.50%.

For further details on the above, see "Regulations and Policies" on page 145.

Changes in Laws, Rules and Regulations Affecting us

We operate in a highly regulated industry and have to adhere to various laws, rules and regulations. For a description of the material laws, rules and regulations applicable to us, see "Regulations and Policies" on page 145. Any changes in the regulatory environment under which we operate could adversely affect our results of operations and financial condition. By way of example, see the discussion on changes to the asset classification norms for NBFCs above in "Management's discussion and analysis of financial condition and results of Operations -Credit Quality, General Provisioning, NPAs and Provisioning against NPAs" on page 78.

Cost of Funds

One of our strengths lies in our ability to raise funds at competitive rates. Our fund requirements are sourced through bank borrowings, non-convertible debentures, unsecured bonds, commercial paper and fixed deposits from retail and institutional customers. The market for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors, including our ability to maintain our strong credit ratings. For details on our credit ratings, see "Business – Our Strengths – Strong Credit Ratings" on page 129.

The Macroeconomic Environment in India

Our results of operations, in the past, have been, and will continue to be, significantly affected by the macroeconomic environment in India. The Government's monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and borrowings. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting monetary policy. For a summary of the recent macroeconomic environment in India, see "Industry Overview – Overview of the Indian Economy" on page 100.

Competition

We face competition, particularly from the banking sector and other players in the NBFC sector, and our growth will depend on our ability to compete effectively.

CRITICAL ACCOUNTING POLICIES

For details on our significant accounting policies for the financial years 2013, 2014 and 2015, see "Financial Statements" on page 211. While we believe that all aspects of our financial statements should be read and understood in assessing our financial condition, we believe that the following are our critical accounting policies for the financial years 2013, 2014 and 2015 that are relevant and specific to our business and operations. The critical accounting policies set forth below are those for the financial year 2015, which were the same for the financial years 2013 and 2014, except for the fact that we prepared consolidated financial statements for the financial year 2015, which was the first financial year we were required to do so, and as noted in this section.

Basis of Preparation

The financial statements of our Company's subsidiaries used in the consolidation are drawn up to the same reporting date of our Company, i.e., year ended March 31.

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies' Act, 1956 shall continue to apply. Accordingly, the financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956, Companies (Accounting Standards) Rules, 2006, (as amended), the other relevant provisions of the Companies Act, 1956 and the RBI's guidelines/regulations to the extent applicable to us.

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

Principles of Consolidation

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

Our Company's financial statements and the financial statements of our Company's subsidiaries have been consolidated using uniform accounting policies.

The excess of the cost to us of our Company's investments in each of our Company's subsidiaries over our Company's share of equity in the respective subsidiary, on the acquisition date, is recognised in the financial statements as goodwill.

System of Accounting

We follow the mercantile system of accounting and recognise income and expenditure on an accrual basis except in case of significant uncertainties.

The financial statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

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

Fixed Assets, Depreciation and Amortisation

Tangible assets are carried at the cost of acquisition.

Depreciation

Depreciation is provided on a pro-rata basis for all tangible assets, except buildings, on a straight line method over the useful life of assets. Useful lives of assets are determined by the management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

Depreciation on leasehold improvements is provided for on a "straight line method" over the primary period of lease of premises.

Depreciation on addition to assets and assets sold during the year is being provided for, at their respective rates on a pro-rata basis with reference to the month in which such asset is added or sold as the case may be.

Tangible assets that are depreciated over useful lives different than those indicated in Schedule II are as under:

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

Intangible Assets and Amortisation thereof

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

Impairment of Fixed Assets and Intangible Assets

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

Investments

Investments maturing within 12 months from the date of acquisition and investments made with the specific intention to dispose off within 12 months from the date of acquisition are classified as short term / current investments and are carried at their cost or market value / net realisable value, whichever is lower. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.

Investments other than short term / current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.

Fixed income securities are stated at cost less amortisation of premium/discount as the case may be. Please refer to "*Income-Investments*" below.

Income

Income from Financing Activity

Interest, finance charges, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with borrowers, as the case may be, except in the case of non-performing assets where income is recognised only when realised.

Income from Investment

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

Interest on securities is accounted for on an accrual basis except where the ultimate collection cannot be established with reasonable certainty.
In order to reflect the contracted yield as interest income, the premium/discount on fixed income securities is amortised with reference to the "yield to maturity" prevailing on acquisition.

Other Income

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

Receivables under Financing Activity

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

We assess all receivables for their recoverability and accordingly makes provisions for non-performing assets as considered necessary including by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, we ensure that the said provisions are not lower than the provisions stipulated in the applicable RBI regulations/guidelines.

We have also made a general provision, as required by RBI regulations, on the standard assets outstanding, which is disclosed under "Long Term Provisions".

Borrowing Costs

All borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

Employee Benefits

- ***Gratuity.*** Payment for present liability of future payment of gratuity is being fully made to the Approved Gratuity fund viz. Bajaj Auto Limited Gratuity Fund Trust, which covers the same under the cash accumulation policy and debt fund of the Life Insurance Corporation of India ("**LIC**") and Bajaj Allianz Life Insurance Company Limited ("**BALICL**"). However, any deficits in the Plan Assets managed by LIC and BALICL as compared to actuarial liability determined using the "Projected Unit Credit" method are recognised as a liability.

- ***Superannuation.*** Defined contribution to superannuation fund is being made as per the superannuation scheme of our Company.

- ***Provident Fund.*** Provident fund contributions are made to Bajaj Auto Limited Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by our 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.

- ***Privilege Leave.*** Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of our Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability, using the "Projected Unit Credit" method, is recognised at the actuarially determined value by an appointed actuary.

- Defined contribution to the Employees' Pension Scheme, 1995 is made to the provident fund authority of the Government.

Taxation

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

Provisions

Our Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a realisable estimate can be made of the amount of the obligation.

Set forth below are the RBI's norms for recognition and provisioning for NPAs and details of our provisioning policy for delinquent loans by product types:

RBI's Provisioning Norms for Financial Year 2015:	**Consumer Lending**:	**SME Lending:**	**Commercial Lending:**
• 6 months and no more than 24 months overdue - 10% • More than 24 months and no more than 36 months overdue - 20% on secured and 100% on unsecured portion • More than 36 months and no more than 60 months overdue - 30% on secured and 100% on unsecured portion • More than 60 months overdue – 50% on secured and 100% on unsecured portion • Loss assets – 100%	• Consumer Durable Loans, Lifestyle Product Loans and Digital Product Loans: o 3 – 5 months overdue – 75% o Above 5 months overdue – 100% • 2 and 3 Wheeler Loans: o 3 – 5 months overdue - 30% o 6- 12 months overdue – 60% o Above 12 months overdue 100% • Personal Loan Cross-Sell: o 3 – 5 months overdue 55% o Above 5 months overdue – 100% • Salaried Personal Loans: o 3 – 5 months overdue – 70% o Above 5 months overdue – 100% • Salaried Home Loans: o Please see "*SME Lending – Home Loans/Loans against*	• Home Loans/Loans against Property/Lease Rental Discounting: o 4 – 5 months overdue - 15% o 6 – 12 months overdue – 25% o 13 – 18 months overdue – 40% o 18 – 24 months overdue – 60% o Above 24 months overdue – 100% • Working Capital Loans/Loans to Professionals: o 3 – 5 months overdue – 70% o Above 5 months overdue – 100% • Loans Against Securities: o Above 5 months overdue – 100%	• Vendor Financing: o 6 – 12 months overdue – 10% o 12 – 18 months overdue – 20% o 18 – 24 months overdue – 30% o Above 24 months overdue - 100% o Graded provision on secured portfolio • Infrastructure Finance: o As per RBI norms o Additionally, our Company assesses impairment in the value of securities and makes provisions for the uncovered portion, where considered necessary. • Construction Equipment Finance: o 4 - 5 months overdue - 15% o 6 - 9 months overdue - 30% o 10 - 12 months overdue - 60% o Above 12 months

	Property/Lease Rental Discounting".		overdue - 100 %

Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Employee Stock Option Scheme

Our Company operates its Employee Stock Option Scheme through a trust formed for the purpose. Equity Shares are issued to the trust on the basis of our Company's expectation of the options being exercised by our employees. Cost of any benefit, if any, is recognised as an expense by our Company. The balance equity shares not exercised and held by the trust are disclosed as a reduction from the Share Capital and Securities Premium account with an equivalent adjustment to the subscription loan advanced to the Trust. For details, please see note no. 3(c) to the standalone financial statement for the financial year 2015 and note no. 28 to the financial statements for the financial years 2014 and 2013 in "Financial Statements" on page 211.

Operating Leases

As a Lessee. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight line basis over the period of the lease.

Changes in Critical Accounting Policies

Depreciation on Tangible Assets

For the financial year 2015, we changed our accounting policy relating to the method of computing depreciation on tangible assets (except buildings) to the "Straight Line" method from the "Written Down Value" method, which we used for the financial years 2013 and 2014. The impact of this change in accounting policy has been calculated retrospectively from the date of addition of the asset and consequently, the opening carrying value has been restated by writing back the excess depreciation aggregating to ₹ 137.0 million to our Company's statement of profit and loss.

Additionally, pursuant to Schedule II of the Companies Act, 2013, which became effective from April 1, 2014, we changed our accounting policy relating to the computation of depreciation on tangible assets by computing depreciation over the revised useful life of the asset in the manner specified in Schedule II of the Companies Act, 2013 compared with the practice we used for the financial years 2013 and 2014 of the determination of life based on the minimum rates provided by Schedule XIV of the Companies Act, 1956. Due to the change in the estimate of the useful lives of assets, the charge on account of depreciation for the financial year 2015 is higher by ₹ 75.0 million. Please refer to footnote (c) to note no. 10 to the consolidated financial statements for the financial year 2015 for further details.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

The consolidated financial statements for the financial year 2015 include the financial results of our Company's following subsidiaries, consolidated in accordance with AS-21 "Consolidated Financial Statements".

Name of the company	**Country of incorporation**	**% Shareholding of our Company**	**Consolidated as**
Bajaj Housing Finance Limited	India	100%	subsidiary
Bajaj Financial Securities Limited**(1)**	India	100%	subsidiary

Note: *Bajaj Financial Securities Limited is a wholly owned subsidiary of Bajaj Housing Finance Limited.*

The consolidated results of Bajaj Housing Finance Limited includes its 100% interest in Bajaj Financial Securities Limited as a subsidiary.

On November 1, 2014, our Company acquired Bajaj Financial Solutions Limited (the company's name was changed to Bajaj Housing Finance Limited with effect from November 14, 2014) together with its 100% owned subsidiary, Bajaj Financial Securities Limited, from our Company's direct holding company, Bajaj Finserv Limited, for a consideration of ₹ 170.0 million. On December 12, 2014, our Company further subscribed to 11,000,000 equity shares of face value ₹ 10 each of Bajaj Housing Finance on a rights basis at par for a total consideration of ₹110.0 million.

Disclosure in terms of Schedule III of the Companies Act, 2013

Name of the company	**Net Assets (i.e., Total Assets Minus Total Liabilities) As at March 31, 2015**		**Share in Profit for the year ended March 31, 2015**	
	As a % of Consolidated Net Assets	**Amount (₹ in millions)**	**As a % of Consolidated Profit or Loss**	**Amount (₹ in millions)**
Bajaj Finance Limited	100%	47,970.8	100%	8,978.7
Bajaj Housing Finance Limited	-	12.8	-	0.1
Bajaj Financial Securities Limited	-	13.6	-	0.1

Since our Company acquired its first subsidiary on November 1, 2014, we had not prepared consolidated financial statements prior to the financial year 2015, and as such the preparation of a consolidated statement of cash flows under the indirect method was not possible and thus the same was not prepared.

RESULTS OF OPERATIONS

The following table sets forth our summary statements of profit and loss for the financial years 2013, 2014 and 2015:

(₹ in millions)

Particulars	**Year ended March 31, 2015 (consolidated)**	**Year ended March 31, 2014[(1)]**	**Year ended March 31, 2013[(1)]**
Revenue from operations	53,818.0	40,314.2	30,937.2
Other income	364.8	419.1	176.5
Total revenue	**54,182.8**	**40,733.3**	**31,113.7**
Expenses			
Employee benefits expense	4,507.3	3,408.1	2,451.5
Finance costs	22,482.7	15,732.4	12,056.8
Depreciation and amortisation	356.0	291.9	151.4
Loan losses and provisions	3,845.6	2,578.1	1,817.5
Other expenses	9,421.7	7,811.2	5,920.5
Total expenses	**40,613.3**	**29,821.7**	**22,397.7**
Profit before exceptional items and tax	**13,569.5**	**10,911.6**	**8,716.0**
Exceptional items	-	-	-
Profit before tax	**13,569.5**	**10,911.6**	**8,716.0**
Tax expense:			
- Current tax	5,317.5	4,210.0	3,015.0
- Deferred tax expense/(credit)	(731.2)	(487.9)	(212.1)
- Tax adjustment of earlier years	4.4	(0.6)	-
Total tax expense	**4,590.7**	**3,721.5**	**2,802.9**
Profit for the year	**8,978.8**	**7,190.1**	**5,913.1**

Note: *Our Company did not have any subsidiaries during this period.*

DESCRIPTION OF PRINCIPAL COMPONENTS OF REVENUE AND EXPENDITURE

Revenue

Our revenue consists of revenue from operations and other income.

Revenue from Operations

Our revenue from operations comprises (a) income from our finance activity, and (b) other operating revenue. Our income from finance activity comprises (i) financing charges, which comprises interest income and subvention income on secured receivables under financing activity, (ii) interest on loans, which comprises interest income on unsecured receivables under financing activity, and (iii) service and administration charges. Our other operating revenue primarily includes (i) interest income, (ii) profits earned from the sale of our current investments, net, and (iii) income earned from miscellaneous charges and receipts.

The table below sets forth the components of our revenue from operations for the financial years 2015, 2014 and 2013:

(₹ in millions)

	Year ended March 31, 2015 (consolidated)	Year ended March 31, 2014[1]	Year ended March 31, 2013[1]
Revenue from operations	**53,818.0**	**40,314.2**	**30,937.2**
of which:			
Finance activity	***51,199.7***	***37,885.5***	***29,247.9***
of which:			
Financing charges	35,242.7	*27,058.8*	*21,809.3*
Interest on loans	13,680.0	*9,258.1*	*6,683.0*
Service and administration charges	2,277.0	*1,568.6*	*755.6*
Other operating revenue	***2,618.3***	***2,428.7***	***1,689.3***
of which:			
Interest[2]	1,597.1	*1,155.0*	*722.8*
Net profits on sale of current investments, net[3]	439.3	*632.1*	*216.7*
Bad debt recoveries	190.1	*225.0*	*251.0*
Miscellaneous charges and receipts	391.8	*416.6*	*498.8*

Notes:
1. *Our Company did not have any subsidiaries during this period.*
2. *Comprised interest earned on (a) deposits and (b) penal and others. For details, see note no. 16 to the financial statements for the financial years 2013, 2014 and note no. 17 to the consolidated financial statements for the financial year 2015 in "Financial Statements".*
3. *Consequent to the deployment of temporary idle funds to defray the cost of borrowings, hence, classified under "Other Operating Revenue".*

Other Income

Our other income for the financial year 2015 primarily comprised (a) provisions no longer required, (b) interest earned on government and trust securities, net of amortisation of premium/discount, and (c) miscellaneous income.

Our other income for the financial year 2014 primarily comprised (a) provisions no longer required, (b) interest on income tax refunds, net and (c) sundry credit balances appropriated.

Our other income for the financial year 2013 primarily comprised (a) provisions no longer required, (b) sundry credit balances appropriated, and (c) interest earned on government and trust securities.

Expenses

Our total expenses consisted of (a) employee benefits expense, (b) finance costs, (c) depreciation and amortisation, (d) loan losses and provisions, and (e) other expenses.

Our employee benefit expense comprised (a) salaries, wages and bonuses for our employees, (b) contribution to provident and other funds for our employees, and (c) staff welfare expenses for our employees.

Our finance costs comprised (a) interest expense, (b) discount in respect of "commercial papers", and (c) other financing costs. The following tables set forth a breakdown of our finance costs for the financial years 2015, 2014 and 2013.

(₹ in millions)

	Year ended March 31, 2015 (consolidated)	Year ended March 31, 2014(1)	Year ended March 31, 2013(1)
Finance costs	***22,482.7***	**15,732.4**	**12,056.8**
of which:			
Interest expense	*18,454.0*	*12,467.1*	*9,542.6*
Discount in respect of "commercial papers"	*3,838.1*	*3,126.6*	*2,415.5*
Other financing costs	*190.6*	*138.7*	*98.7*

Note: *Our Company did not have any subsidiaries during this period.*

Our loans losses and provisions expense primarily comprised (a) bad debts written off, (b) provision release on account of bad debts written off, (c) provision for standard assets, and (d) provision for delinquencies.

(₹ in millions)

	Year ended March 31, 2015 (consolidated)	Year ended March 31, 2014(1)	Year ended March 31, 2013(1)
Loans losses and provisions	**3,845.6**	**2,578.1**	**1,817.5**
of which:			
Bad debts written off	*1,825.3*	*1,194.1*	*1,162.8*
Provision release on account of bad debts written off	*(1,394.7)*	*(617.1)*	*(751.7)*
Provision for standard assets	*338.5*	*445.9*	*252.3*
Provision for restructured standard assets	*71.6*	-	-
Provision for interest sacrifice on restructured assets	-	-	*71.3*
Provision for delinquencies	*3,004.9*	*1,555.2*	*1,082.8*

Note: *Our Company did not have any subsidiaries during this period.*

Our other expenses primarily included (a) marketing commission, (b) dealer incentive, (c) sundry expenses, (d) outsourcing/back office expenses, and (e) recovery costs. The following table sets forth a breakdown of the above mentioned expenses for the financial years 2015, 2014 and 2013:

(₹ in millions)

	Year ended March 31, 2015 (consolidated)	Year ended March 31, 2014(1)	Year ended March 31, 2013(1)
Other Expenses	**9,421.7**	**7,811.2**	**5,920.5**
Major components of other expenses include:			
Recovery costs	*2,043.5*	*1,678.5*	*1,195.8*
Dealer incentive	*2,082.8*	*1,379.3*	*1,004.8*
Sundry expenses	*1,691.1*	*1,304.3*	*1,003.1*
Outsourcing/back office expenses	*1,090.8*	*1,086.3*	*760.3*
Marketing commission	*613.4*	*927.6*	*821.8*

Note: *Our Company did not have any subsidiaries during this period.*

Financial Year 2015 Compared to Financial Year 2014

Total Revenue. Our total revenue increased by 33.0% to ₹ 54,182.8 million for the financial year 2015 from ₹ 40,733.3 million for the financial year 2014 as a result of a 33.5% increase in revenue from operations and decrease of 13.0% in other income.

Revenue from operations. Our revenue from operations increased by 33.5% to ₹ 53,818.0 million for the financial year 2015 from ₹ 40,314.2 million for the financial year 2014. The primary reasons for this increase are discussed below.

- Income from finance activity increased by 35.1% to ₹ 51,199.7 million for the financial year 2015 from ₹ 37,885.5 million for the financial year 2014. This increase was due to:

    - a 30.2% increase in income earned from our financing charges from ₹ 27,058.8 million for the financial year 2014 to ₹ 35,242.7 million for the financial year 2015, which increase was primarily due to a 28.8% increase in our secured receivables under financing activity (both current and non current) from ₹ 174,160.3 million as at March 31, 2014 to ₹ 224,270.5 million as at March 31, 2015;

    - a 47.8% increase in interest on loans from ₹ 9,258.1 million for the financial year 2014 to ₹ 13,680.0 million for the financial year 2015, which increase was primarily due to an increase in loans outstanding in the financial year 2015 as evidenced by a 57.9% increase in our unsecured receivables under financing activity (both current and non-current), which increased from ₹ 55,549.2 million as at March 31, 2014 to ₹ 87,724.0 million as at March 31, 2015; and

    - a 45.2% increase in service and administration charges from ₹ 1,568.6 million for the financial year 2014 to ₹ 2,277.0 million for the financial year 2015, which increase was primarily due to increased receipts of processing fees on the higher deployments made during the financial year 2015.

- Income from other operating revenue increased by 7.8% to ₹ 2,618.3 million for the financial year 2015 from ₹ 2,428.7 million for the financial year 2014. This increase was primarily due to a 38.3% increase in interest earned from ₹ 1,155.0 million for the financial year 2014 to ₹ 1,597.1 million for the financial year 2015, which was primarily due to a 24.3% increase in penal and other interest charges from ₹ 1,112.2 million for the financial year 2014 to ₹ 1,382.4 million for the financial year 2015.

Other Income. Our other income decreased by 13.0% to ₹ 364.8 million for the financial year 2015 from ₹ 419.1 million for the financial year 2014. This decrease was primarily due to a non-recurring receipt of interest on income tax refund, net of ₹ 86.8 million during the financial year 2014.

Total Expenses. Our total expenses increased by 36.2% to ₹ 40,613.3 million for the financial year 2015 from ₹ 29,821.7 million for the financial year 2014 as a result of a 42.9% increase in finance costs, a 32.3% increase in employee benefits expense, a 49.2% increase in loan losses and provisions and a 20.6% increase in other expenses.

Finance Costs. Our finance costs increased by 42.9% to ₹ 22,482.7 million for the financial year 2015 from ₹ 15,732.4 million for the financial year 2014. This increase was primarily due to the following reasons:

- Interest expense and discount in respect of commercial papers increased by 43.0% from ₹ 15,593.7 million for the financial year 2014 to ₹ 22,292.1 million for the financial year 2015. This increase was primarily due to a 41.2% increase in our Average Borrowings from ₹ 164,414.1 million as at March 31, 2014 to ₹ 232,201.3 million as at March 31, 2015.

- Other financing costs increased by 37.4% to ₹ 190.6 million for the financial year 2015 from ₹ 138.7 million for the financial year 2014. These financing costs represented the fund raising costs on the volume of funds raised by us during the respective financial years. This increase was primarily due to a 35.1% increase in our total borrowings, which comprise our long term borrowings, short term borrowings, and current maturities of long term borrowings, from ₹ 197,495.9 million as at March 31, 2014 to ₹ 266,906.6 million as at March 31, 2015.

Employee Benefit Expense. Our employee benefit expense increased by 32.3% to ₹ 4,507.3 million for the financial year 2015 from ₹ 3,408.1 million for the financial year 2014. The primary reason for this increase was an increase in our employees' salaries, wages and bonuses, which was due to an increase in the number of our employees from 3,975 as at March 31, 2014 to 5,058 as at March 31, 2015 and general increases in employees' salaries, wages, bonuses and volume based incentive.

Loan Losses and Provisions. Our loan losses and provisions increased by 49.2% to ₹ 3,845.6 million for the financial year 2015 from ₹ 2,578.1 million for the financial year 2014. The primary reasons for this increase are discussed below.

- Bad debts written off, provision for delinquencies net of provisions released on account of bad debts written off increased by 61.1% from ₹ 2,132.2 million in the financial year 2014 to ₹ 3,435.5 million in the financial year 2015. While our receivables under financing activity increased by 35.8 % from ₹ 229,709.5 million as at March 31, 2014 to ₹ 311,994.5 million as at March 31, 2015, we witnessed an increase in provision for delinquencies in our three wheeler financing and mortgage financing business. We also increased our provisioning for our mortgage finance business.

- Provision for standard assets decreased by 24.1% from ₹ 445.9 million for the financial year 2014 to ₹ 338.5 million for the financial year 2015, which decrease was primarily due to our Company opting to increase its standard assets provisioning from 0.25% to 0.40% in the financial year 2014 whereby the additional standard assets provisioning of 0.15% was charged on the entire loan book outstanding as at March 31, 2014. However, for the financial year 2015, the standard assets provisioning was only charged on the increase in the loan book as at March 31, 2015.

Other Expenses. Our other expenses increased by 20.6% to ₹ 9,421.7 million for the financial year 2015 from ₹ 7,811.2 million for the financial year 2014. The primary reasons for this increase are discussed below.

- Recovery costs expenses increased by 21.7% to ₹ 2,043.5 million for the financial year 2015 from ₹ 1,678.5 million for the financial year 2014, which increase was primarily due to a 35.8% increase in our receivables under financing activity from ₹ 229,709.5 million as at March 31, 2014 to ₹ 311,994.5 million as at March 31, 2015.

- Dealer incentive increased by 51.0% to ₹ 2,082.8 million for the financial year 2015 from ₹ 1,379.3 million for the financial year 2014, which increase was primarily due to the acquisition cost paid to our sourcing channels for the business acquired during the year and trailing commissions based on portfolio performance.

- Sundry expenses increased by 29.7% to ₹ 1,691.1 million for the financial year 2015 from ₹ 1,304.3 million for the financial year 2014, which increase was due to our increased business activity.

Tax Expense. Our total tax expense increased by 23.4% to ₹ 4,590.7 million for the financial year 2015 from ₹ 3,721.5 million for the financial year 2014. This increase was primarily due to a 24.4 % increase in profit before tax.

For the financial years 2015 and 2014, our tax expense as a percentage of our profit before tax was 33.8% and 34.1%, respectively. The corporate income tax was 34.0% (including all cesses) for both financial years.

Net Profit for the Year. As a result of the above, our profit for the year increased by 24.9 % to ₹ 8,978.8 million for the financial year 2015 from ₹ 7,190.1 million for the financial year 2014.

Financial Year 2014 Compared to Financial Year 2013

Total Revenue. Our total revenue increased by 30.9% to ₹ 40,733.3 million for the financial year 2014 from ₹ 31,113.7 million for the financial year 2013 as a result of a 30.3% increase in revenue from operations as well as 137.5% increase in other income.

Revenue from operations. Our revenue from operations increased by 30.3% to ₹ 40,314.2 million for the financial year 2014 from ₹ 30,937.2 million for the financial year 2013. The primary reasons for this increase are discussed below.

- Income from finance activity increased by 29.5% to ₹ 37,885.5 million for the financial year 2014 from ₹ 29,247.9 million for the financial year 2013. This increase was due to:

- a 24.1% increase in income earned from our financing charges from ₹ 21,809.3 million for the financial year 2013 to ₹ 27,058.8 million for the financial year 2014, which increase was primarily due to a 35.1% increase in our secured receivables under financing activity (both current and non-current) from ₹ 128,927.8 million as at March 31, 2013 to ₹ 174,160.3 million as at March 31, 2014;

- 38.5% increase in interest on loans from ₹ 6,683.0 million for the financial year 2013 to ₹ 9,258.1 million for the financial year 2014, which increase was primarily due to a 44.3% increase in our unsecured receivables under financing activity (both current and non-current) from ₹ 38,508.6 million as at March 31, 2013 to ₹ 55,549.2 million as at March 31, 2014; and

- a 107.6% increase in service and administration charges from ₹ 755.6 million for the financial year 2013 to ₹ 1,568.6 million for the financial year 2014, which increase was primarily due to increased receipts of processing fees on the higher deployments made during the financial year 2014 and realignment of charges between interest and service and administration charges.

• Income from other operating revenue increased by 43.8% to ₹ 2,428.7 million for the financial year 2014 from ₹ 1,689.3 million for the financial year 2013. This increase was primarily due to:

  - a 59.8% increase in interest earned from ₹ 722.8 million for the financial year 2013 to ₹ 1,155.0 million for the financial year 2014, which was primarily due to a 55.2% increase in penal and other interest charges from ₹ 716.6 million for the financial year 2013 to ₹ 1,112.2 million for the financial year 2014; and

  - a 191.7% increase in profits on sale of current investments, net from ₹ 216.7 million for the financial year 2013 to ₹ 632.1 million for the financial year 2014, which increase was primarily due to higher current investments made during the financial year 2014 consequent to us maintaining the increased liquidity due to the tight money market conditions that were prevalent for part of the financial year 2014.

Other Income. Our other income increased by 137.5% to ₹ 419.1 million for the financial year 2014 from ₹ 176.5 million for the financial year 2013. This increase was primarily due to an 88.0% increase in provisions no longer required from ₹ 128.8 million for the financial year 2013 to ₹ 242.1 million for the financial year 2014 and ₹ 86.80 million earned as interest on income tax refunds, net. We did not earn any net interest on income tax refunds, net for the financial year 2013.

Total Expenses. Our total expenses increased by 33.1% to ₹ 29,821.7 million for the financial year 2014 from ₹ 22,397.7 million for the financial year 2013, which increase was primarily due to a 30.5% increase in finance costs, a 39.0% increase in employee benefits expense, a 41.8% increase in loan losses and provisions and a 31.9% increase in other expenses.

Finance Costs. Our finance costs increased by 30.5% to ₹ 15,732.4 million for the financial year 2014 from ₹ 12,056.8 million for the financial year 2013. This increase was primarily due to the following reasons:

• Interest expense and discount in respect of commercial papers increased by 30.4% from ₹ 11,958.1 million for the financial year 2013 to ₹ 15,593.7 million for the financial year 2014. This increase was primarily due to a 40.8% increase in our Average Borrowings from ₹ 116,798.3 million as at March 31, 2013 to ₹ 164,414.1 million as at March 31, 2014. Moreover, we had raised share capital, including share premium of ₹ 7,435.2 million by way of a rights issue in March 2013, which resulted in lower finance cost in the first half of the financial year 2014.
• Other financing costs increased by 40.5% to ₹ 138.7 million for the financial year 2014 from ₹ 98.7 million for the financial year 2013. These financing costs represented the fund raising costs on the volume of funds raised by us during the respective financial years. This increase was primarily due to a 50.4% increase in our total borrowings, which comprise our long term borrowings, short term borrowings, and current maturities of long term borrowings, from ₹ 131,332.3 million as at March 31, 2013 to ₹ 197,495.9 million as at March 31, 2014.

Employee Benefit Expense. Our employee benefit expense increased by 39.0% to ₹ 3,408.10 million for the financial year 2014 from ₹ 2,451.5 million for the financial year 2013. The primary reason for this increase was an increase in our employees' salaries, wages and bonuses, which was due to an increase in the number of our employees from 3,086 as at March 31, 2013 to 3,975 as at March 31, 2014 and general increases in employees' salaries, wages, bonuses, and volume based incentives.

Loan Losses and Provisions. Our loan losses and provisions increased by 41.8% to ₹ 2,578.1 million for the financial year 2014 from ₹ 1,817.5 million for the financial year 2013. The primary reasons for this increase are discussed below.

- Bad debts written off and provision for delinquencies net of provisions released on account of bad debts written off increased by 42.7% from ₹ 1,493.9 million in the financial year 2013 to ₹ 2,132.2 million in the financial year 2014, which increase was primarily due to the increase in our receivables under financing activity, which increased by 37.2% from ₹ 167,436.4 million as at March 31, 2013 to ₹ 229,709.5 million as at March 31, 2014, and an increase in provision for delinquencies in our construction equipment finance business and infrastructure finance business.

- Provision for standard assets increased by 76.7% from ₹ 252.3 million for the financial year 2013 to ₹ 445.9 million for the financial year 2014, which increase was primarily due to a 37.2% growth in our receivables under financing activity (both current and non-current) and our opting to increase our standard provisioning from 0.25% in the financial year 2013 to 0.4% in the financial year 2014.

Other Expenses. Our other expenses increased by 31.9% to ₹ 7,811.2 million for the financial year 2014 from ₹ 5,920.5 million for the financial year 2013. The primary reasons for this increase are discussed below.

- Recovery costs expenses increased by 40.4% to ₹ 1,678.5 million for the financial year 2014 from ₹ 1,195.8 million for the financial year 2013, which increase was primarily due to a 37.2% increase in our receivables under financing activity from ₹ 167,436.4 million as at March 31, 2013 to ₹ 229,709.5 million as at March 31, 2014 and increased costs on repossession of two wheelers and three wheelers.

- Outsourcing/back office expenses increased by 42.9% to ₹ 1,086.3 million for the financial year 2014 from ₹ 760.3 million for the financial year 2013, which increase was primarily due to the increased activity on the servicing of our enlarged customer base and a 37.2% increase in our receivables under financing activity from ₹ 167,436.4 million as at March 31, 2013 to ₹ 229,709.5 million as at March 31, 2014.

- Dealer incentive increased by 37.3% to ₹ 1,379.3 million for the financial year 2014 from ₹ 1,004.8 million for the financial year 2013, which increase was primarily due to the acquisition cost paid to our sourcing channels for the business acquired during the year and trailing commissions based on portfolio performance.
- Sundry expenses increased by 30.0% to ₹ 1,304.3 million for the financial year 2014 from ₹ 1,003.1 million for the financial year 2013, which increase was primarily due to our increased business activity and also incremental expenses on our brand campaign.

Tax Expense. Our total tax expense increased by 32.8% to ₹ 3,721.5 million for the financial year 2014 from ₹ 2,802.9 million for the financial year 2013. This increase was primarily due to a 25.2% increase in profit before tax and the increase in the corporate income tax rate for the financial year 2014 to 34.0% (including cesses) from 32.5% (including cesses) for the financial year 2013.

For the financial years 2014 and 2013, our tax expense as a percentage of our profit before tax was 34.1% and 32.2%, respectively.

Profit for the Year. As a result of the above, our profit for the year increased by 21.6% to ₹ 7,190.1 million for the financial year 2014 from ₹ 5,913.1 million for the financial year 2013.

FINANCIAL CONDITION

Total Assets

The table below sets forth the principal components of our total assets as at the dates specified:

(₹ in millions)

	As at March 31,		
	2015 (consolidated)	**2014(1)**	**2013(1)**
Non-Current Assets:			
Fixed assets	2,491.8	2,198.7	1,762.1
of which			
Tangible assets	*2,182.6*	*1,968.4*	*1,644.3*
Intangible assets	*309.2*	*230.3*	*117.8*
Goodwill on consolidation	32.7	-	-
Non-current investments	1,470.9	-	52.6
Deferred tax assets (net)	2,122.8	1,391.6	903.7
Receivables under financing activity	181,196.7	138,524.2	95,481.9
Long term loans and advances	899.7	1,124.4	862.5
Other non-current assets – Fixed deposit with bank	2.4	-	-
Current Assets:			
Current investments	1,792.0	282.1	-
Receivables under financing activity	130,797.8	91,185.3	71,954.5
Cash and bank balances	2,208.7	7,768.1	4,164.0
Short term loans and advances	3,439.2	2,918.4	2,348.4
Other current assets	1,658.6	787.2	682.0
Total Assets	**328,113.3**	**246,180.0**	**178,211.7**

Note: *Our Company did not have any subsidiaries during this period.*

Total Liabilities

Our liabilities as at the specified dates are set out below:

(₹ in millions)

Particulars	As at March 31,		
	2015 (consolidated)	**2014(1)**	**2013(1)**
Non-Current Liabilities:	**185,613.6**	**106,455.8**	**76,096.5**
Long term borrowings	182,735.1	104,777.6	75,030.8
Other long term liabilities	1,357.7	573.5	419.6
Long term provisions	1,520.8	1,104.7	646.1
Current liabilities:	**94,502.6**	**99,815.6**	**68,444.8**
Short term borrowings	43,139.0	54,727.8	20,801.4
Trade payables	2,690.4	1,959.2	1,689.5
Other current liabilities	47,000.9	41,868.5	45,025.1
Short term provisions	1,672.3	1,260.1	928.8
Total Liabilities	**280,116.2**	**206,271.4**	**144,541.3**

Note: *Our Company did not have any subsidiaries during this period.*

Shareholders' Funds

Shareholders' funds primarily comprise share capital and reserves and surplus. The following table sets out the shareholders' funds as at March 31, 2015, 2014 and 2013:

(₹ in millions)

Particulars	As at March 31,		
	2015 (consolidated)	2014[(1)]	2013[(1)]
Share capital	500.0	497.5	497.8
Reserves and surplus	47,497.1	39,411.1	33,172.6
Money received against share warrants	-	-	-
Shareholders' Funds	**47,997.1**	**39,908.6**	**33,670.4**

Note: *Our Company did not have any subsidiaries during this period.*

LIQUIDITY AND CAPITAL RESOURCES

We have funded our liquidity and capital requirements through shareholder capital and funds generated from operations, subordinated debentures and bonds, bank borrowings and the taking of fixed deposits.

Regulatory Capital, Risk Weighted Assets and CRAR

The following table sets out our Company's CRAR on a standalone basis for the periods indicated.

Particulars	As at March 31,		
	2015	2014	2013
CRAR – Tier I capital (%)	14.2	16.2	18.7
CRAR – Tier II capital (%)	3.8	3.0	3.3
Total CRAR (%)	**18.0**	**19.2**	**22.0**

Cash Flows

The following table summarises our statements of cash flows for the periods presented:

(₹ in millions)

	Year ended March 31, 2015 (standalone) [(2)]	Year ended March 31, 2014[(1)]	Year ended March 31, 2013[(1)]
Net Cash Flow (Used in) / Generated from Operating Activities (**A**)	(70,641.7)	(60,865.7)	(32,658.5)
Net Cash Flow (Used in) / Generated from Investing Activities (**B**)	(3,600.6)	(958.1)	(563.7)
Net Cash Flow (Used in) / Generated from Financing Activities (**C**)	68,670.8	65,428.2	36,787.9
Net (Decrease) / Increase in Cash and Cash Equivalents during the year (A+B+C)	**(5,571.5)**	**3,604.4**	**3,565.7**
Cash and Cash Equivalents at beginning of the year	7,768.1	4,163.7	598.3
Cash and Cash Equivalents at end of the year	**2,196.6**	**7,768.1**	**4,164.0**

Note:

1. *Our Company did not have any subsidiaries during this period.*

2. *Since our Company acquired its first subsidiary during the financial year 2015, there is no comparative consolidated balance sheet for the financial year 2014. Thus, the cash flow statement for the financial year 2015 could not be prepared under the prescribed indirect method. Our subsidiaries did not have any material transactions during the financial year 2015.*

Operating Activities

Our net cash used in operating activities on a standalone basis was ₹ 70,641.7 million for the financial year 2015, which was primarily due to an increase of ₹ 42,672.5 million and ₹ 41,212.3 million in non-current and current receivables under financing activity, respectively, payment of finance costs of ₹ 20,145.2 million, payment of taxes (net of refunds) of ₹ 4,909.0 million and increase in other current liabilities of ₹ 398.7 million and also an increase in trade payables of ₹ 543.9 million and an increase in other long-term liabilities of ₹ 321.7 million.

Our net cash used in operating activities was ₹ 60,865.7 million for the financial year 2014, which was primarily due to an increase of ₹ 43,042.3 million and ₹ 20,152.0 million in non-current and current receivables under financing activity, respectively, payment of finance costs of ₹ 15,797.3 million, payment of taxes (net of refunds) of ₹ 4,347.8 million and decrease in other current liabilities of ₹ 5,526.1 million, which was partially offset by an increase in trade payables of ₹ 211.4 million and an increase in other long-term liabilities of ₹ 153.6 million.

Our net cash used in operating activities was ₹ 32,658.5 million for the financial year 2013, which was primarily due to an increase of ₹ 29,789.8 million and ₹ 15,170.2 million in non-current and current receivables under financing activity, respectively, payment of finance costs of ₹ 10,489.0 million and payment of taxes (net of refunds) of ₹ 3,132.4 million, which was partially offset by an increase in other current liabilities of ₹ 4,238.0 million and an increase in other long-term liabilities of ₹ 134.2 million.

Investing Activities

Net cash used in investing activities on a standalone basis was ₹ 3,600.6 million for the financial year 2015, mainly due to capital expenditure of ₹ 658.7 million and the purchase of ₹ 3,044.6 million of investments. This was partially offset by the sale proceeds of assets/adjustments to gross block of ₹ 7.2 million and interest earned on government securities of ₹ 95.5 million.

Net cash used in investing activities was ₹ 958.1 million for the financial year 2014, mainly due to capital expenditure of ₹ 739.8 million and the purchase of ₹ 230.9 million of investments. This was partially offset by the sale proceeds of assets/adjustments to gross block of ₹ 6.3 million and interest earned on government securities of ₹ 6.3 million.

Net cash used in investing activities was ₹ 563.7 million for the financial year 2013, mainly due to capital expenditure of ₹ 574.9 million. This was partially offset by the sale proceeds of assets/adjustments to gross block of ₹ 4.6 million, interest earned on government securities of ₹ 5.9 million and a decrease of ₹ 0.7 million in long term investments.

Financing Activities

Net cash generated from financing activities on a standalone basis was ₹ 68,670.8 million for the financial year 2015, mainly due to an increase in long term borrowings of ₹ 77,958.6 million and an increase in current maturities of long term debts of ₹ 3042.0 million. This was partially offset by a decrease in short term borrowings of ₹ 11,588.8 million, payment of dividends of ₹ 800.9 million and payment of dividend distribution tax of ₹ 136.3 million.

Net cash generated from financing activities was ₹ 65,428.2 million for the financial year 2014, primarily due to an increase in long term borrowings and short term borrowings of ₹ 29,746.8 million and ₹ 33,926.4 million, respectively, and an increase in current maturities of long term debts of ₹ 2,490.4 million. This was partially offset by payment of dividends of ₹ 745.8 million and payment of dividend distribution tax of ₹ 126.9 million.

Net cash generated from financing activities was ₹ 36,787.9 million for the financial year 2013, mainly due to an increase in current maturities of long term debts of ₹ 25,260.0 million and an increase in long term borrowings of ₹ 10,952.2 million and an increase of ₹ 8,423.8 million in net share premium. This was partially offset by a decrease in short term borrowings of ₹ 7,144.2 million and payment of dividends and dividend distribution tax of ₹ 494.9 million and ₹ 80.4 million, respectively.

Maturity Pattern of Assets and Liabilities on a Standalone Basis

The following table sets forth the maturity pattern of the Company's liabilities and assets as at March 31, 2015 on a standalone basis:

(₹ in millions)

Particulars	Total	One day to 30/31 days (one month)	Over one month up to two months	Over two months up to three months	Over three months up to six months	Over six months up to one year	Over one year up to three years	Over three years up to five years	Over five years
Liabilities and shareholders' funds									
Shareholders' funds	47,997.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	47,997.0
Borrowings from banks	143,725.9	3,500.0	3,737.5	4,250.0	4,463.7	33,180.1	51,907.1	42,687.5	0.0
Market borrowings	113,347.0	9,251.0	7,017.0	5,065.0	1,350.0	9,140.0	59,806.0	10,835.0	10,883.0
Fixed deposits	9,834.8	38.8	6.2	3.8	591.7	2,576.8	6,474.1	143.4	0.0
Other Liabilities & provisions	13,207.3	4,482.3	932.2	562.1	2,148.7	2,203.4	1,352.3	5.6	1,520.7
Total for Liabilities and shareholders' funds	**328,112.0**	**17,272.1**	**11,692.9**	**9,880.9**	**8,554.1**	**47,100.3**	**119,539.5**	**53,671.5**	**60,400.7**
Assets									
Cash and balances with banks	2,196.6	2,196.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments	3,322.9	1,572.0	0.0	0.0	0.0	0.0	0.0	0.0	1,750.9
Advances	311,994.5	18,890.2	17,395.8	13,574.4	33,393.2	47,544.4	68,565.2	26,203.1	86,428.2
Other assets	10,598.0	2,267.5	0.0	2,727.8	101.8	0.1	134.8	0.0	5,366.0
Total for Assets	**328,112.0**	**24,926.3**	**17,395.8**	**16,302.2**	**33,495.0**	**47,544.5**	**68,700.0**	**26,203.1**	**93,545.1**

CONTINGENT LIABILITIES AND COMMITMENTS

Our contingent liabilities, as per AS 29 issued by the Institute of Chartered Accountants in India on "Provisions, Contingent Liabilities and Contingent Assets", not provided for as at the periods indicated are as mentioned in the table below:

(₹ in millions)

Particulars	**As at March 31,**		
	2015 (consolidated)	**2014(1)**	**2013(1)**
Disputed claims against the Company not acknowledged as debts	77.7	65.6	45.7
VAT matters under appeal	68.6	34.3	60.5
ESI matters under appeal	51.4	51.4	51.4
Service tax matters under appeal	11.9	9.5	-
Income tax matters	225.2	381.6	353.3
Guarantees given on behalf of the Company	22.4	-	44.4

Note: *Our Company did not have any subsidiaries during this period.*

Our capital and other commitments as at the periods indicated are as mentioned in the table below:

(₹ in millions)

Particulars	As at March 31,		
	2015 (consolidated)	**2014(1)**	**2013(1)**
Estimate amount of contracts remaining to be executed on capital account and not provided for (net of advances)	66.4	26.2	46.6
Other commitments	1,835.1	513.1	2,028.4

Note: *Our Company did not have any subsidiaries during this period.*

OFF-BALANCE SHEET ARRANGEMENTS

Except for loans that are assigned by us to banks and other financial institutions, we have no other off-balance sheet arrangements that materially affect our results of operations or profitability.

The table below sets forth summary details of our assigned loans, on a standalone basis, as at the dates indicated.

(₹ in millions)

Particulars	As at March 31,		
	2015	**2014**	**2013**
Gross amount of assets assigned including exposure retained by the seller	9,417.9	9,433.1	3,985.2
Total amount of exposure retained by the Company to comply with the MRR(1) – in form of on-balance sheet retention of assets	941.8	943.3	398.5
Total amount of exposure retained by the Company other than MRR(1) – in form of on-balance sheet retention of assets	208.8	741.8	398.5
Net amount of assets transferred through direct assignment	8,267.3	7,748.0	3,188.1
Cumulative amount of assets transferred through direct assignment outstanding	12,101.4	10,904.1	7,730.6

Note: *Minimum retention requirement in terms of RBI's guidelines on securitisation transactions*

RELATED PARTY TRANSACTIONS

For details in relation to related party transactions entered by our Company during the last three financial years, as per the requirements under AS 18 issued by the Institute of Chartered Accountants in India, see "Financial Statements" on page 211.

CONTRACTUAL OBLIGATIONS

Operating Leases

Our significant leasing arrangements in respect of operating leases are for office premises, which are renewable on mutual consent at agreed terms. All of our operating lease agreements provide us with a right to cancel the lease and as such, we did not have any non-cancellable operating leases as at March 31, 2015.

Borrowings

For details our payment obligations under our borrowings as at March 31, 2015, see the table above under "Management's discussion and analysis of financial condition and results of Operations -Maturity Pattern of Assets and Liabilities on a Standalone Basis" on page 95.

INTEREST COVERAGE RATIO

The following table sets our interest coverage ratio as at March 31, 2013, 2014 and 2015 on a standalone basis. This ratio is typically used to measure the debt servicing ability of a corporate and is not relevant to a NBFC.

	As at March 31,		
	2015	**2014**	**2013**
Interest coverage ratio(1)	1.42	1.48	1.50

Note: *Our interest coverage ratio is our profit for the year adjusted for finance costs and non-cash items and divided by finance cost.*

QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Our risk management committee regularly reviews the risks we face in our business to come up with measures that can address issues such as systemic risks to our business, portfolio or balance sheet arising from credit quality, liquidity and interest rate movements.

The key market risks and risk-mitigation principles we apply to address these risks are summarised below.

Interest Rate Risk

If we are unable to match our lending portfolio with our borrowings, we would be exposed to interest rate risks as a result of lending to customers at interest rates and in amounts and for periods that may differ from our funding sources. Any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets will result in a decline in our net interest margin and would have an adverse effect on our results of operations. We assess and manage the interest rate risk on our balance sheet through the process of asset liability management. As per our asset liability management strategy, we generally fund our lending in our long-term SME Lending portfolio, which have floating interest rates, with long-term borrowings from banks at floating interest rates. Our other loan products, which are usually short term and fixed interest rate loans in nature are generally funded by fixed interest rate borrowings that are short term as well as long term in nature.

Liquidity Risk

Liquidity risk arises due to the non-availability of adequate funds or the non-availability of adequate funds at an appropriate cost, or of appropriate tenure, to meet our business requirements. This risk is minimised through a mix of strategies, including assignment of our loans. We place a high priority on maintaining high structural liquidity at all times and monitor liquidity risk through our asset liability management function, which is under our treasury department. We follow a policy of aiming to match funding, with the help of liquidity gap reports.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirement for asset liability management. We have an asset liability management committee, which is responsible for formulation of asset management strategy and policies and to ensure there are no concentrations on either side of balance sheet.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under their loan agreements with us. For details of our credit risk management, see "Business – Credit Risk Management" on page 141.

Material developments After March 31, 2015

There have been no material developments after March 31, 2015, except as stated below:

On June 2, 2015, the Company allotted 925,000 warrants convertible into 925,000 Equity Shares to Bajaj Finserv Limited at a price of ₹ 4,412 per warrant. Bajaj Finserv Limited has paid 25% of the total consideration payable for the warrants determined in accordance with Regulation 76 of the SEBI Regulations (i.e., ₹ 1,020.3 million). The balance 75% of the consideration shall be paid at the time of allotment of equity shares pursuant to exercise of option against each such warrant by Bajaj Finserv Limited. The warrants shall expire within a period of 18 months from the date of their allotment. In the event Bajaj Finserv Limited does not exercise the option to take equity shares against the warrants issued to them within the stipulated period of 18 months, the Company shall forfeit the consideration already paid for the warrants by Bajaj Finserv Limited.

INDUSTRY OVERVIEW

*All data in this section is derived from (i) websites of and publicly available documents from various sources, including but not limited to, the Reserve Bank of India ("**RBI**") and the Ministry of Finance, and (ii) reports from CRISIL Research. The data from CRISIL Research is subject to the disclaimer set out below. The data may have been re-classified by us for the purpose of presentation.*

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OVERVIEW OF THE INDIAN ECONOMY

The Indian economy is the fourth largest economy in the world by purchasing power parity. For 2014, India's gross domestic product ("**GDP**") based on purchasing power parity per capita was approximately US$ 7.277 trillion. *(Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html as at April 10, 2015)*

The GDP growth rates, year on year and in percentage terms, for certain developed and developing economies for each of the calendar years 2013 and 2014 and projections for 2015 are set out below:

Countries	**2013** *(change in percentage)*	**2014** *(change in percentage)*	**2015 (projected)** *(change in percentage)*
China.............................	7.8	7.4	6.8
India[1]............................	**6.9**	**7.2**	**7.5**
Russia............................	1.3	0.6	-3.8
Brazil.............................	2.7	0.1	-1.0
South Africa....................	2.2	1.5	2.0
United States...................	2.2	2.4	3.1
Japan.............................	1.6	-0.1	1.0
United Kingdom.............	1.7	2.6	2.7

[1] For India, data and forecasts are on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with the financial year 2012 as a base year.

(Source: International Monetary Fund, World Economic Outlook Uneven Growth: Short- and Long-Term Factors, April 2015)

In the calendar year 2014, the Indian GDP grew at rate of 7.2%. *(Source: International Monetary Fund, World*

Economic Outlook Uneven Growth: Short- and Long-Term Factors, April 2015) India's services sector remains the major driver of economic growth contributing 72.4% of GDP growth in the financial year 2015. The services sector's growth has increased from 8.0% in the financial year 2013 to 9.1% in the financial year 2014 and further to 10.6% in the financial year 2015. Growth in the infrastructure sector, based on an index of eight core industries, has improved marginally to 4.4% in the nine month period ended December 31, 2014 as compared to 4.1% in the same period in 2013. *(Source: Economic Survey 2014-15 Volume II, available at: http://indiabudget.nic.in/vol2_survey.asp)*

First Bi-Monthly Assessment of Financial Year 2016

Production

<u>Agriculture</u>

Domestic economic activity is likely to be further strengthened in the fourth quarter of financial year 2015. Advance estimates of the Ministry of Agriculture suggest that the contraction in the production of food grains in the financial year 2015 may turn out to be less than earlier anticipated. However, the adverse impact of unseasonal rains and hailstorms in March 2015 is still unfolding. Initial estimates indicate that as much as 17% of the sown area under the rabicrop may have been affected, the precise extent of the damage remains to be determined. The growth in allied activities (livestock, forestry and fisheries) is likely to remain strong as in the recent past, though it remains to be seen whether it will fully compensate for the decline in food grains output.

<u>Industrial sector</u>

With the growth of production being relatively positive in the three consecutive months leading up to January 2015, the industrial sector, and in particular, manufacturing appears to be regaining momentum. While production of basic goods has been expanding steadily since November 2013, the production of capital goods has been relatively less consistent. More positive readings are needed to be confident about a sustainable increase for investment in this sector. The persisting contraction in the production of consumer durables for over two years may be reflecting the underlying weakness in the consumption of locally produced goods as well as the increasing demand for imports.

<u>Service sector</u>

Even though national accounts statistics seem to suggest that demand for services is robust relative to the demand for goods and there is currently a perception that there is an increased demand for services, various indicators of the services sector including rail and port traffic, domestic and international passenger traffic, international freight traffic, tourist arrivals, motorcycle and tractor sales, as well as bank credit and deposit growth remain subdued.

Inflation

Retail inflation as measured by the consumer price index ("**CPI**") increased for the third successive month in February 2015 as favourable base effects dissipated, despite the price index remaining virtually flat since December 2014. The still elevated levels of prices of protein-rich items, such as pulses, meat, fish and milk, kept food inflation from following the seasonal decline in prices of vegetables and fruits. The prices of items such as sugar and edible oil moderated in consonance with the downturn in global commodity prices. Fuel inflation edged up for the second month in a row, in February 2015, due to the increase in prices of electricity and firewood.

Inflation excluding food and fuel fell successively in the nine months till February 2015. A large part of this disinflation has been on account of the slump in international crude oil prices feeding through into domestic prices of petrol and diesel that are included under the category transport and communication. Inflation in respect of housing has also eased in the revised CPI, in part reflecting methodological and coverage improvements. Furthermore, upside pressures affecting prices of services such as education, health and other services have also fallen on account of weak demand conditions. The rate of growth of rural wages has come off substantially from the double digit levels that prevailed up to November 2013. Reflecting past disinflation, inflation expectations of households are in single digits, although they too exhibit an increase in the fourth quarter of the financial year 2015 in response to the increasing inflation of food and fuel during January and February 2015.

Liquidity

The RBI has moved to ensure comfortable liquidity conditions through pro-active liquidity management, including fine-tuning operations on weekdays and access to the Marginal Standing Facility ("**MSF**") and fixed rate reverse repo facilities on Saturdays. This has helped to smoothen the liquidity frictions that characterise events such as advance tax payments and balance sheet dates, keeping the money market rates anchored to the repo rate. In order to alleviate the pressures that built up in March 2015 on account of frictional factors, RBI augmented its liquidity management instruments by engaging in repos of maturities ranging from 8 to 28 days cumulating to an outstanding amount of ₹ 1430 billion (including support from the MSF of ₹ 416 billion) at end-March 2015 in addition to regular 14-day term repo auctions and fixed rate overnight repos. The availability of liquidity can be gauged from the fact that in March 2015, average daily liquidity returned by market participations through variable/fixed rate reverse repos amounted to ₹ 293 billion.

Credit

Despite liquidity conditions and deposit growth remaining comfortable, non-food credit growth decelerated in September 2014 to the lowest level of credit growth since June 2001. This lack of credit growth can be attributed to a variety of factors, including: (i) Indian companies having increased their financing through alternative sources such as commercial paper, foreign direct investment and external commercial borrowing; (ii) lower net bank credit due to the repayment of loans by entities that have received payments from the Government and public companies; (iii) reduced borrowing from oil marketing companies; and (iv) the balance sheet restructuring, repaying of stressed loans or increased risk aversion on the part of public sector banks. As the investment cycle gathers momentum and overall demand picks up, banks will need to prepare to meet financing requirements of Indian companies.

Current account

Export performance has been progressively weakening and contraction has set in on both non-oil and petroleum product exports since December 2014. Fragile external demand conditions and the softness in international commodity prices have taken a heavy toll, as in several other emerging market economies in Asia. In particular, price realisations have been eroded, despite export volumes going up. While the Indian rupee gained in real terms, export margins are coming under pressure for those exporters without substantial imported inputs. Net terms of trade gains and compression in imports of petroleum products have narrowed the trade deficit in the last three months to its lowest level since financial year 2010. Gold imports remained contained; although non-oil non-gold imports grew at a modest pace in these months, they may be reflecting substitution effects in view of the sluggishness in domestic manufacturing.

Export of services, particularly, software and travel has helped to reign in the current account deficit, which has narrowed in the third quarter of the financial year 2015. This improvement is likely to extend into the fourth quarter of the financial year 2015. As a result, capital inflows – mainly portfolio flows into domestic debt and equity markets and foreign direct investment – have exceeded the external financing requirement and enabled accretion to the foreign exchange reserves which reached an all-time peak of US$ 343 billion as on April 3, 2015. These reserves, including forward purchases that will be delivered over the next few months, provide a buffer against potential capital outflows when monetary policy normalisation in Asian economies commences. *(Source: First Bi-monthly Monetary Policy Statement, 2015-2016, Reserve Bank of India)*

NON-BANKING FINANCE COMPANIES

A non-banking financial company ("**NBFC**") is a company registered under the Companies Act, 1956 or the Companies Act, 2013 that is engaged in the business of providing loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by the Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution that is a company and has a principal business of receiving deposits under any scheme or arrangement in one lump sum or in installments by way of contributions or in any other manner, is also a NBFC (residuary non-banking company). (*Source: https://www.rbi.org.in/scripts/FAQView.aspx?Id=71, FAQs updated April 10, 2015*)

NBFCs are an integral part of India's financial system, catering to a large market of niche customers, NBFCs have emerged as one of the major purveyors of retail and MSME (defined below) credit in India. It is a heterogeneous group of institutions (other than commercial and co-operative banks) performing financial services in a variety of ways, including, but not limited, to the accepting of deposits, making of loans and advances, providing leasing/hire purchase services. *(Source: Annual Report 2013-14, Reserve Bank of India)* Though the banking system remains dominant in financial services, NBFCs have grown in importance, carving a niche for themselves in the under-penetrated regions and unbanked segments.

NBFCs are categorized (i) in terms of the type of liabilities into deposit and non-deposit accepting NBFCs, (ii) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND) and (iii) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

1. Asset Finance Company ("**AFC**"): An AFC is a company that is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on their own power and general purpose industrial machines. The principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

2. Investment Company ("**IC**"): An IC is a company that is a financial institution carrying on as its principal business the acquisition of securities.

3. Loan Company ("**LC**"): A LC is a company that is a financial institution carrying on as its principal business the providing of finance, whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

4. Infrastructure Finance Company ("**IFC**")**:** An IFC is a non-banking finance company (a) which deploys at least 75% of its total assets in infrastructure loans, (b) has a minimum net owned funds of ₹ 300 crore, (c) has a minimum credit rating of 'A' or equivalent (d) and a capital to risk (weighted) assets ratio of 15%.

5. Systemically Important Core Investment Company ("**CIC-ND-SI**"): A CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions: (a) it holds not less than 90% of its total assets in the form of investment in equity shares, preference shares, debt or loans in group companies; (b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its total assets; (c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment; (d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the Reserve Bank of India Act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies; (e) its asset size is ₹ 100 crore or above; and (f) it accepts public funds.

6. Infrastructure Debt Fund/Non- Banking Financial Company ("**IDF-NBFC**"): An IDF-NBFC is a company registered as a NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFCs raise resources through issue of Rupee or Dollar denominated bonds of minimum maturity of five years. Only IFCs can sponsor IDF-NBFCs. *(Source: https://www.rbi.org.in/scripts/FAQView.aspx?Id=71, FAQs updated April 10, 2015)*

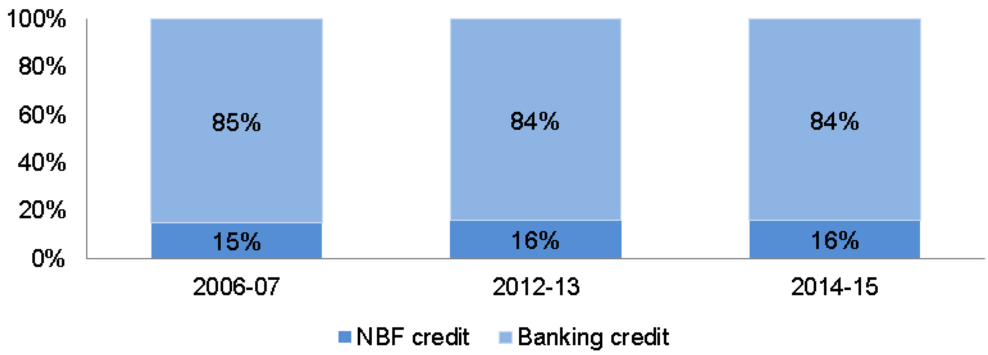
7. Non-Banking Financial Company - Micro Finance Institution ("**NBFC-MFI**"): A NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets that satisfy the following criteria: (a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 1,00,000 or urban and semi-urban household income not exceeding ₹ 160,000; (b) loan amount does not exceed ₹ 60,000 in the first cycle and ₹ 100,000 in subsequent cycles; (c) total indebtedness of the borrower does not exceed ₹ 100,000; provided that loan, if any availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower. (d) tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 15,000 with prepayment without penalty; (e) loan to be extended without collateral; (f) aggregate amount of loans,

given for income generation, is not less than 50 per cent of the total loans given by the MFIs; (g) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower. *(Eligible asset criteria of NBFC-MFI updated based on circular no. DNBR.CC.PD.No.027/03.10.01/2014-15 dated April 8 2015, the Reserve Bank of India)*

8. Non-Banking Financial Company – Factors ("**NBFC-Factors**"): A NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 75% of its total assets and its income derived from factoring business should not be less than 75% of its gross income. *(Source: https://www.rbi.org.in/scripts/FAQView.aspx?Id=71, FAQs updated April 10, 2015)*

NBFCs as a whole accounted for 13.1% of bank assets as on March 31, 2014. With the growing importance assigned to financial inclusion, NBFCs have been regarded as important financial intermediaries particularly for the small-scale and retail sectors. The total number of NBFCs registered with RBI declined from 12,158 as on September 30, 2013 to 11,932 as on September 30, 2014. The number of NBFC-Ds declined from 253 to 226, while the number of NBFC-NDs with asset size ₹ 500 crore and above increased from 437 to 465 during the same period. The number of NBFC-ND-SIs stood at 200 as on September 30, 2014. Loans and advances by NBFCs witnessed a growth of 13.1% during the financial year 2014. *(Source: Monetary Management and Financial Intermediation, Economic Survey 2014-2015, Ministry of Finance)*

Share of Credit held by NBFCs in India's Credit System



Note: *Co-operative banks are not included in banking credit*
(Source: CRISIL NBFC Report dated February 2014, CRISIL Research)

OVERVIEW OF THE TWO-WHEELER FINANCE INDUSTRY

Two-wheelers comprise motorcycles, moped and scooters.

Set forth below are extracts from the following source: "Retail Finance - Auto" Report dated April, 2015 by CRISIL Research.

Two-Wheeler Loan Disbursements

"Loan disbursements for two-wheelers grew by 12 per cent in 2014-15, faster than the 9 per cent rise in two-wheeler sales. The growth in two-wheeler sales was driven by a faster economic growth which led to higher urban consumer income levels. Disposable incomes of consumers increased following a favourable adjustment of tax slabs in the Union Budget. Apart from volumes, an increase in prices, and a higher finance penetration also contributed to the increase in disbursements. Finance penetration improved, after having dropped significantly in 2008-09 owing to rising delinquencies. Mounting credit losses forced many financiers to exit the business and disbursements slowed down significantly.

Stringent credit norms and the availability of credit information through CIBIL helped players reduce delinquencies and expand their customer base. Moreover, new players, mainly non-banking financial corporations (NBFCs), expanded their operations in markets where banks had exited. Captive NBFCs (operated by two-wheeler manufacturers) too are aggressively marketing themselves to boost sales.

In 2015-16 also, growth in disbursements is expected to remain robust at around 13-15 per cent. Sales of two-wheelers are expected to remain healthy at 8-10 per cent driven by a faster growth in disposable incomes and low fuel costs which will lead to an increase in urban demand for scooters."

Disbursements to grow strongly over the next five years

"Over 2009-10 to 2014-15, disbursements are estimated to have increased at an 18 per cent CAGR driven by a 15 per cent increase in the two-wheeler market size during the period. Over 2014-15 to 2019-20, steady underlying sales growth of 8-10 per cent, higher LTVs, and better finance penetration are expected to drive up disbursements at a 14-16 per cent CAGR.

Among segments, scooter sales are likely to grow at a 15-17 per cent CAGR, faster than motorcycle sales, which are likely to post a CAGR of 7-9 per cent. Greater focus on the rural consumer, newer models with better fuel efficiency and a wider distribution network in the semi-urban and rural areas will drive scooter sales, while rural demand will rev up motorcycle sales. Motorcycles will also continue to dominate the market with a 58-62 per cent share in total sales. Also, finance penetration in scooters is currently less than 5 per cent; hence the finance market might not grow significantly even if the scooter segment clocks very high growth. Growth in motorcycles will continue to drive disbursements.

The overall two-wheeler loan portfolio accounts for less than 10 per cent of the overall auto loan portfolio owing to the lower ticket size and low finance penetration. In 2012-13, the total two-wheeler loan portfolio is estimated to be about Rs. 128 billion. During 2013-14, the overall portfolio increased to Rs 146.8 billion with an increase in loan disbursements."

Growth in two-wheeler finance disbursements

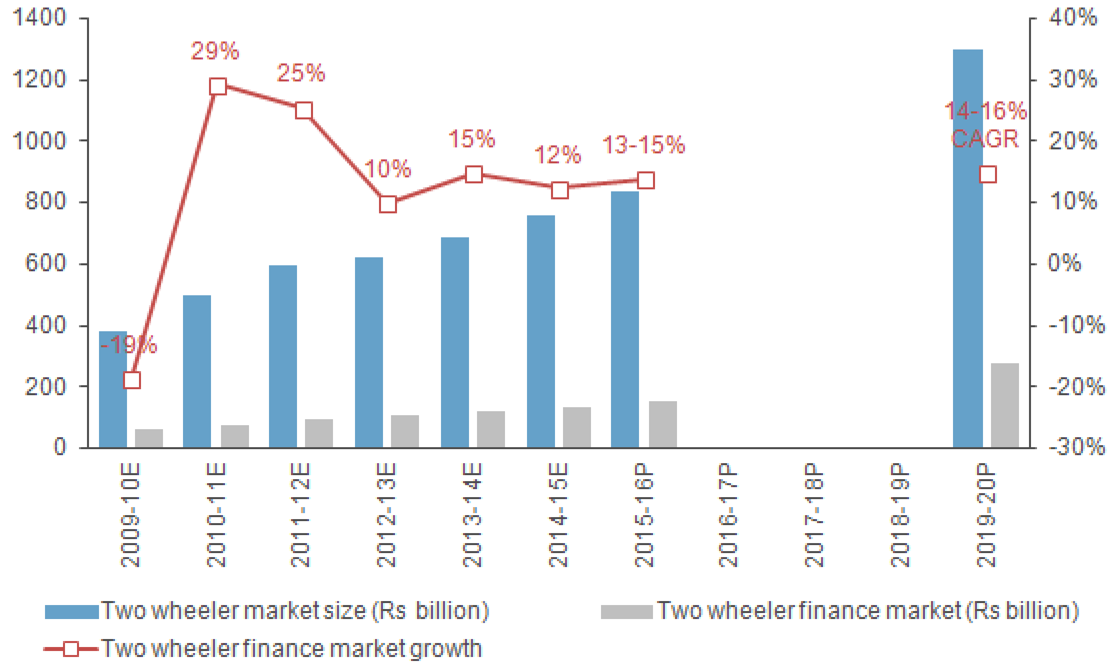
	2007-08E	2008-09E	2009-10E	2010-11E	2011-12E	2012-13E	2013-14P	2017-18P
Two wheeler market (Rs billion)	283	294	380	496	593	621	674	1146
Two wheeler finance market (Rs billion)	118	73	60	77	97	106	123	243

Source: CRISIL Research

Source: CRISIL Research

(Source: "Retail Finance - Auto" Report dated December, 2013, CRISIL Research)

Growth in Two-Wheeler Finance Disbursements



Note: *E: Estimated; P: Projected*

(Source: "Retail Finance - Auto" Report dated April, 2015, CRISIL Research)

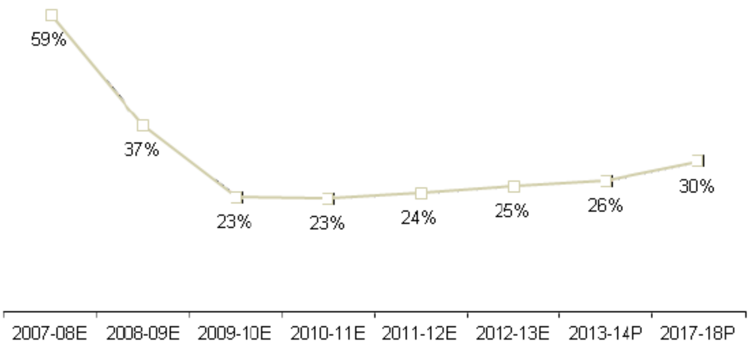
Increasing competition to push up finance penetration

"After falling to less than 25 per cent in 2009-10 (from a peak of 60-65 per cent), two-wheeler finance penetration has improved gradually. Over the next 5 years, finance penetration is only set to improve further, aided by new entrants in two-wheeler financing and the information provided by credit bureaus.

With banks reducing their exposure to this market post 2008-09, players like Fullerton, Muthoot, Family Credit, and MAS Finance have entered the space offering attractive interest rates. New players such as Hinduja Finance, Hero Fincorp, and Tata Capital have also entered this market in the past couple of years. The ensuing rise in competition is expected to push up finance penetration. Moreover, financiers have not incurred significant deterioration in asset quality during the current slowdown, which could prompt them to make aggressive market moves: widen their reach to tier-3 and tier-4 cities to tap the latent demand for two-wheeler loans.

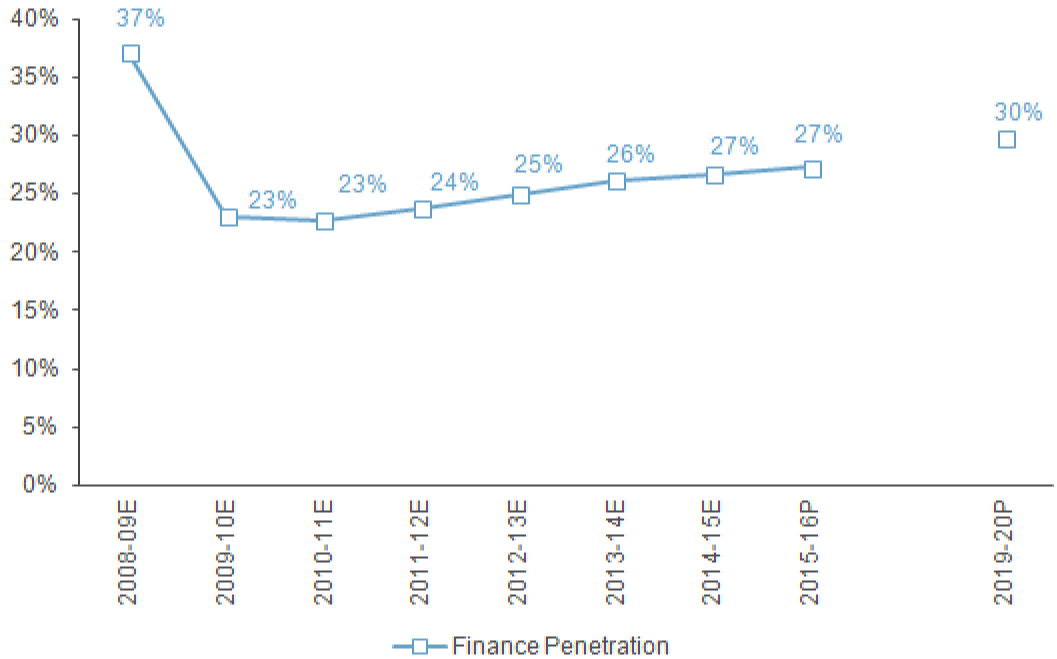
Finance penetration is higher in the top 20 cities at about 30-35 per cent. The proportion of buyers buying a two-wheeler on loan outside the top 20 cities is lower, primarily due to the lower financing options in these regions and the lower EMI-servicing capability of the borrowers. Most borrowers in these regions are self-employed and lack a continuous income stream."

Financial Penetration for Two-Wheeler Finance Market



(Source: "Retail Finance - Auto" Report dated December, 2013, CRISIL Research)

Financial Penetration for Two-Wheeler Finance Market



Note: *E: Estimated; P: Projected*
(Source: "Retail Finance - Auto" Report dated April, 2015, CRISIL Research)
Improving credit quality and competition among financiers to boost LTV ratios

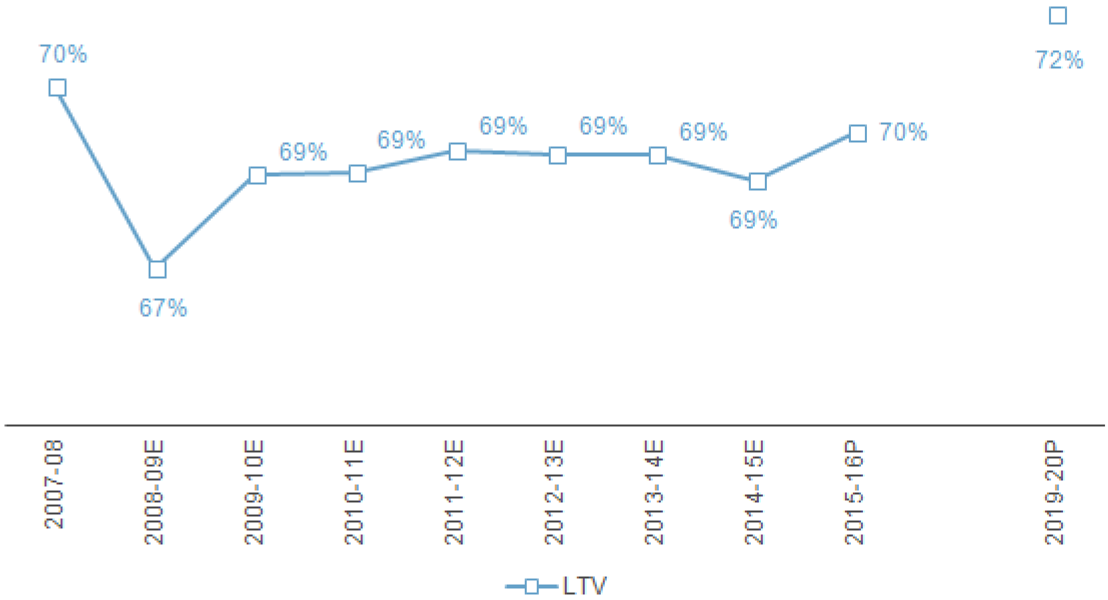
"After dropping sharply to 67 per cent in 2009-10, the LTV ratio on two-wheeler disbursements has risen only marginally over the last few years. Liberal credit underwriting norms adopted by financiers in the past had significantly deteriorated asset quality in this segment. Subsequently, banks/ financiers restricted the amount of loans disbursed and are stringently checking the customers' track record, documentation, repayment capability, etc. before sanctioning loans.

Satisfactory growth in loan offtake and improving credit quality has pushed up the LTV ratio. However, the no-income proof scheme (with low LTVs, where the customer is required to provide only identity proofs) has limited any sharp increase in the LTV ratio.

These loans which form a significant proportion of loans extended by NBFCs are mostly extended to buyers who are self-employed and do not have income proof documents. Disbursements of no income proof loans are higher outside the top 20 cities due to the higher proportion of self-employed buyers, thus bringing down the average LTVs in these regions.

Over the last few years, competition from unorganised financiers and new entrants has intensified. Existing organised players will be forced to offer high LTVs to maintain their competitiveness. However, the availability of customer information through CIBIL will help these players identify high-risk borrowers, thus easing asset quality concerns to some extent."

LTVs to continue to increase



Note: *E: Estimated; P: Projected*
(Source: "Retail Finance - Auto" Report dated April, 2015, CRISIL Research)

OVERVIEW OF THE CONSUMER DURABLES MARKET

Consumer durables are products that do not have to be purchased frequently. Some examples of consumer durables are appliances, home and office furnishings, lawn and garden equipment, consumer electronics, toy makers, small tool manufacturers, sporting goods, photographic equipment, and jewellery.

Consumer durable financing schemes enable customers, especially those with lower income levels, to use future income streams to buy consumer products upfront and pay in installments over a period. Consumer durables finance schemes are generally available at the dealer location (point of sale) or showroom. Apart from customers, such schemes also benefit other participants – lenders, manufacturers and retailers. Manufacturers benefit as it boosts sales and also helps increase consumer preference towards high-margin products. For retailers, it increases footfalls, whereas an increase in the customer base helps lenders to cross-sell loan products (personal loans, insurance, etc.) to consumers availing of loans for consumer durables.

Consumer Durables Sales Growth in India

CRISIL Research opines that as of March 2013, the total market size (outstanding) of consumer durable financing is estimated at around ₹ 360 billion. NBFCs have been dominating this space with an estimated market share of around 80-90% *vis-à-vis* banks. *(Source: CRISIL NBFC Report dated February 2014, CRISIL Research)*

Household Appliances

Growth in demand to pick up in the financial year 2016, aided by better consumer sentiment and stable prices

CRISIL Research estimates that the size of the household appliance industry, comprising colour televisions, refrigerators, washing machines and room air conditioners, is at about 29.8 million units in the financial year 2015. During the said financial year, the colour television segment reported a slight drop in growth, while other segments saw demand pickup. While an improved economic scenario supported growth in demand, increase in prices limited overall growth to about 3.3 percent year on year. CRISIL Research also estimates that in value terms, the size of the household appliance industry is estimated at about ₹ 543 billion for the financial year 2015. It projects that in the financial year 2016, demand across segments of the household appliance industry will grow at a faster pace, aided by better consumer sentiment and stability in prices.
Due to an improved economic scenario, CRISIL Research expects demand for household appliances to record healthy growth from the financial year 2017 onwards. In volume terms, growth will be driven by better affordability, shorter replacement cycles, multiple ownership (in the case of colour televisions) and low penetration levels (for home appliances other than colour televisions).

CRISIL Research estimates that overall colour television sales volumes fell marginally in the financial year 2015, due to the rise in panel television sales failed to offset a drop in CRT television sales due to the exit of manufacturers from this segment. CRISIL Research expects a revival in colour television sales in the financial year 2016, where the rise in panel television sales should spur overall sales volumes.

CRISIL Research estimates that the demand for washing machines has grown by 6.8% year on year in the financial year 2015, aided by unfulfilled demand from the past two years. CRISIL Research projects that in the financial year 2016, demand could increase as manufacturers partially pass on the benefit of lower input costs.

Sales of refrigerators were muted during the financial year 2015 as a rating change by The Bureau of Energy Efficiency drove up prices of refrigerators by 10-12%, *vis-a-vis* an 8-10% annual rise as seen over the past couple of financial years. CRISIL Research believes room air conditioner sales were not affected by said rating revision, as sales are estimated to have risen by 9%, though prices went up by 10-12%. A delayed summer was largely the reason with a part of the financial year 2014 sales moving to the financial year 2015. With rating norms unlikely to change in the next two years, CRISIL Research expects prices of both refrigerators and room air conditioners to stabilise, driving demand in both segments.

Segment-wise demand for household appliances

Appliance	Size (mn units) 2014-15 E	Y-o-Y Growth (%) 2014-15 E	Size (in mn units) 2015-16 P	Size (in mn units) 2019-20 P	CAGR (%) 2009-10 to 2014-15	CAGR (%) 2014-15 to 2019-20
Colour Television	12.0	-0.3%	13.1	24.5	-1.2%	15.3%
Refrigerator	9.7	4.5%	10.6	16.8	6.5%	11.8%
Washing Machine	4.7	6.8%	5.0	7.3	6.7%	9.5%
Room Air Conditioner	3.5	9.1%	4.0	5.9	5.7%	11.2%
Total	29.8	3.3%	32.8	54.5	2.9%	12.9%

Source : Industry, CRISIL Research

(Source: "Housing Appliances" Report dated April 2015, CRISIL Research)

Healthy demand over long term, driven by improved economic scenario, low penetration and rising incomes

Due to an improved economic scenario, CRISIL Research expects demand for household appliances to record healthy growth from the financial year 2017 onwards. In volume terms, growth will be driven by better affordability, shorter replacement cycles, multiple ownership (in the case of colour televisions) and low penetration levels (for home appliances other than colour televisions).

Some trends that have been affecting the household appliance market, as highlighted by CRISIL Research, are as follows:

- Panel televisions are replacing CRT televisions, while consumer preferences are shifting rapidly from LCD to LED televisions. Despite colour televisions enjoying the highest penetration (48% of total households) across household appliances, their entry into rural areas is still low at 30%. The replacement of CRT televisions in rural areas and households owning multiple colour televisions as seen in urban areas could drive long term growth. CRISIL Research expects CRT televisions to exit the market completely in the financial year 2017, while panel televisions are likely to record about 24% CAGR between the financial years 2015 to 2020.

- As of the end of the financial year 2015, room air conditioners have so far managed to penetrate into only 10% of total Indian households. Even so, over the next five years, the segment is expected to record 11% growth, riding on lower penetration, multiple ownership and the change in consumer perception of room air conditioners from a luxury to a necessity. Split air conditioners will likely to record about 16-17% CAGR from the financial year 2015 to 2020, *vis-a-vis* a 8-9% decline for window air conditioners may drive growth. Urban markets are more likely to drive room air conditioner sales, as price sensitive rural consumers still prefer low priced air coolers. Consequently, urban penetration is expected to reach 34% in the financial year 2020 (from the current 23%), while rural penetration will remain low at 5%.

- In the refrigerator segment, the direct cool and frost free refrigerator sub-segments are likely to record a CAGR of 12% and 11% respectively, between the financial years 2015 to 2020. CRISIL Research expects that while urban areas will substantially drive demand for frost free refrigerators, semi-urban and rural areas would drive demand for direct cool refrigerators, with rural consumers now considering the refrigerator as a necessity.

- In the washing machine segment, the growth in demand for fully automatic washing machines, at about 12% CAGR, may outpace the growth for semi-automatic machines, at 7-8% CAGR, over the next five years. While urban areas are likely to drive demand for fully automatic machines, with growing number of working women and rising disposable incomes, price sensitive consumers in semi-urban areas will drive demand for semi-automatic machines. Conversely, demand from rural markets, where washing machines have a 3% penetration, is likely to grow at a slower pace due to hesitation from consumers. *(Source: "Housing Appliances" Report dated April 2015, CRISIL Research)*

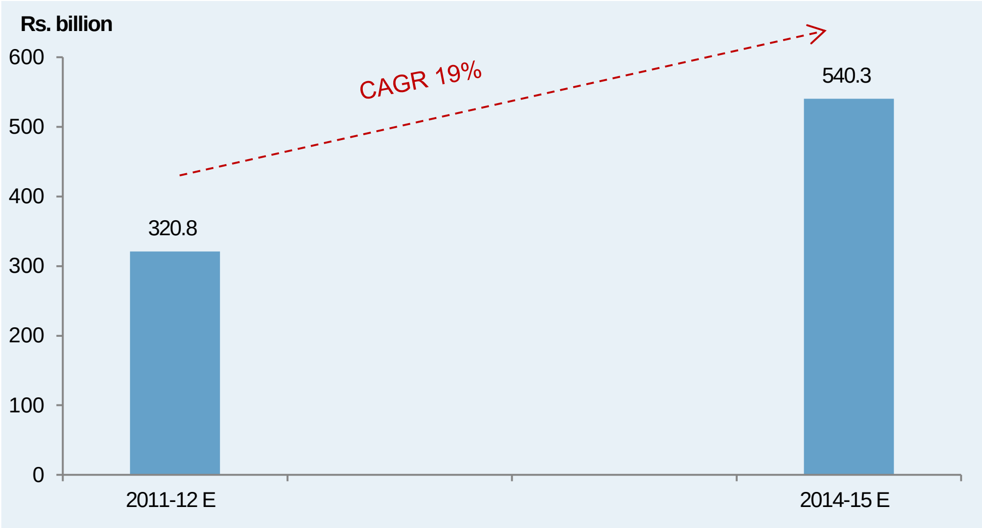
OVERVIEW OF THE LOAN AGAINST PROPERTY MARKET

Unless otherwise indicated, all data in this section is derived from the following source: "Loan Against Property" Report dated May 2015 by CRISIL Research.

A loan against property ("**LAP**") is a secured loan obtained by mortgaging either residential or commercial property. Financers are comfortable with this product as it offers better security as compared to unsecured personal loans. LAPs may be used for either business or personal purposes and the use of the loan amount is not closely monitored. The loan can be taken by both salaried and self-employed individuals.

Market Size and Growth

CRISIL Research estimates lenders to have advanced almost ₹ 540 billion in LAPs in the financial year 2015, reflecting that such disbursements grew at a CAGR of 19% since the financial year 2012. CRISIL Research believes that better awareness about LAPs, a rising need for funds by small businesses and an increase in property prices in key markets have prompted greater interest by customers in obtaining LAPs. Financers have similarly increased their focus in expanding their LAP portfolio.



Note: *E-Estimated*
(Source: "Loan Against Property" Report dated May 2015 by CRISIL Research)

CRISIL Research expects LAP disbursements to continue growing at a healthy pace between the financial years 2015 to 2017. CRISIL Research believes that given that LAPs offer attractive risk-return rates, lenders will increase their focus on LAPs as they plan to enter untapped markets.

Increasing customer awareness to drive offtake

While LAPs are increasing in popularity, businesses have traditionally opted for overdrafts or a cash credit facilities. LAP were viewed by business as a measure of last resort. Similarly, individuals opt for personal loans that are much pricier. However, CRISIL Research expects that with the relatively lower interest rates and rising property prices, LAPs will wrestle market share away from other loan facilities.

Favourable risk-return equation to attract financers

LAPs as a product is positioned midway between a home loan and a personal loan. Being pricier than a home loan (by 100-300 basis points ("**bps**")), it offers financers higher returns. However, it is also riskier, as its end-use is not monitored and self-employed individuals without a stable income are the customers who typically opt for LAPs. On the other hand, LAPs offers lower yields than personal loans, as it is cheaper but is also less risky. This favourable risk-return equation is expected to be attractive to financers, prompting them to expand in this segment.

Favourable real estate sentiments to be a positive for the LAP market

Demand for LAPs is highly correlated to property prices and the real estate market at large. During the economic crisis in the financial years 2008 and 2009, demand for LAP in Delhi-National Capital Region slumped, in line with sluggish the real estate demand, However, as business sentiments improved post crisis and awareness about LAPs increased, offtake grew at a healthy pace. Going forward, CRISIL Research expects LAP offtake to increase as property prices in the Tier I and metro cities are likely to increase moderately.

Lower interest rates to attract borrowers

As LAPs are secured by residential or commercial property, they carry lower interest rates as compared to personal loans. LAP also helps small businesses leverage on the steadily rising value of their real estate assets.

Increasing economic growth to lead to an increase in demand for funds from small businesses

A large proportion of LAP disbursement is extended to the self-employed category. This category of customers mainly utilize the funds from LAPs for business purposes such as purchase of assets, expansion and working capital requirements. Going forward, we expect the demand for funds from small businesses to grow along with an improvement in the economic scenario, contributing to an increase in the LAP disbursements.

Competitive Scenario

With a share of 40-45%, NBFCs/housing finance companies ("HFCs") still account for a significant share in the LAP market. Given their higher cost of funds *vis-à-vis* banks, NBFCs have to venture into high-yield and riskier asset classes such as LAP to maintain profitability. Given the higher share of LAP in the total portfolio, the stronger focus on the product has helped NBFCs build systems and processes focused on acquiring the right customers.

NBFCs continue to hold a significant share in the LAP market, led by several operational advantages, even as banks have made inroads in the retail loan market, compelled by a slowdown in corporate loan offtake.

Although banks leverage their existing branch network, direct sales agents ("DSAs") play a key role in fetching customers for LAPs. DSAs' local knowledge and their ability to offer diverse products from different lenders under one roof makes them critical in the LAP market. NBFCs/HFCs gain an upper hand as they derive 65-70% of their business through DSAs, while banks garner only 40-45% through DSAs. Public-sector banks have a lower market share, despite offering cheaper interest rates, as they do not utilise DSAs.

Strong origination skills, better collection mechanisms and faster loan processing also aid NBFCs. NBFCs have a greater focus on the product, given that LAP forms a sizeable portion of their overall portfolios.

Financers typically utilise the installment income ratio ("IIR") or the fixed obligation to income ratio to appraise borrowers. The industry average for the IIR hovers at 65-70%. NBFCs/HFCs are more flexible than banks, considering other sources of income as well for self-employed borrowers during appraisal. Consequently, the conversion ratio (ratio of number of loans sanctioned to the number of applications) is also higher for NBFCs/HFCs.

Customer Profile

Self-employed borrowers account for a large part of LAP borrower base

Self-employed customers account for almost 85% of LAP disbursements, of which 75% are self employed non-professionals, while the rest are self employed professionals. The salaried class accounts for the remaining 15%, primarily availing LAP to meet personal expenses related to marriage, healthcare and repayment of previous loans

Self employed professionals comprise of doctors, chartered accountants and architects, and similar professions, who mainly need funds for expansion of clinics and offices. Self employed non-professionals on the other hand, comprise small manufacturers and traders who take LAPs as a term loan to fund capacity expansions, debt repayments, business diversification or working capital requirements.

While NBFC/HFCs target self-employed customers which may consequently have a relatively higher degree of risk compared to salaried individuals, banks focus more on those salaried individuals and self-employed individuals with a better credit profile. For borrowers who have taken several personal and business loans earlier at higher interest rates, it is an attractive option to foreclose these loans and take a single LAP at comparatively lower interest rates.

Key operating parameters

<u>Residential properties account for the largest share of collateralized properties</u>

The proportion of residential properties mortgaged under a LAP is higher at around 75%. Within residential properties, self-occupied ones have an almost 80% share, while vacant residences and plots comprise the remainder. Commercial properties which make up the remaining 25% include industrial plots, offices and other commercial establishments.

<u>Lower interest rates, but the collateral matters</u>

Though LAPs comes in at a lower interest rate than a personal loan, such rate depends on the collateral (property) offered, and hovers between 11.5% and 14%. The interest rates are directly proportional to the risk faced by the financers. Typically, lenders charge higher interest rates for commercial properties, *vis-à-vis* residential properties with a differential of 50-100 bps. Even among the residential properties, interest rates are higher for vacant/rented properties as compared to self-occupied properties, as the former carry a greater chance of default. By contrast, the emotional attachment of borrowers to their self-occupied properties keeps delinquencies in check.

<u>Loan amount depends on the risk associated with collateral</u>

The disbursement size for a LAP is linked to the current market value of the property pledged, whereas a home loan considers the agreement value of the property. Being one of the important credit parameters, the LTV ratio varies according to the risk of the collateral. Similar to yield pattern, a self-occupied residential property typically fetches a higher LTV ratio of 65%, followed by a vacant or rented property (about 60%) and then commercial property (55%). Aggressive NBFCs may even offer LTVs of as high as 70%.

<u>Average ticket size higher than that of home loans</u>

The average ticket size of a LAP, estimated at ₹ 4.5-5 million, is higher than that of home loans (for urban new houses). A higher amount is justified given the elevated property prices in the major cities and end use of funds for business requirements. Among customers, self-employed borrowers (which mostly comprise of businessmen) avail larger loans as compared to salaried borrowers.

<u>Actual tenure of LAP about half of the contractual tenure</u>

The contractual tenure for a LAP is typically 10 years, allowing borrowers to spread their payouts over a longer term. However, the average actual tenure is between five to six years, considering the higher prepayments and frequent balance transfers (which occur when a competing lender offers a higher LTV or lower interest rates). In 2014, RBI restricted lenders from charging penalties on prepayment of floating rate loans extended to individuals.

Comparison of LAP and Home Loan Parameters

Parameters	Home Loans	LAP
Average Rate of Interest (%)	10.5%	12.5%
Average ticket size (Rs. mn)	1.5 - 2	4.5 - 5
Average contracted tenure (years)	15	10
Average actual tenure (years)	9 - 10	5 - 6
LTV (%)	Based on agreement value (Around 75%)	Based on market value -Residential (65%) -Commercial (55%)
Installment to Income Ratio (IIR) (%)	45 - 50	65 - 70

Source: CRISIL Research

(Source: "Loan Against Property" Report dated May 2015 by CRISIL Research)

Asset Quality Remains Comfortable

Non-performing assets in the LAP market are low, at 1-1.5%, though the figure is higher than that of housing loans. This is because LAP attracts more self-employed individuals. Overall, strong origination, valuation and collection mechanisms help lenders minimize delinquencies. Financers also utilise information from credit bureaus while appraising borrowers. The possibility of hurting their credit ratings in the event of a default is an additional prompt for borrowers to make timely payments.

OVERVIEW OF THE HOUSING FINANCE MARKET IN INDIA

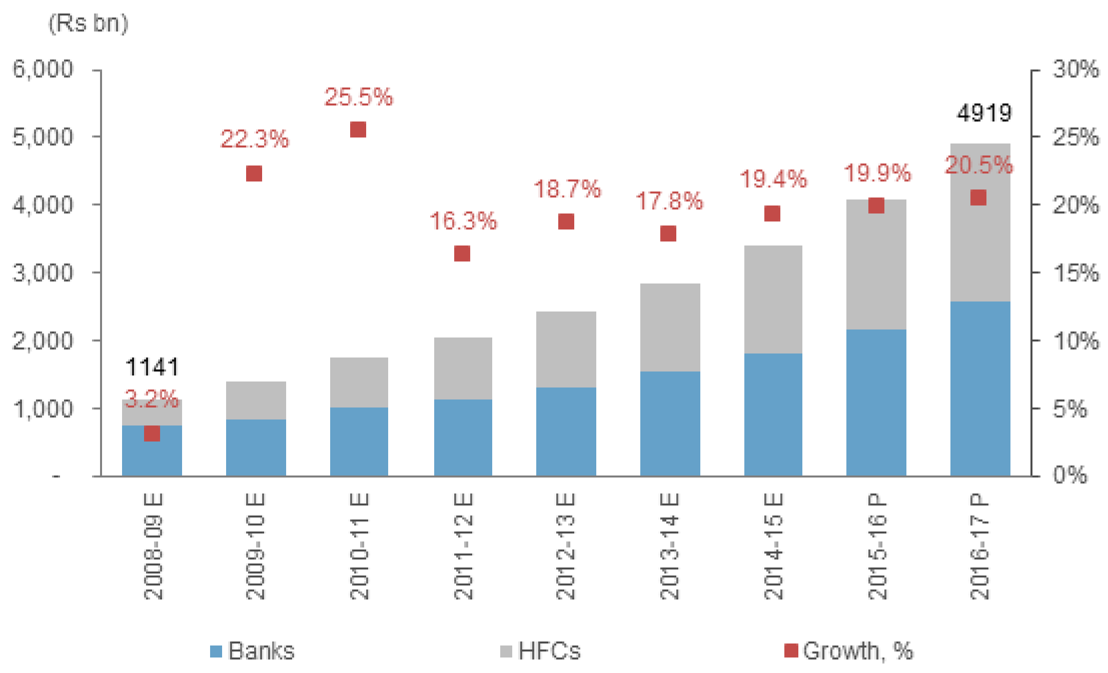
Set forth below are extracts from the following source: "Retail Finance - Housing" Report dated April 2015 by CRISIL Research

Growth of Housing Loan Disbursements

"Housing loan disbursements are expected to increase at a 19-21 per cent CAGR over the next two years (2015-16 and 2016-17) to Rs 4,919 billion, as investments are spurred by a stable central government, expected moderation in consumer price index (CPI) inflation, and lower interest rates. Other factors that would drive up disbursements include:

- Low mortgage penetration,
- Higher loan offtake in tier-II cities,
- Rising focus on affordable housing projects, and
- Faster loan sanctions in 2014-15."

Growth of Housing Loan Disbursements



E: Estimated; P: Projected

Source: CRISIL Research

E: Estimated; P: Projected

(Source: "Retail Finance - Housing" Report dated April,2015, CRISIL Research)

In 2014-15, CRISIL Research estimates that home loan disbursements by banks and housing finance companies (HFCs)] rose by 19.4 per cent y-o-y to Rs 3,405 billion. Demand for individual home loans rose despite high residential property prices during the year, especially in tier II and III (non-metro) cities. Rising disposable incomes, interest rate subventions and fiscal incentives on housing loans along with more options in the affordable housing segment also aided robust offtake.

Among players, HFCs have better capitalised on the demand in non-metro cities, as their disbursements grew by 21.6 per cent y-o-y. By contrast, banks' advances grew at a stable 18 per cent y-o-y owing to increasing focus on retail segment, as corporate investments remained dormant."

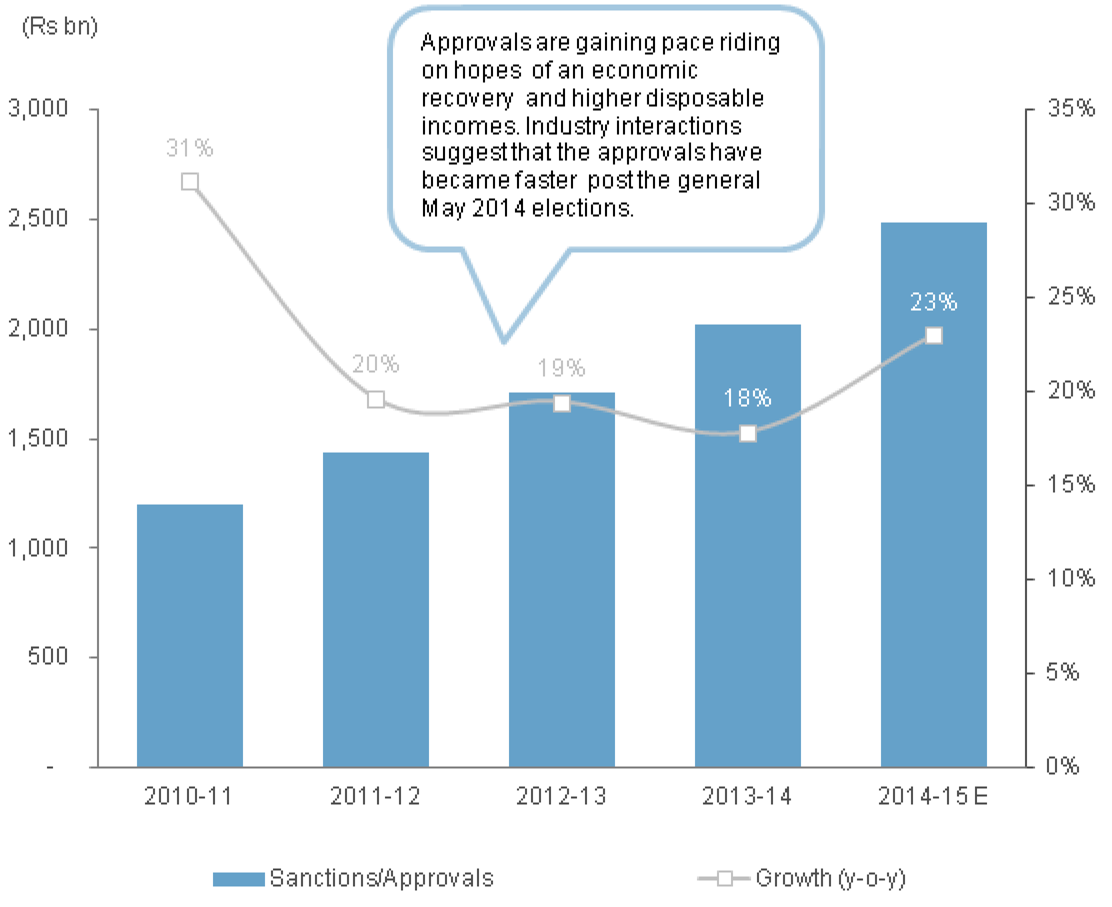
Tier II and III cities to drive growth in disbursements and outstanding

"Slower economic growth and higher costs (inflation, property prices, home loan rates) affected real estate demand between 2013 and 2014, particularly in tier I cities. Aggregate new home sales in the top 10 cities (Chennai, Bengaluru, Pune, Hyderabad, Kolkata, Kochi, Ahmedabad, Chandigarh, the Mumbai Metropolitan Region, and the National Capital Region) declined in the past two years. However, our interactions with the management of mortgage finance companies suggest a strong rise in demand from tier-II and tier-III cities.

Thus, new home sales in non-metro cities are likely to grow strongly in the medium term, while growth in top cities is likely to rise at a tepid pace.

In India, a) employment opportunities b) affordable property prices and c) availability of easy finance have resulted in increasing number of people migrating from rural region to semi urban areas. This has led to the increase in share of semi urban areas to 18% in March 15 from 12% in March 2006-07."

Growth in loan sanctions



Note: *1) The above numbers are an average of LICHFL, DHFL, Can Fin Homes and GIC Housing Finance.*

2) Typically, an approval gets translated into disbursements over 6-8 months. Thus, the increase in the momentum of approvals will lead to higher disbursements over the next two years

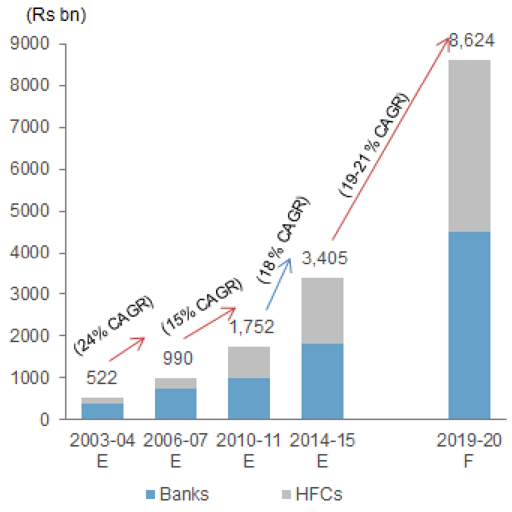
(Source: "Retail Finance - Housing" Report dated April 2015, CRISIL Research)

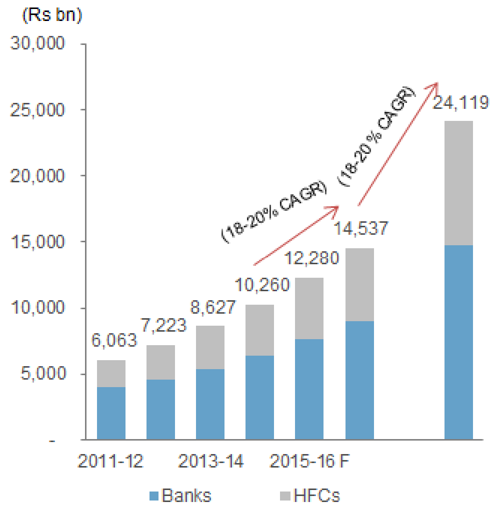
Disbursements and outstanding over the next five years

"CRISIL Research expects home loan disbursements to record a five-year CAGR of 19-21 per cent to Rs 8.6 trillion by 2019-20, aided by finance penetration, rise in new home sales, followed by a rise in property prices in the coming years.

The industry wide housing finance outstanding portfolio, i.e. the total loan book of a housing finance player, is projected to expand at a 18-20 per cent CAGR to Rs 20-24 trillion from Rs. 10.2 trillion in 2014-15. The loan book would grow at a slower pace than disbursements as prepayment rates rise with an improvement in income growth and lower interest rates. In the medium term (2015-16 and 2016-17), the housing finance players' outstanding is likely to expand at an approximately similar pace given the growth in disbursements.

Growth in housing finance disbursements **Growth in housing loan outstanding**



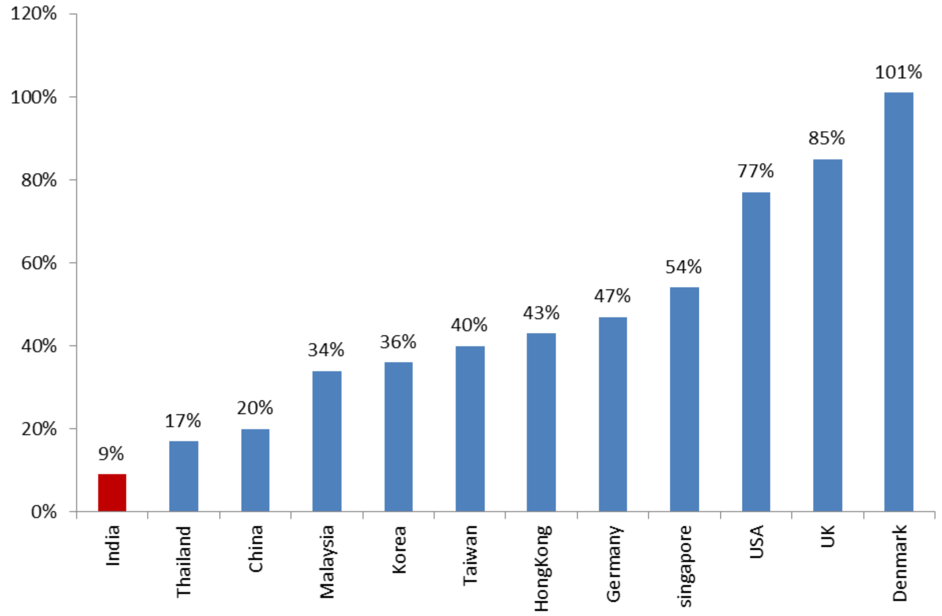


E: Estimated; F: Forecast

(Source: "Retail Finance - Housing" Report dated April 2015, CRISIL Research)

Structural prepayments will stay at similar levels to cyclical repayments as well. However, as cyclical prepayments will increase with the reduction in interest rates over the next five years, overall prepayments are likely to be higher in the medium term.

Mortgage Penetration (as per cent of GDP)



(Source: "Retail Finance - Housing" Report dated April 2015, CRISIL Research)

While India's mortgage-to-GDP ratio is still low as compared to other developing countries at 9 per cent, it has improved by 300-400 bps over the last six years, given rising incomes, improving affordability, rising urbanisation, including emergence of tier II and III cities, evolution of the nuclear family concept, ease of financing, tax incentives and widening reach of financiers."

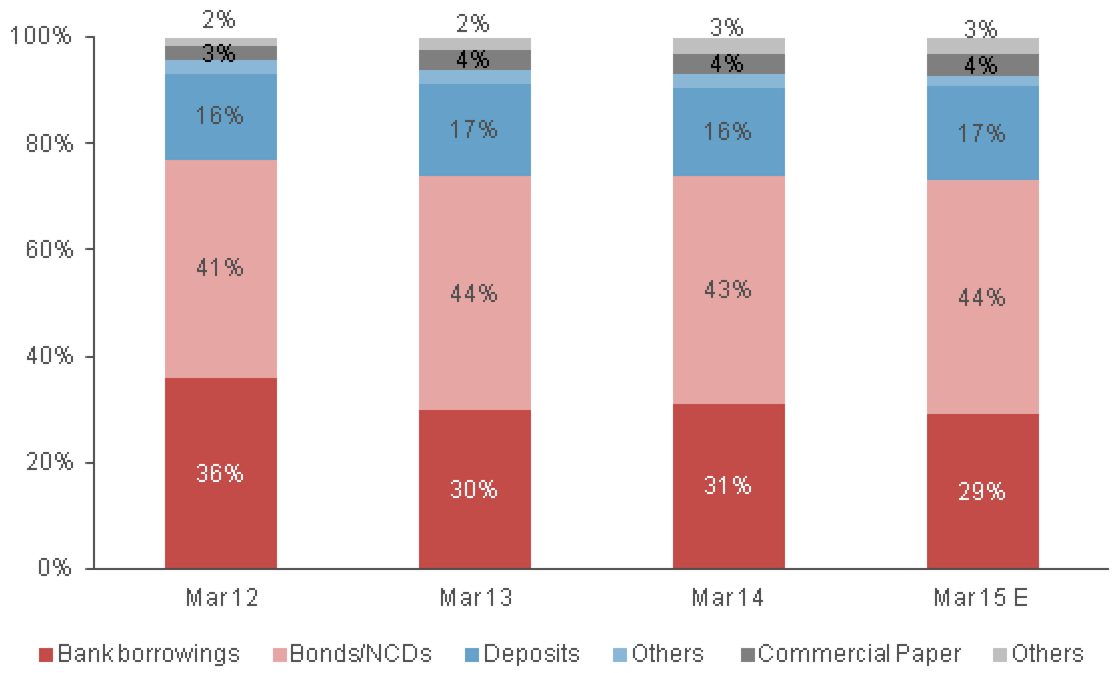
Housing finance companies to maintain spreads

"The Reserve Bank of India (RBI) has already decreased the repo rate by 50 basis points and is further expected to further ease it in 2015-16 which will lower banks' cost of funds, which will be passed on to borrowers.

Moreover, as market interest rates decline, HFCs would be able to raise funds through non-convertible debentures (NCDs), commercial paper and other market instruments at a lower cost (Market borrowings account for around half of HFCs' total borrowings).

Overall, with interest rates expected to remain subdued, and HFCs being allowed to raise external commercial borrowings (ECBs), several players are expected to benefit in the near term.

HFC's have been reducing their reliance on bank borrowings



(Source: "Retail Finance - Housing" Report dated April 2015, CRISIL Research)

We believe that players' access to funds will improve as the government and the RBI have taken or announced many measures to ensure adequate funding. Recent initiatives like raising the investment limit of debt mutual funds in HFCs by 10 per cent, or the RBI opening up the ECB route to HFCs, and setting up an Urban Housing Fund to support refinancing of affordable housing projects will reduce funding costs.

It is important to note that over the past few years, players too have begun to adjust their funding mix in a proportion which optimises costs. We expect dependence on bank borrowings to continue to decrease going forward, though at a slower pace as bank borrowing proves helpful during liquidity crunch.

Wholesale rates falling sharply: Given the growing importance of bonds/NCDs for HFCs, it is important to note the sharp decline in yields on new bond/NCD issuances in recent weeks. Yields on long-term bonds issued by most large HFCs have fallen to less than 9%."

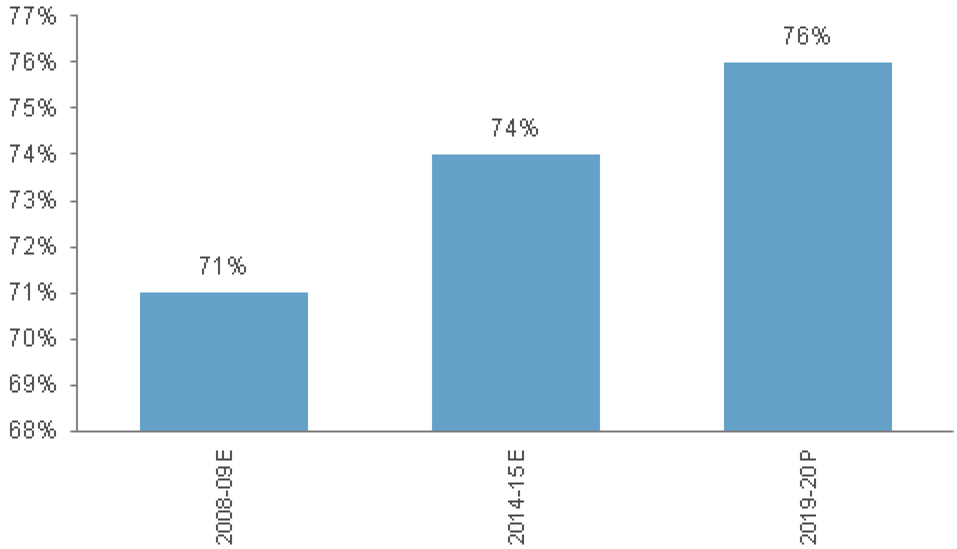
Growth Drivers

Increase in property prices in non-metro cities to support ATS growth

"CRISIL Research expects the average ticket size (ATS), which is a function of price per sq ft, area per unit and loan-to-value (LTV) ratio, to increase by 6-8 per cent y-o-y in 2015-16 and 2016-17, owing to rising demand from the top 10 cities in the country, especially Pune, Hyderabad and Bengaluru. Further, rising urbanisation is pushing up prices in tier II and III cities. In 2013-14 and 2014-15, the urban ATS had risen by only 7-8 per cent, as property prices in markets such as Mumbai, Hyderabad and Chandigarh stabilised. However, over the longer term (2014-15 to 2019-20), the ATS in urban areas is expected to grow by 9-11 per cent CAGR on account of an expected increase in property prices and a marginal increase in the LTV ratio.

Between the financial years 2014 to 2019, the ATS in urban areas is expected to grow by 9-11% CAGR on account of an expected increase in property prices and a marginal increase in the LTV ratio. Almost 80-85% of home loan borrowers belong to the salaried class. CRISIL Research estimates that between the financial years 2000 to 2008, salaries increased at a higher rate than the rise in property prices, thereby increasing the affordability of new houses for individuals. Also, the growth rate in salaries has been higher for those in the younger age bracket than those who are close to retirement. This trend, coupled with tax incentives in place for interest and principal repayments, has prompted more young people to buy houses.

Average Loan-to-Value Ratio



E: Estimated; P: Projected

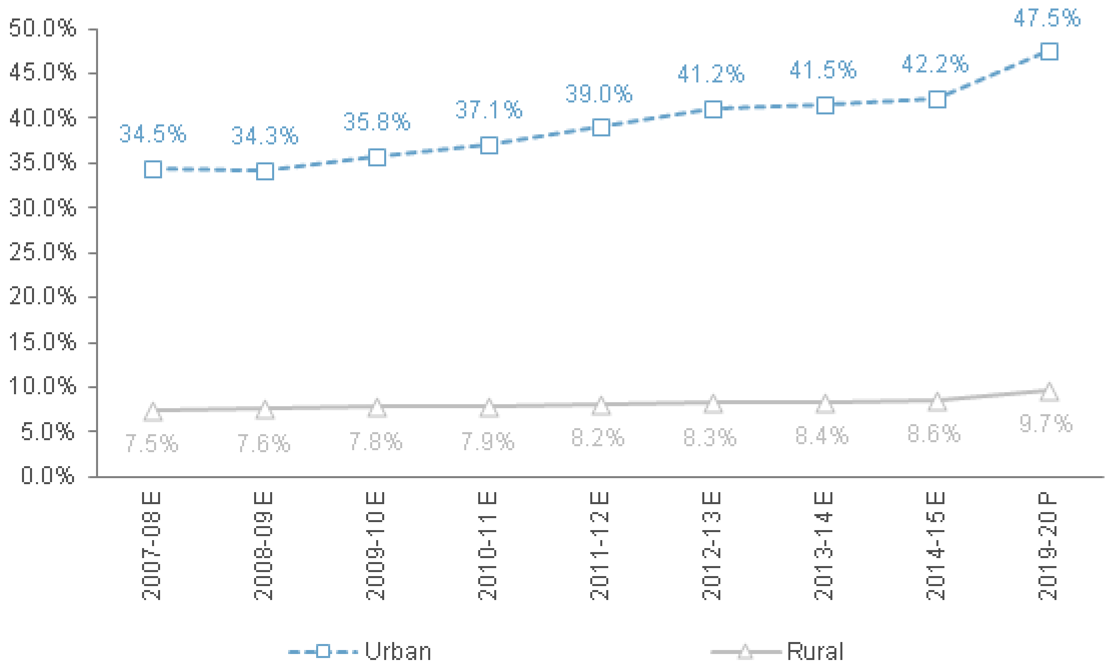
(Source: "Retail Finance - Housing" Report dated April, 2015, CRISIL Research)

In 2014-15, though, the average LTV ratio was around 74 per cent in urban areas. Factors such as regulatory obligations and prudent lending norms are expected to deter financiers from extending LTV beyond the current levels in the near term. However, as urban property prices rise rapidly, borrowers would find it increasingly difficult to put in the required equity. Hence, over the longer term, the LTV ratio is expected to go up marginally to about 76 per cent."

Rise in Urban Finance Penetration to propel Industry

"An increase in finance penetration is also expected to support the industry's growth. Rising demand for housing from tier II and III cities, and subsequent surge in construction activity have resulted in increasing focus from financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to 42.2 per cent in 2014-15 from an estimated 39 per cent in 2011-12. Finance penetration in rural areas is estimated to have risen only slightly to 8.6 per cent in 2014-15. By 2019-20, CRISIL Research expects finance penetration to increase to 47.5 per cent in urban areas and to 9.8 per cent in rural areas.

Finance Penetration in Rural and Urban Areas



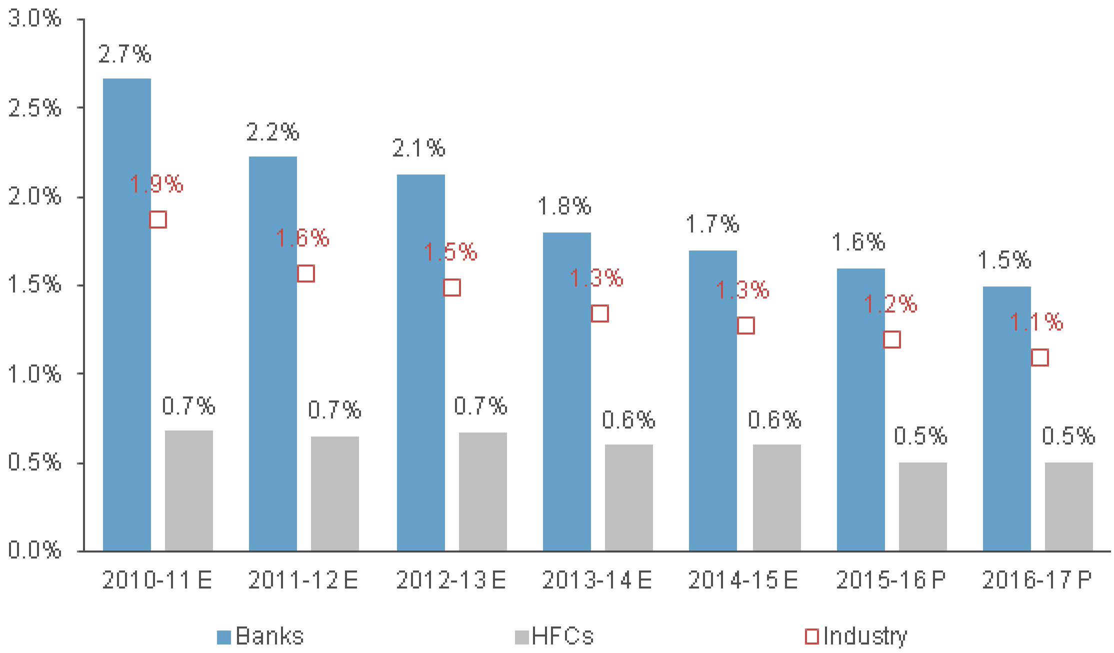
E: Estimated; P: Projected
(Source: "Retail Finance - Housing" Report dated April 2015, CRISIL Research)

Rural areas are unlikely to witness major improvement in finance penetration unless private financers shift focus to these markets and establish a good branch network. Moreover, profitability is lower in rural areas as compared with urban areas. Further, rural areas pose more operational challenges, such as the timely collection of payments from customers."

Large number of first-time borrowers keep asset quality in check

"As demand for home loans largely comes from first-time buyers, asset quality in this segment has remained low historically. Non-performing assets (NPAs) of financiers improved in 2014-15 because of adequate appraisal systems and effective recovery mechanisms, as well as better availability of information (CIBIL data). NPAs are likely to decline marginally in 2015-16 and 2016-17 owing to economic recovery, lower interest rates, better control, system checks, follow-ups and the expected improvement in job security.

Asset Quality by Type of Lender



E: Estimated; P: Projected
(Source: "Retail Finance - Housing" Report dated April, 2015, CRISIL Research)

Industry sources reveal, despite the seasoning of the teaser loan portfolio, i.e. loans that were given at a lower rate vis-a-vis the prevailing market rate for the initial years being recalibrate to the prevailing interest rate, there are minimal delinquencies from these accounts, which have contributed to stability in asset quality in 2013-14. We do not expect a significant rise in delinquencies from this portfolio in 2015-16 and 2016-17 as well."

OVERVIEW OF THE SME LOAN MARKET IN INDIA

Unless otherwise indicated, all data in this section is derived from the following source: "Unsecured Small Business Loans" Report dated May 2015 by CRISIL Research.

Unsecured small business loans are loans provided to self-employed borrowers with a maximum loan size of ₹ 10 million. These loans are usually for the purpose of bridge financing, in particular for reasons of short term shortage of liquidity; to take advantage of a short-term business opportunity and/or for business expansion when loans from traditional sources are unavailable.

Some statistics of unsecured small business loans are as follows:

(i) An average loan size is ₹ 1.5 to ₹ 2 million, although some foreign banks may offer larger loans. Most players in the small and medium enterprises ("**SMEs**") loan market are not comfortable with larger loans and loans of ₹ 10 million may be shared by more than two NBFCs or banks.

(ii) The average loan maturity date is for a period of 36 months. Some NBFCs also offer loans with maturity dates of 24 months.

Market Size and Growth

The global financial crisis in the financial year 2009 significantly affected the quality of unsecured small business loans, driving up delinquencies. Consequently, many private banks and NBFCs downsized their portfolios or exited this market and started to focus on secured products such as loans against property, home loans, or gold loans. Public sector banks stopped offering unsecured small business loans and largely have not resumed offering such loans. CRISIL Research is of the opinion that public sector banks have kept away from offering unsecured small business loans due to their higher operating costs, lower ticket sizes and the challenges on credit appraisal and recovery hit profitability.

CRISIL Research believes that in the past few years, the risk appetite of many lenders has improved, increasing the interest in unsecured small business loans. The outstanding loans in this portfolio has recorded a 30-35% CAGR over the past three years to reach ₹ 220-250 billion as of March 2015. According to CRISIL Research, an expected recovery in the economy and a minimal increase in the value of collateral have prompted SMEs to opt for unsecured small business loans. Lenders are also confident as delinquencies have reduced significantly due to better appraising standards and availability of information from credit bureaus.

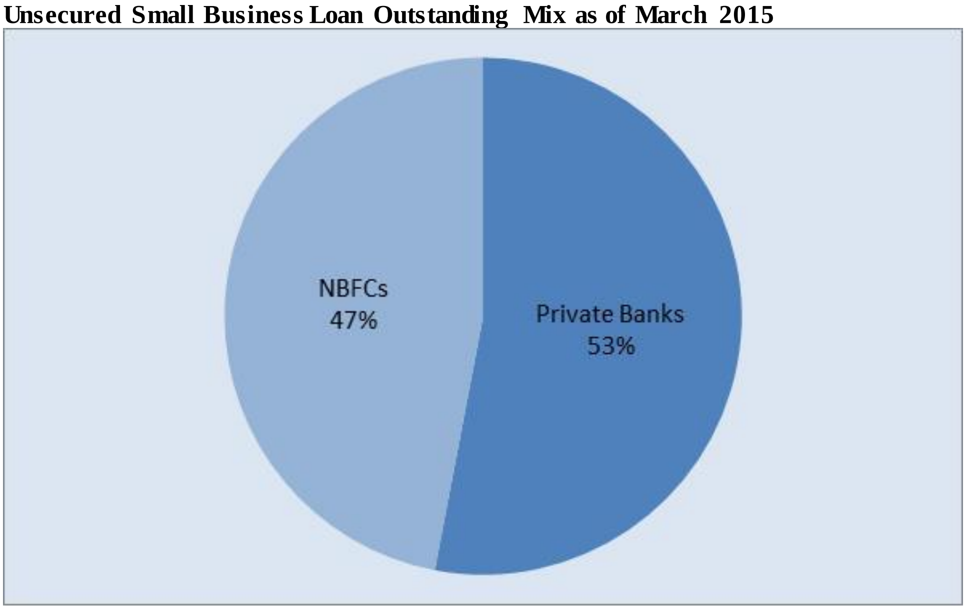
Given the competition in the secured loans market (especially retail loans), NBFCs and some private banks are targeting fresh opportunities to maximize their profitability: unsecured small business loans are one such opportunity. With expectations of an economic recovery driving demand for such loans, CRISIL Research expects the outstanding loans in this portfolio to record a 20-25% CAGR in the next two years.

CRISIL Research believes that growth in the small business loan portfolio will largely be volume driven, with the loan quantum closely trailing the inflation number (an estimated 4-6%). Their interactions with leading players indicate that off take will grow faster in non-metropolitan areas as compared to metropolitan areas. NBFCs, which have a stronger presence in non-metropolitan areas, should thus gain an edge over private banks. Mostly, SMEs with an average turnover of Rs 50-200 million opt for unsecured small business loans. CRISIL Research projects that over the financial years 2016 to 2017, advances to SMEs will record a higher 20-21% CAGR (over a 16-18% CAGR for the industrial and services sector loan books). This growth would be aided by the robust performance of sectors such as construction, auto components, pharmaceuticals, hospitals and nursing homes. Lenders have hitherto limited their exposure to the sector given the risks and SMEs' limited access to immovable collateral. However, given the lesser competition due to the absence of public-sector banks, CRISIL Research believes that there are huge growth opportunities for NBFCs.

Competitive Environment

While NBFCs have been very aggressive in expanding their unsecured small business loan book, and are targeting new customers, the private banks offering unsecured small business loans mostly cater to existing customers.

Unsecured Small Business Loan Outstanding Mix as of March 2015



(Source: "Unsecured Small Business Loans" Report dated May 2015, CRISIL Research)

Key factors for competitiveness

Strong market penetration and increasing operating efficiency

NBFCs have strengthened their presence in non-metropolitan areas, even though many banks have branches in such areas they do not offer unsecured small business loans, which lowers their penetration. CRISIL Research estimates, loans from non-metropolitan areas account for more than 50% of NBFCs' loan book in this segment.

Growth in NBFCs' loan book can also be attributed to the fact that they are replacing credit typically extended by the unorganized sector (money lenders).

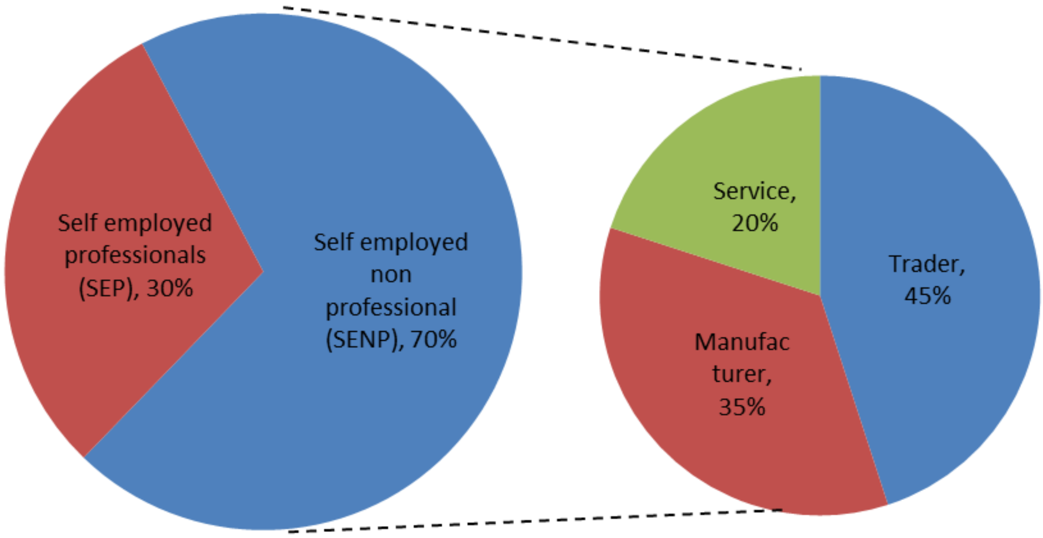
According to CRISIL Research, NBFCs have improved operating efficiencies by upgrading systems, concentrating on branches that fetch more business, and shifting towards a customer relationship model.

Innovation and superior delivery

Constantly innovating and customizing product offerings helps NBFCs maintain their niche position in the unsecured small business loans market. Although banks' interest rates are lower by 150-200 bps, NBFCs gain an edge with a shorter turnaround time of three to five days for loan approval, whereas banks take at least five to seven days.

Customer Profile

Unsecured Small Business Loan Mix



(Source: "Unsecured Small Business Loans" Report dated May 2015, CRISIL Research)

Self-employed non-professionals, such as traders, manufacturers and service providers, are the largest customer segments for unsecured small business loans with a 70% share as of March 2015. Such customers are riskier than self-employed professionals, such as doctors, and are charged higher interest rates of 18-20% on average as compared to an average interest rate of 14% for doctors. According to CRISIL Research, over the last three years, NBFCs have stepped up the focus on self-employed professionals, leading to a faster growth in advances to this segment.

Among self-employed non-professionals, traders have traditionally been the dominant category amongst the borrowers in this segment. However, this has been more so in metropolitan areas than in non-metropolitan areas. With the increased focus in non-metropolitan areas, the share of unsecured small business loans to traders has shrunk in the past three years. CRISIL Research expects the trend to continue over the next three years, as non-metropolitan areas influence the growth in this segment.

BUSINESS

Overview

Our Company is a Deposit Taking Non-Banking Financial Company ("**NBFC-D**"). Our business has five verticals, namely: (1) Consumer Lending; (2) SME Lending; (3) Commercial Lending; (4) Rural Lending; and (5) Fee Based Products and Fixed Deposits.

Our Consumer Lending vertical provides financing to salaried employees and self-employed individuals. It comprises:

- Two-wheeler (motorcycle) and three-wheeler (auto-rickshaw) loans - we offer loans for purchasing two-wheelers and three-wheelers manufactured by Bajaj Auto Limited ("**Bajaj Auto**").

- Consumer durable loans - we offer loans for purchasing consumer durables, such as television sets, air conditioners, refrigerators, washing machine and other household electronic appliances.

- Lifestyle products loans - we offer loans for purchasing lifestyle products, such as furniture, modular kitchens and luxury watches.

- Digital products loans - we offer loans for purchasing digital products such as mobile phones, laptops and other electronic devices.

- EMI cards – we offer our existing customers who have a consumer durable loan, lifestyle product loan or digital product loan and who meet our eligibility criteria with an Existing Member Identification card ("**EMI Card**"). The EMI Card enables existing customers to avail incremental loans based on their past repayment track record for the purchase of new consumer durables, lifestyle products and digital products by simply swiping at select retail outlets and signing a system generated loan term sheet for such transactions without having to execute new documentation. We plan to grow this product through a focus on customer wallet expansion by expanding store and product coverage.

- Personal loans to existing customers (which we refer to as personal loans cross-sell) - we offer personal loans to our existing customers with timely repayment track records for their short and medium term requirements.

- Salaried personal loans - we offer personal loans to affluent salaried customers.

- Salaried home loans - we offer loans for financing the purchase of residential property to salaried employees.

We intend to expand our home loan business through Bajaj Housing Finance Limited ("**Bajaj Housing Finance**"), our 100% owned subsidiary. Bajaj Housing Finance applied to the National Housing Bank for registration as a housing finance company in December 2014, but it is yet to receive its approval for registration. Offering home loans through a registered housing finance company confers certain inherent advantages, such as increased leverage due to lower capital adequacy norms and lower risk weights for certain classes of loans.

As at March 31, 2015, our Consumer Lending AUM was ₹ 132,022.8 million, which represented 41% of our total AUM.

Our SME Lending vertical provides financing to small and medium enterprises ("**SMEs**") and eligible individuals. It comprises:

- Loans against property - loans against property are generally long term loans secured against collateral of residential or commercial property and are offered on a monthly amortized basis. We also provide lease rental discounting against property, which is a term loan offered against rental receipts derived from lease agreements with corporate tenants.

- Unsecured working capital loans - we provide unsecured working capital loans to SMEs for their short and medium term business requirements.

- Loans to professionals – we offer unsecured working capital loans to doctors and other professionals.

- SME cross sell - we offer loans against property and unsecured working capital loans to existing customers with timely repayment track records.

- Loans against securities (retail and promoter) - we provide loans against marketable and liquid securities to eligible individuals and SMEs to meet their working capital requirements.

- Home loans (self-employed) – we provide home loans to self-employed customers for financing the purchase or construction of residential property.

As at March 31, 2015, our SME Lending AUM was ₹ 171,351.8 million, which represented 53% of our total AUM.

Our Commercial Lending vertical has a mid-market focus and provides financing to firms and companies. It currently comprises:

- Vendor financing (term loans and purchase order financing) - we provide financing to vendors of large automobile manufacturers, such as Bajaj Auto, to meet their short and medium term funding needs.

- Large value lease rental discounting – we provide a term loan against rental receipts derived from lease agreements with corporate tenants.

- Infrastructure finance - we provide loans to large and mid-sized companies engaged in the execution of infrastructure projects in sectors such as power, ports and roads. However, due to the challenges faced by this sector in India, our current emphasis is on maintaining the quality of our infrastructure finance loan portfolio and we have not sanctioned any new infrastructure finance loans since January 2012.

- Construction equipment finance - we previously financed the purchase of construction equipment and provided loans secured by construction equipment. Due to the challenges faced by this sector in India, we decided in the financial year 2015 to wind down our construction equipment finance business and we have not sanctioned any new construction equipment finance loans since July 2014.

As at March 31, 2015, our Commercial Lending AUM was ₹ 17,393.6 million, which represented 5% of our total AUM. We are looking to grow this vertical by identifying opportunities to extend commercial loans in other sectors.

Our Rural Lending vertical comprises consumer durable loans, gold loans, refinance loans, personal loans cross sell, salaried personal loans, loans to professionals, unsecured working capital loans and loans to MSMEs. We define 'Rural' as large townships, or upcountry locations near highways or large cities with predominantly agriculture based economies. Typically, the Rural locations where we have a branch have a population ranging from 50,000 to 300,000. We launched our Rural Lending vertical in July 2013. We currently provide Rural Lending in three states, namely Maharashtra, Gujarat and Karnataka. We plan to expand the number of states in which our Rural Lending vertical operates. As at March 31, 2015, our Rural Lending AUM was ₹ 3,327.7 million, which represented 1% of our total AUM.

Our Fee Based Products and Fixed Deposits comprise our (a) fee based products, such as the distribution of various insurance products, a co-branded credit card with Standard Chartered Bank, an SME credit rating service, which we offer in partnership with CRISIL, a 'Property Fitness Report', which provides various insights into the property against which a loan is being disbursed, a 'Financial Fitness Report' which is a customized credit report, providing an assessment of the customer's credit score from CIBIL as well as an analysis of key financial parameters for salaried and SME customers. For providing the 'Financial Fitness Report, we have a partnership with 'Credit Vidya', a local firm specializing in financial counselling. We also provide an extended warranty for consumer durable and digital products, and (b) Fixed Deposits: our fixed deposits are offered across various tenures with interest at fixed rates, paid on monthly, quarterly, half yearly or annual intervals and with the option of compounding of interest over the tenure of the fixed deposit. As at March 31, 2015, our fixed deposits stood at ₹ 9,833.6 million, which constituted 4% of our borrowings.

We have an extensive pan-India distribution network. As at March 31, 2015, we had a network of 211 branches spread across 21 states and three union territories. Of our total branches, we have categorised 50 as 'Rural' branches, which disburse loans under our Rural Lending vertical, and the others are categorised as "Urban" branches. All of our Urban branches disburse loans under our Consumer Lending vertical and 85 disburse loans under our SME Lending vertical. In addition, our employees at our branches that distribute SME Lending vertical loans also distribute these loans in an additional 34 locations, giving us a total coverage of 119 locations. As at March 31, 2015, we also distributed our products through more than 7,000 consumer durable stores in Urban areas, more than 1,150 lifestyle retail stores, more than 2,650 digital product stores, more than 3,000 Bajaj Auto dealerships, sub-dealerships and authorized service centres, more than 700 direct sales agents, 182 Rural authorized sales and service centres and more than 1,500 consumer durable stores in Rural areas. In addition, we also distribute some of our products via our website.

As at March 31, 2015, we had more than 11 million customers.

As at March 31, 2015, we had 5,058 employees.

Our total AUM was ₹ 75,708.5 million, ₹ 131,070.6 million, ₹ 175,167.0 million, ₹ 240,613.6 million and ₹ 324,095.9 million as at March 31, 2011, 2012, 2013, 2014 and 2015, respectively. As at March 31, 2011, 2012, 2013, 2014 and 2015, our gross NPAs as a percentage of our gross advances were 3.81%, 1.16%, 1.09%, 1.18%, and 1.51%, respectively, and our net NPAs as a percentage of our net advances were 0.80%, 0.12%, 0.19%, 0.28%, and 0.45%, respectively.

Our Company's CRAR as at March 31, 2013, 2014 and 2015 on a standalone basis, computed on the basis of applicable RBI requirements is set forth in the table below:

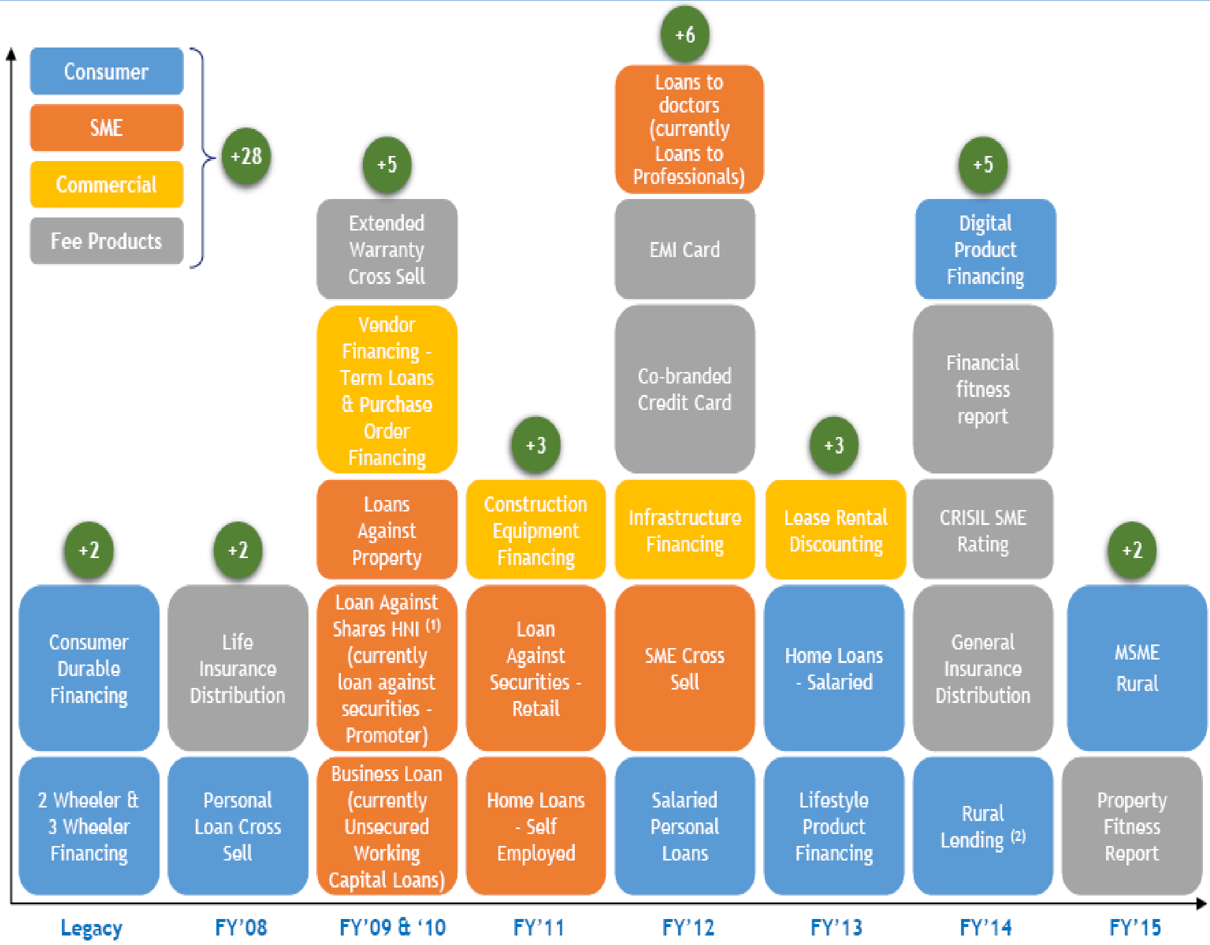
Particulars	**As at March 31,**		
	2015	**2014**	**2013**
CRAR – Tier I capital (%)	14.2	16.2	18.7
CRAR – Tier II capital (%)	3.8	3.0	3.3
Total CRAR (%)	18.0	19.2	22.0

For the years ended March 31, 2011, 2012, 2013, 2014 and 2015, our total revenue was ₹ 14,061.3 million, ₹ 21,719.1 million, ₹ 31,113.7 million, ₹ 40,733.3 million and ₹ 54,182.8 million, respectively, and our profit for the year was ₹ 2,469.6 million, ₹ 4,064.4 million, ₹ 5,913.1 million, ₹ 7,190.1 million and ₹ 8,978.8 million, respectively.

Company History and Structure

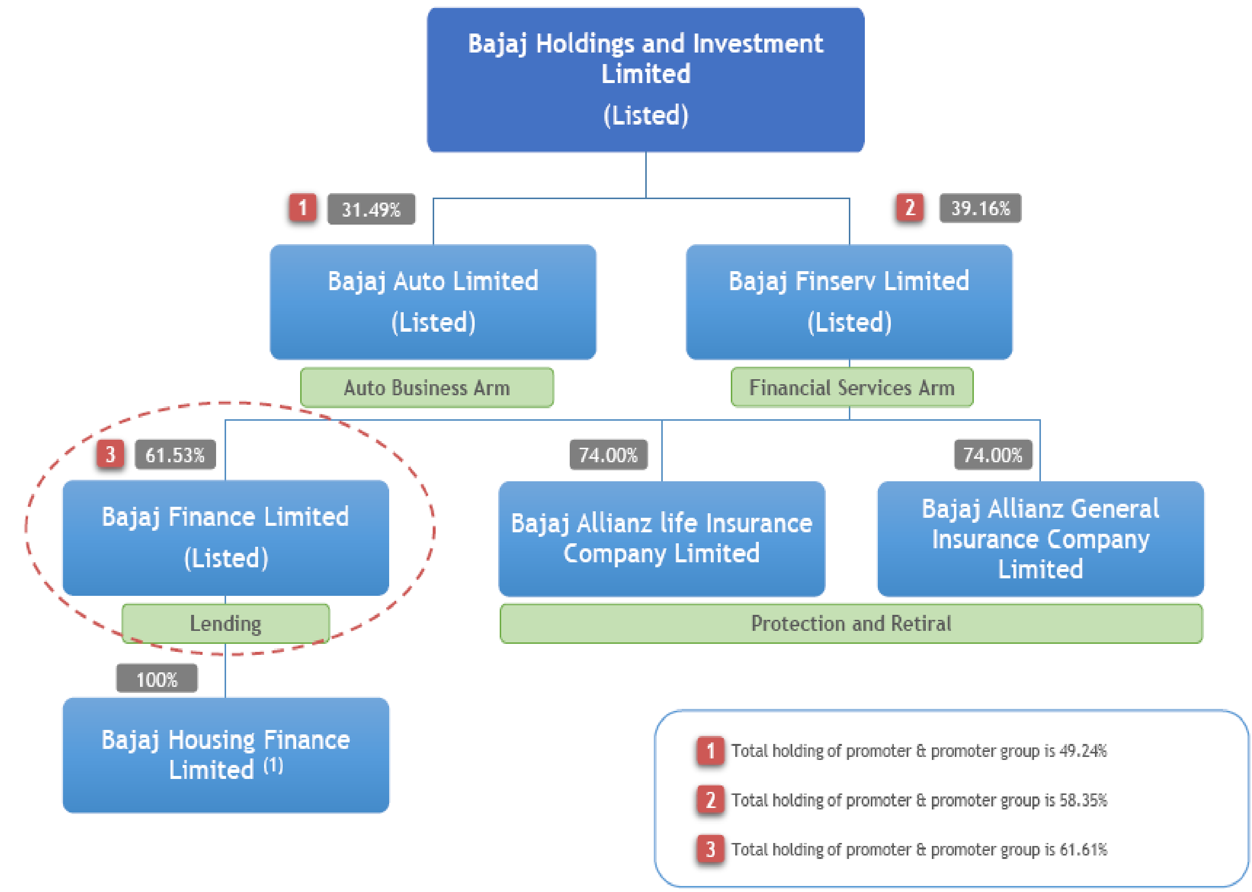
Our Company was incorporated on March 25, 1987 as Bajaj Auto Finance Private Limited. It became a deemed public limited company by virtue of section 43A of the Companies Act, 1956 and thereafter was converted into a public limited company with effect from September 24, 1988. Consequent to the RBI making it mandatory in the financial year 1997 for NBFCs to obtain a certificate of registration to carry on their business, our Company obtained a NBFC license from the RBI in the financial year 1998. The name of our Company was changed to Bajaj Finance Limited with effect from September 6, 2010.

Our Company was originally set up to provide financing for the purchase of two-wheelers and three-wheelers manufactured by Bajaj Auto. In the financial year 1999, we commenced the business of financing consumer durables. Between the financial year 2007 to the financial year 2010, we further diversified our product offerings and transformed ourselves to a multi-product retail financing NBFC. Over the past few years, we have substantially diversified our portfolio from financing two-wheelers and three-wheelers, with 10.3% of our AUM in the two-wheeler and three-wheeler finance business as at March 31, 2015. Set forth below is a chart providing a brief overview of our product launch journey:



The Equity Shares were listed on the BSE on June 7, 1994 and on the NSE on April 1, 2003.

Our Company is a direct subsidiary of Bajaj Finserv Limited, a company listed on the BSE and NSE, and an indirect subsidiary of Bajaj Holdings and Investment Limited, which is also listed on the BSE and NSE. Bajaj Finserv Limited is the holding company for the financial services businesses of the Bajaj group. It was formed in the financial year 2007 as a result of a demerger of Bajaj Auto Limited to enable it to independently run the core businesses of lending, insurance and wealth advisory. Set forth below is a chart showing the Bajaj group structure as at March 31, 2015:



Above shareholding is as of March 31, 2015

Note: 1. W.e.f Nov 2014. It has a 100% subsidiary named Bajaj Financial Securities Limited which does not have any operations

Our Strengths

We believe that the following strengths position us well for continued growth:

The 'Bajaj' brand

The Bajaj group was founded in 1926. We believe that the "Bajaj" name is widely known and respected throughout India, and that being a part of the "Bajaj" conglomerate of businesses has significantly contributed to the recognition and growth of our business. We have consolidated our identity with that of our direct parent, Bajaj Finserv Limited, under a single brand name – "Bajaj Finserv".

Diversified lending model

We are a 'one stop' diversified NBFC-D offering a wide range of financial products through our four lending verticals: Consumer Lending; SME Lending; Commercial Lending; and Rural Lending. Within each of these verticals, we have developed a wide array of products catering to the requirements of a diverse range of target customers, including both individuals and corporates. We have a profitable mix of lending and distribution of fee based products, and emphasize cross-sell of our products to existing customers. We have a mix of secured and unsecured assets. As at March 31, 2015, our Consumer Lending vertical, SME Lending vertical, Commercial Lending vertical and Rural Lending vertical constituted 41%, 53%, 5% and 1%, of our total AUM, respectively.

Robust financial performance

We have continued to deliver strong financial performance year after year, as demonstrated by the below financial indicators:

- Our total AUM was ₹ 75,708.5 million, ₹ 131,070.6 million, ₹ 175,167.0 million, ₹240,613.6 million and ₹ 324,095.9 million as at March 31, 2011, 2012, 2013, 2014 and 2015, respectively, representing a CAGR of 44% from March 31, 2011 to March 31, 2015.

- For the years ended March 31, 2011, 2012, 2013, 2014 and 2015, our net interest income (total revenue less finance costs) was ₹ 10,351.2 million, ₹ 14,257.3 million, ₹ 19,056.9 million, ₹ 25,000.9 million and ₹ 31,700.1 million, respectively, representing a CAGR of 32% from financial year 2011 to financial year 2015.

- For the years ended March 31, 2011, 2012, 2013, 2014 and 2015 our profit for the year was ₹ 2,469.6 million, ₹ 4,064.4 million, ₹ 5,913.1 million, ₹ 7,190.1 million and ₹ 8,978.8 million, respectively, representing a CAGR of 38% from financial year 2011 to financial year 2015.

- Our basic earnings per share for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was ₹ 67.5, ₹ 110.8, ₹ 135.7, ₹ 144.8 and ₹ 179.9, respectively, representing a CAGR of 28% from the financial year 2011 to the financial year 2015.

- Our ROAE (also referred as return on average equity) for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 19.7%, 24.0%, 21.9%, 19.5%, 20.4%, respectively.

- Our ROAA (return on average receivables under financing activity) for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 4.4%, 4.2%, 4.1%, 3.6%, 3.3%, respectively.

- Our book value per share as at March 31, 2011, 2012, 2013, 2014 and 2015 was ₹ 370.8, ₹ 492.2, ₹ 676.4, ₹ 802.2 and ₹ 959.9, respectively, representing a CAGR of 27% from March 31, 2011 to March 31, 2015.

- Our dividend percentage for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 100%, 120%, 150%, 160%, and 180%, respectively.

- Our cost to income ratio for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 was 44.5%, 46.9%, 44.7%, 46.0% and 45.1%, respectively.

Strong credit evaluation and risk management systems leading to relatively low NPAs

All of our principle risks are assessed, identified and monitored through a team that is currently headed by our Managing Director. We have invested considerable time and efforts in developing customized credit assessment and operations processes. We have a contemporary loan origination system, strict monitoring framework and systems to ensure high standards of on-boarding, credit quality and portfolio performance. We have implemented sophisticated analytics and automated credit scoring solutions for credit evaluation.

Our Company exceeds the minimum norms and standards laid down by the RBI relating to the provisioning of delinquent loans. We create a general provision of 0.40% in respect of all standard assets except for Loan against property, where we create a general provision of 0.50%. Our Company's general provisioning policy exceeded the RBI's stipulated general provision of 0.25% for the financial years 2014 and 2015. The RBI’s general provisioning requirement will be increased in a phased manner to 0.40% by the financial year 2018. We also make provisions for delinquent receivables which are not yet classified as NPAs. For further details, see “Management Discussion & Analysis of Financial Condition – Critical Accounting Policies – Provisions” on page 83.

As at March 31, 2011, 2012, 2013, 2014 and 2015, our gross NPAs as a percentage of our gross advances were 3.81%, 1.16%, 1.09%, 1.18%, and 1.51%, respectively, and our net NPAs as a percentage of our net advances were 0.80%, 0.12%, 0.19%, 0.28%, and 0.45%, respectively. Our NPA provisioning coverage as at March 31, 2011, 2012, 2013, 2014 and 2015 was 79%, 89%, 83%, 76%, and 71%, respectively. We believe that our credit and risk management policies have helped us maintain relatively low NPA levels.

Experienced senior management coupled with a deep management structure

Our senior management comprises over 30 persons as at March 31, 2015, having vast experience in the banking, financial services and insurance sector. Each of our business verticals is supported by a team of dedicated professionals, many of whom have previously worked at renowned financial institutions in India and abroad. We believe our senior management team helps us implement policies and processes to ensure healthy credit quality and high standards of work ethics and that our current management structure allows scalability.

Pan-India distribution network

We have an extensive pan-India distribution network. As at March 31, 2015, we had a network of 211 branches spread across 21 states and three union territories. Of our total branches, we have categorised 50 as 'Rural' branches, which disburse loans under our Rural Lending vertical, and the others are categorised as "Urban" branches. All of our Urban branches disburse loans under our Consumer Lending vertical and 85 disburse loans under our SME Lending vertical. In addition, our employees at our branches that distribute SME Lending vertical loans also distribute these loans in an additional 34 locations, giving us a total coverage of 119 locations. As at March 31, 2015, we also distributed our products through more than 7,000 consumer durable stores in Urban areas, more than 1,150 lifestyle retail stores, more than 2,650 digital product stores, more than 3,000 Bajaj Auto dealerships, sub-dealerships and authorized service centres, more than 700 direct sales agents, 182 Rural authorized sales and service centres and more than 1,500 consumer durable stores in Rural areas. In addition, we also distribute some of our products via our website.

Effective use of technology

We have a customized platform for loan origination and credit underwriting, which allows our credit officers to generate scorecards to judge the creditworthiness of an individual. The platform generates scorecards after considering all factors including an individual's internal credit rating, external credit rating (CIBIL), salary details and other asset details. With the help of this platform, our credit officers are provided the data to approve/reject a loan within minutes. This platform is also linked to a de-duplication system, which provides access to a customer's credit history and record.

We also have a data analytics platform, which analyzes customer information and helps us in originating new loan products and cross-selling our current loan products.

We believe that our customer service initiatives coupled with the effective use of technology has helped us enhance our recognition and secure both new and repeat business in our lending operations. Our customized web portal acts as a complete self-service tool, which allows our customers to view all their loan details and related statements. The web portal provides facilities such as part-prepayment, foreclosure and payment of overdue instalments using internet banking.

Strong credit ratings

Our strong credit ratings enable us to borrow funds at highly competitive rates. Our current credit ratings are summarized below:

Particulars	**CRISIL Rating**	**ICRA Rating**
Fixed Deposits	FAAA/Stable	MAAA/Stable
Short term debt programme	A1+	A1+
Long term non-convertible debenture programme	AA+/Stable	AA+(Stable)
Lower tier II bonds	AA+/Stable	AA+(Stable)
Cash credit/working capital demand loan	AA+/Stable	N/A
Long term bank facilities	AA+/Stable	N/A
Short term bank facilities	A1+	N/A

Ratings of "FAAA/Stable" and "MAAA/Stable", indicate the highest degree of safety with regard to timely payment of interest and principal. Ratings of "CRISIL AA+/Stable" and "ICRA AA+ (Stable)" indicate a high degree of safety with regards to timely payment of interest and principal. Ratings of "CRISIL A1+" and "ICRA A1+" indicate an adequate degree of safety with regard to timely payment of interest and principal.

Ability to attract and retain talented employees

Our ability to attract and retain talent is demonstrated by the "best employer" awards we have received in the past few years. For example, in the financial year 2014 and the financial year 2015, we were ranked among the top two employers in the banking and financial services segment by 'Great Places to Work', which is a global research, consulting and training firm that identifies, creates and sustains great workplaces by developing high-trust workplace cultures. We were also the only company in the banking and financial services segment to be recognized by AON Hewitt in its ranking of the top 11 employers in India.

Our Strategies

Focus on profitable growth and deliver a sustainable ROA and ROE in the medium term

As at March 31, 2015, our Consumer Lending AUM was ₹ 132,022.8 million, which represented 41% of our total AUM. Our Consumer Lending AUM grew at a CAGR of 37% from March 31, 2013 to March 31, 2015. Our SME Lending AUM as at March 31, 2015 was ₹ 171,351.8 million, which represented 53% of our total AUM. Our SME Lending AUM grew at a CAGR of 42% from March 31, 2013 to March 31, 2015. We believe that these two verticals will continue to present growth opportunities for us.

CRISIL Research expects that in the financial year 2016, growth in two-wheeler loan disbursements will remain robust at around 13-15% and sales growth of two-wheelers is expected to remain healthy at 8-10%.*(Source: "Retail Finance - Auto" Report dated April 2015 by CRISIL Research)*. According to CRISIL Research, the total market size (outstanding) of consumer durable financing was around ₹360 billion in the financial year 2013. NBFCs have been dominating this space with an estimated market share of around 80 - 90% *vis-à-vis* banks. *(Source: "NBFC" Report dated February 2014 by CRISIL Research)*.

Lenders have limited their exposure to the SME sector given the risks and SMEs' limited access to immovable collateral. However, given the lesser competition due to the absence of public-sector banks, according to CRISIL Research, there are huge growth opportunities for NBFCs in the SME lending sector. *(Source: "Unsecured Small Business Loans" Report dated May 2015 by CRISIL Research)*. For the loans against property or 'LAP' market, CRISIL Research estimates lenders to have advanced almost ₹ 540 billion in LAPs in the financial year 2015, reflecting that such disbursements grew at a CAGR of 19% since the Financial Year 2012. CRISIL Research expects LAP disbursements to continue growing at a healthy pace between the financial years 2015 to 2017. *(Source: "Loan Against Property" Report dated May 2015 by CRISIL Research)*

We plan to profitably grow our AUM by increasing our penetration through our diversified and differentiated mix of products and opening new branches. We plan to open between 25 to 30 new non-Rural branches and between 10 to 15 new Rural branches by the end of financial year 2016.

We intend to expand our home loan business, through Bajaj Housing Finance, our 100% owned subsidiary. Bajaj Housing Finance has applied to the National Housing Bank for registration as a housing finance company in December 2014, but it is yet to receive its approval for registration. Offering home loans through a registered housing finance company confers certain inherent advantages such as increased leverage due to lower capital adequacy norms and lower risk weights for certain classes of loans.

We launched our Rural Lending vertical in the financial year 2014. Our Rural Lending vertical currently operates in three states, namely Maharashtra, Gujarat and Karnataka. As at March 31, 2015, our Rural Lending AUM was ₹ 3,327.7 million, which represented 1% of our total AUM. We plan to expand the number of states in which our Rural Lending vertical operates and are currently evaluating expanding into two states.

We are currently evaluating expanding our Commercial Lending vertical into new sectors.

Leverage our existing customers by cross-selling products

As at March 31, 2015, we had a customer base of more than 11 million customers. We intend to leverage these relationships by cross-selling products across different business segments to credit-worthy customers with timely repayment track records. We have developed a data analytics platform, which analyses customer information and helps us in originating new loan products and to cross-sell our current loan products. We intend to increase the momentum of cross-selling our fee based products to our existing customers.

To expand the cross-selling of our fee based products, we have engaged dedicated relationship managers who are assigned a pool of customers. Relationship managers are divided into two segments: those that meet customers in person; and 'video' or tele-relationship managers, who engage with the customer over the telephone or via the internet. We plan to strengthen the cross-selling our fee based products through relationship managers in our top 20 locations by the end of the financial year 2016, with a focus on targeting our largest customers in these locations.

We have also entered into tie-ups with independent financial advisors for cross-selling our products to our existing customers. Independent financial advisors are independent agents who have a set of customers to whom they offer varied investment products. We provide independent financial advisors with pre-approved products to cross-sell to our existing customers and with analytics and technology support to assist them in selling those products.

Continue to attract, train and retain talented employees

We believe a key to our success will be our ability to maintain a healthy mix of experienced and young professionals. We have been successful in building a team of talented professionals with relevant experience, including experts in credit evaluation, risk management, retail consumer products, treasury, technology and marketing. Recruitment is a key management activity and we intend to attract graduates from premier Indian business schools as well as employees with relevant experience.

Improve productivity and reduce risks through the use of technology and analytics

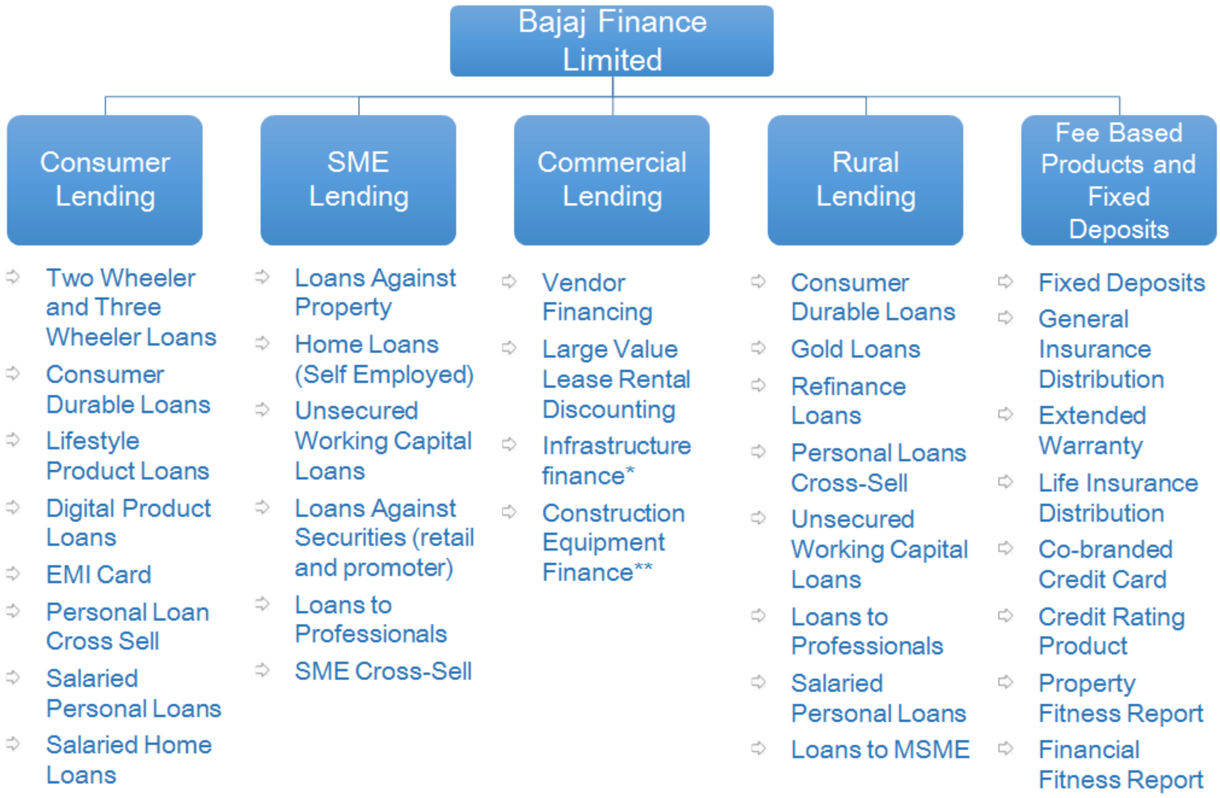
We plan to continue to improve our productivity, reduce risks and improve our customer service through the use of technology and analytics. Our Company has a 'centre of excellence in analytics' where we have developed tools for marketing analytics, pricing analytics, service analytics. risk analytics, fraud analytics and collections analytics. Through marketing and pricing analytics, we have built the ability to accurately segment our customers and to generate a pre-approved credit limit for a particular customer, assisting us in cross-selling our products, and provide personalized customer service. Analytics has also enabled us to create statistical models for assessing behavioural and fraud risk over a customer's life cycle, which further assists in lowering risk and increasing collection efficiency.

Broad base our liabilities

We plan to have a judicious mix of borrowings to achieve an optimal cost of funds while balancing liquidity and concentration risks. As at March 31, 2014, our total borrowings (long-term borrowings, short-term borrowings and current maturities of long-term borrowings) comprised 57.6% through bank borrowings, 41.3% through money market borrowings (25.5% through non-convertible debentures, 13.1% through commercial paper and 2.7% through subordinated (Tier II) redeemable non-convertible debentures), and 1.1% through fixed deposits. As at March 31, 2015, our total borrowings comprised 53.8% through bank borrowings, 42.5% through money market borrowings (33.4% through non-convertible debentures, 5.4% through commercial paper and 3.7% through subordinated (Tier II) redeemable non-convertible debentures), and 3.7% through fixed deposits. As part of our strategy to broad base our borrowings, we increased our fixed deposits from ₹ 2,107.1 million as at March 31, 2014 to ₹ 9,833.6 million as at March 31, 2015.

Our Products

Our business has five verticals, as set forth in the chart below:



** we have not sanctioned any new infrastructure finance loans since January 2012.*
***we decided to wind-up this business in the financial year 2015.*

The table below sets forth the AUM of all our loan verticals as at March 31, 2013, 2014 and 2015:

Vertical and Products	AUM as at March 31, 2015 (in ₹ million)	% of total AUM	AUM as at March 31, 2014 (in ₹ million)	% of total AUM	AUM as at March 31, 2013 (in ₹ million)	% of total AUM
Consumer Lending	132,022.8	41%	93,279.8	39%	71,437.0	41%
SME Lending	171,351.8	53%	128,506.7	53%	83,930.0	48%
Commercial Lending	17,393.6	5%	18,330.9	8%	19,800.0	11%
Rural Lending	3,327.7	1%	496.3	-	-	-
Total	**324,095.2**	**100%**	**240,613.7**	**100%**	**175,167.0**	**100%**

Set forth below is a table showing new loans disbursed by select product lines for the financial year 2015:

Products	Financial year 2015
Consumer durable loans	3,579,000
Lifestyle finance loans	80,000
Digital finance loans	293,000
Two-wheeler and three-wheeler loans	560,000
Personal loans cross-sell	169,000
Salaried personal loans	38,000
SME Lending	31,000

Rural Lending	131,000

Consumer Lending

Our Consumer Lending vertical comprises two-wheeler and three-wheeler loans, consumer durable loans, lifestyle products loans, digital products loans, EMI Cards, personal loans cross-sell, salaried personal loans and salaried home loans. The products in our Consumer Lending vertical are low ticket, high volume products.

Two-Wheeler and Three-Wheeler Loans

We provide financing for the purchase of new two-wheelers and three-wheelers manufactured by Bajaj Auto. We have been involved in two-wheeler and three-wheeler financing since the inception of our Company. These loans are originated at the dealerships, sub-dealership and authorized service centres of Bajaj Auto. As at March 31, 2015, we had arrangements with more than 3,000 Bajaj Auto dealerships, sub-dealerships, and authorized service centres for the distributorship of two-wheeler and three-wheeler loans.

Consumer Durables Loans

We finance purchase of consumer durables, which are typically television sets, air-conditioners, refrigerators, washing machine and other household electronic appliances. We began offering this product in the financial year 1999. Our consumer durable loans are originated at sales stores, including large retail format stores, modern retail stores and small retail stores. We have tie-ups with leading consumer durable manufacturers and consumer durable retailers, which gives us a strong distribution reach. As at March 31, 2015, our consumer durable loans are distributed at more than 7,000 Urban stores across India.

Lifestyle Product Loans

We provide financing for lifestyle products such as furniture, modular kitchens, fitness equipment and luxury watches. We began offering this product in May 2012. Lifestyle products loans are originated at sales stores and we have agreements with several major products retailers for financing their products at these stores. As at March 31, 2015, our lifestyle products loans are distributed at more than 1,150 empanelled stores across India.

Digital Product Loans

We offer loans for purchasing digital products such as mobile phones, laptops and other electronic devices. We began offering this product in July 2013. Digital product loans are originated at sales stores and we have agreements with major digital product manufacturers for financing their products at these stores. As at March 31, 2015, our digital product loans are distributed at more than 2,650 empanelled stores across India.

EMI Card

We offer EMI Cards to our existing customers who have a consumer durable loan, lifestyle product loan or digital product loan and who meet the eligibility criteria. In order to be issued an EMI Card, an existing customer must make an application for the card and also pay a fee. We began offering this product in the financial year 2012. The EMI Card enables existing customers to avail incremental loans based on their past repayment track record for the purchase of new consumer durables, lifestyle products, and digital products by simply swiping at select retail outlets and signing a system generated loan term sheet for such transactions without having to execute new documentation. We plan to develop this product through a focus on customer wallet expansion by expanding store and product coverage. We maintain a database for all of our EMI Card holders, which includes their respective credit histories and other requisite details for loan processing. As at March 31, 2015, over 3.5 million existing customers have been provided an EMI Card and our EMI Card is accepted at over 10,500 retail stores across India.

Personal Loans Cross-Sell

We offer personal loans to existing customers with timely repayment track records for their short and medium term requirements. We began offering this product in the financial year 2008.

Salaried Loans

We offer personal loans to salaried employees for their short and medium term requirements. We began offering this product in the financial year 2012.

Salaried Home Loans

We extend home loans to eligible customers for financing the purchase or construction of residential property. We began offering this product in the financial year 2014.

<u>Business Origination</u>

The leads for our two-wheeler and three-wheeler financing are generated at the dealership, sub dealership and authorized service centres of Bajaj Auto.

Our consumer durables loans, lifestyle products loans and digital products loans are primarily originated at sales stores, including large retail format stores, modern retail stores and small retail stores.

Our other Consumer Lending products are sourced through direct sales agents and our exclusive sales force, some of who are our employees. The direct sales agents are independent contractors, and do not work exclusively for us.

We have developed multiple channels to enable our customers to interact with us, such as an on-line interface on our website, mobile applications and call centres.

<u>Credit Underwriting and Disbursal</u>

For our two-wheeler and three-wheeler loans, once the applicant has approached our representative at the relevant Bajaj Auto dealership, sub-dealership or authorized service centre the loan application is sent to the credit manager at the nearest branch. The credit manager conducts various checks, including a credit bureau check, to assess the creditworthiness of the applicant as per our defined credit policy for this product and based on those checks, decides whether to approve or reject the loan application. If the loan is approved, the sales team collects the necessary pre-disbursal documents and repayment instruments, such as electronic clearing system ("**ECS**") mandate, direct debit mandate or post-dated cheques. One of our operations managers checks the pre-disbursal documents and processes the disbursal of the loan in the loan management system.

For our consumer durable loans, digital product loans and lifestyle loans, the sales agent at the store accepts a customer's application and then enters the customer's details into the loan origination system. On submission, the system performs various checks, including a credit bureau check, de-duplication check and provides a decision based on our credit policy for this product. If the loan is approved, the sales agent collects KYC documents and repayment instruments, such as an ECS mandate, direct debit mandate or post-dated cheques from the customer. In parallel, the sales agent authorizes the store to deliver the product by providing a delivery order and generates a disbursement memo. All these documents along with the complete loan application file is given to the operations team. An operations manager checks the loan application documents and processes the disbursal of the loan in the loan management system, due to which the store receives the payment and a customer loan account is created.

In our personal loans cross-sell business, a pre-approved offer is generated in our campaign management CRM system for an eligible customer based on his repayment track record and our credit policies. This offer is communicated to the customer through various electronic channels as well as via telephone by our call centre. Once a customer accepts the new terms and conditions of our offer, our credit officer performs a physical verification of the customer's residence or office by going there to have a personal discussion. Upon the credit officer granting his approval, the loan is disbursed in the loan management system.

We source customers for our salaried loans via multiple channels; direct selling agents; our own exclusive sales force; and through our Digital Grid' portal. Once a potential customer makes a loan application, the sales team conducts a preliminary check, compiles the necessary documents and provides them to the credit team for credit assessment. Subsequently, one of our credit officers performs a physical verification of the customer's residence or office by going there to have a personal discussion. Once the credit officer has granted his approval, the sales team collects the necessary pre-disbursal documents along with repayment instruments. The customer's complete loan application file along with necessary documents is provided to the operations team. One of our operations managers review the file and then disburse the loan in the loan management system.

Our process for disbursing salaried home loans is similar to the aforementioned process we follow for disbursal of salaried loans. Additionally, a legal and technical valuation is conducted on the customer's proposed collateral by external empanelled legal professionals and valuation agencies. While reviewing the customer's loan application, the credit manager takes into consideration the reports received from legal professionals and valuation agencies, and also visits the property himself to have a personal discussion with the customer. Once the credit officer has granted his approval, the original property documents are obtained from the customer and loan is disbursed in our loan management system. Any document that has to be obtained post disbursement is tracked by our operations team and collected within specific time frames.

If an application has been sourced online through our 'Digital Grid' portal for our Consumer Lending vertical, once a customer keys in the relevant details, an 'application score card' is generated. Based on this score card, a customer is provided a 'preliminary in principle approval' Further to this, the customer's application is vetted by our centralized team of credit underwriters, who interview the customer by telephone. Based on this interview, the customer's application is either accepted, modified or rejected. If the loan is approved, the loan application with relevant details is forwarded to the sales team at the branch located nearest to the customer. The sales team is responsible for gathering all the physical documents, which support the details provided by the customer in his/her online application. Once these documents are checked, the customer's file, complete with repayment instruments, and is handed over to the operations team. One of our operations managers reviews the file and then disburses the loan in the loan management system.

<u>Collections/Defaults</u>

We have developed a high volume collections capability. On the respective due date of the loan, the repayment instrument submitted by the customer along with the completed loan application is banked. For our two-wheeler and three-wheeler financing, we have introduced the 'Direct Cash Collection' model, which allows our customers in rural locations with limited banking history and access to pay their monthly instalments by cash. We also plan to introduce this model in Urban locations by the end of this financial year. Our loan management system records any customer defaults. Our in house collections team works with external collection agencies for collection of overdue loans in our Consumer Lending vertical. In the event of continued default, we may initiate legal proceedings as necessary.

SME Lending

Our SME Lending vertical comprises loans against property, loans to professionals, SME cross sell, unsecured working capital loans and loans against securities (retail and promoter).

Loan Against Property

We provide loans against mortgages of immovable property to eligible individual and small and medium business enterprises to enable them to meet their medium to long term funding requirements. We began offering this product in the financial year 2009 and we provide these loans to new and existing clients, with a high focus on our existing clients. We also provide lease rental discounting against property, which is a term loan offered against rental receipts derived from lease agreements with corporate tenants. We began offering this product in 2013. In 2012, we also introduced our mortgage loan product named 'Flexisaver' which allows customers to drawdown as per their requirement and to repay their loans prior to maturity without levying any pre-payment or part-pre-payment charges.

Working Capital Loans

We offer unsecured working capital loans to small business customers. We began offering this product in the financial year 2008.

Loans to Professionals

We offer unsecured working capital loans to doctors and other professionals, an offering we launched in the financial year 2012.

SME Cross-Sell

We offer our loans against property and unsecured working capital loans to existing SME customers with timely repayment track records. We began offering this product in the financial year 2012.

Loan Against Securities (Retail and Promoter)

We provide loans against marketable and liquid securities to eligible individuals and body corporates to meet their working capital requirements. We began offering loan against securities to retail customers in the financial year 2010 and we began offering loan against securities to promoters in the financial year 2008.

Home Loans (self-employed)

We provide home loans to self-employed customers for financing the purchase or construction of residential property. We began offering home loans to self-employed customers in the financial year 2011.

Business Origination

A customer is sourced via multiple channels: direct sales agents; our own exclusive sales force; and our website. The sales manager at the branch level is responsible for generating business through these channels.

Credit Underwriting and Disbursal

Once a potential customer makes a loan application, the sales team conducts a preliminary check, compiles the necessary documents and provides them to the credit team for credit assessment. Our credit managers have delegated powers for credit authorization, based on their experience and seniority, to sanction loans up to certain limits. The credit manager conducts cash flow analysis, checks credit bureau records of the customers along with other diligence checks and visits the customer's premise for a personal discussion and assessment of his/her creditworthiness. Additionally, for our loan against property, home loans and lease rental discounting against property products, a legal and technical valuation is conducted on the customer's proposed collateral by external empanelled legal professionals and valuation agencies. While reviewing the customer's loan application, the credit manager takes into consideration the reports received from legal professionals and valuation agencies, and also visits the property himself to have a personal discussion with the customer. After his analysis, the credit manager provides a final credit decision in terms of rejection or approval.

If an application has been sourced online on our 'Digital Grid' portal for an unsecured working capital loan, a SME customer keys in the relevant details of his business and an 'application score card' is generated. Based on this score card, a customer is provided a 'preliminary in-principle approval' Further to this, the customer's application is vetted by our centralized team of credit underwriters, who interview the customer by telephone. Based on this interview, the customer's application is either accepted, modified or rejected. If the loan is approved, the loan application with relevant details is forwarded to the sales team at the branch located nearest to the customer. The sales team is responsible for gathering all the physical documents, which support the details provided by the customer in his online application. Once these documents are checked, the customer's file complete with repayment instruments, is handed over to the operations team. One of our operations managers reviews the file and then disburses the loan in the loan management system.

For our SME Lending vertical, we have also developed our flow based credit underwriting process on a cloud-based platform.

Collections/Defaults

Overdue loans are handled by a dedicated and separate collection team supported by a robust collection system that facilitates the monitoring of overdue accounts by the collection team. The overdue accounts are assigned to the collection manager at the branch, who works closely with the customer to ensure repayment. In the event of continued default, we may initiate legal proceedings as necessary.

Commercial Lending

Our Commercial Lending vertical currently comprises vendor financing, large value lease rental discounting, infrastructure project loans and until recently included construction equipment financing, which we decided to wind down in the financial year 2015.

Vendor Financing

This line of business focuses on the short and medium term lending needs of vendors of large automobile manufacturers, such as Bajaj Auto. We began offering this product in the financial year 2010.

Large Value Lease Rental Discounting

We provide a term loan offered against rental receipts derived from lease agreements with corporate tenants. We began offering this product in the financial year 2013.

Infrastructure Finance

Our target customers for this product are large and mid-sized infrastructure companies engaged in the execution of infrastructure projects in sectors such as power, ports and roads. We began offering this product in 2012. Given the current challenges faced by this sector in India, we decided to tighten our credit review and focus on maintaining the quality of our portfolio. We have not approved any new infrastructure finance loans since January 2012.

Construction Equipment Financing

We used to finance purchase of construction equipment to individual, small, medium and large business enterprises and also used to provide construction equipment backed lending to small, mid and strategic contractors engaged in businesses that are incidental to the infrastructure business, predominantly in the roads, irrigation and mining sectors. We began offering this product in the financial year 2011 but due to the challenges faced by this sector in India, we decided to wind down our construction equipment finance business in the financial year 2015. Consequently, our exposure to construction equipment finance loans reduced from ₹ 4,475.1 million as at March 31, 2014 to ₹ 1,745.57 million as at March 31, 2015.

Business Origination

The leads for our Commercial Lending vertical are generated through our dedicated team of relationship managers. They identify potential customers via industry and market research based on criteria such as sales turnover, profitability and external credit ratings. Potential customers are also sourced through direct referrals.

Credit Underwriting and Disbursal

A potential customer is contacted by a relationship manager, who discusses the customer's business in depth, assesses their borrowing requirements and performs site visits. Based on this assessment, the relationship manager prepares a 'credit approval memo', which is submitted to the credit team based in the corporate office. The credit team reviews the memo, and after performing their assessment, make the necessary changes to it and either recommends the memo for approval or rejects the loan. Upon approval of the loan, the relationship manager collects the necessary documentation, along with pre-disbursal documents and repayment instruments. The credit team verifies these documents and authorizes the disbursal of the loan to the customer. Operations managers review the file and then disburse the loan in the loan management system.

For large value lease rental discounting, the loan amount is calculated based on the assessment of the underlying lease rentals, which are escrowed to our Company. We assess factors such as the credibility of the lessee, location, usage and history of leased premises, lock-in periods and escalation clauses in the lease agreement, rental yield and investments made by the lessee in the leased premises. The leased premises are mortgaged to us to secure the loan at a loan to value ratio, which is typically capped at 55%. As a part of our internal policy we don't offer loans against properties used for manufacturing activities, warehouses and properties located in commercial complexes.

Collections/Defaults

The monitoring of our Commercial Lending accounts is managed by the relationship managers, each of whom is assigned a pool of accounts to monitor. The relationship managers are assisted by the credit team, which provides them information such as external credit ratings, industry updates, review of quarterly financial results for listed companies and other publicly available data about their customers on a regular basis. We have a robust account monitoring mechanism, and the relationship manager works closely with a customer to realize overdue payments. In the event of continued default, the relevant account is transferred to our legal team, which may initiate legal proceedings as necessary.

Rural Lending

Our Rural Lending vertical comprises consumer durable loans, gold loans, refinance loans, salaried personal loans, personal loans cross sell to existing customers, unsecured working capital loans to professionals and unsecured working capital loans to MSMEs. We launched our Rural Lending vertical in July 2013, and added the product of loans to MSMEs, in March 2015. We currently provide Rural Lending in three states, namely Maharashtra, Gujarat and Karnataka. As at March 31, 2015, our Rural Lending AUM was ₹ 3,327.7 million, which represented 1% of our total AUM.

<u>Business Origination</u>

We source customers for our Rural Lending vertical through multiple channels such as our branches, authorized sales and service centres, our call centre, and direct sales agents. Consumer durable loans are originated at sales stores in Rural areas.

<u>Credit Underwriting and Disbursal</u>

For our consumer durable loans, the sales agent at the store accepts a customer's application and then enters the customer's details into the loan origination system. On submission, the system performs various checks, including a credit bureau check, de-duplication check and provides a decision based on our credit policy for this product. If the loan is approved, the sales agent collects KYC documents and repayment instruments, such as an ECS mandate, direct debit mandate or post-dated cheques from the customer. In parallel, the sales agent authorizes the store to deliver the product by providing a delivery order and generates a disbursement memo. All these documents along with the complete loan application file is given to the operations team. An operations manager checks the loan application documents and processes the disbursal of the loan in the loan management system, due to which the store receives the payment and a customer loan account is created.

For gold loans, the credit manager and branch manager, who are skilled in evaluating gold jewellery, perform a valuation and confirm the maximum loan amount which the customer can avail. The loan to value ratio for gold loans is set based on the prevailing RBI norms. Once the customer has executed the relevant documentation, the loan is disbursed in the loan management system. For personal loans cross-sell, a pre-approved offer is generated in our campaign management Customer Relationship Management (CRM) system for an eligible customer based on his repayment track record. All eligible customers are segmented in a particular risk band by our internal system, and an appropriate loan amount is determined. This amount offered to the customer through our call centre and local field team. Upon the customer's acceptance, our credit officer performs a due diligence check, and if he grants his approval, the loan is disbursed in the loan management system.

For professional loans and salaried loans and other products under this vertical, a potential customer makes a loan application with required documents to the sales team, which conducts preliminary credit checks and submits the documents to the local branch team for credit assessment. Subsequently, verifications are conducted by external agencies and the credit officer has a personal discussion with the potential customer at his office. Once the credit officer has granted his approval, the sales team collects the necessary pre-disbursal documents along with repayment instruments. The customer's complete loan application file along with necessary documents is provided to the operations team. One of our operations managers review the file and then disburse the loan in the loan management system.

<u>Collections/Defaults</u>

We have developed a high volume collections capability. Once the loan amount is due, the repayment instrument submitted by the customer along with the completed loan application is banked. For customers with limited banking access, we have introduced the 'Direct Cash Collection' model, which allows our customers in Rural locations to pay their monthly instalments by cash. Our loan management system records any customer defaults. Our in house collections team works with external collection agencies for collection of overdue loans. In the event of continued default, we may initiate legal proceedings as necessary.

Fee Based Products

We have a tie up with Bajaj Allianz General Insurance Company Limited to distribute its general insurance products such as health, property insurance, and extended warranty insurance for consumer durables. We have a tie up with Bajaj Allianz Life Insurance Company Limited as a corporate agent to distribute its life insurance products. We began distributing general insurance products in 2014 and life insurance products in 2008. We began distributing extended warranty insurance for consumer durables in the financial year 2009.

We offer a co-branded credit card with Standard Chartered Bank, which we began offering in the financial year 2012. In January 2015, we began offering ‘Property Fitness Reports’, which provides various insights into the property against which, a loan is being disbursed. We sell ‘Financial Fitness Reports’ to our salaried and SME customers. These are customized credit reports, providing an assessment of the customer’s credit score from CIBIL as well as an analysis of key financial parameters (for example, fixed obligations to income ratios for salaried customers and cash conversion cycles and leverage for SME customers). Financial Fitness Reports are sold at loan origination as well as through Experia, our online customer portal. We have a partnership with Credit Vidya, a local firm specializing in financial counselling, for providing Financial Fitness Reports. We began offering this product in July 2014.

We also offer our SME rating product (in partnership with CRISIL), which we began offering in 2014.

Fixed Deposits

Our fixed deposits are offered across various tenures with interest at fixed rates paid on a monthly, quarterly, half yearly annual intervals and compounding of interest over the tenure of the fixed deposit. This provides customers with the flexibility of placing deposits in tenures of their choice and receiving interest according to their fund requirement. Pre-mature withdrawals are permitted in accordance with applicable terms and conditions. Tenures range from one year to five years. Our Fixed Deposits have been assigned a FAAA (Stable) rating by CRISIL and MAAA (Stable) Rating by ICRA. Our total Fixed Deposits as at March 31, 2013, 2014 and 2015 were ₹ 5.9 million, ₹2,107.0 million and ₹ 9,833.6 million, respectively, which constituted 0.004%,1% and 4% of our borrowings, respectively.

Distribution Network

Set forth below is a table showing our distribution network as at March 31, 2015.

Particulars	**As at March 31, 2015**
Number of Urban branches	161
Consumer durable stores in Urban areas	More than 7,000
Lifestyle product stores	More than 1,150
Digital product stores	More than 2,650
Bajaj Auto dealerships, sub-dealerships and authorized service centres	More than 3,000
Direct sales agents	More than 700
Rural branches	50
Rural authorized sales and service centres	182
Consumer durable stores in Rural areas	More than 1,500

Set forth below is a map of India that depicts our branch network as at March 31, 2015:

Marketing

We rely on direct customer contact and referrals for the marketing of our products. In addition, we place advertisements for our products on the internet as well as in reputable publications. In the financial year 2014, we launched an integrated television, print and digital brand campaign. As an integral part of this campaign, we have consolidated our identity with that of our direct parent company, Bajaj Finserv Limited, under a single brand name – Bajaj Finserv. The previous Bajaj Finserv lending logo has been replaced by a new Bajaj Finserv logo in all communication.

Customer Service

As part of our customer service initiatives, we maintain five primary channels for service delivery:

- *Call centre*: Our call centre helps resolve customer complaints in real time. We also track and monitor our call flow pattern and performance.

- *Web portal*: Our customized web portal acts as a complete self-service tool and allows a customer to view all his loan details and related statements. The web portal includes facilities such as foreclosure, part prepayment and payment of overdue instalments using internet banking.

- *E-mail*: Customers can also contact us through a dedicated email channel.

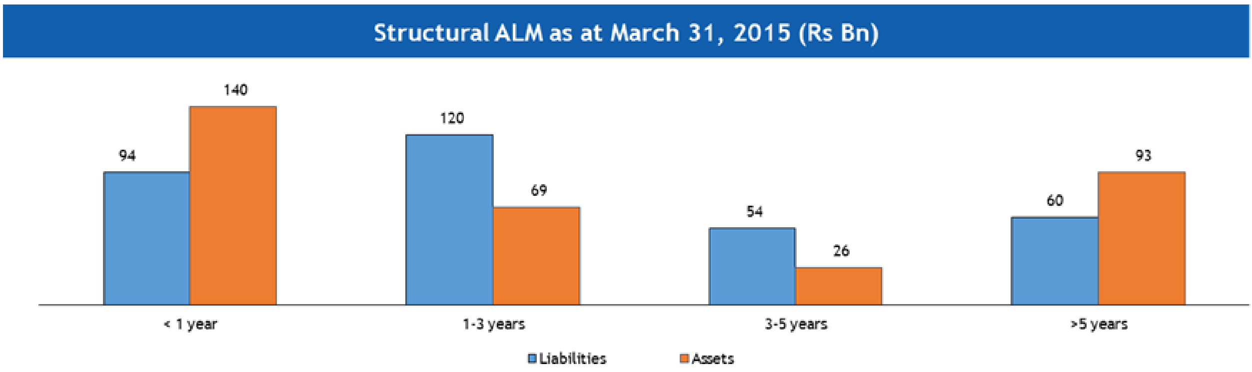
- *Bi-directional SMS and interactive voice recorder*: Customers can send SMS or contact us through our interactive voice recorder for routine queries.

- *Customer service executives*: Each of our branches has a customer service executive to handle walk-in customers.

Treasury Operations and Funding

Our treasury operations are mainly focused on raising funds for meeting our funding requirements and managing short term surpluses. Our funding requirements are sourced through loans and by the issue of debentures to banks, financial institutions, mutual funds and insurance companies. We also issue commercial paper and raise unsecured debentures by way of subordinated debt instruments. We have further diversified our borrowing portfolio and also source funds through fixed deposits.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirement for asset liability management. We have an asset liability management committee, which is responsible for formulation of asset management strategy and policies and to ensure there are no concentrations on either side of the balance sheet. The committee reviews asset liability mismatches based on RBI required time frames and takes corrective measures wherever warranted. The following chart sets forth the maturity pattern of the Company's liabilities and assets as at March 31, 2015 on a standalone basis:



Credit Risk Management

We have a comprehensive credit policy that outlines our broad credit framework. Detailed credit standards for each business are provided in the relevant product programme documents. While assessing the credit risk of a customer, parameters such as income, work experience and credit history are considered. For loans against property and home loans, our credit manager also performs a site visit on the property being offered as collateral for the loan.

We underwrite loans on the basis of LTV norms and assessed cash flow capabilities of customers. We lay emphasis on regular credit bureau inputs, detailed credit analysis processes, reference checks and past credit behaviour, among other factors, based on the products.

We have also implemented a management information system to monitor portfolios on a regular basis. We continuously align our credit policies at regular intervals and work closely with credit bureaus to help ensure optimum credit quality.

Operations Risk Management

To minimize operational risk, we have created 'maker-checker' processes for critical controls. Detailed process manuals have been compiled with service level agreements for document processing and handling. We have established systems that automate loan approval and management. We have an in-house internal audit team, which conducts periodic audits for all the business and functions of the Company.

Technology

We have invested in technology to facilitate efficiency and ensure seamless business growth. We believe our advanced IT systems result in better customer experiences due to reduced turnaround time and minimal operational risks and human errors.

We have a customized platform for loan origination and credit underwriting, which allows our credit officers to generate scorecards to judge the creditworthiness of an individual. The platform generates scorecards after considering all factors including an individual's internal credit rating, external credit rating (CIBIL), salary details and other asset details. With the help of this platform, our credit officers are provided the data to approve/reject a loan within minutes. This platform is also linked to a de-duplication system, which provides access to a customer's credit history and record.

For disbursement of loans, we use a commercially available customer acquisition system, which we have customized to enable disbursement of loans in three steps. We also use proprietary software to streamline our loan collection and loan management systems.

Our modern system and efficient IT architecture have created a platform for efficient business growth.

We have also invested in a campaign management tool, which is rule based and supports automated workflow solution for campaign generation, roll out and tracking.

In line with our customer centric approach, we have introduced internet and mobile based 'digital self-service models' and cloud computing based 'anytime, anywhere' solutions to enhance customer service.

Outsourcing

We outsource some of our operations to various third parties, including back office operations to Tata Consultancy Services Limited, document storage to PN Writer & Company Private Limited, IT maintenance to Wipro and collection of overdue amounts to various third parties.

Our Company's Subsidiaries

We intend to expand our home loan business through Bajaj Housing Finance, our 100% owned subsidiary. Bajaj Housing Finance applied to the National Housing Bank for registration as a housing finance company in December 2014, but it is yet to receive its approval for registration. Offering home loans through a registered housing finance company confers certain inherent advantages, such as increased leverage due to lower capital adequacy norms and lower risk weights for certain classes of loans. We acquired Bajaj Housing Finance from our parent Bajaj Finserv Limited on November 1, 2014, under the name of 'Bajaj Financial Solutions Limited', the name being subsequently changed to Bajaj Housing Finance Limited.

Bajaj Housing Finance has a wholly owned subsidiary, Bajaj Financial Securities Ltd. ("**Bajaj Financial**"). Bajaj Financial was incorporated with the main object of undertaking a stock/share broking business and to act as a Depository Participant within the provisions of Securities and Exchange Board of India Act, 1992 and relevant rules and regulations. However, Bajaj Financial is currently not operational.

Insurance

We maintain a number of insurance policies to cover the different risks involved in the operation of our business. We maintain a directors' and officers' liability policy to cover certain liabilities that may be imposed on our directors and officers. For collections, we have Fidelity Insurance and Insurance for Money in Transit. We also maintain insurance policies covering Electronic Equipment, Burglary, Standard Fire and Special Peril and Machinery Breakdown.

Intellectual Property

We have entered into a license agreement dated December 23, 2011 and a supplementary license agreement dated September 26, 2012 with our Promoter, pursuant to which we have been granted a license to use the following logos (collectively, the "**Logos**") for our business activities:

Trademark	Application No.	Image
Bajaj Finserv	1827471	BAJAJ FINSERV (Word)
B (Logo)	1959566	
B (Logo) Bajaj Finserv	1992359	BAJAJ FINSERV
B (Logo) Bajaj Finserv Lending	1992364	BAJAJ FINSERV LENDING
B (Logo)	1992369	INFRASTRUCTURE FINANCE

Under the terms of the license agreement and supplementary license agreement, we pay our Promoter an annual license fee of ₹ 101 for the use of each Logo. Currently, no royalty fees are payable to our Promoter. The license agreements are valid until September 15, 2016. Additionally, we have applied for the below trademarks, which are pending approval:

Sr. No.	Trademark	Date of Application	Status
1.	EXPERIA ONLINE ACCESS	December 20, 2012	Pending
2.	INTERNATIONAL REDEMPTION OPTIONS	December 20, 2012	Pending
3.	₹ GOLD MONEY MANAGER ACCOUNT	December 20, 2012	Pending
4.	FREE 0% INTEREST EMI CARD	December 20, 2012	Pending
5.	DOORSTEP SERVICE	December 20, 2012	Pending
6.	BONUS REWARDS AT 1000 OUTLETS	December 20, 2012	Pending
7.	50 REWARD POINTS ON UTILITY PAYMENTS	December 20, 2012	Pending
8.	FLEXISAVER	December 12, 2011	Pending
9.	Flexisaver	December 12, 2011	Pending
10.	Digital GRID	September 14, 2012	Pending

Human Resources

As at March 31, 2015, we had 5,058 employees on a consolidated basis.

We have adopted the approach of building a culture of learning and execution. Our performance appraisal system helps to analyse the qualitative aspects of our business and managerial dimensions of our employees. To motivate our employees further, we have Employees' Stock Option Schemes for selected employees.

For two consecutive years, the financial year 2014 and the financial year 2015, we were ranked among the top two employers in the banking and financial services segment by 'Great Places to Work', which is a global research, consulting and training firm that identifies, creates and sustains great workplaces by developing high-trust workplace cultures. We were also the only company in the banking and financial services segment to be recognized by AON Hewitt in its ranking of the top 11 employers in India.

Competition

We face competition in all our lines of business. Some of our competitors may have greater financial, technical, marketing and other resources than those available to us. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks.

Property

We have an arrangement by way of a memorandum of understanding dated April 27, 2015 ("**MoU**") with Bajaj Auto Limited, among others, for use of premises situated at Akurdi, Pune 411 035, Maharashtra, India, which is our registered office. This MoU will be valid for the year 2015-16, unless superceded or amended by another such memorandum. We own our corporate office located at 4th Floor, Bajaj Finserv Corporate Office off Pune-Ahmednagar Road, Viman Nagar, Pune 411 014. We also own approximately another one and a half floors in this building. As at March 31, 2015, we had 211 branches, 10 of which we owned and 201 of which we leased.

REGULATION AND POLICIES

The following description is a summary of the important laws, regulations and policies that are applicable to our business. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

In addition to the regulations and policies already specified in this Placement Document, taxation statutes such as the Information Technology Act 2000, various labour laws, environmental laws and other miscellaneous laws apply to us as they do to any other Indian company.

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. Since the term 'principal business' has not been defined in law, the RBI has clarified through a press release (Ref. No. 1998-99/ 1269) in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinating factor for principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (CoR). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund from ₹ 2.50 million to ` 20 million for the NBFC which commences business on or after April 21, 1999. Further, every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 30th of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR.

1. Regulation of NBFCs registered with the RBI

NBFCs are primarily governed by the RBI Act, 1934 ("**RBI Act**"), the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, ("**Prudential Norms**"), and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, ("**Public Deposit Directions**"). In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

2. Types of NBFCs

NBFCs are categorized (a) in terms of types of liabilities into deposit taking NBFCs (NBFCs accepting public deposits or NBFCs-D),and NBFCs not accepting public deposits or NBFCs-NDs, (b) NBFCs-ND by their size into systemically important and other non-deposit taking companies and (c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (a) asset finance companies, (b) investment companies, (c) loan companies, (d) infrastructure finance companies, (e) systemically important core investment companies, (f) infrastructure debt fund, (g) NBFC - micro finance institutions, and (h) NBFC – factors.

NBFCs-D are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms (including restrictions on exposure to investments in land, building and unquoted shares).

3. Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinctions are:

(i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and
(ii) NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

4. Regulatory Requirements of an NBFC under the RBI Act

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 20,000,000. For this purpose, the RBI Act has defined "net owned fund" to mean:

(a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance company, after deducting:

  (i) accumulated balance of losses,
  (ii) deferred revenue expenditure and
  (iii) other intangible assets; and

(b) further reduced by the amounts representing,

  (i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs, and
  (ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group,

to the extent such amount exceeds 10% of (a) above.

Capital Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

5. Deposit Accepting NBFC Directions

The RBI has issued the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended ("**Deposit Accepting NBFC Directions**"), which contain detailed directions on prudential norms for an NBFC-D. The Deposit Accepting NBFC Directions, amongst other requirements prescribe guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, and concentration of credit/investment.

Asset Classification

The Deposit Accepting NBFC Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- (i) Standard assets;
- (ii) Sub-standard assets;
- (iii) Doubtful assets; and
- (iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such up-gradation.

At present, an asset is classified as NPA when it has remained overdue for a period of six months or more for loans; and overdue for twelve months or more in case of lease rental and hire purchase instalments. However, pursuant to a RBI notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', the asset classification norms for NBFCs-D are being revised, in a phased manner, as given below.

Lease Rental and Hire-Purchase Assets shall become NPA:

- (i) if they become overdue for 9 months (currently 12 months) for the financial year ending March 31, 2016;
- (ii) if overdue for 6 months for the financial year ending March 31, 2017; and
- (iii) if overdue for 3 months for the financial year ending March 31, 2018 and thereafter.

Assets other than Lease Rental and Hire-Purchase Assets shall become NPA:

- (i) if they become overdue for 5 months for the financial year ending March 31, 2016;
- (ii) if overdue for 4 months for the financial year ending March 31, 2017; and
- (iii) if overdue for 3 months for the financial year ending March 31, 2018 and thereafter.

For all loan and hire-purchase and lease assets, sub-standard asset would mean:

- (i) an asset that has been classified as NPA for a period not exceeding 16 months (currently 18 months) for the financial year ending March 31, 2016;
- (ii) an asset that has been classified as NPA for a period not exceeding 14 months for the financial year ending March 31, 2017; and
- (iii) an asset that has been classified as NPA for a period not exceeding 12 months for the financial year ending March 31, 2018 and thereafter.

For all loan and hire-purchase and lease assets, doubtful asset would mean:

- (i) an asset that has remained sub-standard for a period exceeding 16 months (currently 18 months) for the financial year ending March 31, 2016;
- (ii) an asset that has remained sub-standard for a period exceeding 14 months for the financial year ending March 31, 2017; and
- (iii) an asset that has remained sub-standard for a period exceeding 12 months for the financial year ending March 31, 2018 and thereafter.

For the existing loans, a one-time adjustment of the repayment schedule, which shall not amount to restructuring will, however, be permitted.

Provisioning Requirements

An NBFC-D, after taking into account the time lag between an account becoming non performing, its recognition, as such, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Deposit Accepting NBFC Directions. At present, every NBFC is required to make a provision for standard assets at 0.25% of the outstanding, however, pursuant to a RBI notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', the provision for standard assets for for NBFCs-D, has been increased to 0.40%. The compliance to the revised norm will be phased in as given below:

- 0.30% by the end of March 2016.
- 0.35% by the end of March 2017.
- 0.40% by the end of March 2018.

Capital Adequacy Norms

In terms of the Deposit Accepting NBFC Directions, every NBFC-D shall maintain a minimum capital ratio consisting of Tier I capital and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is require to be maintained. The total of the Tier II capital of NBFC-D shall not exceed 100% of the Tier I capital. Further, pursuant to a RBI notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', all NBFCs-D are required to maintain Tier I capital of 10%, which will be phased in, as follows:

- 8.5% by end of March 2016.
- 10% by end of March 2017.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs ("**ALM Guidelines**") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2014. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹ 1,000 million, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ` 200 million or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Fair Practices Code

On September 28, 2006 the RBI prescribed broad guidelines towards a fair practices code that was required to be framed and approved by the board of directors of all NBFCs. On July 1, 2014 the RBI issued a Master Circular on fair practices and has required that the Fair Practices Code of each NBFC is to, be published and disseminated on its website. Among others, the code prescribes the following requirements, to be adhered to by NBFCs:

(i) Inclusion of necessary information affecting the interest of the borrower in the loan application form.
(ii) Devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications are to be disposed.
(iii) Conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of such terms should be kept on record by the NBFC.
(iv) Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.
(v) Refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement.
(vi) Not resorting to undue harassment in the matter of recovery of loans.
(vii) Lay down an appropriate grievance redressal mechanism for resolving disputes.
(viii) Periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors at regular intervals, as may be prescribed by it.

KYC Guidelines

The RBI has issued a Master Circular on Know Your Customer ("**KYC**") guidelines - Anti Money Laundering Standards (AML) - 'Prevention of Money Laundering Act, 2002 dated July 1, 2014 and advised all NBFCs to adopt such guidelines with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and anti-money laundering standards is put in place. The KYC policies are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines by the persons authorised by the NBFCs' and including brokers/ agents, due diligence of persons authorised by the NBFCs and customer service in terms of identifiable contact with persons authorised by NBFCs.

Corporate Governance Guidelines

To enable NBFCs to adopt best practices and greater transparency in their operations, the RBI has prescribed corporate guidelines in the Master Circular on Corporate Governance dated July 1, 2014. All NBFC-D with deposit size of Rs 20 crore and above are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee and certain other norms in connection with disclosure, transparency and connected lending. Further, pursuant to a RBI notification dated November 10, 2014 on 'Revised Regulatory Framework for NBFC', the RBI has also prescribed certain additional requirements for all NBFCs-D (with deposit size of Rs 20 crore and above), *inter alia*, of conducting an information systems audit of the internal systems and processes by the audit committee at least once in two years to assess operational risks faced by the company and for ensuring certain fit and proper criteria for the directors of the company with effect from March 31, 2015.

Norms for Excessive Interest Rates

The RBI, through its circular dated May 24, 2007, directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2014 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Anti-Money Laundering

The Prevention of Money Laundering Act, 2002 ("**PMLA**") was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering and for matters connected therewith or incidental thereto. The Government of India under PMLA has issued the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended ("**PML Rules**"). PMLA & PML Rules extends to all banking companies and financial institutions, including NBFCs and intermediaries.

The RBI has issued a Master Circular dated July 1, 2014 to ensure that a proper policy frame work for the PMLA and PML Rules is put in place. Pursuant to the provisions of PMLA, PML Rules and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting / reporting to financial intelligence unit - India of suspicious transactions and cash transactions and to maintain a system of proper record (i) all cash transactions of value of more than ₹ 1 million - or its equivalent in foreign currency; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 1 million or its equivalent in foreign currency, where such series of transactions have taken place within a month and the aggregate value of such transaction exceeds ₹ 1 million (iii) all cash transactions where forged or counterfeit transactions.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

6. Guidelines on Securitization of Standard Assets

The RBI issued revised 'Guidelines on Securitization of Standard Assets' (the "**Revised Guidelines**") through its circular dated May 7, 2012 to banks, and were made applicable to NBFCs by another circular dated August 21, 2012. The Revised Guidelines regulate assignment transactions, which were not covered under the earlier guidelines issued by the RBI. The Revised Guidelines impose a restriction on the offering of credit enhancement in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows. Further, the Revised Guidelines provide that loans can only be assigned or securitized if the NBFC has held them in their books for a specified minimum period. They also provide a mandatory retention requirement for securitization and assignment transactions.

7. SARFAESI Act

During the session for the Union Budget of India, 2015, announced on February 28, 2015, the Honorable Finance Minister of India proposed that NBFCs with assets of ₹ 5,000 million and above will be allowed to use the SARFAESI Act like any other financial institution. However, in this regard as on date of this Placement Document no notifications/circulars/notices have been issued for amending the SARFAESI Act.

8. National Housing Bank

The National Housing Bank Act, 1987

The National Housing Bank Act, 1987 (the "**NHB Act**"), was enacted to establish NHB to operate as a principal agency to promote HFCs both at the local and regional levels and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB, among others, includes promoting, establishing, supporting or aiding in the promotion, establishment and for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government; making loans and advances or other forms of financial assistance to; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilisation of resources and extension of credit for housing; providing guidelines to the HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

The Housing Finance Companies (National Housing Bank) Directions, 2010, as amended

The objective of the NHB Directions, 2010 is to consolidate and issue directions in relation to the acceptance of deposits by the housing finance institutions. Additionally, the NHB Directions, 2010 provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by the auditors of housing finance institutions.

Pursuant to the NHB Directions, 2010 no HFC shall accept or renew public deposits unless the HFC has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year and a copy of the rating is sent to the NHB and it is complying with all the prudential norms, provided that:

(i) an HFC having obtained credit rating for its fixed deposits not below the minimum investment grade rating as above and complying with all the prudential norms, may accept public deposits not exceeding five times of its net owned funds; and

(ii) an HFC which does not have the requisite rating for its fixed deposits shall obtain the same within a period of six months time from the date of notification or such extended period as may be permitted by the NHB, to obtain the prescribed rating for its fixed deposits.

Master Circular on Housing Finance issued by the RBI

Pursuant to the Master Circular on Housing Finance dated July 1, 2014, as amended issued by the RBI ("**Master Circular**"), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, i.e. (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Master Circular, banks may grant loans to HFCs taking in to account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors. All HFCs registered with NHB are eligible to apply for refinance from NHB and will be eligible subject to the refinance policy. The quantum of term loan to be sanctioned to them will not be linked to net owned funds as NHB has already prescribed the above referred ceiling on total borrowing of HFCs.

9. Other Regulations

Applicable Foreign Investment Regime

FEMA Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion (DIPP), GoI which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As laid down by the FEMA Regulations, no prior consent and approval is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

Foreign Direct Investment

FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy ("**FDI Policy**") by the DIPP. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities.

Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/ activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route. Further:

(a) As per the sector specific guidelines of the Government of India, 100% FDI/ NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

(b) Minimum Capitalisation Norms for fund based NBFCs:

   (i) For FDI up to 51% -0.5 million to be brought upfront
   (ii) For FDI above 51% and up to 75% - US$5 million to be brought upfront
   (iii) For FDI above 75% and up to 100% - US$50 million out of which US$7.5 million to be brought up front and the balance in 24 months

(c) Minimum capitalization norm of US$0.5 million is applicable in respect of all permitted non fund based NBFCs with foreign investment

(d) NBFCs having foreign investment more than 75% and up to 100%, and with a minimum capitalisation of US$50 million, can set up step down subsidiaries for specific NBFC activities (without any restriction on the number of operating subsidiaries and without bringing in additional capital). Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US$50 million as at (b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital)

(e) Joint ventures operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b) (i), (b) (ii), (b) (iii) and (c) above.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Board presently consists of 13 Directors and as per our Articles of Association, we shall not have less than three Directors and not more than 15 Directors; provided that the Company may appoint more than 15 Directors after passing a special resolution of the shareholders of the Company. The quorum for meetings of the Board is one third of the total number of Directors or two Directors, whichever is higher. Where the number of interested Directors exceeds or is equal to two thirds of the total number of remaining Directors present at such meeting, the number of remaining Directors who are not interested and are present at the meeting, not being less than two, shall be the quorum during such time.

The following table sets forth details regarding the Board of Directors as of the date of this Placement Document:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
1.	**Mr. Rahulkumar Kamalnayan Bajaj** **Address**: Bajaj Vihar, Mumbai Pune Road Akurdi, Pune - 411035, Maharashtra **Occupation**: Industrialist **DIN**: 00014529 **Term**: Liable to retire by rotation **Nationality**: Indian	76	Non-executive Chairman
2.	**Mr. Nanoo Gobindram Pamnani** **Address**: Flat No. 21, Elcid, 13A, Ridge Road, Malabar Hill, Mumbai - 400006, Maharashtra. **Occupation**: Professional **DIN**: 00053673 **Term**: April 1, 2014 to March 31, 2019 **Nationality**: Indian	70	Vice-Chairman, Non-executive and Independent Director
3.	**Mr. Sanjivnayan Rahulkumar Bajaj** **Address**: Bajaj Vihar, Mumbai Pune Road Akurdi, Pune - 411035, Maharashtra. **Occupation**: Industrialist **DIN**: 00014615 **Term**: Not liable to retire by rotation **Nationality**: Indian	45	Vice-Chairman and Non-executive Director
4.	**Mr. Rajeev Jain** **Address**: D-2, Ivy Glen, Marigold Premises, Kalyani Nagar, PUNE, 411014, Maharashtra	44	Managing Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
	Occupation: Service **DIN:** 01550158 **Term:** April 1, 2015 to March 31, 2020, liable to retire by rotation **Nationality**: Indian		
5.	**Mr. Madhurkumar Ramkrishnaji Bajaj** **Address**: Bajaj Vihar, Mumbai Pune Road Akurdi, Pune - 411035, Maharashtra. **Occupation**: Industrialist **DIN**: 00014593 **Term**: Liable to retire by rotation **Nationality**: Indian	62	Non-executive Director
6.	**Mr. Rajivnayan Rahulkumar Bajaj** **Address**: 34/35, Yog, Lane No 2 Koregaon Park, Pune - 411001, Maharashtra **Occupation**: Industrialist **DIN**: 00018262 **Term**: Liable to retire by rotation **Nationality**: Indian	48	Non-executive Director
7.	**Mr. Dhirajlal Shantilal Mehta** **Address**: 301/ 302 Gora Gandhi Apartments, 3 Laburnam Road Gamdevi, Mumbai, 400007 - Maharashtra **Occupation**: Professional and working for voluntary organisations **DIN**: 00038366 **Term**: April 1, 2014 to March 31, 2019 **Nationality**: Indian	79	Non-Executive and Independent Director
8.	**Mr. Balaji Rao Jagannathrao Doveton** **Address**: D-103, Adarsh Residency, 47th Cross, 2nd Main, Jayanagar, 8th Block, Bangalore - 560082, Karnataka **Occupation**: Professional **DIN**: 00025254	75	Non-Executive and Independent Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
	Term: April 1, 2014 to March 31, 2019 **Nationality**: Indian		
9.	**Dr. Omkar Goswami** **Address**: E-121, Masjid Moth, First Floor, Greater Kailash-III, New Delhi, 110048, Delhi **Occupation**: Economist **DIN**: 00004258 **Term**: April 1, 2014 to March 31, 2019 **Nationality**: Indian	58	Non-executive and Independent Director
10.	**Mr. Dipakkumar Jagdishprasad Poddar** **Address**: Brij Kutir, 17th Floor, Rungta Lane, Off Nepean Sea Road, Mumbai - 400006, Maharashtra **Occupation**: Industrialist **DIN**: 00001250 **Term**: April 1, 2014 to March 31, 2019 **Nationality**: Indian	71	Non-Executive and Independent Director
11.	**Mr. Ranjan Surajprakash Sanghi** **Address**: Flat No 21, Mistry Court, 4th Floor, Dinshaw Vachha Road, Mumbai - 400020, Maharashtra **Occupation**: Business **DIN**: 00275842 **Term**: April 1, 2014 to March 31, 2019 **Nationality**: Indian	71	Non-executive and Independent Director
12.	**Mr. Rajendra Lakhotia** **Address**: Universal Auto Traders, M.G. Marg, Gangtok - 737101, Sikkim **Occupation**: Business **DIN**: 00163156 **Term**: April 1, 2014 to March 31, 2019 **Nationality**: Indian	64	Non-executive and Independent Director
13.	**Dr. Gita Piramal**	60	Non-executive and Independent Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
	Address: 61, 6th floor, Piramal House, S Pochkhanawala Road, Worli Seaface, Mumbai, 400030, Maharashtra **Occupation**: Business **DIN**: 01080602 **Term**: July 16, 2014 to July 15, 2019 **Nationality**: British		

Biographies of the Directors

Rahulkumar Kamalnayan Bajaj, aged 76 years, is a Non-Executive Chairman of our Company. He is an Honours Graduate in Economics and Law and obtained a master's degree in Business Administration from Harvard Business School in 1964. He has been the Chief Executive Officer of erstwhile Bajaj Auto Limited since 1968 and was awarded the 'Padma Bhushan' by the President of India in March 2001. He has 46 years of experience, among others, in the auto and financial services sectors.

Nanoo Gobindram Pamnani, aged 70 years, is a Non-executive Vice Chairman and Independent Director of our Company. He has obtained a Bachelor's degree in Arts (Honours) from Bombay University (stood first in the University in Economic Major) in 1960 and a bachelor's degree in Economics from the London School of Economics (Majored in Economics and Econometrics) in 1964. He has 42 years of experience in the banking, auto and financial services sectors.

Sanjivnayan Rahulkumar Bajaj, aged 45 years, is a Non-Executive Vice Chairman of our Company. He has obtained a bachelor's degree in Engineering (Mechanical) with a distinction from the University of Pune in 1991, a master's degree in Science (Manufacturing Systems Engineering) with distinction from the University of Warwick, U.K. in 1994 and a Master's degree in Business Administration from Harvard Business School, U S A. in 1997. He has 19 years of experience in variety of areas in business strategy, marketing, finance, investment, audit, legal, and IT related functions in auto and financial services sectors.

Rajeev Jain, aged 44 years, is the Managing Director of our Company. He is a management graduate and has 22 years of experience in the consumer lending industry. Rajeev has been associated with our Copmany for over seven years. He has been instrumental in transforming the Company from a captive two-wheeler financing company to one of the most diversified NBFCs in the country today. In his previous assignments, Rajeev has worked with GE, American Express and AIG. He has vast experience in managing diverse consumer lending businesses *viz.* auto loans, durables loans, personal loans and credit cards.

Madhurkumar Ramkrishnaji Bajaj, aged 62 years, is a Non-Executive Director of our Company. He holds a bachelor's degree in Commerce from Sydenham College, Bombay in 1973 and a Masters in Business Administration from the International Institute of Management Development (IMD), Lausanne, Switzerland, in 1979. He is the recipient of the 'Vikas Rattan' Award from the International Friendship Society of India, for enriching human life and outstanding achievements. He has 29 years of experience in a number of sectors including in the auto, consumer durables and financial services sectors.

Rajivnayan Rahulkumar Bajaj, aged 48 years, is a Non-Executive Director of our Company. He holds a bachelor's degree with a first class, with distinction, in Mechanical Engineering from the University of Pune in 1988, and a master's degree in Manufacturing Systems Engineering, with distinction, from the University of Warwick in 1990. He has worked at the erstwhile Bajaj Auto Limited in the areas of Manufacturing & Supply Chain (1990-95), Research and Development and Engineering (1995-2000), and Marketing and Sales (2000-2005), and has been the Managing Director of Bajaj Auto Limited since April 2005. He has more than 24 years of experience in the auto and financial services sectors.

Dhirajlal Shantilal Mehta, aged 79 years, is a Non-Executive and Independent Director of our Company. He holds a bachelor's degree in Commerce (Honours) from the Sydenham College of Commerce & Economics, University of Mumbai. He is a fellow of the Institute of Chartered Accountants of India and also fellow of Institute of Company Secretaries of India. He was the Whole Time Director of erstwhile Bajaj Auto Limited, has been associated with Bajaj Group of companies since 1966 and has been associated with the Company as a Director since 1990. He has more than 50 years experience in corporate laws, taxation, finance and investment.

Balaji Rao Jagannathrao Doveton, aged 75 years, is a Non-Executive and Independent Director of our Company. He holds a bachelor's degree in Engineering (Mechanical) from the University of Madras in 1962. He was elected as Associate Member of Indian Institution of Industrial Engineering (AMIIIE) in 1969. He attended the Advanced Management Programme (AMP) at the European Institute of Business Administration (INSEAD) at Fountainbleu, France, in 1990. He has 52 years of experience in the project and industrial engineering, banking and financial services sectors.

Omkar Goswami, aged 58 years, is a Non-Executive and Independent Director of our Company. He holds a master's degree in Arts (Economics) from the Delhi School of Economics and a Doctorate in Philosophy from Oxford University. He has 27 years of experience in the corporate sector.

Dipakkumar Jagdishprasad Poddar, aged 71 years, is a Non-Executive and Independent Director of our Company. He was the Managing Director of our Company from April, 1987 to March, 2008. He holds a bachelor's degree in Science (Honours), SB & SM (MIT) from Massachusetts Institute of Technology, USA. He has over three decades of experience in numerous sectors incluing in finance, tyre manufacturing, garment exports and low cost housing.

Ranjan Surajprakash Sanghi, aged 71 years, is a Non-Executive and Independent Director of our Company. He holds a bachelor's degree in Commerce (Honours) from the Sydenham College of Commerce & Economics, University of Mumbai. He has been associated with the Company since its incorporation. He has 47 years of experience, in finance, marketing and automobiles sectors.

Rajendra Lakhotia, aged 64 years, is a Non-Executive and Independent Director on the Board. He holds a bachelor's degree in Arts (Honours) in English from St. Stephens College, Delhi University. He has been associated with the Company since its incorporation. He has 42 years of experience in the automobiles and tourism sectors.

Gita Piramal, aged 60 years, is a Non-Executive and Independent Director of our Company. She holds a master's degree in Arts (History) and a doctorate degree in Philosophy (Business) from the University of Mumbai. She has been associated with our Company since March 27, 2014. She is associated with several trade and industry organisations, non-profit organisations and educational institutions.

Relationship with other Directors

Except as disclosed below, none of the Directors of the Company are related to each other:

(i) Rahulkumar Kamalnayan Bajaj and Sanjivnayan Rahulkumar Bajaj are related to each other as father and son;

(ii) Rahulkumar Kamalnayan Bajaj and Rajivnayan Rahulkumar Bajaj are related to each other as father and son; and

(iii) Sanjivnayan Rahulkumar Bajaj and Rajivnayan Rahulkumar Bajaj are related to each other as brothers.

Borrowing powers of the Board

The Board of Directors is authorised to borrow money upon such terms and conditions as the Board may think fit and may exceed the aggregate of our paid up capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed ₹ 500 billion at any time.

Interest of the Directors

All of the Directors may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings, commission as well as to the extent of reimbursement of expenses payable to them. The Managing Director may also be deemed to be interested to the extent of remuneration paid to him for services rendered.

All of the Directors may also be regarded as interested in any Equity Shares or any stock options held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, their relatives or the companies, firms and trust, in which they are interested as directors, members, partners, trustees.

Except as stated below, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them:

(i) Two fixed deposits of ₹ 2.5 million each kept by Mr. Dhirajlal Shantilal Mehta (Non-executive and Independent Director) with the Company; and

(ii) Lease Deed dated February 1, 2014 with Mr. Rajendra Lakhotia (Non-executive and Independent Director).

Additionally, we have an arrangement by way of a memorandum of understanding dated April 27, 2015 with Bajaj Auto Limited, among others, for use of premises situated at Akurdi, Pune 411 035, Maharashtra, India, which is our registered office. This MoU will be valid for the year 2015-16, unless superceded or amended by another such memorandum. The common directors between Bajaj Auto Limited and our Company are Mr. Rahul Bajaj, Mr. Madhur Bajaj, Mr. Rajiv Bajaj, Mr. Sanjiv Bajaj, Mr. Nanoo Pamnani, Mr. D. J. Balaji Rao, Mr. D. S. Mehta and Ms. Gita Piramal and the common promoters between Bajaj Auto Limited and our Company are Mr. Rahul Bajaj and Mr. Madhur Bajaj.

Shareholding of Directors

The following table sets forth the shareholding of the Directors in the Company as of the date of this Placement Document:

Name	Number of Equity Shares	Percent of Total Number of Outstanding Equity Shares
Rahul Bajaj	18,600	0.04
Madhur Bajaj	18,600	0.04
Rajendra Lakhotia	99,754	0.20

Notes:

Terms of appointment of the Executive Directors

Except for Mr. Rajeev Jain, our Company does not have any Executive Directors.

The following is a description of the terms of appointment of Mr. Rajeev Jain as the Managing Director of our Company:

a. Period of Agreement: Five years with effect from April 1, 2015, provided that the agreement may be terminated by either side by giving three months' notice or salary in lieu thereof. However, acceptance of notice pay in lieu of notice will be at the sole discretion of the Company.

b. Salary: Rs. 0.84 million per month, plus allowances such as house rent allowance, leave travel allowance, special allowance, etc. amounting to Rs. 1.86 million per month with such annual increments / increases as may be decided by the Board of Directors from time to time during the remainder of tenure.

c. Perquisites: (i) Company's contribution to provident fund as per rules; (ii) gratuity as per the company's rules; (iii) leave with full pay as per the rules of the Company, with encashment of unavailed leave being permitted; (iv) reimbursement of medical expenses incurred by himself and his family as per the rules of the Company; (v) cover of life insurance policy, mediclaim insurance policy, personal accident insurance policy and liability insurance policy and contribution to employee deposit linked insurance scheme as per the rules of the Company; (vi) free use of Company's two cars fully maintained by the Company for official as well as for private purposes or a car allowance in lieu thereof; (vii) reimbursement of entertainment expenses incurred in the course of business of the Company; (viii) membership of one club, fees for which will be paid by the Company; (ix) telephone and other communication facilities as per the rules of the Company; (x) subject to any statutory ceilings, any other allowances, performance pay, perquisites, benefits and facilities, as the Board of Directors from time to time may decide.

d. Valuation of perquisites: Perquisites/ allowances shall be valued as per Income-Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.
e. Stock Options: Stock options as per the scheme framed by the Company.
f. Minimum remuneration: In the event of loss or inadequacy of profits in any Fiscal during the tenure of the appointment, the Managing Director shall, subject to the approval of the central government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in the Companies Act from time to time.
g. Computation of ceiling: The following shall not be included in the computation of perquisites for the purposes of the ceiling: (i) contribution to provident fund referred to in sr. no. (c) (i) above; (ii) gratuity payable as per sr. no. (c) (ii) above to the extent of half a month's salary for each completed year of service; and (iii) encashment of leave at the end of the tenure as per sr. no. (c) (iii) above.
h. The terms and conditions of the appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to the Managing Director in accordance with the provisions of the Companies Act, 2013 or any amendments made therein or with the approval of the Central Government, if required.

Remuneration of the Directors

Non-executive Directors

The non-executive Directors are paid remuneration consisting of sitting fees, which is determined by the Board of Directors. The Company pays sitting fees of ₹ 50,000 per meeting to non-executive Directors for attending the meetings of the Board and all committees thereof.

The following tables set forth the remuneration paid by the Company to the present non-executive Directors of the Company for the Fiscal Years 2015, 2014, 2013, 2012 and 2011:

Name of the Directors	Commission (₹)				
	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Rahul Bajaj	550,000	500,000	350,000	225,000	-
Nanoo Pamnani	8,900,000	8,250,000	8,150,000	6,850,000	5,000,000
Sanjiv Bajaj	900,000	-	-	-	-
Madhur Bajaj	400,000	350,000	300,000	125,000	-
Rajiv Bajaj	300,000	300,000	300,000	125,000	-
D S Mehta	700,000	550,000	450,000	200,000	-
D J Balaji Rao	350,000	300,000	300,000	125,000	-
Omkar Goswami*	650,000	500,000	250,000	-	-
Dipak Poddar	350,000	350,000	250,000	125,000	-
Ranjan Sanghi	900,000	750,000	600,000	325,000	-
Rajendra Lakhotia	600,000	500,000	350,000	200,000	-
Gita Piramal**	400,000	-	-	-	-
Rajeev Jain***	-	-	-	-	-

Name of the Directors	Sitting Fees (₹)				
	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Rahul Bajaj	550,000	200,000	140,000	180,000	120,000
Nanoo Pamnani	900,000	300,000	260,000	280,000	240,000
Sanjiv Bajaj	900,000	-	-	-	80,000
Madhur Bajaj	400,000	140,000	120,000	100,000	60,000
Rajiv Bajaj	300,000	120,000	120,000	100,000	60,000
D S Mehta	700,000	220,000	180,000	160,000	160,000
D J Balaji Rao	350,000	120,000	120,000	100,000	80,000
Omkar Goswami*	650,000	200,000	100,000	-	-
Dipak Poddar	350,000	140,000	100,000	100,000	60,000
Ranjan Sanghi	900,000	300,000	240,000	260,000	240,000
Rajendra Lakhotia	600,000	200,000	140,000	160,000	120,000

Name of the Directors	Sitting Fees (₹)				
	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Gita Piramal**	400,000	-	-	-	-
Rajeev Jain***	-	-	-	-	-

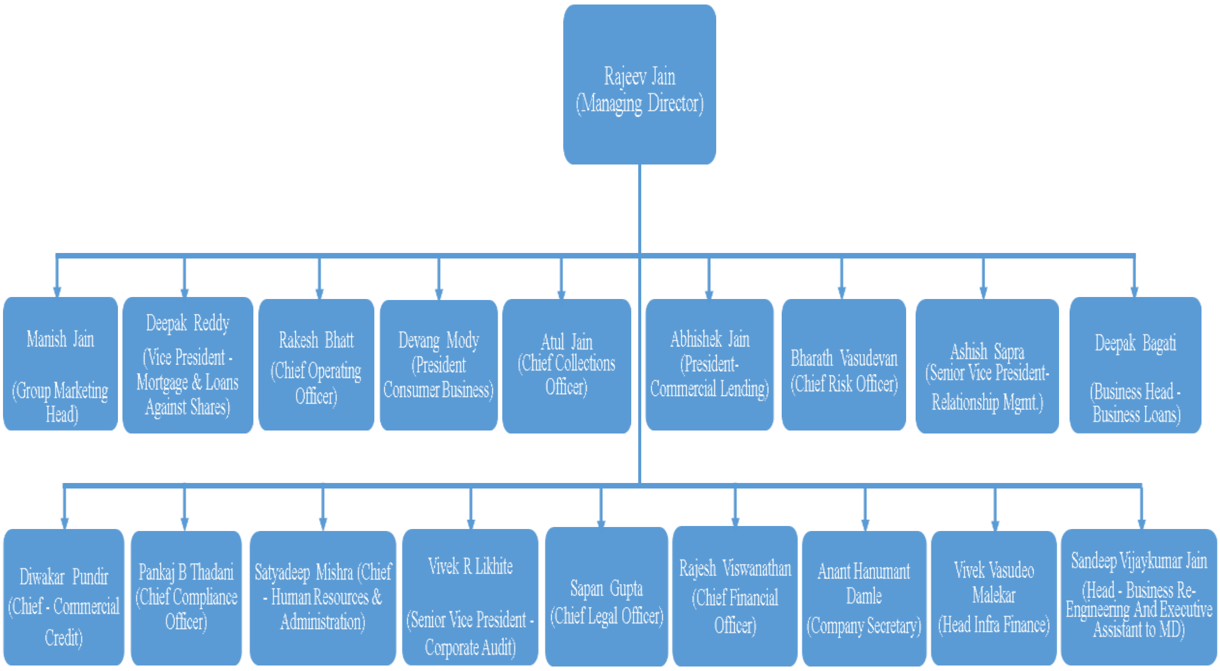
Name of the Directors	Total (₹)				
	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Rahul Bajaj	1,100,000	700,000	490,000	405,000	120,000
Nanoo Pamnani	9,800,000	8,550,000	8,410,000	7,130,000	5,240,000
Sanjiv Bajaj	1,800,000	-	-	-	80,000
Madhur Bajaj	800,000	490,000	420,000	225,000	60,000
Rajiv Bajaj	600,000	420,000	420,000	225,000	60,000
D S Mehta	1,400,000	770,000	630,000	360,000	160,000
D J Balaji Rao	700,000	420,000	420,000	225,000	80,000
Omkar Goswami*	1,300,000	700,000	350,000	-	-
Dipak Poddar	700,000	490,000	350,000	225,000	60,000
Ranjan Sanghi	1,800,000	1,050,000	840,000	585,000	240,000
Rajendra Lakhotia	1,200,000	700,000	490,000	360,000	120,000
Gita Piramal**	800,000	-	-	-	-
Rajeev Jain***	-	-	-	-	-

**Mr. Omkar Goswami was appointed a director with effect from May 16, 2012.*

*** Ms. Gita Piramal was appointed as a director with effect from March 27, 2014.*

**** Mr. Rajeev Jain was appointed as a director with effect from April 1, 2015.*

Management Organisation Structure:



Key Managerial Personnel

The following table sets forth details regarding our key managerial personnel, other than our executive Director, as of the date of this Placement Document:

Sr. No.	Name	Age (years)	Designation
1.	Rajesh Viswanathan	43	Chief Financial Officer
2.	Anant Damle	56	Company Secretary

Biographies of the key managerial personnel

The details of the key management personnel other than our executive Director, as on the date of this Placement Document, are set out below

Rajesh Viswanathan, aged 43 years, is the Chief Financial Officer of our Company. He is a Commerce Graduate, Chartered Accountant and Graduate Cost Accountant with 19 years of experience in finance and audit. He has previously worked with Bajaj Allianz Life Insurance Company Limited, where he was the CFO for eight years, KPMG (India & Bahrain), DSP Merrill Lynch Limited, Mahindra & Mahindra Limited and AF Fergusson and Co.

Anant Damle, aged 56 years, is the Company Secretary of our Company. He is a Post graduate in Commerce and a Law Graduate. He is a Fellow Member of the Institute of Company Secretaries of India. He has 28 years of rich experience in company secretarial and legal matters. He has previously worked with Maharashtra Scooters Limited as Company Secretary and erstwhile Bajaj Auto Limited as Deputy Company Secretary.

Except Mr. Rajeev Jain, all the key management personnel are permanent employees of our Company.

Shareholding of key managerial personnel

The following table sets forth the shareholding of our key managerial personnel as of March 31, 2015:

Name	Number of Equity Shares	Percent of Total Number of Outstanding Equity Shares
Rajesh Viswanathan	10	0.00%
Anant Damle	5,108	0.01%

Interest of key managerial personnel

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in the Company, if any or any stock options held by them.

Senior Management Personnel

The following is list of the senior management personnel of the Company as of the date of this Placement Document together with a brief description of the respective biographies:

Rakesh Bhatt is the Chief Operating Officer of our Company. He is responsible for technology, operations, customer experience and quality. He joined our Company from AIG where he was the Vice President and Head of Technology. He has over 20 years experience and has held leadership positions at GE Money, Reliance Industries and 3i Infotech.

Devang Mody is designated as the President Consumer Business. He is responsible for the Consumer Lending vertical except for that includes Consumer Durables, Digital Products and Lifestyle Finance, Cross Sell, Credit Cards and Salaried Personal Loans and Salaried Home Loans. He was with AIG, GE Money and E&Y.

Abhishek Jain is designated as the President – Commercial Lending. He has strong experience in commercial banking space and has managed large client relationships, sales teams. He was earlier with Standard Chartered and ABN Amro Bank.

Pankaj Thadani is the Chief Compliance Officer of our Company. He has more than 28 years of experience and was earlier the CFO of our Company. He joined our Company from Corporate Database - an equity research firm. Prior to that, he has worked in Bajaj Auto Limited, Eicher and Mico Bosch in leadership roles.

Bharath Vasudevan is the Chief Risk Officer of our Company and he also heads the Horizontal Center of Excellence for Analytics

Diwakar Pundir is designated as the Chief Commercial Credit. He is responsible for managing the underwriting framework across all non-retail businesses. He has earlier worked with Citigroup, ICICI and Tata

Steel.

Atul Jain is the Chief Collections Officer of our Company. He manages collections vertifical and over the last 5 years has been a key driver in the collections vertical of our Company.

Deepak Bagati is designated as the Business Head - Business Loans. He is responsible for managing and growing the unsecured line of business for the Company. He was earlier with Yes Bank, HDFC Bank, ONICRA, Mahindra and Mahindra and Modi Xerox.

Ashish Sapra is designated as the Senior Vice President - Relationship Management. He leads the cross sell business. He was earlier with American Express and HSBC.

Deepak Reddy is designated as the Vice President- Mortgages business and the Loan against Shares. He is responsible for managing the mortgages business and the Loan against Shares portfolio. He has earlier worked with American Express and Standard Chartered.

Corporate governance

The Board of Directors presently consists of 13 Directors. In compliance with the requirements of the Listing Agreement, the Board of Directors consists of eight independent Directors. The Company is in compliance with the new corporate governance requirements under clause 49 of the Listing Agreement which have become effective from October 1, 2014.

Committees of the Board of Directors

The Board of Directors has constituted committees, which function in accordance with the relevant provisions of the Companies Act, directions from RBI, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Listing Agreement. These are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee; (v) Allotment Committee for ESOPs; (vi) Infrastructure Loans Review Committee; (vii) Risk Management Committee; (viii) Asset Liability Committee; (ix) Debenture Allotment Committee; (x) Special Committee; and (xi) Allotment Committee.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Committee	Members
Audit Committee	Nanoo Pamnani, Sanjiv Bajaj, D S Mehta, Omkar Goswami, Ranjan Sanghi
Nomination and Remuneration Committee	Nanoo Pamnani, Rahul Bajaj, Sanjiv Bajaj, Omkar Goswami, Ranjan Sanghi and Rajendra Lakhotia
Stakeholders Relationship Committee	Ranjan Sanghi, Nanoo Pamnani, Sanjiv Bajaj, D S Mehta and Gita Piramal
Corporate Social Responsibility Committee.	Rahul Bajaj, Nanoo Pamnani and Sanjiv Bajaj
Allotment Committee for ESOPs	Sanjiv Bajaj, Rajeev Jain, Pankaj Thadani, Rajesh Viswanathan, Deepak Reddy and Anant Damle
Infrastructure Loans Review Committee	Rahul Bajaj, Nanoo Pamnani, Sanjiv Bajaj and D J Balaji Rao
Risk Management Committee	Rajeev Jain, Devang Mody, Rakesh Bhatt, Deepak Reddy, V Karunakaran, Pankaj Thadani, Rajesh Viswanathan, Suresh Subramaniam, Ankoor Kulkarni, Bharath Vasudevan, Vivek Likhite, Diwakar Pundir, Atul Jain and Sapan Gupta.
Asset Lability Committee	Rajeev Jain, Eric Vyas, Rakesh Bhatt, Deepak Reddy, V Karunakaran, Devang Mody, Pankaj Thadani, Rajesh Viswanathan, Suresh Subramaniam, M M Muralidharan, Bharath Vasudevan and Vivek Likhite
Debenture Allotment Committee	Rajeev Jain, Pankaj Thadani, Rajesh Viswanathan, M M Muralidharan and Anant Damle.
Special Committee	Rahul Bajaj, Nanoo Pamnani, Sanjiv Bajaj, Rajeev Jain, Madhur Bajaj, Rajiv Bajaj, Dipak Poddar and Ranjan Sanghi.
Allotment Committee	Sanjiv Bajaj, Rajeev Jain, Pankaj Thadani, Rajesh Viswanathan,

Committee	Members
	Anant Damle and Rajesh Shanoy.

Other confirmations

None of the Directors, Promoter or key managerial personnel of the Company have any financial or other material interest in the Issue.

Related Party Transactions

For details in relation to the related party transactions entered by the Company during the last three Fiscal Years, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants in India, see the section "Financial Statements" on page 211.

Policy on Disclosures and Internal Procedure for prevention of Insider Trading

Regulation 9(1) of the Insider Trading Regulations, 2015 applies to us and our employees and requires us to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company is in compliance with the same and has implemented an insider policy for employees. Mr. Anant Damle, acts as the Compliance Officer of our Company under the aforesaid code of conduct for the prevention of insider trading. In terms of the Companies Act, 2013, the directors and the key managerial personnel are prohibited from (a) acquiring an option over, or entering into forward dealings in securities of our Company, its subsidiaries or associate companies; and (b) engaging in insider trading.

PRINCIPAL SHAREHOLDERS

The following table sets forth the shareholding pattern of the Company as on March 31, 2015:

Sr. no.	Category of Shareholder	No. of Shareholders	Total no. of Equity Shares	Total no. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total no. of Equity Shares		Equity Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Equity Shares	As a % of Total no. of Equity Shares
(A)	**Shareholding of promoter and promoter group**							
(1)	**Indian**							
	Bodies Corporate	2	30,856,707	30,856,707	61.53	61.53	0	0
	Any Others (Specify)							
	Director of Promoter Companies	2	37,200	37,200	0.07	0.07	0	0
	Sub Total	4	30,893,907	30,893,907	61.61	61.61	0	0
(2)	**Foreign**							
	-	-	-	-	-	-	-	-
	Total shareholding of Promoter and promoter group (A)	4	30,893,907	30,893,907	61.61	61.61	0	0
(B)	**Public Shareholding**							
(1)	**Institutions**							
	Mutual Funds / UTI	76	2,805,471	2,804,071	5.59	5.59	N.A.	N.A
	Financial Institutions / Banks	5	18,463	17,763	0.04	0.04	N.A.	N.A
	Central Government/State Government(s)	0	0	0	0	0	N.A.	N.A
	Insurance Companies	0	0	0	0	0	N.A.	N.A
	Foreign Institutional Investors	143	6,796,030	6,796,030	13.55	13.55	N.A.	N.A
	Qualified Foreign Investor	0	0	0	0	0	N.A.	N.A
	Sub Total	**224**	**9,619,964**	**9,617,864**	**19.18**	**19.18**	**N.A.**	**N.A**
(2)	**Non-Institutions**							
	Bodies Corporate	972	3,384,931	3,375,653	6.75	6.75	N.A.	N.A
	Individuals							
	Individual shareholders holding nominal share capital up to ₹ 0.1 million	24775	3,963,546	3,622,164	7.90	7.90	N.A.	N.A
	Individual shareholders holding nominal share capital in excess of ₹ 0.1 million	54	1,659,200	1,659,200	3.31	3.31	N.A.	N.A
	Any Others (Specify)	796	625,711	624,676	1.25	1.25	N.A.	N.A
	Clearing Members	67	25,601	25,601	0.05	0.05	N.A.	N.A
	Directors	2	99,754	99,754	0.20	0.20	N.A.	N.A
	Non-Resident Indians	711	459,843	458,808	0.92	0.92	N.A.	N.A
	Trusts	16	40,513	40,513	0.08	0.08	N.A.	N.A
	Overseas Corporate Bodies	0	0	0	0	0	N.A.	N.A
	Foreign Corporate Bodies	0	0	0	0	0	N.A.	N.A
	Foreign Nationals	0	0	0	0	0	N.A.	N.A
	Sub Total	26,597	9,633,388	9,281,693	19.21	19.21	N.A.	N.A
	Total Public shareholding (B)	26,821	19,253,352	18,899,557	38.39	38.39	N.A.	N.A

Sr. no.	Category of Shareholder	No. of Shareholders	Total no. of Equity Shares	Total no. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total no. of Equity Shares		Equity Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Equity Shares	As a % of Total no. of Equity Shares
	Total (A)+(B)	26,825	50,147,259	49,793,464	100.00	100.00	0	0.00

The following table sets forth the shareholding of the promoter and promoter group as at March 31, 2015:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Total Shareholding as a % of total No. of Equity Shares
1.	Bajaj Finserv Limited	30,856,613	61.53
2.	Mr. Rahulkumar Kamalnayan Bajaj	18,600	0.04
3.	Mr. Madhurkumar Ramkrishnaji Bajaj	18,600	0.04
4.	Jamnalal Sons Private Limited	94	0.00
	Total	**30,893,907**	**61.61**

The following table sets forth the shareholding of persons belonging to the category "Public" and holding more than 1.00% of the total number of Equity Shares as at March 31, 2015:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Total Shareholding as a % of total No. of Equity Shares
1.	Maharashtra Scooters Limited	1,897,466	3.78
2.	HDFC Trustee Company LTD –A/C HDFC MID CAPOPPORTUNITIES FUND	632,023	1.26
3.	Acacia Partners, LP	608,000	1.21
4.	Pinebridge Investments Asia LTD A/C Pinebridge investments GF Mauritius LTD	553,414	1.10
	Total	**3,690,903**	**7.36**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from the Company or the Lead Manager. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections "Selling Restrictions" and "Transfer Restrictions" on pages 176 and 181, respectively.

Qualified Institutions Placement

The Issue is being made to Eligible QIBs in reliance upon Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013, through the mechanism of a QIP. Under Chapter VIII of the SEBI Regulations and Section 42 of the Companies Act, 2013, a company may issue equity shares to Eligible QIBs provided that certain conditions are met by the company. Certain of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify that the allotment of securities is proposed to be made pursuant to the QIP;
- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;
- the aggregate of the proposed issue and all previous qualified institutions placements made by the issuer in the same financial year does not exceed five times the net worth (as defined in the SEBI Regulations) of the issuer as per the audited balance sheet of the previous financial year;
- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;
- the issuer shall have completed allotments with respect to any offer or invitation made by the issuer or shall have withdrawn or abandoned any invitation or offer made by the issuer;
- the issuer shall offer to each Allottee at least such number of the securities in the issue which would aggregate to ₹ 20,000 calculated at the face value of the securities.

At least 10.00% of the equity shares issued to Eligible QIBs must be allotted to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date. However, a discount of up to 5.00% of the floor price is permitted in accordance with the provisions of the SEBI Regulations.

The "relevant date" in case of allotment of equity shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue. And "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

Securities must be allotted within 12 months from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the QIP must be issued on the basis of this Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII of the SEBI Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of the Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500 million; and
- five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50.00% of the issue size or less than ₹ 20,000 of face value of Equity Shares. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", see "Issue Procedure—Application Process—Application Form" on page 170.

The aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of the issuer as per its audited balance sheet of the previous financial year. The issuer shall furnish a copy of the preliminary placement document to each stock exchange on which its equity shares are listed.

We have applied for and received the in-principle approval of the Stock Exchanges under Clause 24(a) of the Listing Agreements for listing of the Equity Shares on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Issue has been authorised and approved by the Board of Directors on April 21, 2015 and by the shareholders of our Company on May 20, 2015.

Securities allotted to an Eligible QIB pursuant to the Issue shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India. **Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. FVCIs, VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.**

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Our Company is an "investment company" as defined in the Investment Company Act and has not been and will not be registered under the Investment Company Act. Accordingly, the Equity Shares are being offered and sold (a) to persons in the United States and to U.S. persons who are both U.S. QIBs and Qualified Purchasers, pursuant to Section 4(a)(2) of the Securities Act and Section 3(c)(7) of the Investment Company Act and (b) to persons outside the United States who are non-U.S. persons in reliance on Regulation S. The Equity Shares are not being offered or sold to any U.S. Retirement Plan (as defined hereinafter). For a description of selling restrictions in certain other jurisdictions, see "Selling Restrictions". The Equity Shares are transferable only in accordance with the restrictions described in "Transfer Restrictions".

Issue Procedure

1. The Company and the Lead Manager shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(7) of the Companies Act, 2013, the Company shall maintain complete records of Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. The Company will make the requisite filings with RoC and SEBI within the stipulated time period as required under the Companies Act, 2013.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be

deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Bidders shall submit Bids for, and the Company shall issue and Allot to each Allottee, at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares.

4. Eligible QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Lead Manager.

5. Eligible QIBs will be, *inter alia*, required to indicate the following in the Application Form:

- name of the Eligible QIB to whom Equity Shares are to be Allotted;
- number of Equity Shares Bid for;
- price at which they are agreeable to subscribe for the Equity Shares, provided that Eligible QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by the Company in consultation with the Lead Manager at or above the Floor Price or the Floor Price net of such discount as approved in accordance with SEBI Regulations;
- details of the depository account to which the Equity Shares should be credited; and
- it has agreed to certain other representations set forth in the Application Form.

NOTE**:** *Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids.*

6. Once a duly completed Application Form is submitted by an Eligible QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

   The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

7. Upon receipt of the Application Form, after the Bid/Issue Closing Date, the Company shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue in consultation with the Lead Manager. Upon determination of the final terms of the Equity Shares, the Lead Manager will send the serially numbered CAN along with the Placement Document to Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the Eligible QIB and payment instructions including the details of the amounts payable by the Eligible QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective Eligible QIB. **Please note that the Allocation will be at the absolute discretion of the Company and will be based on the recommendation of the Lead Manager.**

8. Pursuant to receiving a CAN, each Eligible QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our designated bank account by the Pay-In Date as specified in the CAN sent to the respective Eligible QIBs. No payment shall be made by Eligible QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant Eligible QIBs applying for the Equity Shares and the Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by the Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

9. Upon receipt of the application monies from the Eligible QIBs, the Company shall Allot Equity Shares as per the details in the CAN sent to the Eligible QIBs.

10. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, the Company shall apply to the Stock Exchanges for listing approvals. The Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

11. After receipt of the listing approvals of the Stock Exchanges, the Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

12. The Company will then apply for the final trading approvals from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

14. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, the Company shall inform the Allottees of the receipt of such approval. The Company and the Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Company.

Eligible QIBs

Only Eligible QIBs who have not been prohibited by the SEBI from buying, selling or dealing in securities can participate in this Issue. Accordingly, Eligible QIBs for the purposes of this Issue shall comprise:

- Eligible FPIs including FIIs and eligible sub-accounts;
- insurance companies registered with the Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Government; and
- insurance funds set up and managed by the Department of Posts, India.
- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs and FVCIs;
- pension funds with minimum corpus of ₹ 250 million;
- provident funds with minimum corpus of ₹ 250 million;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India.

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE UNDER SCHEDULE 1 OF FEMA REGULATIONS. FIIS, SUB-ACCOUNTS (OTHER THAN A SUB-ACCOUNT WHICH IS A FOREIGN CORPORATE OR A FOREIGN INDIVIDUAL) AND OTHER ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER THE RESPECTIVE SCHEDULES OF FEMA REGULATIONS, IN THIS ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD.

In terms of the FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Regulations, the total holding of each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all Eligible FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Shareholders.

An FII or sub-account (other than a sub-account which is a foreign corporate or foreign individual) who holds a valid certificate of registration from the SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees has been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII or sub-account after registering as an FPI under the FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Restriction on Allotment

Pursuant to Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being, or any person related to, the promoter. Eligible QIBs which have all or any of the following rights shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or persons related to the promoter;
- veto rights; or
- a right to appoint any nominee director on the Board,

Provided, however, that an Eligible QIB which does not hold any shares in us and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

We and the Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Lead Manager who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Application Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by the Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections

"Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages 2, 4, 176 and 181:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI Regulations and is not excluded under Regulation 86 of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a promoter and is not a person related to the promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the promoter;

4. Each Eligible QIB acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. Each Eligible QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Regulations;

8. Each Eligible QIB confirms that to the best of its knowledge and belief together with other Eligible QIBs in the Issue that belongs to the same group or are under same control, the Allotment to the Eligible QIB shall not exceed 50.00% of the Issue Size. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956;

   (b) "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations.

9. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

ELIGIBLE QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by an Eligible QIB shall be deemed a valid, binding and irrevocable offer for the Eligible QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Eligible QIB upon issuance of the CAN by us in favour of the Eligible QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Eligible QIB and the number of Equity Shares applied for. The Application Form shall be submitted to the Lead Manager either through electronic form or through physical delivery at the following address:

Name of the Lead Manager	Address	Contact Person	Email	Phone (Telephone and Fax)
JM Financial Institutional Securities Limited	7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025	Ms Neha Agarwal	Bajaj.qip@jmfl.com	Tel: +91 22 6630 3151 Fax: +91 22 6630 3330

The Lead Manager shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each Eligible QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

Eligible QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the Lead Manager and cannot be withdrawn after the Bid/Issue Closing Date.

Price Discovery and Allocation

The Company, in consultation with the Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. The Company may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the SEBI Regulations.

After finalisation of the Issue Price, the Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

The Company shall determine the Allocation in consultation with the Lead Manager on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE COMPANY IN CONSULTATION WITH THE LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE COMPANY AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER THE COMPANY NOR THE LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Lead Manager as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, we, in consultation with the Lead Manager, in their sole and absolute discretion, decide the Eligible QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Eligible QIBs. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective Eligible QIB’s account.

Eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to furnish all details that may be required by the Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

We have opened the "Bajaj Finance Limited – QIP Escrow Account" with the Escrow Agent in terms of the arrangement among us, the Lead Manager and the Escrow Agent. Eligible QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the "Bajaj Finance Limited – QIP Escrow Account" within the time stipulated in the CAN, the Application Form and the CAN of the Eligible QIB are liable to be cancelled.

We undertake to utilise the amount deposited in "Bajaj Finance Limited – QIP Escrow Account" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if we have not been able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Eligible QIBs, we and the Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Eligible QIBs at our sole and absolute discretion.

Payment Instructions

The payment of application money shall be made by the Eligible QIBs in the name of "Bajaj Finance Limited – QIP Escrow Account" as per the payment instructions provided in the CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless Eligible QIBs pay the Issue Price to the "Bajaj Finance Limited – QIP Escrow Account" as stated above.

In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

In relation to Eligible QIBs who have been Allotted more than 5.00% of the Equity Shares in the Issue, the Company shall disclose the name and the number of the Equity Shares Allotted to such Eligible QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Agent shall release the monies lying to the credit of the Escrow Account to the Company after Allotment of Equity Shares to Eligible QIBs.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, we shall repay the application money within

15 days from expiry of 60 days, failing which we shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the Eligible QIBs

Other Instructions

Right to Reject Applications

We, in consultation with the Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of the Company and the Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Eligible QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Eligible QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

We will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Eligible QIBs.

PLACEMENT

Placement Agreement

The Lead Manager has entered into a placement agreement with the Company ("**Placement Agreement**"), pursuant to which the Lead Manager has agreed to procure subscriptions for the Equity Shares to be issued pursuant to the Issue on a reasonable best efforts basis.

The Placement Agreement contains customary representations, warranties and indemnities from the Company and the Lead Manager, and it is subject to termination in accordance with the terms contained therein.

The Lead Manager and their affiliates may engage in transactions with and perform services for the Company and its Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Company and its Subsidiaries or affiliates, for which they would have received compensation and may in the future receive compensation.

Lock-up

The Company will not, for a period of 90 days from the Pricing Date, without the prior written consent of the Lead Manager, directly or indirectly, (a) offer, sell or announce the intention to sell, pledge, issue, contract to issue, grant any option, right or warrant for the issuance and allotment, or otherwise dispose of or transfer, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to, any Equity Shares or securities convertible into or exchangeable or exercisable for Equity Shares (including any warrants or other rights to subscribe for any Equity Shares), (b) enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any Equity Shares, whether any such aforementioned transaction is to be settled by allotment of any Equity Shares, in cash or otherwise, or (c) publicly disclose the intention to make any such offer, issuance and allotment or disposition, or to enter into any such transaction, swap, hedge or other arrangement. Provided that this shall not apply to any allotment of Equity Shares pursuant to (i) conversion of 925,000 warrants held by the promoters of the Company as of the date of the Placement Agreement and (ii) any employee stock option scheme of the Company in force as of the date of the Placement Agreement.

Each of Bajaj Finserv Limited, Mr. Rahulkumar Kamalnayan Bajaj, Mr. Madhurkumar Ramkrishnaji Bajaj and Jamnalal Sons Private Limited during the period commencing on the date of execution of the Placement Agreement and ending 90 days after the date of the Placement Document, agrees not to: (a) directly or indirectly, issue, offer, lend, create lien, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (a) or (b) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any such transaction.

Further, in accordance with Regulation 88 of the SEBI Regulations, the Company shall not make a subsequent QIP until expiry of six months from the date of this Issue.

SELLING RESTRICTIONS

General

No action has been taken or will be taken that would permit an offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required, except India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable laws, including the SEBI Regulations. Each subscriber of the Equity Shares in the Issue will be required to make, or will be deemed to have made, as applicable, the representations, warranties, acknowledgments and agreements as described in "Representations by Investors" on page 4 and "Transfer Restrictions" on page 181, respectively.

Bahrain

The Issue is a private placement in Bahrain. Therefore, it is not subject to the regulations of the Central Bank of Bahrain that apply to public offerings of securities, and the extensive disclosure requirements and other protections that these regulations contain. This Placement Document is therefore intended only for accredited investors. The financial instruments offered by way of private placement may only be offered in minimum subscriptions of $100,000 (or equivalent in other currencies). The Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this Placement Document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Placement Document. To the best of our Company's board of directors' and management's knowledge and belief, who have taken all reasonable care to ensure that such is the case, the information contained in this Placement Document is in accordance with the facts and does not omit anything likely to affect the reliability of such information.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (defined below) and the 2010 Amending Directive (defined below), except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

(a) to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

(b) to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the Lead Manager; and

(c) in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive, provided that no such offering of Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression “2010 Amending Directive” means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

Neither our Company nor the Lead Manager has authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by our Company or the Lead Manager.

Hong Kong

The Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a “prospectus” in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) (“ **CO**”) nor has it been authorized by the Securities and Futures Commission (“**SFC**”) in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) (“**SFO**”). Recipients are advised to exercise caution in relation to the Offer. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

The Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. The Placement Document must not be issued, circulated or distributed in Hong Kong other than:

- to “professional investors” within the meaning of the SFO and any rules made under that ordinance (“**Professional Investors**”); or

- in other circumstances which do not result in this Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Placement Document may issue, circulate or distribute this Placement Document in Hong Kong or make or give a copy of this Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Kuwait

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has our Company received authorisation or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Interests within Kuwait. Therefore, no services relating to the offering, including the receipt of applications and/or the allotment of Equity Shares may be rendered within Kuwait by our Company or persons representing our Company.

Oman

This Placement Document and the Equity Shares offered under it are issued and governed by the laws of India.

No offer or marketing of the Equity Shares has been or will be made by our Company from within the Sultanate of Oman and no subscription for Equity Shares may or will be effected or undertaken within the Sultanate of Oman. Our Company does not have a presence or representation in the Sultanate of Oman and any purchase of the Equity Shares will be deemed to be made in and under the laws of India.

By receiving this Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this Placement Document has not been registered or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, and neither our Company nor the Lead Manager is authorised or licensed by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, to market or sell the Equity Shares within the Sultanate of Oman.

The Equity Shares offered under this Placement Document have not and will not be listed on any stock exchange in the Sultanate of Oman.

Qatar

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither our Company nor the Lead Manager is authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither our Company nor the Lead Manager is, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document you should consult an authorised financial adviser.

Singapore

The Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. This Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a ''fund'' or a ''collective investment scheme'' within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

United Kingdom (in addition to the European Economic Area selling restrictions above)

The Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). The Lead Manager (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to our Company; and (b) is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States of America

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Our Company is an "investment company" as defined in the Investment Company Act and has not been and will not be registered under the Investment Company Act. Accordingly, the Equity Shares are being offered and sold only (a) to persons in the United States and to U.S. persons who are both U.S. QIBs and Qualified Purchasers pursuant to Section 4(a)(2) of the Securities Act and Section 3(c)(7) of the Investment Company and (b) to persons outside the United States who are non-U.S. persons in reliance on Regulation S.

In order to ensure that certain provisions of Title I of ERISA and Section 4975 of the Code do not apply to our Company, the Equity Shares are not being offered or sold to U.S. Retirement Plans and U.S. Retirement Plans are prohibited from purchasing or otherwise acquiring or holding, directly or indirectly, beneficial ownership of any Equity Shares at any time.

The Equity Shares are transferable only in accordance with the restrictions described in "Transfer Restrictions" on page 181 and each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "Transfer Restrictions".

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares.

Purchasers are not permitted to sell the Equity Shares Allotted pursuant to the Issue for a period of one year from the date of Allotment, except on the Stock Exchanges. Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. Additional transfer restrictions applicable to the Equity Shares are listed below.

Persons in the United States or U.S. Persons

Each purchaser of the Equity Shares in the United States or who is a U.S. person is deemed to have represented, warranted, agreed and acknowledged as follows:

- It understands that the Equity Shares have not been and will not be registered under the Securities Act or the laws of any U.S. state and that the offer and sale of the Equity Shares to it is made in reliance on an exemptions from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and applicable state securities laws.
- It understands and acknowledges that the Company has not registered, and does not intend to register, as an "investment company" (as such term is defined under the Investment Company Act) and that the Company has imposed the transfer and offering restrictions with respect to persons within the United States and U.S. persons described herein so that the Company will qualify for the exemption provided under Section 3(c)(7) of the U.S. Investment Company Act and will have no obligation to register as an investment company.
- It is a U.S. QIB acquiring the Equity Shares for its own account or for the account of one or more U.S. QIBs, each of which is acquiring beneficial interests in the Equity Shares for its own account.
- It is a Qualified Purchaser acquiring the Equity Shares for its own account or for the account of one or more Qualified Purchaser, each of which is acquiring beneficial interests in the Equity Shares for its own account.
- It is not and will not be (or deemed to be) a U.S. Retirement Fund subject to ERISA or Section 4975 of the Code.
- It was not formed for the purpose of investing in the Company (unless each beneficial owner of its securities is a Qualified Purchaser) and it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Company or a person acting on behalf of an affiliate of our Company.
- It did not purchase the Equity Shares as a result of any general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act).
- It represents and warrants that is buying the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Equity Shares, it agrees that it will only offer, sell, pledge or otherwise transfer such Equity Shares) outside the United States to a purchaser not known by it to be a U.S. person in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India.
- It agrees that if it decides to offer, sell, pledge or otherwise transfer any of the Equity Shares in accordance with the restrictions set forth herein, except for a non-prearranged transaction executed on the BSE, the NSE or any other recognized stock exchange where the Equity Shares are listed, it shall obtain from the transferee a representation letter in substantially the same form as the representations in this section.
- It shall notify the executing broker and any other agent involved in any resale of the Equity Shares of the forgoing restrictions applicable to the Equity Shares and instruct such broker or agent to abide by such restrictions.
- It agrees not to issue, and to instruct its affiliates to not issue, “participatory notes”, “overseas derivative instruments” or similar instruments relating to the Equity Shares or the economic interest therein.
- It understands that the Equity Shares will be “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and it agrees that it shall not deposit such Equity Shares into any unrestricted depository facility established or maintained by any depository bank.

- It agrees to indemnify and hold the Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.
- Where it is subscribing to the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.
- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.
- It acknowledges that the Company and the Lead Manager and its respective affiliates, and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and acknowledgements and agrees that if any of such representations, warranties, agreements and acknowledgements is no longer accurate it will promptly notify the Company and the Lead Manager.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognized by our Company.
In addition to the above representations, warranties, agreements and acknowledgements, each purchaser of the Equity Shares is deemed to have made the representations, warranties, agreements and acknowledgements set forth in "Representations by Investors" on page 4.

Non-U.S. Persons Outside the United States

Each purchaser of the Equity Shares who is a non-U.S. person outside the United States is deemed to have represented, warranted, agreed and acknowledged as follows:

- It understands that the Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and are being offered and sold to it in accordance with Regulation S.
- It is a non-U.S. person.
- (A) it was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Equity Shares was originated and (B) if it is a broker-dealer outside the United States acting on behalf of its customers, each of its customers has confirmed to it that such customer was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to it and such customer was outside the United States (within the meaning of Regulation S) when such customer's buy order for the Equity Shares was originated.
- It did not purchase the Equity Shares as a result of any directed selling efforts (as defined in Regulation S).
- It is buying the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction, including India.
- It is not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Company or a person acting on behalf of an affiliate of our Company.
- It agrees not to issue, and to instruct its affiliates to not issue, "participatory notes", "overseas derivative instruments" or similar instruments relating to the Equity Shares or the economic interest therein to persons in the United States or U.S. persons unless prior to the issuance of such notes or instruments it or such affiliate has received a letter from such persons containing the representations, warranties, agreements and acknowledgments in "- Persons in the United States and U.S. Persons" above.
- Where it is subscribing to the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.
- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity

Shares for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees to indemnify and hold the Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.
- It acknowledges that the Company and the Lead Manager and its respective affiliates, and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and acknowledgements and agrees that if any of such representations, warranties, agreements and acknowledgements is no longer accurate it will promptly notify the Company and the Lead Manager.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

In addition to the above representations, warranties, agreements and acknowledgements, each purchaser of the Equity Shares is deemed to have made the representations, warranties, agreements and acknowledgements set forth in "Representations by Investors" on page 4.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by the Company or the Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI and the listing agreements of the respective stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non compliance with any conditions or breach of company's obligations under such listing agreement or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25.00% and were given a time till June 3, 2013 to comply with such requirement. In this regard, SEBI has amended the listing agreement and has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of twelve months from the date of such fall in the manner specified by SEBI.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. The securities in the NSE 50 Index are highly liquid.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover.

Insider Trading Regulations

The SEBI Insider Trading Regulations, 2015 have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The SEBI Insider Trading Regulations, 2015 also provide disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who is a connected person or in possession of or having access to unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorised share capital of the Company is ₹ 750,000,000 consisting of 7,50,00,000 Equity Shares of ₹ 10 each.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the annual general meeting of shareholders held within six months of the closing of each financial year. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act provides that shares of a company of the same class must receive equal dividend treatment.

These distributions and payments are required to be deposited into a separate bank account within 5 days of the declaration of such dividend and paid to shareholders within 30 days of the annual general meeting wherein the resolution for declaration of dividends is approved.

The Companies Act states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by the Company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorize the board of directors of the Company to declare interim dividends, the amount of which must be deposited in a separate bank account within five days and paid to the shareholders within 30 days of the declaration.

Under the Companies Act, final dividends payable can be paid only in cash to the registered shareholder at a record date fixed prior to the relevant annual general meeting, to his order or to the order of his banker. However, any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

Dividends may only be paid out of the profits of the Company for the relevant year and in certain contingencies out of the reserves of the company. Before declaring dividends, the Company is required, in accordance with the guidelines of RBI, to transfer at minimum 20% of its net profit to a reserve fund.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings calculated under Indian GAAP, the Companies Act permits the board of directors of the Company, subject to the approval of the shareholders of the Company, to distribute to the shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them.

Bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/interest payments on fixed deposits or debt securities issued by it. Bonus shares must not be issued in lieu of dividend.

Pre-Emptive Rights and Issue of Additional Shares

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their existing shareholdings unless otherwise determined by a resolution passed by three-fourths of the shareholders present and voting at a general meeting. Under the Companies Act and the Articles, in the event of an issuance of securities, subject to the limitations set forth above, the Company must first offer the new Equity Shares to the holders of Equity Shares on a fixed record date. The offer, required to be made by notice, must include:

- the right exercisable by the shareholders of record, to renounce the Equity Shares offered in favor of any other person;
- the number of Equity Shares offered; and
- the period of the offer, which may not be less than 15 days from the date of the offer and shall not exceed thirty days. If the offer is not accepted, it is deemed to have been declined.

The Board is permitted to distribute Equity Shares not accepted by existing shareholders in the manner it deems beneficial for us in accordance with the Articles.

General Meetings of shareholders

There are two types of general meetings of shareholders: (i) annual general meetings; and (ii) extraordinary general meetings. The Company is required to convene its annual general meeting within six months of the closing of each financial year. The Company may convene an extraordinary general meeting when necessary or at the request of a shareholder or shareholders holding at least 10% of the paid up capital of the Company on the date of the request. A general meeting is generally convened by the company secretary in accordance with a resolution of the Board. Written notice or notice via electronic mode means stating the agenda of the meeting must be given at least 21 days prior to the date set for the general meeting to the shareholders whose names are in the register at the cut-off date. Shorter notice is permitted if consent is received from 95% of the members entitled to vote at such meeting. Those shareholders who are not registered at the cut-off date do not receive notice of this meeting and are not entitled to attend or vote at this meeting.

Voting Rights

A shareholder has one vote for each equity share and voting may be on a poll or through electronic means or postal ballot. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Companies Act, 2013 read with Rules thereunder. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have the right to speak at meetings.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Company shall keep a book in which every transfer or transmission of shares in physical form will be entered.

Pursuant to the Listing Agreements, in the event the Company has not effected the transfer of shares within fifteen days or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws. Under the Listing Agreements, notice of such refusal must be sent to the transferee within fifteen days of the date on which the transfer was lodged with the Company.

Liquidation Rights

Subject to the rights of depositors, creditors and employees, in the event of winding up of the Company, the holders of the Equity Shares are entitled to be repaid the amounts of capital paid up or credited as paid up on these Equity Shares. All surplus assets remaining belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on these Equity Shares, respectively, at the commencement of the winding up.

TAXATION

ANNEXURE TO STATEMENT OF TAX BENEFITS AVAILABLE TO BAJAJ FINANCE LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')

1. <u>SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT</u>

The Company, engaged in the business of providing infrastructure finance as a part of its commercial lending segment, is entitled for deduction under section 36(1)(viii) of the Act.

The said deduction is available to specified entities in respect of amount carried to the infrastructure reserve account created and maintained by it, to the extent of twenty per cent of the profits derived from the eligible financing business computed under the head "Profits and gains of business or profession".

However, no deduction would be available under the said section to the extent the aggregate of the amount carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and the general reserves of the specified entity.

2. <u>GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT</u>

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

3.1 **Benefits on distributed income**

2.1.1 Section 10(34) of the Act – Income by way of dividends referred to in section 115-O

Dividend income received by the Company referred to in section 115-O of the Act, from a domestic company is exempt from tax under section 10(38) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of liability under the minimum alternate tax ('MAT') provisions.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Company, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1961 ('the Rules').

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares is claimed as exempt from tax.

2.1.2 Section 10(35) of the Act – Income from specified units

The following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units mentioned therein):

a) Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;
b) Income received in respect of units from the Administrator of the specified undertaking as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
c) Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability.

The provisions restricting tax deductibility of expenditure in respect of exempt income as per section 14A of the Act and the provisions of section 94(7) of the Act of excluding the losses to the extent of dividend income (Dividend Stripping) as per the conditions prescribed therein are also applicable.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

2.1.3 Section 10(34A) of the Act - Income from buy back of shares

Income arising to the Company, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cess) on distributed income being difference between consideration and the amount received by the company for issue of shares.

2.1.4 Section 10(38) of the Act – Income on transfer of long term listed equity share or mutual fund unit

Income arising to the Company on transfer of equity shares or units of an equity oriented fund or units of a business trust held by the Company will be exempt under section 10(38) of the Act, if the said asset is a long-term capital asset and such transaction is chargeable to securities transaction tax (STT). These assets turn long term if they are held for more than 12 months. However, the said exemption will not be available to the Company while computing the book profits liable for minimum alternate tax under section 115JB of the Act.

3.2 **Benefits while computing Profits and Gains of Business or Profession**

2.2.1 Section 35 of the Act – Expenditure on scientific research

Any sum paid by the Company to an approved research association which has as its object to undertake scientific research or to an approved university, college or other institution to be used for scientific research, would be eligible for weighted deduction to the extent of 175% of the sum so paid under section 35(1)(ii) of the Act, while computing the taxable income.

Any sum paid by the Company to a notified company having its main object to conduct scientific research and development and fulfilling conditions as may be prescribed, shall be eligible for weighted deduction at 125% of such sum paid under section 35(1)(iia) of the Act, while computing the taxable income.

Section 35(2AA) of the Act provides that the Company shall be eligible for a weighted deduction of 200% in respect of any sum paid to a specified National Laboratory or a University or an Indian Institute of Technology or person approved by the prescribed authority with a specific direction that the such sum shall be used for approved scientific research programme, while computing its taxable income.

2.2.2 Section 35D of the Act – Amortisation of preliminary expenses

The Company will be entitled for deduction of specified preliminary expenditure (i.e preparation of preliminary feasibility/ project reports, conducting market survey, legal charges, etc) incurred before the commencement of the business or in connection with the extension of the undertaking or in connection with the setting up a new unit under section 35D of the Act, in five equal instalments beginning with the previous year in which such business commences/ undertaking is extended/ new unit is setup. However, such allowance is capped at 5% of the cost of the project or capital employed, as the case may be.

2.2.3 Section 35DDA of the Act - Expenditure under Voluntary Retirement Scheme ('VRS').

The Company will be eligible for deduction of any expenditure incurred on voluntary retirement of its employees subject to the satisfaction of prescribed conditions under section 35DDA of the Act. Such expenditure will be allowed as deduction in five equal instalments from the year in which such expenditure has been incurred.

2.2.4 Other Deductions

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

3.3 **Carry forward and set-off of Business loss and unabsorbed depreciation**

Section 71 of the Act provides for set-off of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income (other than income under the head salaries). Balance business loss, if any, can be carried forward and setoff against business profits for eight consecutive subsequent years as per the provisions of section 72 of the Act.

Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set-off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

As per section 72A of the Act, where the Company amalgamates with another company or in case of demerger of an undertaking of the Company, the accumulated loss and the unabsorbed depreciation of the amalgamating company/ relatable to the undertaking(s) transferred shall be deemed to be the business loss/ unabsorbed depreciation of the amalgamated/ demerged Company for the year in which such amalgamation/ demerger took place (subject to satisfaction of certain conditions), and accordingly, shall be eligible for being carried forward and setoff in accordance with the provisions of the Act.

3.4 **Capital gains**

As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond will be considered short term capital asset, if the period of holding of such share, unit or security is twelve (12) months or less.

If the period of holding of the abovementioned assets is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. In respect of other assets including unlisted securities and a unit of a mutual fund other than equity oriented mutual fund, the determinative period of holding is thirty six (36) months instead of 12 months.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per section 54EC of the Act, capital gains upto Rs. 50 lakhs per annum, arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL).

Gains arising on transfer of short term capital assets are chargeable in the hands of the Company at the rate of 30 percent (plus applicable surcharge and cess). However, as per section 111A of the Act, short term capital gains from the sale of an equity share, a unit of an equity oriented fund or a unit of a business trust transacted through a recognized stock exchange, where such transaction is chargeable to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess).

Gains arising on the transfer of long term asset are chargeable to tax in the hands of the Company at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond shall be restricted at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

As per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT is not allowed to be set-off and carried forward.

3.5 **Section 115-O of the Act - Tax on distributed profits of domestic companies**

As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and cess). As per sub-section (1A) to section 115-O, the domestic Company, for computing the dividend distribution tax (DDT), will be allowed to set-off the dividend received from its subsidiary company during the financial year ('FY') against the dividend distributed by it if:

a) the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
b) the dividend is received from a foreign subsidiary and is subject to payment of tax under section 115BBD of the Act.

However, the same amount of dividend shall not be taken into account for reduction more than once.

Section 115-O with effect from 1 October 2014 provides that the amount of dividend declared by the domestic company would be required to be grossed up for the purpose of computing the DDT such that after reduction of the tax on such increased amount at the rate of 15%, the amount is equal to the net distributed profits.

3.6 **Section 115JAA of the Act - Credit of MAT paid**

Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay MAT at an effective rate of 18.5% (plus applicable surcharge and cess) of the book profits.

MAT paid shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit can be carried forward for set off upto 10 years.

3. GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

For resident shareholders:

3.1 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.2 Income arising on transfer of shares of the Company, if held as investments, will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to STT.

These assets turn long term if they are held for more than 12 months. However, shareholders being companies will not be able to claim the above exemption while computing the book profits and income tax payable under section 115JB of the Act.

3.3 The long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments, not covered under point 3.2 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition/ improvement or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

3.4 In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

3.5 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

3.6 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

3.7 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.8 Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. However, Long Term capital Loss computed for the given year is allowed to be set-off only against the Long Term Capital Gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years‘ short term as well as long term gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.9 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

For non-resident shareholders

3.10 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.11 Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. These assets turn long term if they are held for more than 12 months.

3.12 In accordance with, and subject to section 48 of the Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point 3.11 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.

3.13 The long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments,, not covered under points 3.11 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed as discussed in para 3.12 or after indexing the cost of acquisition/ improvement, whichever is lower.

3.14 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.15 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

3.16 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.17 Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years‘ Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.18 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.19 Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

3.20 Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a) Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point 3.11 above.

b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under point 3.11 above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.

c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

e) As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter inter alia entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

f) The Finance Act, 2015 provides that the following specified incomes of foreign companies will not be subject to MAT under section 115JB of the Act with effect from FY 2015-16:
- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

For shareholders who are Foreign Institutional Investors (FIIs):

3.21 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.22 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.23 As per the amendment made by Finance Act No. (2), 2014, transfer of any shares/ securities (other than those held as stock in trade as referred to point 3.22 above) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains, from AY 2015-16 onwards.

3.24 Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months.

3.25 Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point 3.24 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).

3.26 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.27 Under section 115AD(1)(b)(ii) of the Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under point 3.26 above will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

3.28 Under the provisions of section 90(2) of the Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII and the provisions of the Act apply to the extent they are more beneficial to the assessee.

3.29 Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the Long Term Capital Gains of subsequent 8 assessment years.

3.30 As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

3.31 The Finance Act, 2015 provides that the following specified incomes of foreign companies will not be subject to MAT under section 115JB of the Act with effect from FY 2015-16:

- Capital gains (whether long term or short term) arising on transactions in securities;

- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

For shareholders who are Mutual Funds:

3.32 Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

For Venture Capital Companies/ Funds:

3.33 Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I and a sub-category II Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

3.34 As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

II. UNDER THE WEALTH TAX ACT, 1957

The Wealth Tax Act, 1957 has now been abolished from FY 2015-16 and is not applicable from AY 2016-17 onwards.

III. TAX DEDUCTION AT SOURCE

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents other than LTCG exempt under section 10(38) of the Act may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the Double Tax Avoidance Agreement (DTAA), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act.

Notes:

1. As per the FA, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 12% if the total income exceeds Rs. 1 crore.

2. In the case of domestic companies, surcharge would be levied at the rate of 7% where the total income exceeds Rs. 1 crore but not exceeding Rs. 10 crore. Where the total income exceeds Rs. 10 crore, surcharge shall be levied at the rate of 12%.

3. In the case of foreign companies, surcharge would be levied at the rate of 2% where the total income exceeds Rs. 1 crore but not exceeding Rs. 10 crore. Where the total income exceeds Rs. 10 crore, surcharge shall be levied at the rate of 5%.

   In other cases (including sections 115-O, 115QA) the surcharge shall be levied at the rate of 12%.

4. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

5. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.

6. The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

7. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

8. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

9. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

10. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the FA. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

11. The information provided above sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Equity Shares by particular investors, and does not address state, local, foreign or other tax laws. This discussion is based on the tax laws of the United States as in effect on the date of this Placement Document and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this Placement Document, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.
The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding an Equity Share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the Company's voting stock;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organised under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are a partner in a partnership, or other entity taxable as a partnership for United States federal income tax purposes, that holds Equity Shares, your tax treatment generally will depend on your status and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Equity Shares by the partnership.

The Company's Status as a Passive Foreign Investment Company (a "PFIC")

The Company expects that it will be treated as a PFIC in the current taxable year and subsequent taxable years. As a consequence, U.S. Holders will be subject to the complex PFIC rules, which could result in additional U.S. taxes and interest charges upon a sale or disposition of their Equity Shares or upon certain distributions by the Company as discussed below.

Taxation of Distributions on the Equity Shares

Subject to the PFIC Rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, the Company does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) the Company is not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) the Company is eligible for the benefits of the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**U.S. - India Treaty**"). The Company expects to be eligible for the benefits of the U.S.-India Treaty. As described below, the Company believes that it is likely to be treated as a PFIC for the current taxable year and in subsequent taxable years. As such, you would not be able to benefit from any preferential tax rate with respect to any dividend distribution that you may receive from the Company. U.S. Holders should consult their own tax advisors regarding their eligibility for the reduced tax rate described above.

The amount of any distribution paid by the Company in a currency other than U.S. dollars (a "**foreign currency**") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date or receipt, a U.S. Holder generally will not recognise foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realised on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends distributed with respect to Equity Shares will generally constitute "passive category income" but could, in the case of certain U.S. Holders, constitute "general category income". A U.S. Holder will not be able to claim a U.S. foreign tax credit for Indian taxes for which the Company is liable and must pay with respect to distributions on Equity Shares. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.

Taxation of a Disposition of Equity Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the U.S. dollar value of the amount realised for the Equity Share and your tax basis (in U.S. dollars) in the Equity Share. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, capital gain on a disposition of the Equity Share generally will be eligible for reduced federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognise generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

As described below, the Company believes that it is likely to be treated as a PFIC for the current taxable year and in subsequent taxable years. As such, you would not be able to benefit from any preferential tax rate with respect to any capital gains on the sale of Equity Shares. U.S. Holders should consult their own tax advisor regarding their eligibility for the reduced tax rate described above. Your ability to deduct capital losses is subject to limitations.

Under the U.S. - India income tax treaty, India may generally tax capital gains in accordance with the provisions of its domestic law. U.S. Holders should consult their Indian tax advisors concerning the Indian tax consequences of capital gains arising from the sale or other disposition of their Equity Shares. If Indian tax is imposed on a U.S. Holder’s capital gain on the sale or other disposition of Equity Shares, a foreign tax credit may be available for U.S. federal income tax purposes with respect to such Indian tax. U.S. Holders should consult their U.S. tax advisors concerning the U.S. tax treatment of any such Indian tax.

A U.S. Holder that receives foreign currency from the sale or disposition of Equity Shares generally will realise an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an “established securities market” for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognise foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realised on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Passive Foreign Investment Company

In general, a non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. The Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Based on the current and expected composition of the Company’s income and assets, the Company expects that 75% or more of its gross income will constitute “passive income” and 50% or more of its gross assets will constitute “passive assets” for purposes of the PFIC rules. Since the Company does not believe that it can benefit from the exemption from the PFIC rules that applies to foreign banks, the Company expects that it will be treated as a PFIC in the current taxable year and subsequent taxable years. Accordingly, a U.S. Holder will be subject to either the regular PFIC rules (the “**Regular PFIC Rules**”) or, if a “mark-to-market” election is available and made, the special mark-to-market PFIC rules (the “**Mark-To-Market Rules**”), both of which are described below. U.S. Holders cannot make a “qualified electing fund” election (which is a special election applicable to certain PFICs) because the Company does not intend to provide the information required under the qualified electing fund rules.

Regular PFIC Rules

Under the Regular PFIC Rules, U.S. Holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Code. Under those rules, (a) any gain realised on a sale or other disposition of the Equity Shares and any "excess distribution" (generally the excess amount of any distribution during a taxable year in which distributions to the U.S. Holder on the Equity Shares exceed 125% of the average annual distributions the U.S. Holder received on the Equity Shares during the preceding three taxable years or, if shorter, the U.S. Holder's holding period for the Equity Shares) would be treated as realised ratably over the U.S. Holder's holding period for the Equity Shares, (b) the amount allocated to the taxable year in which the gain or excess distribution is realised and to taxable years before the first day on which the Company became a PFIC would be treated as ordinary income (and not as capital gain), (c) the amount allocated to each prior year in which the Company was a PFIC would be subject to U.S. federal income tax at the highest rate in effect for that year and (d) the interest charge generally applicable to underpayments of U.S. federal income tax would be imposed in respect of the tax attributable to each prior year in which the Company was a PFIC. If, at any time, the Company had non -U.S. subsidiaries that were classified as PFICs, the U.S. Holder could incur liability for the deferred tax and interest charge described above if either (1) the Company received a distribution from, or disposed of all or part of the Company's interest in, a lower-tier PFIC or (2) the U.S. Holder disposed of all or part of its Equity Shares.

Mark-to-Market Rules

Under the Mark-to-Market Rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the Regular PFIC Rules discussed above, although it is possible the mark-to-market election may not apply or be available with respect to the shares in the Company's subsidiaries to the extent they are PFICs that you may be deemed to own if the Company is treated as a PFIC, as discussed above. If you make a valid mark-to- market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark- to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the Equity Shares, as well as to any loss realised on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by the Company, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE PFIC RULES TO THEIR INVESTMENT IN EQUITY SHARES, AND THE AVAILABILITY AND ADVISABILITY OF ANY ELECTIONS.

Medicare Contribution Tax

A United States person that is an individual, estate or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) such person's "net investment income" for the relevant taxable year and (2) the excess of such person's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individual will be between \$125,000 and \$250,000, depending on the individual's circumstances). A United States person's net investment income will generally include its dividend income and its net gains from the disposition of Equity Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W -9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your United States federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which the Company is a PFIC may be required to file Internal Revenue Service Form 8621 regarding distributions received on the Equity Shares and any gain realised on the disposition of the Equity Shares. In addition, U.S. Holders may be required to file additional information with respect to their ownership of Equity Shares.

Foreign Account Tax Compliance Act ("FATCA")

U.S. return disclosure obligations (and related penalties) apply to U.S. Holders that hold certain specified foreign financial assets in excess of $50,000 for tax years beginning after March 18, 2010. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their Equity Shares are held in an account at a U.S. domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the potential application of the FATCA rules to their Equity Shares.

LEGAL PROCEEDINGS

We are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of criminal cases, civil cases, tax proceedings and consumer complaints. We assess each such legal proceeding filed by or against us and monitor the legal environment on an ongoing basis. We believe there are currently no other legal proceedings, except as disclosed below, which, if adversely determined, might materially affect the Company's financial condition or results of operations.

Inquiries, inspections or investigations under Companies Act against our Company

Nil

Prosecutions filed against, fines imposed on, or compounding of offences by our Company under the Companies Act

1. Our Company had filed an application under section 621A of the Companies Act, 1956 ("**1956 Act**") for compounding of offences committed under section 301(2) of the 1956 Act, for not making the required entries in the register of contracts. An order dated September 27, 2012 was passed by the Regional Director, Western Region, Ministry of Corporate Affairs, Mumbai, imposing compounding fee of ₹ 0.015 million each on our Company, Manager and the Company Secretary.

2. Our Company has filed an application for under section 621A of the 1956 Act for compounding of offences committed under section 297(1) of the 1956 Act, for not obtaining the requisite approval of its Board of Directors and Government of India prior to entering into a contract with P. N. Writer & Company Private Limited and Siliguri Auto Works Private Limited. The application is currently pending.

Litigation or legal action pending or taken against the Promoter taken by any Ministry, Department of the Government or any statutory authority in the last three years

Nil

Criminal Cases against our Company and Directors of our Company

1. Sundeep Polymers Private Limited ("**SPPL**") has filed a complaint no 39/SW/06 against our Company and Mr. Rahul Bajaj, Mr. Rajiv Bajaj, Mr. Madhur Bajaj, Mr. Dipak Poddar, Mr. D. S. Mehta and certain other employees of our Company, for alleged contravention of sections 409, 420, 467, 468, 471 read with section 34 of the Indian Penal Code. SPPL has alleged that the security cheques issued by them in favour of our Company, in order to comply with the conditions of a proposed hire-purchase finance agreement, were misused by our Company. Our Company has filed a criminal application in the said proceedings. The matter is currently pending before the High Court of Bombay.

2. Mr. Dilip Nevatia, who is the Managing Director of SPPL has filed a complaint no 40/SW/06 against our Company, Mr. Rahul Bajaj, Mr. Rajiv Bajaj, Mr. Madhur Bajaj, Mr. Dipak Poddar, Mr. D. S. Mehta and certain other employees of our Company, for alleged contravention of Sections 409, 420, 467, 468, 471 read with Section 34 of the Indian Penal Code. Mr. Dilip Nevatia has alleged that a personal guarantee given by him in favour of our Company, in order to comply with the conditions of a proposed hire-purchase finance agreement, was misused by our Company. Our Company has filed a criminal application in the said proceedings. The matter is currently pending before the High Court of Bombay for final hearing.

3. The State of Jharkhand and Mr. Satish Kumar Nair, in his capacity as a representative of Delta Infra Private Limited, have filed a complaint no 363/ 2014 against our Company, Mr. Rahul Bajaj, Mr. Rajiv Bajaj, Mr. Sanjiv Bajaj and Mr. Rajeev Jain, for alleged contravention of sections Sections 342, 386, 387, 120(B) and 34 of the Indian Penal Code. Delta Infra Private Limited has alleged that a highway tipper was forcefully seized by our Company on account of non-repayment of monies due under a loan agreement. An application for quashing and setting aside the said complaint has been filed by our Company. The matter is currently pending in the High Court, Ranchi.

4. Mr. Bharat Kumar Nandy had filed a complaint number 2754/ 2012 against our Company, Mr. D. J. Balaji Rao, Mr. Ranjan Sanghi, Mr. Rajendra Lakhotia and certain other employees of our Company, for alleged

contravention of sections 420 and 120 B of the Indian Penal Code. Mr. Nandy has alleged that cheques issued by him as a security on account of the loan taken from our Company, were misused by our Company. An application to quash the said complaint has been filed before the High Court of Calcutta. The matter is currently pending.

5. Mr. Abhijit Bhattacharya had filed a complaint number 3133/ 2009 against our Company, Mr. Rahul Bajaj, Mr. Rajeev Jain and certain other employees of our Company, for alleged contravention of sections 323, 406, 411, 384, 392 and 120 B of the Indian Penal Code. Mr. Bhattacharya alleged that a motor bike purchased by him with the financial assistance of our Company, was forcefully seized by our Company's agents. Our Company has filed a revision application in the High Court of Calcutta. The matter has been remanded back to the Chief Judicial Magistrate, Kolkata and is currently pending for an enquiry.

6. Mr. Santosh Kumar Behera had filed a complaint number 3026/ 2014 against our Company and Mr. Sanjiv Bajaj and certain other employees of our Company, for alleged contravention of section 420 of the Indian Penal Code. Mr. Behera alleged that, the personal loan was not granted to him although he had complied with all requirements of our Company. The order of stay has been granted by the High Court of Orissa at Cuttack.

7. During a suo moto action taken by the police station at Thrissur (Kerala), certain blank cheques were found at the said branch office of our Company at Thrissur and the police were of the opinion that our Company was levying exorbitant interest rates to its customers for repayment of personal loan. Thereafter, the State of Kerala filed a complaint bearing complaint no. 1838/2014 against Mr. Rajeev Jain, the Chief Executive Officer of our Company, and a former employee of our Company, for alleged contravention of sections 3 read with section 17 of the Kerala Money Lenders Act, 1958 and section 3 read with section 9 of The Prohibition of Charging of Exorbitant Interest Act, 2012. Our Company received a letter on November 26, 2014 from a sub-inspector of police in Thrissur City, under Section 91 of the Code of Criminal Procedure 1973, directing the Company to provide a copy of the NBFC registration certificate issued by the RBI, to which our Company provided a response by its letter dated December 3, 2014. Our Company also received a letter dated January 23, 2015 under Section 41(A) of the Code of Criminal Procedure, 1973 from the aforesaid police officer requiring the Chief Executive Officer of our Company to be present on February 5, 2015 to address an enquiry in relation to the aforesaid alleged contraventions. The appearance of CEO was filed through local lawyers and employees. Subsequently, our Company has filed a Criminal Application / Petition No.706 - 2015 before Kerala High Court for quashing the first information report and stay of warrant. The matter has been stayed by the Kerala High Court for a period of two months from April 24, 2015.

Civil Case against our Company and Directors of our Company

1. SPPL, a vendor of the Bajaj Auto Limited, supplying plastic moulded components, filed a civil suit no. 881 of 1999 in November, 1999 before the Civil Judge, Senior Division, Nagpur against Bajaj Auto Limited, Bajaj Auto Finance Limited, Mr. Rahul Bajaj, Mr. Rajiv Bajaj and two other defendants claiming, inter alia, a compensation of ₹ 796.4 million alleging wrongful termination of a "life-time contract" for supply of components and on some other counts. Subsequently, thorough an amendment, SPPL added ₹ 290.6 million as additional claim amount. Further, in the affidavit of examination in chief dated October 7, 2013, SPPL increased its claim to ₹ 20,822.7 million. However, in one of the SPPL's creditors' suit, SPPL has been order to be wound off and SPPL is under liquidation.

Criminal Cases against Directors of our Company

1. M/s Chandra Prakash Automobiles filed 2 criminal cases, bearing nos. 1891(C) /2013 against Mr Rajiv Bajaj and others alleging that officials of Bajaj Auto Limited had demanded money to extend his dealership appointment and had also made amendments to the appointment letter, extending it for a further period of six years, from April 1, 2013 to March 31, 2019. Further, it was also alleged that officials of Bajaj Auto Limited had taken the original appointment letter of renewal for getting the changed portions duly initialed by the managing director of Bajaj Auto Limited but did not return the same. The case was dismissed, without issuing summons, by Session's Court at Begusarai. M/s Chandra Prakash Automobiles have filed a revision application bearing revision petition no.158/2014 in the Session's Court of Begusarai. The matter is currently pending for arguments.

2. Mr Sanjay Kumar Agarwal filed complaints no. 10843/2014 and 10844/ 2014 against Bajaj Finserv

Limited, Mr. Rahul Bajaj, Mr. Madhur Bajaj, Mr. Sanjiv Bajaj, Mr. Rajiv Bajaj, Mr. D. J. Balaji Rao, Mr. Nanoo Pamnani and others alleging that there was harassment by a collection agent and non-updation of CIBIL record. These complaints were filed u/s Sections 193, 197, 198, 465, 504, 506, 506(ii), 120 (B) and 500 of Indian Penal Code, respectively. Bajaj Finserv Limited and its directors filed quashing applications vide criminal revision applications no. 100262/14 and 100263/14 before Sessions Court, Thane. The Sessions Court, Thane has called back the records and proceedings from the lower court. Matter is currently pending at the Sessions Court, Thane.

3. A first information report no. 79 of 2013 was filed against Mr. Sanjiv Bajaj, in his capacity as a chairman of Bajaj Allianz General Insurance Company Limited, and others, for alleged contravention of sections 304 II, 420, 409, 467 and 468 of the Indian Penal Code. It was alleged that one Mr. Inder Pal Singh did not receive the insurance claim amount as per the policy issued to him by Bajaj Allianz General Insurance Company Limited. Bajaj Allianz General Insurance Company Limited has filed a petition for quashing the complaint in the High Court at Jammu. The matter is currently pending.

Past Penalties

1. A penalty of ₹ 75.00 was imposed on our Company for late payment of professional tax for our Company's branch in Cochin. The same has been paid by our Company on March 15, 2013.

2. A show cause notice was issued to our Company on December 27, 2013 by the Additional Commissioner, Central Excise, in relation to non-payment of service tax on import of services on license fees paid abroad under intellectual property services during Fiscal Year 2010 and 2011. A penalty of ₹1.64 million was imposed under sections 77(2) and 78 of the Finance Act, 1994. An option of paying reduced 25% of the penalty was also granted and accordingly our Company deposited a sum of ₹ 0.42 million.

3. Interest and damages amounting to ₹ 318.00 was imposed on M/s Bajaj Financial Solutions Limited (now Bajaj Housing Finance Limited) by the Employees' Provident Fund Organisation, for violation of section 6 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, by way of letter no. MH/304328/PF/PUN/DAM/Cir-III/191 dated April 6, 2015, in relation to belated payments towards provident fund and allied dues during the period August, 2010 to January, 2012. The said amounts have been duly paid by M/s Bajaj Financial Solutions Limited.

4. A notice was issued by the Office of Collector of Stamps, Mumbai in relation to default in payment of stamp duty by Bajaj Financial Securities Limited for the period of April, 2011 up to March, 2012. Further a penalty of ₹ 1,800.00 was imposed under article 51 (A) of the Bombay Stamp Act, 1958. The same has been paid by Bajaj Financial Securities Limited.

Criminal Cases against the employees of our Company

1. Mr. Akhilesh Gupta has filed a complaint number 58/ 2015, against Mr. Sunil Goel, Ms Abha Goel and certain unknown employees of our Company, for alleged contravention of sections 420, 465 and 467 of the Indian Penal Code. Mr. Akhilesh Gupta is a guarantor to the loan availed by Mr. Sunil Goel and Ms. Abha Goel and due to certain family disputes between Mr. Gupta and Mr. and Ms. Goel, Mr. Gupta has alleged that they along with certain employees of our Company are involved in a criminal conspiracy. The matter is under police investigation at the Preet Vihar Police Station, Delhi.

2. Mr. Budha Singh has filed a complaint number 41/ 2010 against the Branch manager of our Company's branches in Akurdi and Ajmer, for alleged contravention of sections 420, 406, 382, 341, 120B and 34 of the Indian Penal Code. Mr. Singh has alleged that his vehicle was forcefully and illegally repossessed by agents of our Company. The matter is currently pending before the Additional Chief Judicial Magistrate, Ajmer.

3. Mr. Papun Paul has filed a complaint number 146/ 2013 against Mr. Partho Hazra, an employee of our Company, for alleged contravention of section 420, 408, 409, 466, 467, 468, 471, 477 (A) and 120 B of the Indian Penal Code. Mr Paul alleged that certain payments towards repayment of loan was taken from him by a person, who identified himself as an agent of our Company, however no such payment was received by our Company. The matter is currently pending for police investigation.

4. Ms. Sumati Mohanty has filed a complaint number 282(40)/ 2009 against Mr. Sudarsan Swain, an employee of our Company, for alleged contravention of section 392 of the Indian Penal Code. Ms Mohanty

alleged that her vehicle was forcefully and illegally repossessed by agents of our Company. . The matter is currently pending for police investigation.

5. Mr. Hasin Ahmed has filed a complaint number 247/ 2013 against Mr. Manoj Panda, an employee of our Company, for the alleged contravention of sections 34, 341, 323 and 379 of the Indian Penal Code. Mr. Ahmed alleged that his vehicle was forcefully and illegally repossessed by agents of our Company. Anticipatory bail was granted by the Court of Additional Sessions Judge – I, Dhanbad to Mr. Manoj Panda. The matter is currently pending for police investigation.

6. Mr. Sunil C. has filed a complaint number 284/ 2008 against Mr. Rejy, an employee of our Company, for alleged contravention of section 392 and 120 (B) of the Indian Penal Code. Mr. Sunil alleged that his vehicle was forcefully and illegally repossessed by agents of our Company. The matter is currently pending for police investigation.

7. Mr. Mahipal Singh has filed a complaint number 2707/ 2011 against the general manager of our Company for alleged contravention of section 406 of the Indian Penal Code. Mr. Singh alleged that her vehicle was forcefully and illegally repossessed by agents of our Company. The matter has been stayed by the High Court, Allahabad.

Cases filed by the Company

As on April 30, 2015, our Company has filed 90,168 cases for recovery of dues under various products. In this regard, our Company has claimed for a principal outstanding amount of ₹ 8,361.3 million.

Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company

Nil

STATUTORY AUDITORS

Dalal & Shah, Chartered Accountants, are our current statutory auditors as required by the Companies Act. Further, Dalal & Shah, Chartered Accountants, have audited the standalone financial statements as of and for the Fiscal Years ended March 31, 2015, 2014, 2013, 2012 and 2011 and the consolidated financial statements as of and for the Fiscal Year ended March 31, 2015, whose audit reports are included in this Placement Document.

GENERAL INFORMATION

- The Company was incorporated on March 25, 1987 under the Companies Act, as Bajaj Auto Finance Private Limited. We received a licence to commence NBFC operations in India from the RBI on March 5, 1998, as amended. Our registered office is located at Akurdi, Pune – 411035, Maharashtra, India.

- Our Equity Shares were listed on the BSE on June 7, 1994 and on the NSE on April 1, 2003.

- It became a deemed public limited company by virtue of section 43A of the Companies Act, 1956 and thereafter got converted into a public limited company with effect from September 24, 1988. The name of our Company was changed to Bajaj Finance Limited on September 6, 2010.

- The Issue was authorised and approved by the Board of Directors on April 21, 2015 and approved by the shareholders at an extra-ordinary general meeting held on May 20, 2015.

- We have received in-principle approval to list the Equity Shares to be issued pursuant to the Issue, on the BSE and the NSE on June 4, 2015.

- Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 am to 4:00 pm on any weekday (except Saturdays and public holidays) at our Registered Office. There has been no material change in our financial or trading position since March 31, 2015, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Placement Document, except as disclosed herein.

- The Company's statutory auditors are Dalal & Shah, Chartered Accountants. The standalone financial statements as of and for the Fiscal Years ended March 31, 2015, 2014, 2013, 2012 and 2011 and the consolidated financial statements as of and for the Fiscal Year ended March 31, 2015 included in this Placement Document, have been audited by Dalal & Shah, Chartered Accountants, who were the statutory auditors of the Company during this period.

- Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.

- The Company confirms that it is in compliance with the minimum public shareholding requirements as specified in the SCRR.

- The Floor Price is ₹ 4,407.34 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI Regulations, as certified by Dalal & Shah, Auditors. The Company may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the SEBI Regulations.

FINANCIAL STATEMENTS

S. No.	Financial Statements
1.	Audited standalone financial statements for the year ended March 31, 2015
2.	Audited consolidated financial statements for the year ended March 31, 2015
3.	Audited standalone financial statements for the year ended March 31, 2014
4.	Audited standalone financial statement for the year ended March 31, 2013
5.	Audited standalone financial statement for the year ended March 31, 2012
6.	Audited standalone financial statement for the year ended March 31, 2011

Bajaj Finance Limited 2010-11

Financial Statements

Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of Bajaj Finance Limited (the "Company") as at 31 March 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 appears from our examination of those books;

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

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the Directors, as on 31 March 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;

      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **DALAL & SHAH**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune: 17 May 2011

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bajaj Finance Limited on the financial statements for the year ended 31 March 2011.

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

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

   (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.

4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

7. As informed to us, the maintenance of cost records has not been prescribed under clause (d) of sub-section (1) of Section 209 of the Act.

8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, cess and other material statutory dues as applicable with the appropriate authorities. .

   (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax and cess as at 31 March 2011 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Value Added Tax Liability	218	Year 2005-06, 2006-07 2007-08 2008-09	Commissioner Appeals
ESIC	Employee State Insurance Corporation	446	Year 1999-2000 to 2006-07	Employee State Insurance Court
	Employee State Insurance Corporation	68	Year 1991-92 to 2002-03	Deputy Director, Employee State Insurance Corporation

9. The Company has no accumulated losses as at 31 March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

10. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

11. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

12. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein.

Annexure to the Auditors' Report (Contd.)

13. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

14. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

15. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

16. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year.

17. The Company has created security or charge in respect of debentures issued and outstanding at the year-end. The details of security are disclosed in Note No. 9 in Schedule 13 to the financial statements;

18. The Company has not raised any money by public issues during the year.

19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year.

20. Considering the nature of the business conducted by the Company, the other clauses, viz., (ii), (iii) (b) (c) (d) (f) and (g) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, and hence in our opinion there is no matter which arises to be reported in the aforesaid clauses of the order.

For **DALAL & SHAH**
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune: 17 May 2011

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,

The Board of Directors,
Bajaj Finance Limited

We, Rajeev Jain, CEO and Pankaj Thadani, CFO of Bajaj Finance Limited, certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2011 and that to the best of our knowledge and belief;

    - these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading; and,

    - these statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct;

3. That we accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies; and

4. That we have informed the Auditors and the Audit Committee of:

    i. Significant changes in internal control during the year;

    ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

    iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Rajeev Jain
Chief Executive Officer

Pankaj Thadani
Chief Financial Officer

Pune : 17 May 2011

Balance Sheet as at 31 March

(₹ in Lacs)

	Schedule	2011		2010
I. Sources of Funds:				
1. Shareholders' Funds:				
(a) Share Capital	1	3,663		3,660
(b) Reserves and Surplus	2	132,148		111,594
			135,811	115,254
2. Loan Funds:				
(a) Secured Loans	3	464,691		207,935
(b) Unsecured Loans	4	206,169		114,741
			670,860	322,676
	Total		806,671	437,930
II. Application of Funds:				
1. Fixed Assets :	5			
(a) Gross Block		15,530		9,183
(b) Less: Depreciation		5,270		4,138
(c) Net Block			10,260	5,045
2. Investments	6		44,530	30,183
3. Deferred Tax Asset, net (See Note No.10)			6,494	6,923
4. Current Assets,Loans and Advances:	7			
(a) Receivables under financing activity		727,010		403,178
(b) Cash and bank balances		43,198		2,237
(c) Other current assets		3,351		2,441
(d) Other loans and advances		16,969		9,268
		790,528		417,124
Less: Current Liabilities and Provisions:	8			
(a) Liabilities		38,622		18,085
(b) Provisions		6,519		3,260
		45,141		21,345
Net Current Assets			745,387	395,779
	Total		806,671	437,930
Notes forming part of the Financial Statements	13			

As per our attached report of even date

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 17 May 2011

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

Pune: 17 May 2011

Profit and Loss Account for the year ended 31 March

(₹ in Lacs)

	Schedule	2011	2011	2010
Income from:				
Assets under Finance and Secured Loans:				
Financing Charges		91,511		52,888
Leasing Business:				
Lease Rentals		–		8
Interest on loans		31,016		23,493
		122,527		76,389
Service and administration charges		5,857		4,577
			128,384	80,966
Other operating income	9A		10,849	10,040
Other income	9B		1,380	610
			140,613	91,616
Expenditure:				
Expenses	10		44,179	31,197
Loan losses and provisions	11		20,461	26,058
Interest and Finance Charges	12		37,795	20,167
Depreciation (See Note No. 1(B))			1,186	764
			103,621	78,186
Profit before Taxation			36,992	13,430
Taxation				
Current tax (including ₹ 5 Lacs for Wealth tax, Previous year ₹ 3 Lacs)		11,900		6,570
Less: Deferred tax credit/(expenses)		(429)		2,080
			12,329	4,490
Profit for the year after Taxation			24,663	8,940
Prior Period Adjustments relating to earlier years: (expense)/income				
Taxation			33	1
Profit for the year after Taxation and Prior Period Adjustments			24,696	8,941
Balance brought forward from previous year			8,525	40
Amount transferred from Debenture Redemption Reserve (See Note No.8)			–	4,805
Profit available for appropriations			33,221	13,786
Appropriations:				
Transferred to Reserve Fund in terms of Section 45IC(1)				
of the Reserve Bank of India Act, 1934			4,950	1,800
Transferred to General Reserve			2,500	900
Proposed Dividend			3,663	2,196
Provision for Dividend Tax on Dividend			594	365
Balance carried to Balance Sheet			21,514	8,525
Notes forming part of the Financial Statements	13			
Earnings per share				
(Face value ₹ 10/-)				
Net Profit after tax and prior period adjustments			24,696	8,941
Basic EPS (₹)			67.47	24.43
Diluted EPS (₹)			67.47	24.43

As per our attached report of even date

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 17 May 2011

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
Directors

Pune: 17 May 2011

Cash Flow Statement for the Financial Year 2010-2011

(₹ in Lacs)

		2011		2010	
I) Cash from operations:					
A) Profit before taxation		36,992		13,430	
B) Adjustments:					
Add:					
i) Depreciation	1,186		764		
ii) Provision for doubtful overdue installments receivable under financing activity, net	–		6,617		
iii) Provision for diminution in investment written off, net	–		46		
iv) Loss on sale of assets, net	–		3		
v) Assets written off	–		80		
vi) Amortization of premium	84		–		
vii) Interest and finance charges	37,795		20,167		
		39,065	27,677		
		76,057	41,107		
Less:					
i) Investment income included in above					
Dividend †	–		–		
Interest on bonds	–		5		
Interest on government and trust securities	76		96		
	76		101		
ii) Surplus on sale of assets, net †	–		–		
iii) Provision for doubtful overdue installments receivable under financing activity, net	2,095		–		
iv) Provision for diminution in value of investments					
written back, net	125		–		
		2,296	101		
Cash from operations		73,761	41,006		
C) (Increase)/ Decrease in Other Current Assets:					
i) Other Current Assets and loans and advances	(6,562)		(2,529)		
	(6,562)		(2,529)		
Increase/ (Decrease) in Current Liabilities:					
i) Liabilities	13,289		(467)		
ii) Gain on debenture repurchase	–		(397)		
	13,289		(864)		
		6,727	(3,393)		
		80,488	37,613		
Less: Interest and finance charges paid		30,489	14,453		
Less: Direct taxes paid		13,340	6,951		
Add: Tax adjustments relating to earlier years		33	1		
		36,692	16,210		
D) (Increase)/ Decrease in Receivables under financing activity		(320,876)	(172,199)		
Net Cash from operations		(284,184)	(155,989)		
Carried over		(284,184)	(155,989)		

Cash Flow Statement for the Financial Year 2010-2011 (Contd.)

(₹ in Lacs)

		2011		2010
Brought over			(284,184)	(155,989)
II) Investment Activities:				
i) (Increase)/ Decrease in investment in securitized assets, net		–		16,844
ii) (Increase)/ Decrease in other investments, net		(14,306)		(19,682)
iii) Capital expenditure (including leased assets)		(6,408)		(3,923)
iv) Sale proceeds of assets/adjustments to gross block		7		51
		(20,707)		(6,710)
v) Investment Income:				
Dividends †		–		–
Interest on Debentures & Bonds		–		5
Interest on Government Securities		76		96
		76		101
Net cash from investing activities			(20,631)	(6,609)
III) Financing activities:				
i) Increase/ (Decrease) in secured loans (excluding interest accrued and due)		256,375		128,808
ii) Increase / (Decrease) in share capital and share premium		118		–
iii) Increase/ (Decrease) in unsecured loans (excluding interest accrued and due)		91,847		32,708
iv) Dividend paid		(2,199)		(736)
v) Tax on dividend paid		(365)		(124)
			345,776	160,656
Net cash from financing activities			345,776	160,656
Net change in cash and cash equivalents			40,961	(1,942)
Cash and cash equivalents as at 01.04.2010 (Opening Balance)			2,237	4,179
Cash and cash equivalents as at 31.03.2011 (Closing Balance)			43,198	2,237

† Amount less than ₹ 1 Lac

As per our attached report of even date

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 17 May 2011

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

Directors

Pune: 17 May 2011

Schedules 1 to 13

Annexed to and forming part of the Financial Statements
for the year ended 31 March

Schedule 1 Share Capital

(₹ in Lacs)

		2011	2010
Authorised:			
50,000,000	Equity shares of ₹ 10 each	5,000	5,000
Issued:			
* 36,630,076	(36,597,076) Equity shares of ₹ 10 each	3,663	3,660
Subscribed & Paid up:			
*36,629,076	(36,596,076) Equity shares of ₹ 10 each fully called up and paid up	3,663	3,660
1,000	Add: Forfeited Equity Shares †		
	(amount paid up)	–	–
	Total	3,663	3,660

*** Note:**

1. The Company has w.e.f. 5 July 2010 become a subsidiary of Bajaj Finserv Limited. 20,505,089 shares are held by Bajaj Finserv Limited, the Holding Company as at 31 March 2011.
2. 33,000 equity shares of ₹ 10 each were issued and allotted on 29 December 2010 to the "BFL Employee Welfare Trust" in terms of the Employees Stock Option Plan. Refer Note No. 14 in Schedule 13.

† Amount less than ₹ 1 Lac

Schedule 2 Reserves and Surplus

(₹ in Lacs)

	2011	2011	2010
Securities Premium Account:			
Share Premium			
As per last Account	75,434		75,434
Add: Received during the year	115		–
		75,549	75,434
Reserve Fund in terms of Section 45IC(1)			
of the Reserve Bank of India Act, 1934			
As per last Account	9,075		7,275
Set aside this year	4,950		1,800
		14,025	9,075
General Reserve:			
As per last account	18,560		17,660
Set aside this year	2,500		900
		21,060	18,560
Surplus as per annexed Account		21,514	8,525
Total		132,148	111,594

Schedule 3 Secured Loans

(₹ in Lacs)

	2011	2010
From Banks , against hypothecation of assets under finance, book debts and other receivables :		
Cash Credit	72,595	27,319
Other loans	190,500	55,500
Secured privately placed Redeemable Non Convertible Debentures (Refer Note No. 9A)	201,100	125,000
Interest accrued and due on bank loans	496	116
Total	464,691	207,935

Schedule 4 Unsecured Loans

(₹ in Lacs)

		2011	2010
Fixed Deposits	187		245
Add: Interest accrued and due	13		12
		200	257
Short term loan from banks		16,298	10,064
Term loans from banks*		77,500	45,000
Short term borrowing by issue of Commercial Papers		52,500	54,000
Unsecured privately placed Redeemable Non Convertible Debentures (Refer Note No. 9B)		36,800	5,000
Unsecured privately placed Subordinated (Tier II) Redeemable Non Convertible Debentures of ₹ 10 Lacs each (Refer Note No.9 C)		22,870	–
Interest accrued and due		1	420
Total		206,169	114,741

* Due within 1 year - ₹ 45,000 Lacs; Due after 1 year - ₹ 32,500 Lacs

Note:

Negotiable Commercial Papers aggregating ₹ 188,500 Lacs were issued by way of Promissory Notes during the year (Maximum balance outstanding at any point of time during the period ₹ 101,000 Lacs.Previous year ₹ 66,500 Lacs)

Schedule 5 Fixed Assets

(₹ in Lacs)

Particulars	**Gross Block at cost**				**Depreciation**				**Net Block**	
	As at 31 March 2010	Additions	Deductions and Adjustments	As at 31 March 2011	Up to 31 March 2010	Deductions and Adjustments	For the Year (b)	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Assets relating to leasing business:										
Plant and Machinery	1,764	–	–	1,764	1,764	–	–	1,764	–	–
Other Assets:										
Land freehold (d)	149	77	–	226	–	–	–	–	226	149
Building (a)	2,892	5,008	–	7,900	49	–	337	386	7,514	2,843
Computers	2,013	337	33	2,317	1,396	31	344	1,709	608	617
Furniture & Fixtures and Equipments	1,322	589	28	1,883	608	23	233	818	1,065	714
Vehicles	220	124	–	344	89	–	49	138	206	131
Intangible Assets:										
Specialised software (c)	823	273	–	1,096	232	–	223	455	641	591
As at 31 March 2011 Total	9,183	6,408	61	15,530	4,138	54	1,186	5,270	10,260	5,045
As at 31 March 2010 Total	5,787	3,923	527	9,183	3,766	392	764	4,138	5,045	

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

(b) See Note No. 1 B

(c) See Note No. 1 B II

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

Schedule 6 Investments, at Cost (Unless otherwise stated)

(₹ in Lacs)

			2011	2010
(A) Long Term:				
In Government and Trust Securities:				
Quoted:				
12.32%	Government of India Stock, 2011 of the face value of ₹ 100 Lacs	–		112
12.25%	Government of India Stock, 2010 of the face value of ₹ 200 Lacs	–		275
11.83%	Government of India Stock, 2014 of the face value of ₹ 500 Lacs	637		637
		637		1,024
	Less: Amortization of premium (Refer Note 1C(iii))	84		–
			553	1,024
In fully paid equity shares:				
Other than trade:				
Quoted:				
90	Shares of TCFC Finance Limited †	–		–
@ 38,700	Shares of ₹ 10 each in Akai Impex Limited	23		23
75	Shares of ₹ 10 each in Bajaj Holdings and Investments Limited †	–		–
@ 16,880	Shares of ₹ 10 each in Dai Ichi Karkaria Limited	17		17
50	Shares of ₹ 10 each in Religare Technova Limited †	–		–
25	Shares of ₹ 10 each in ICICI Bank Ltd †	–		–
@ 52	Shares of ₹ 10 each in Midwest Leasing Limited †	–		–
@ 50	Shares of ₹ 10 each in Mazda Industries and Leasing Limited †	–		–
@ 50	Shares of ₹ 10 each in MCC Finance Limited †	–		–
@ 50	Shares of ₹ 10 each in Nagarjuna Finance Limited †	–		–
@ 100	Shares of ₹ 10 each in P L Finance and Investment Limited †	–		–
150	(75) Shares of ₹ 10 each in Bajaj Auto Limited † (incl. 75 nos. bonus shares received during the year)	–		–
75	Shares of ₹ 5 each in Bajaj Finserv Limited †	–		–
@ 310	Shares of ₹ 10 each in Southern Fuels Limited	1		1
			41	41
			594	1,065
	Less: Provision for diminution in value of Investments		33[@]	158
	Total (A)		561	907
	Carried over		561	907

Schedule 6 Investments, at Cost (Unless otherwise stated) (Contd.)

(₹ in Lacs)

			2011	2010
	Brought over		561	907
(B) Current:				
In Certificates of Deposits with banks:				
Unquoted				
– (20000)	Certificate of Deposit of ₹ 1 Lac each of UCO Bank - 02-09-2010	–		19,509
– (10000)	Certificate of Deposit of ₹ 1 Lac each of State Bank of Patiala CD 03-09-2010	–		9,767
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of Central Bank of India CD 28-06-2011	9,745		–
5000 (-)	Certificate of Deposit of ₹ 1 Lac each of Allahabad Bank CD 22-06-2011	4,878		–
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of UCO Bank CD 27-06-2011	9,762		–
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of Bank of Baroda CD 27-06-2011	9,769		–
10000 (-)	Certificate of Deposit of ₹ 1 Lac each of Central Bank of India CD 27-06-2011	9,771		–
		43,925		29,276
	Add: Amortization (Premium) / Discount on acquisition	44		–
	Total (B)		43,969	29,276
	Total		44,530	30,183

(₹ in Lacs)

	Book Value as at		Market Value as at	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Quoted	561*	906*	574*	908*
Unquoted	43,969	29,277	–	–
Total	44,530	30,183	574	908

* Included in Market Value at Cost as the quotation is not available

@ Diminution in value provided for

† Amount less than ₹ 1 Lac

Schedule 6 Investments, at Cost (Unless otherwise stated) (Contd.)

The following investments have been purchased and sold during the year:

Name of the fund	Number of units	Purchase cost (₹ in Lacs)	Sale proceeds (₹ in Lacs)
IDFC Cash Fund Super Inst. Plan C - Growth	3,838,075,461	433,075	433,160
IDFC Money Manager Fund - Treasury Plan C - Growth	66,081,042	7,500	7,503
Birla Sun Life Cash Plus - Instl. Premium - Growth	2,079,891,745	314,300	314,367
Birla Sun Life Ultra Short Term Fund - Instl. - Growth	182,073,289	20,003	20,146
Birla Sun Life Saving Fund - Growth	109,103,308	20,000	20,059
ICICI Prudential Institutional Liquid Plan Super Inst. - Growth	226,314,654	312,600	312,663
ICICI Prudential Institutional Ultra Short Term Plan	434,010,132	45,006	45,233
ICICI Prudential Floating Rate Plan D	10,503,086	15,002	15,063
HDFC Liquid Plan Super Inst. - Growth	1,498,562,529	282,550	282,608
HDFC Liquid Plan Savings Fund - Growth	72,712,246	14,800	14,806
HDFC Cash Management Fund - Treasury Adv. Plan - Growth	16,200,042	3,400	3,404
Reliance Liquidity Fund - Growth	2,729,115,542	385,262	385,341
Reliance Liquid Fund - Treasury Plan - Institutional Growth	1,188,062,668	269,300	269,351
Reliance Medium Term Fund - Retail Plan - Institutional Growth	18,260,810	3,500	3,512
Reliance Money Manager Plan	109,130	1,400	1,401
Reliance Liquid Fund - Cash Plan	638,430,347	100,100	100,130
Fortis Mutual Fund - Liquid Fund	223,759,092	22,500	22,503
Fortis Mutual Fund - Short Term Plan	48,499,549	5,000	5,023
Fortis Mutual Fund - Money Manager Plan	148,959,393	20,802	20,870
HDFC Mutual Fund - Cash Management Plan - Growth	356,252,777	68,800	68,811
Axis Mutual Fund	1,281,386,338	10,000	10,004
Kotak Mutual Fund - Liquid Plan	1,191,540,748	229,075	229,129
Kotak Mutual Fund - Short Term Floater Liquid Plan	1,170,923,622	183,850	183,907
Kotak Mutual Fund - Flexi Fund	87,863,869	10,001	10,032
Deutsche Mutual Fund - Liquid Fund	32,859,337	24,000	24,005
Deutsche Mutual Fund - Cash Opportunities	42,183,345	5,001	5,034
Bank of Baroda CD 27-12-2010	100,000	9,827	9,844
Canara Bank CD 04-11-2010	75,000	7,212	7,222
Andhra Bank CD 28-12-2010	25,000	2,456	2,460

Schedule 7 Current Assets, Loans and Advances (Good unless otherwise stated)

(₹ in Lacs)

		2011	2010	
(a) Receivables under financing activity:				
(I) Secured:				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. [Includes overdue installments ₹ 20,900 Lacs (Previous year ₹ 26,200 Lacs)]	343,885		182,561	
(b) Stock of repossessed vehicles under Finance Agreements at estimated realisable / balance value	724		874	
	344,609		183,435	
(c) Overdue installments under finance agreements considered doubtful	8,750		11,679	
Less: Provision	8,750*		11,679*	
	–		–	
		344,609		183,435
(ii) Against equitable mortgage of immovable property under finance agreements [Includes overdue installments ₹ 19 Lacs (Previous year Nil)]				
Good	199,604		106,130	
Doubtful	127		124	
Less: Provision	127*		124*	
	–		–	
		199,604		106,130
(iii) Loan against shares (secured by pledge of shares)		30,777		10,000
(iv) Net investment in lease (secured by assets at agreement values less installments received)				
Good	–		1	
Doubtful †	–		–	
Less: Provision †	–		–	
	–		–	
		–		1
Total (I)		574,990		299,566
(II) Unsecured:				
(i) Loans at agreement values less installments received [Includes overdue installments ₹ 9,870 Lacs (Previous year ₹ 4,462 Lacs)]				
Good	152,020		98,011	
Doubtful	6,533		6,557	
Less: Provision	6,533*		6,557*	
	–		–	
		152,020		98,011
(ii) Receivables under loan assignments		–		5,601
Total (II)		152,020		103,612
Total (I+II)		727,010		403,178
(b) Cash and Bank Balances:				
Cash on hand (including the cash with collecting agents)	673		397	
Balance with Scheduled Banks:				
In current and cash credit accounts	27,525		1,840	
In fixed deposit accounts	15,000		–	
		43,198		2,237
Carried over		770,208		405,415

Schedule 7 Current Assets, Loans and Advances (Good unless otherwise stated) (Contd.)

(₹ in Lacs)

		2011		2010
Brought over			770,208	405,415
(c) Other Current Assets:				
Interest receivable on Investments		23		31
Interest receivable on loans †		–		64
Finance charges receivable		2,571		1,418
Interest receivable on fixed deposits		27		–
Other receivables		730		928
			3,351	2,441
(d) Loans and Advances,unsecured:				
Advances recoverable in cash or in kind or for value to be received				
Good		12,717		6,437
Doubtful		581		1,189
Less: Provision		581*		1,189*
		–		–
		12,717		6,437
Sundry deposits		486		506
Tax paid in advance		37,729		25,905
Less: Provisions for taxation		33,963		23,580
		3,766		2,325
			16,969	9,268
	Total		790,528	417,124

Schedule 8 Current Liabilities and Provisions

(₹ in Lacs)

		2011		2010
(a) Liabilities:				
Sundry creditors			17,899	7,677
Security deposits			1,746	2,152
Investor Education and Protection Fund, since deposited †			–	–
Unclaimed Dividend			42	45
Interest accrued but not due on loans			5	6
Interest accrued but not due on debentures			13,751	6,404
Temporary overdraft as per books of accounts only			5,179	1,801
			38,622	18,085
(b) Provisions:				
For Taxation		33,963		23,580
Less: Adjustment of tax provision in advance tax		33,963		23,580
			–	–
For Loss Estimations (See Note No.11)			1,890	421
For Compensated Absences (See Note No.13)			372	278
For Tax on Dividend			594	365
Proposed Dividend			3,663	2,196
			6,519	3,260
	Total		45,141	21,345

* See Note No. 1 (E) and 11

† Amount less than ₹ 1 Lac

Schedule 9A Other Operating Income

(₹ in Lacs)

		2011	2010
Interest [Gross-Tax deducted ₹ 41 Lacs (Previous Year ₹162 Lacs)]			
On Fixed Deposits	433		–
On Certificate of Deposits with banks (Refer Note No. 1 D (iii))	44		–
On Investment in securitized assets	–		1,044
Others	3,609		3,501
		4,086	4,545
Gain on debenture repurchase		–	398
Miscellaneous Income		2,870	1,322
Bad debt recoveries		2,531	1,762
Profit on sale of current investments, net *		1,362	2,013
Total		10,849	10,040

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

Schedule 9B Other Income

(₹ in Lacs)

			2011	2010
Interest [Gross-Tax deducted ₹ Nil (Previous Year ₹ Nil)]		76		96
On Government and Trust Securities:				
Amortisation of Premium / Discount (Refer Note No. 1C(iii))	84			–
Partially provided for as diminution in earlier years written back	48			–
		(36)		–
			40	96
On Bonds			–	5
			40	101
Dividend †			–	–
Miscellaneous Income			22	13
Surplus on sale of Assets, net †			–	–
Provisions no longer required			573	116
Sundry credit balances appropriated			668	380
Provision for Diminution in Value of Investments written back, net			77	–
Total			1,380	610

† Amount less than ₹ 1 Lac

Schedule 10 Expenses

(₹ in Lacs)

		2011	2010
Employees' Emoluments:			
(Includes Manager's remuneration)			
Salaries, Bonus, Allowances etc.	13,553		9,282
Contribution to Provident and Other Funds	601		461
Welfare expenses	318		199
		14,472	9,942
Insurance		10	7
Rent		590	713
Commission to Non Executive Director		50	46
Miscellaneous expenses		13,329	9,062
Donations		3	1
Assets written off		–	80
Printing and stationery		384	247
Marketing commission		5,599	2,817
Recovery commission		4,952	5,606
Directors' Fees and Travelling expenses		19	15
Auditors' Remuneration		27	18
Loss on sale of Assets, net		–	3
Deficit on redemption of securities on maturity		87	–
Dealer Incentive		4,657	2,594
Provision for Diminution in Value of Investments		–	46
Total		44,179	31,197

Schedule 11 Loan losses and provisions

(₹ in Lacs)

	2011	2010
Bad debts written off	22,556	19,441
Provision release on account of bad debts written off	(6,217)	(4,702)
Provision for standard assets	1,469	421
Provision for Non Performing Assets	2,653	10,898
Total	20,461	26,058

Schedule 12 Interest and Finance Charges

(₹ in Lacs)

		2011	2010
Interest:			
On Fixed Loans	5,387		795
Other	6,606		3,760
		11,993	4,555
Interest on Non Convertible Debentures		20,044	9,784
Discount in respect of "Commercial Papers"		4,483	4,501
Bank charges		1,275	1,327
Total		37,795	20,167

1) Statement of Significant Accounting Policies

A) System of Accounting:

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

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

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

B) Fixed Assets, Depreciation and Amortization:

I) (i) Fixed Assets are carried at cost of acquisition.

(ii) Depreciation

(a) On assets relating to Leasing Business:

(i) Depreciation on Assets relating to Leasing Business is being provided at the rates worked on Straight Line Method over the primary period of Lease as stated in the lease agreement or at the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher.

	Rates on Straight Line Method	
Assets	Over the Primary Period of lease %	As specified in Schedule XIV %
Plant and Machinery:		
Electrostatic precipitation system	10.00	5.28
Boiler	14.29	5.28
Furnace	16.67	5.28
Computers		
Primary Period 3 Years	33.33	16.21
Primary Period 5 Years	20.00	16.21
Primary Period 6 Years	16.67	16.21
Primary Period 7 Years	14.29	16.21
Others	20.00	4.75

(ii) Depreciation on additions to Assets relating to Leasing Business is being provided for as above, on pro-rata basis with reference to the month of commencement of the Lease Period.

(iii) Depreciation on Assets relating to Leasing Business, sold during the year, is being provided for at their respective rates up to the month in which such asset is sold.

(b) On other Assets:

(i) Depreciation on other assets is being provided on "Written Down Value Method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the year is being provided for on a pro-rata basis with reference to the month of addition.

(ii) Depreciation on assets sold during the year is being provided for, at their respective rates up to the month in which such asset is sold.

II) On Intangible Assets and Amortization thereof:

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

C) Investments:

(i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short term / current investments and are carried at their cost or market value / realizable value, whichever is lower.

(ii) Investments other than short term / current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.

(iii) Fixed income securities with effect from this year are stated at cost less amortization of premium/discount as the case may be. (Refer D (iii) below)

D) Income from:

(i) Assets under Finance:

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

(ii) Leasing Business:

(a) Lease rental income is recognized on accrual basis.

(b) For leases effected prior to 1 April 2001, the Company follows the recommendations of the Institute of Chartered Accountants of India contained in the Guidance Note on Accounting for Leases. Accordingly, a matching annual charge is made to the Profit and Loss Account representing recovery of net investment of leased assets. The said charge is calculated by deducting Finance Income for the year (arrived at by applying the rate of interest implicit in the lease to the net investment in the lease during the year) from the lease rental in respect of all its leased assets. This annual charge comprises of book depreciation (as per the policy stated in Para 1(B) (ii)) and a lease equalization charge where the annual lease charge is more than book depreciation. Where the annual lease charge is less than book depreciation a lease equalization charge credit is taken. The balance standing in the Lease Adjustment Account has been adjusted in the net value of leased assets.

For leases effected on or after 1 April 2001, the Company has followed the provisions of Accounting Standard – 19 "Leases" as prescribed by Companies (Accounting Standards) Rules, 2006.

(iii) Investment

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

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

(c) With effect from current year, in order to reflect the contracted yield as interest income, the premium/discount on fixed income securities is amortized with reference to the "yield to maturity" prevailing on acquisition. The impact of this change in the accounting policy on the profit for the year is not material considering the consequential release of the provision for diminution in the value of investment made in earlier years.

(iv) Other Income:

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

E) Receivables under finance:

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

(ii) The Company assesses all receivables for their recoverability and accordingly, makes provisions for non performing assets as considered necessary. Further, with effect from the previous year, the Company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower that the provisions stipulated in the applicable Reserve Bank of India Guidelines.

(iii) A general provision is also made by the Company @ 0.25% on the standard assets outstanding and disclosed under "Provisions" in the schedule 8 in the financial statements as required by the Reserve Bank of India.

F) Employee Benefits:

(i) Gratuity:

Payment for present liability of future payment of gratuity is being made to the Approved Gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India (LIC). However, any deficits in Plan Assets managed by LIC as compared to actuarial liability are recognized as a liability.

(ii) Superannuation:

Defined Contribution to superannuation fund is being made as per the scheme of the Company.

(iii) Provident fund contributions are made to Bajaj Auto Limited Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the Company and recognized as an expense.

(iv) Privilege Leave:

Privilege leave entitlements are recognized as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and / or encashed at any time during the tenure of employment the liability is recognized at the actuarially determined value by an Appointed Actuary.

(v) Contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:

Provision for Taxation is made on the basis of the Taxable Profits computed for the current accounting period in accordance with the Income Tax Act 1961. Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for at the current rate of tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with reasonable certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized. However, Deferred Tax Asset arising on account of unabsorbed depreciation and business losses are recognized only if there is virtual certainty supported by convincing evidence that there would be adequate future taxable income against which the same can be realized/set off.

H) Provisions:

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect the best estimates based on available information.

I) Employee Stock Option Scheme – See Note No. 14

2) Contingent Liability not provided for:

(₹ in Lacs)

Particulars	**As at 31 March 2011**	**As at 31 March 2010**
Disputed claims against the Company not acknowledged as debts	381	453
VAT matters under Appeal	349	349
Income Tax matters under Appeal	2,047	970
ESI matter under appeal	514	NIL

3) a) Estimated amount of Contracts remaining to be executed on Capital Account not provided for

(₹ in Lacs)

Particulars	**As at 31 March 2011**	**As at 31 March 2010**
Estimated amount of Contracts remaining to be executed on Capital Account not provided for (Net of Advances)	126	84

b) The Company has issued a letter of comfort of ₹ 15,000 Lacs to Axis Bank Limited against its share in the credit facilities offered to Essar Power Hazira Limited (EPHL).

4) Payments to Auditors: *

(₹ in Lacs)

Particulars	**2010-11**	**2009-10**
(i) As Auditors	20	13
(ii) In other capacity:		
For Tax Audit	1	1
For Certificates etc.	6	4
Sub total	7	5
(iii) For Expenses	–	–
Total	27	18

*net of service tax credit availed

5) Expenditure in foreign currency:

(₹ in Lacs)

Particulars	**2010-11**	**2009-10**
Travelling expenses	12	3
Software expenses	115	42

6) Managerial Remuneration:
(a) Computation of Manager / Non Executive Director's commission under Section 198 and 349 of the Companies Act, 1956:

(₹ in Lacs)

Particulars		**2010-11**	**2009-10**
Profit as per Profit & Loss Account		24,663	8,940
Add:			
Manager's Remuneration (including perquisites)	300		164
Commission to Non Executive Director	50		46
Provision for Taxation, net of deferred tax income	12,329		4,490
Deficit on redemption of securities on maturity	87		–
		12,766	4,700
Less:			
Profit on sale of current investments, net	1,362		2,013
Gain on debenture repurchase	–		398
		1,362	2,411
Profit on which commission is payable		36,067	11,229
Commission payable to Non Executive Director @ 1% restricted to		50	46
Remuneration payable to Manager @ 5 %		1,717	535
Remuneration paid to Manager restricted to		300	164

(b) Profit and Loss Account includes payments and provisions on account of Manager's remuneration as under:

(₹ in Lacs)

Particulars	2010-11	2009-10
Salary	269	134
House Rent Allowance	21	19
Contribution to Gratuity fund	4	3
Contribution to Provident and other funds	5	4
Perquisites	1	4
Total	300	164

7) Warrants issued with debentures to the shareholders in 2006-07 have lapsed on 8 January 2010 with no options of conversion being exercised.

8) Debenture Redemption Reserve, if required, will be created in accordance with the Circular No.9/2002 dated 18 April 2002, issued by Department of Company Affairs, Ministry of Law, Justice & Company Affairs, Government of India & Section 117 C of Companies Act.

9) Details of privately placed secured / unsecured Redeemable Non Convertible Debentures:

A) Details of privately placed secured Redeemable Non Convertible Debentures of the face value of ₹ 100 Lacs.

(₹ in Lacs)

No. of Debentures 31 March 2011	No. of Debentures 31 March 2010	Terms of Redemption (Redeemable at par in)	As at 31 March 2011	As at 31 March 2010
60	(60)	April 2011	6,000	6,000
85	(85)	Jun 2011	8,500	8,500
85	(85)	Jun 2011	8,500	8,500
-	(75)	Mar 2011	–	7,500
10	(10)	Jul 2012	1,000	1,000
150	(150)	Jul 2011	15,000	15,000
100	(100)	Sep 2011	10,000	10,000
40	(40)	Apr 2012	4,000	4,000
10	(10)	Sep 2012	1,000	1,000
50	(50)	Apr 2011	5,000	5,000
50	(50)	May 2011	5,000	5,000
150	(150)	Aug 2011	15,000	15,000
50	(50)	Oct 2011	5,000	5,000
210	(210)	Nov 2012	21,000	21,000
25	(25)	Jan 2013	2,500	2,500
100	(100)	Oct 2013	10,000	10,000 *
100	-	Apr 2012	10,000	-
25	-	Jun 2013	2,500	-
25	-	May 2013	2,500	-
25	-	Jul 2013	2,500	-
135	-	Jul 2013	13,500	-
50	-	Jul 2015	5,000	-
136	-	Jul 2013	13,600	-
30	-	Sep 2013	3,000	-
25	-	Oct 2015	2,500	-
250	-	Nov 2015	25,000	-
35	-	May 2012	3,500	-
		Total	**201,100**	**125,000**

* Put call option available on completion of 3 year i.e. on 24 October 2011.

Security:

Secured by parri-passu charge by mortgage of Company's Flat No.103, Nayan Co-op Housing Society, CTS 2718, Plot No.11, ICS Colony, Shivajinagar, Pune - 411016 and book debts and receivables under financing activity as stated in the respective information memorandum.

B) Details of privately placed unsecured Redeemable Non Convertible Debentures of the face value of ₹ 100 Lacs.

(₹ in Lacs)

No. of Debentures 31 March 2011	No. of Debentures 31 March 2010	Terms of Redemption (Redeemable at par in)	As at 31 March 2011	As at 31 March 2010
50	(50)	Aug 2011	5,000	5,000
150	-	May 2013	15,000	-
25	-	June 2012	2,500	-
125	-	July 2012	12,500	-
18	-	May 2012	1,800	-
		Total	36,800	5,000

C) Details of privately placed unsecured Redeemable Non Convertible Debentures of the face value of ₹ 10 Lacs - Subordinated Debt.

(₹ in Lacs)

No. of Debentures 31 March 2011	No. of Debentures 31 March 2010	Terms of Redemption (Redeemable at par in)	As at 31 March 2011	As at 31 March 2010
650	-	April 2020	6,500	-
500	-	June 2020	5,000	-
500	-	July 2020	5,000	-
275	-	Sep 2020	2,750	-
362	-	Oct 2020	3,620	-
		Total	22,870	-

10) Deferred Tax Adjustment:

As required by the Accounting Standard 22 "Accounting for Taxes on Income" as prescribed by Companies (Accounting Standards) Rules, 2006, the Company has recognized Deferred Taxes, which result from the timing differences between the Book Profits and Tax Profits, for the year ended 31 March 2011 of ₹ 429 Lacs as deferred tax expense in the Profit and Loss Account, the details of which are as under:

(₹ in Lacs)

Particulars	Balance as at 31 March 2010	Arising during the year	Balance as at 31 March 2011
Deferred Tax Assets / (Liabilities)			
On account of timing differences in			
a) Depreciation	(29)	(72)	(101)
b) Financial leasing transactions	33	(18)	15
c) Disallowance under Section 43B of Income Tax Act, 1961	108	60	168
d) Provision for doubtful debts	6,788	(680)	6,108
e) Other asset	23	281	304
Net Asset:	6,923	(429)	6,494

11) (a) The Company assesses all receivables for their recoverability and accordingly, makes provisions for non performing assets as considered necessary. Further, with effect from the previous year, the Company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower that the provisions stipulated in the applicable Reserve Bank of India Guidelines. The impact of such provisions in excess of Reserve Bank of India norms during the year amounted to ₹ 3,877 Lacs.

(b) General provision, amounting to ₹ 1,890 Lacs, is also made by the Company @ 0.25% on the standard assets outstanding and disclosed under "Provisions" in the schedule-8 in the financial statements as required by the Reserve Bank of India.

12) The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.

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

(₹ in Lacs)

Amount to be recognized in Balance Sheet:	**As at 31 March 2011**	**As at 31 March 2010**
Present Value of Funded Obligations	447	292
Fair Value of Plan Assets	(789)	(530)
Amount not Recognized as an Asset (limit in Para 59 (b))	124	85
Net Liability	(218)	(153)
Amounts in Balance Sheet		
Liability	22	13
Assets	(240)	(166)
Net Liability/(Asset)	(218)	(153)
Expense to be recognized in the Statement of Profit & Loss		
Current Service Cost	73	70
Interest on Defined Benefit Obligation	29	22
Expected Return on Plan Assets	(39)	(26)
Net Actuarial Losses / (Gains) Recognized in Year	53	(36)
Effect of the limit in Para 59 (b)	38	78
Premium allocation difference and other charges transferred	–	–
Total, Included in "Employee Emoluments"	154	108
Actual Return on Plan Assets	54	34
Reconciliation of Benefit Obligations & Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	292	249
Current Service Cost	73	70
Interest Cost	29	22
Actuarial Losses / (Gain)	67	(29)
Benefits Paid	(14)	(20)
Closing Defined Benefit Obligation	447	292
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	530	348
Expected Return on Plan Assets	39	26
Actuarial Gain / (Losses)	15	7
Contributions by Employer	219	169
Benefits Paid	(14)	(20)
Closing Fair Value of Plan Assets	789	530
Summary of the Actuarial Assumptions		
Discount Rate	8.30%	8.20%
Expected Rate of Return on Assets	7.50%	7.50%
Salary Escalation Rate		
– Senior Staff	8.00%	8.00%
– Junior Staff	8.00%	6.00%

Experience adjustments:

(₹ in Lacs)

Particulars	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11
Defined Benefit Obligation	235	198	249	292	447
Plan Assets	140	112	348	530	789
Surplus/ (Deficit)	(96)	(86)	99	238	342
Experience adjustments on Plan Liabilities	36	(23)	13	8	30
Experience adjustments on Plan Assets	13	21	140	7	15

Particulars	As at 31 March 2011 Compensated Absences	As at 31 March 2010 Compensated Absences
Present Value of Unfunded Obligations	305	225
Expense recognized in the Statement of P&L	151	113
Discount Rate (p.a.)	8.30%	8.20%
Salary Escalation Rate (p.a.) - Senior Staff	8.00%	8.00%
Salary Escalation Rate (p.a.) - Junior Staff	8.00%	6.00%

Casual leave and earned leave which is considered as a short term benefit, is valued at its encashment value amounting to ₹ 67 Lacs.

14) Employee Stock Option Plan:

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options up to a maximum of 5% of the issued equity capital of the Company aggregating to 18,29,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of Equity Shares of the Company under one or more Employee Stock Option Scheme(s).

The Remuneration & Nomination Committee has approved the following grants to a list of senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme two grants have been made, details of which are given as under:

Grant Date	Exercise Price (₹)	Options Granted	Options Vested & Exercisable	Options Unvested	Options Exercised	Options Cancelled	Options outstanding
12 January 2010	358.70	132,000	31,750	95,250	1,250	3,750	127,000
21 July 2010	542.00	326,750	–	321,750	–	5,000	321,750
Total		458,750	31,750	417,000	1,250	8,750	448,750

Method used for accounting for share based payment plan

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

The fair value of options used to compute proforma net profit and earnings per share have been estimated on the date of grant using the Black – Scholes Model.

The key assumptions used in Black – Scholes Model for calculating fair value as on the date of grant are:

Variables	**21 July 2010**	**12 January 2010**
1. Risk free interest rate	7.42%	6.70%
2. Expected life	3.5-6.5 years	1-5 years
3. Expected volatility	55.38%	54.01%
4. Dividend yield	1.28%	0.62%
5. Price of the underlying share in the market at the time of the option grant (₹)	542.00	358.70

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

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

(₹ in Lacs)

Particulars	**31 March 2011**	**31 March 2010**
Net profit (as reported)	24,696	8,941
Add: Stock – based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro forma)	261	134
Net Profit (pro forma)	24,435	8,807
Basic Earnings per share (as reported)	67.47	24.43
Basic Earnings per share (pro forma)	66.76	24.07
Diluted earnings per share (as reported)	67.47	24.43
Diluted earnings per share (pro forma)	66.76	24.07

15) Related party:
Disclosure of transactions with Related Parties as required by the Accounting Standard - 18 as prescribed by Companies (Accounting Standards) Rules, 2006:

(₹ in Lacs)

Name of the related party and nature of relationship	Nature of transactions	2010-11 Transaction value	2010-11 Outstanding amounts carried in the Balance Sheet	2009-10 Transaction value	2009-10 Outstanding amounts carried in the Balance Sheet
A. Holding company:					
1. Bajaj Finserv Limited	Dividend paid	1,107	-	307	-
	Infrastructure payments	704	7	517	587
	Business support charges	249	-	-	-
	Other revenue expenses	2	-	-	-
	Other debits	-	-	-	-
B. Fellow Subsidiaries:					
1. Bajaj Allianz General Insurance Company Limited	Asset insurance	10	-	7	-
	Vehicle / travel insurance	6	-	4	-
	Extended warranty premium	5	-	113	-
	Insurance premium adjusted	362	-	18	-
	Advance premium	363	17	26	16
	Others	21	10	-	5
	Unsecured non convertible debentures	1,000	1,000	-	-
2. Bajaj Allianz Life Insurance Company Limited	Insurance premium paid	3,410	-	2,300	-
	Premium advance	3,598	215	2,185	27
	Service charges	-	-	1,002	55
	Infrastructure fees	705	-	-	-
	Advertisement fees	510	-	-	-
	Commission income	72	47	-	-
	Other reimbursements	617	394	-	-
	Advance logo charges received	63	63	-	-
	Unsecured non convertible debentures	1,500	1,500	-	-
C. Where Directors have significant influence:					
1. Bajaj Auto Holdings Limited	Dividend paid	-	-	42	-
2. Bajaj Auto Limited	Interest subsidy received	577	-	531	-
	Bad debts sharing received	-	-	1,837	-
	Business support cost paid	807	-	691	81
	Business support cost received	38	-	-	-
	Other debits	-	-	12	-
	Inter corporate loans repaid	-	-	1,460	-
	Interest on Inter corporate loans	-	-	24	-
D. Key Managerial Personnel:					
1. Mr. Nanoo Pamnani Vice Chairman	Commission	50	50	46	46
	Sitting fees and expenses	3	-	2	-
2. Mr. Rajeev Jain Chief Executive Officer	Remuneration	300	78	164	-
	Housing deposit	4	-	4	4

16) The disclosures required in terms of Paragraph 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in the Annexure forming part of these Financial Statements.

17) Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

Signatures to Schedule '1' to '13'

As per our attached report of even date

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 17 May 2011

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

Pune: 17 May 2011

Schedule to the Balance Sheet
[As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

(₹ in Lacs)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures: Secured (excluding interest accrued but not due ₹ 9,828 Lacs)	201,100	Nil
Unsecured (excluding interest accrued but not due ₹ 3,923 Lacs) (Other than falling within the meaning of public deposit*)	59,670	Nil
(b) Deferred Credits	Nil	Nil
(c) Term Loans (including interest accrued and due thereon ₹ 1 Lac)	162,501	Nil
(d) Inter-corporate Loans and Borrowings	Nil	Nil
(e) Commercial Paper	52,500	Nil
(f) Public Deposits * (excluding interest accrued but not due ₹ 5 Lacs)	200	Nil
(g) Other Loans (specify nature) (Short term loan, Term loan, Cash Credit and Working Capital Demand Loan including interest accrued thereon)	194,889	Nil
* Please see Note 1 below		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security.	Nil	Nil
(c) Other public deposits	200	Nil
* Please see Note 1 below		

Particulars	Amount Outstanding
Assets Side	
(3) Break - up of Loans and Advances including bills receivables (other than those included in (4) below) :	
(a) Secured	Nil
(b) Unsecured	Nil
(4) Break up of Leased Assets and Assets under Finance and hypothecation loans counting Assets Finance activities	
(i) Lease assets including lease rentals under sundry debtors:	Nil
(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	343,885
(b) Repossessed Assets	724
(iii) Hypothecation loans counting towards asset financing activities:	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil

(5) Break-up of Investments	
Current Investments :	
1. Quoted :	
(i) Shares :	
(a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities (including trust securities)	Nil
(v) Others (Please specify)	Nil
2. Unquoted :	
(i) Shares : (a) Equity (b) Preference	 Nil Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (Please specify) Certificates of Deposits with Banks	 43,969
Long Term Investments:	
1. Quoted :	
(i) Shares : (a) Equity (b) Preference	 8 Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government and Trust Securities	553
(v) Others (Please specify)	–
2. Unquoted :	
(i) Shares : (a) Equity (b) Preference	 Nil Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others	Nil

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

Category	**Amount net of Provisions**		
	Secured	**Unsecured**	**Total**
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	989	Nil	989
(c) Other Related Parties	Nil	684	684
2. Other than Related parties	574,001	171,656	745,657
Total	**574,990**	**172,340**	**747,330**

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

Category	Market Value/ Break up or fair value or NAV	Book Value (net of provision)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group:	3	Nil
(c) Other Related Parties	Nil	Nil
2. Other than Related parties	44,540	44,530
Total	**44,543**	**44,530**

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

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	21,979
(ii) Net Non Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	5,988
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

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

Statement showing particulars as prescribed in the amendment to Schedule VI to the Companies Act, 1956 vide Notification No.G.S.R.388 (E) dated May 15,1995.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (PART IV)

I	**REGISTRATION DETAILS**	
	Registration No.	42961
	State Code	11
	Balance Sheet date	31 March 2011
		₹ in Thousands
II	**CAPITAL RAISED DURING THE YEAR ENDED 31 MARCH 2011**	
	Public Issue,Calls in arrears received	-
	Right Issue	-
	Bonus Issue	-
	Private Placement	-
	Others (ESOP)	330
		330
III	**POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31 MARCH 2011**	
	Total Liabilities	80,667,056
	Total Assets	80,667,056
	SOURCES OF FUNDS	
	Paid -up Capital	366,296
	Reserves and Surplus	13,214,838
	Secured Loans	46,469,068
	Unsecured Loans	20,616,854
		80,667,056
	APPLICATION OF FUNDS	
	Net Fixed Assets	1,026,043
	Investments	4,452,963
	Deferred Tax Asset, net	649,382
	Net Current Assets	74,538,668
		80,667,056
IV	**PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2011**	
	i) Turnover (Sale of products and other income)	14,061,326
	ii) Total Expenditure	10,362,117
	iii) Profit before tax	3,699,209
	iv) Profit after tax	2,466,338
	v) Adjustments for earlier years	3,266
	vi) Net Profit	2,469,604
	vii) Earning per share ₹ (See Note 2) (Face Value ₹ 10/-)	67.47
	viii) Dividend Rate (%)	100
V	**GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)**	
	Being a Finance Company - Not Applicable.	

Notes :

1. The above particulars should be read along with the balance sheet as at 31 March 2011, the profit and loss account for the year ended on that date and the schedules forming part thereof.
2. Earning per share is arrived at by dividing the Net Profit {Item IV(vi)} by total weighted average number of shares issued and subscribed as at the end of the year.

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
Directors

Anant Damle
Company Secretary

Pune: 17 May 2011

Select Five Year Financial Data

(₹ in Lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07
Income					
Income from Lending Business	128,384	80,958	50,907	40,903	34,896
Leasing Business	-	8	45	63	381
Other Income	12,229	10,650	8,987	9,309	4,903
Total	140,613	91,616	59,939	50,275	40,180
Expenses	44,179	31,197	21,485	18,836	12,853
Loan losses and provisions	20,461	26,058	16,358	10,918	8,088
Interest and Other Finance Charges	37,795	20,167	16,435	17,038	11,810
Depreciation	1,186	764	557	485	304
Profit Before Taxation	36,992	13,430	5,104	2,998	7,125
Provision for Taxation	12,329	4,490	1,712	986	2,403
(net of deferred tax credit)					
Profit for the year	24,663	8,940	3,392	2,012	4,722
Profit before Appropriations	24,696	8,941	3,392	2,058	4,764
Earning Per Share (EPS)					
Basic (₹)	67.47	24.43	9.27	5.68	19.76
Diluted (₹)	67.47	24.43	9.27	5.68	18.79
Dividend %	100	60	20	10	30
Assets employed					
Net Fixed Assets	10,260	5,045	2,020	1,376	503
Investments	44,530	30,183	27,391	32,688	3,267
Net Working Capital	745,387	395,779	235,545	235,885	256,532
Deferred Tax Asset	6,494	6,923	5,058	2,740	1,631
Total	806,671	437,930	270,014	272,689	261,933
Financed by					
Shareholders' Funds					
Share Capital	3,663	3,660	3,660	3,660	3,535
Reserves	132,148	111,594	105,214	102,679	96,057
	135,811	115,254	108,874	106,339	99,592
Preferential Warrant Application Money	-	-	-	-	512
Loan Funds	670,860	322,676	161,140	166,350	161,829
Total	806,671	437,930	270,014	272,689	261,933

Bajaj Finance Limited
2011-12

Financial Statements

Auditors’ report to the members

1. We have audited the attached balance sheet of Bajaj Finance Limited (the “company”) as at 31 March 2012 and the related statement of profit and loss and cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor’s Report) Order, 2003, as amended by the Companies (Auditor’s Report) (Amendment) Order, 2004 (together the “Order”), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the ‘Act’) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:

   a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 appears from our examination of those books;

   c. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;

   e. On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the board of directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

   f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the balance sheet, of the state of affairs of the company as at 31 March 2012;

      ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

      iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

Anish Amin
Partner
Membership Number: 40451

Pune: 16 May 2012

Annexure to the auditors' report

Referred to in paragraph 3 of the auditors' report of even date to the members of Bajaj Finance Limited on the financial statements as of and for the year ended 31 March 2012

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

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

   (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.

2. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.

   (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.

3. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, no major weakness have been noticed or reported.

4. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

5. In our opinion, and according to the information and explanations given to us, the company has complied with the directives issued by Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

6. In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.

7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the company.

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

   (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, cess and Employee State Insurance as at 31 March 2012 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Value Added Tax liability	2.18	Year 2005-06, 2006-07, 2007-08 2008-09	Commissioner Appeals
ESIC	Employee State Insurance Corporation	4.46	Year 1999–2000 to 2006 – 07	Employee State Insurance Court
	Employee State Insurance Corporation	0.68	Year 1991–92 to 2002–03	Deputy Director Employee State Insurance Corporation
Income Tax Act 1961	Income Tax	4.46	Year 1995-96 to 2006-07	Income Tax Appellate Tribunal
	Income Tax	6.63	Year 2007-08 to 2008-09	Commissioner of Income Tax (Appeal)

Annexure to the Auditors' Report (Contd.)

9. The company has no accumulated losses.

10. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

11. In our opinion, the company has maintained adequate documents and records in the cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

12. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the company.

13. In our opinion, the company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under section 49 of the Act.

14. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

15. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

16. On the basis of an overall examination of the balance sheet of the company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

17. The company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. In our opinion, and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.

18. The company has created security in respect of debentures issued and outstanding at the year-end. The details of security are disclosed in note no. 4 to the financial statements;

19. The company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

21. Considering the nature of the business conducted by the company, the other clauses, viz, (ii) and (iii) (b), (c), (d), (f) and (g) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, and hence in our opinion there is no matter which arises to be reported in the aforesaid clauses of the order.

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

Anish Amin
Partner
Membership Number: 40451
Pune :16 May 2012

Balance Sheet as at 31 March

(₹ in Crore)

Particulars	Note No.	2012	2011
Equity and liabilities			
Shareholders' funds			
Share capital	2	41.32	36.63
Reserves and surplus	3	1,970.93	1,321.48
Money received against share warrants	2 e. ii	21.32	–
		2,033.57	1,358.11
Non-current liabilities			
Long term borrowings	4	6,407.86	2,854.06
Other long term liabilities	5	28.54	15.93
Long term provisions	6	32.25	18.90
		6,468.65	2,888.89
Current liabilities			
Short term borrowings	7	2,794.56	2,468.91
Trade payables	8	182.61	151.73
Other current liabilities	8	1,384.09	1,605.86
Short term provisions	6	63.20	48.41
		4,424.46	4,274.91
Total		**12,926.68**	**8,521.91**
Assets			
Non-current assets			
Fixed assets	9		
– Tangible assets		128.13	96.19
– Intangible assets		10.66	6.41
		138.79	102.60
Non-current investments	10	5.48	5.61
Deferred tax assets (net)	11	69.16	64.94
Receivables under financing activity	12	6,569.21	3,932.00
Long term loans and advances	13	72.44	54.53
		6,855.08	4,159.68
Current assets			
Current investments	10	–	–
Receivables under financing activity	12	5,713.88	3,339.78
Cash and bank balances	14	59.83	871.67
Short term loans and advances	13	221.87	120.06
Other current assets	15	76.02	30.72
		6,071.60	4,362.23
Total		**12,926.68**	**8,521.91**
Statement of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 16 May 2012

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
Directors

Pune: 16 May 2012

Statement of Profit and Loss for the year ended 31 March

(₹ in Crore)

Particulars	Note No.	2012	2011
Revenue:			
Revenue from operations (Net)	16	2,163.02	1,392.33
Other income	17	8.89	13.80
Total revenue (I)		**2,171.91**	**1,406.13**
Expenses:			
Employee benefits expense	18	190.35	144.72
Finance costs	19	746.18	371.01
Depreciation		11.77	9.64
Loan losses and provisions	20	154.38	204.61
Other expenses	21	467.01	306.28
Total expenses (II)		**1,569.69**	**1,036.26**
Profit before tax (I - II)		**602.22**	**369.87**
Tax expenses			
Current tax		200.00	118.95
Deferred tax expense/(credit)		(4.22)	4.29
Prior period adjustments relating to earlier years: expense/(income)			
Taxation		–	(0.33)
Total tax expense		**195.78**	**122.91**
Profit after tax for the year		**406.44**	**246.96**
Earnings per share:	22		
(Face value per share ₹ 10/-)			
Basic **(₹)**		110.84	67.47
Diluted**(₹)**		110.29	67.47
Statement of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 16 May 2012

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
Directors

Pune: 16 May 2012

Cash Flow Statement for year ended 31 March

(₹ in Crore)

		2012	2011
A. Cash flow from operating activities:			
Profit before taxation		602.22	369.87
Adjustments for:			
Depreciation	11.77		9.64
Amortisations	3.24		3.07
Finance costs	746.18		371.01
Provision for doubtful debts and advances, net	6.07		(20.95)
Provision for diminution in value of investments, net	–		(1.25)
		767.26	361.52
Less: Investment income included above			
Interest on government securities	0.59		0.76
Loss on sale of tangible assets, net	(0.43)		–
		0.16	0.76
Cash from operations		1,369.32	730.63
Changes in working capital:			
Increase/(Decrease) in trade payables	30.88		97.89
Increase/(Decrease) in short term provisions	(0.57)		2.58
Increase/(Decrease) in other current liabilities	122.84		34.14
Increase/(Decrease) in other long term liabilities	12.61		4.66
(Increase)/Decrease in long term loans and advances	(11.69)		(4.19)
(Increase)/Decrease in short term loans and advances	(99.55)		(54.57)
(Increase)/Decrease in other current assets	(45.30)		(15.04)
		9.22	65.47
		1,378.54	796.10
Taxes paid (Net of refunds)	(206.22)		(129.58)
Tax adjustments relating to earlier years	–		0.33
Finance costs paid	(734.40)		(298.09)
		(940.62)	(427.34)
		437.92	368.76
Increase/(Decrease) in receivables under financing activity, current	(2,368.77)		(1,315.17)
Increase/(Decrease) in receivables under financing activity, non-current	(2,637.21)		(1,895.56)
		(5,005.98)	(3,210.73)
Net cash generated from operations		**(4,568.06)**	**(2,841.97)**
Carried forward		(4,568.06)	(2,841.97)

Cash Flow Statement for year ended 31 March (Contd.)

(₹ in Crore)

	2012	2011
Brought forward	(4,568.06)	(2,841.97)
B. Cash flow from investing activities:		
Capital expenditure	(51.89)	(64.08)
Sale proceeds of assets/adjustments to gross block	0.39	0.07
(Increase)/Decrease in long term investments	–	3.87
Investment income:		
Interest on Government securities	0.59	0.76
Net cash from investing activities	**(50.91)**	**(59.38)**
C. Cash flow from financing activities:		
Dividends paid	(36.65)	(21.99)
Dividend distribution tax	(5.94)	(3.65)
Increase/(Decrease) in long term borrowings	3,553.80	1,327.62
Increase/(Decrease) in short term borrowings	325.65	850.13
Increase/(Decrease) in current maturities of long term debts	(356.37)	1,304.59
Increase/(Decrease) in share capital	4.69	0.03
Increase/(Decrease) in share premium	300.63	1.15
Increase/(Decrease) in share warrants	21.32	–
Net cash from financing activities	**3,807.13**	**3,457.88**
Net increase in cash and cash equivalents	**(811.84)**	**556.53**
Cash and cash equivalents at the beginning of the year *	**871.67**	**315.14**
Cash and cash equivalents at the end of the year *	**59.83**	**871.67**

* Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.57 crore (Previous year ₹ 0.61 crore)

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 16 May 2012

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
— Directors

Pune: 16 May 2012

1. Statement of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 and Reserve Bank of India Regulations in relation to Non Banking Finance Companies to the extent applicable to the company.

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

A) System of accounting:

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

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

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

B) Fixed Assets, depreciation and amortization:

I) (i) Fixed Assets are carried at cost of acquisition.

(ii) Depreciation

(i) Depreciation is being provided on "Written Down Value method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the year is being provided for on a pro-rata basis with reference to the month of addition.

(ii) Depreciation on assets sold during the year is being provided for, at their respective rates up to the month in which such asset is sold.

II) On Intangible Assets and amortization thereof:

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

C) Investments:

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

(ii) Investments other than short term/current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.

(iii) Fixed income securities are stated at cost less amortization of premium/discount as the case may be. (Refer D (ii) below)

D) Income from:

(i) Assets under finance:

The company has accrued finance charges and service charges in terms of contractual commitments with borrowers detailed in the finance agreements entered into with hirers except in the case of Non- Performing Assets.

1. Statement of significant accounting policies (Contd.)

(ii) Investment

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

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

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

(iii) Other Income:

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

E) Receivables under financing activity:

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

(ii) The company assesses all receivables for their recoverability and accordingly, makes provisions for non performing assets as considered necessary. Further, the company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Regulations/Guidelines.

(iii) A general provision is also made by the company @ 0.25% on the standard assets outstanding and disclosed under "Long term provisions" in note no. 6 in the financial statements as required by the Reserve Bank of India.

F) Employee Benefits:

(i) Gratuity: Payment for present liability of future payment of gratuity is being made to the approved gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India (LIC). However, any deficits in plan assets managed by LIC as compared to actuarial liability are recognized as a liability.

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

(iii) Provident fund contributions are made to Bajaj Auto Limited Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense. Shortfall in fund assets over present obligation determined by an appointed actuary is recognized as a liability.

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

(v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:

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

H) Provisions and contingent liabilities:

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

I) Employee Stock Option Scheme – See note no. 28

2. Share Capital

(₹ in Crore)

	2012	2011
Authorised 75,000,000 (50,000,000) equity shares of ₹ 10 each	75.00	50.00
Issued 41,320,076 (36,630,076) equity shares of ₹ 10 each	41.32	36.63
Subscribed and paid up: 41,319,076 (36,629,076) equity shares of ₹ 10 each fully called up and paid up	41.32	36.63
Add: 1,000 (1,000) forfeited equity shares (₹ 5/- per share paid up) (₹ 5,000/-; Previous year ₹ 5,000/-)		
Total	**41.32**	**36.63**

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

	2012		2011	
	Nos.	**₹ in Crore**	**Nos.**	**₹ in Crore**
Equity shares				
At the beginning of the year	36,629,076	36.63	36,596,076	36.60
Add: Issued during the year - Employee Stock Option Plan	–	–	33,000	0.03
Add: Allotment on conversion of preferential warrants (See note no. 2(e)(ii)	4,690,000	4.69	–	–
Outstanding at the end of the year	**41,319,076**	**41.32**	**36,629,076**	**36.63**

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

	2012		2011	
	Nos.	**₹ in Crore**	**Nos.**	**₹ in Crore**
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	25,195,089	25.20	20,505,089	20.51

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

	2012		2011	
	Nos.	**% Holding**	**Nos.**	**% Holding**
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	25,195,089	60.98%	20,505,089	55.98%

e. Shares reserved for issue:

i. Under Employee Stock Option Plan:

1,829,803 equity shares (i.e. 5% of the then paid up equity share capital) have been approved under Employee Stock Option Plan Scheme, 2009 of the company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

2. Share Capital (Contd.)

ii. For warrant conversion:

6,000,000 preferential warrants convertible into equivalent number of equity shares of ₹ 10/- each had been issued to Bajaj Finserv Limited (promoter) by the company on 28 July 2011 from whom 25% of the issue price amounting to ₹ 97.65 crore has been received in advance entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants. Bajaj Finserv Limited has exercised its option to convert 4,690,000 warrants against which an equivalent number of equity shares of ₹ 10/- each at a premium of ₹ 641/- per share ranking pari passu with the existing equity shares of the company have been allotted on 29 March 2012. As of 31 March 2012, the balance 1,310,000 warrants are outstanding and an equivalent number of equity shares are reserved for issue against the same. The balance amount against these outstanding warrants amounts to ₹ 21.32 crore.

3. Reserves and Surplus

(₹ in Crore)

	2012	2011
Share Premium		
As per last Account	755.49	754.34
Add: Received during the year	300.63	1.15
Closing balance	1,056.12	755.49
Reserve Fund in terms of Section 45IC(1) of the Reserve Bank of India Act, 1934		
As per last Account	140.25	90.75
Add: Set aside during the year	81.50	49.50
Closing balance	221.75	140.25
General Reserve		
As per last Account	210.60	185.60
Add: Set aside during the year	41.00	25.00
Closing balance	251.60	210.60
Infrastructure Reserve in terms of Section 36 (1) (viii) of the Income Tax Act, 1961		
As per last Account	–	–
Add: Set aside during the year	0.15	–
Closing balance	0.15	–
Surplus in the statement of profit and loss		
As per last Account	215.14	85.25
Add: Profit for the year	406.44	246.96
	621.58	332.21
Less: Appropriations		
Transfer to Reserve Fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	81.50	49.50
Transfer to General Reserve	41.00	25.00
Transfer to Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	0.15	–
Proposed dividend	49.58	36.63
Provision for dividend tax on dividend	8.04	5.94
Total appropriations	180.27	117.07
Closing balance	441.31	215.14
Total	**1,970.93**	**1,321.48**

4. Long term borrowings

(₹ in Crore)

	Non-current		Current	
	2012	2011	2012	2011
A) Secured				
Privately placed redeemable non convertible debentures secured by pari passu charge by mortgage of company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and book debts and receivables under financing activity as stated in the respective information memorandum.	2,128.90	1,131.00	430.00	880.00
From Banks , against hypothecation of assets under finance, book debts and other receivables	3,592.00	850.00	100.00	–
	5,720.90	1,981.00	530.00	880.00
Less: Shown under other current liabilities	–	–	(530.00)	(880.00)
Total (A)	**5,720.90**	**1,981.00**	**–**	**–**
B) Unsecured				
Privately placed redeemable non convertible debentures	407.80	318.00	168.00	50.00
Privately placed subordinated (Tier II) redeemable non convertible debentures of ₹ 0.10 crore each	278.70	228.70	–	–
Term loans from banks	–	325.00	325.00	450.00
Fixed Deposits	0.46	1.36	1.01	0.38
	686.96	873.06	494.01	500.38
Less: Shown under other current liabilities	–	–	(494.01)	(500.38)
Total (B)	**686.96**	**873.06**	–	–
Total (A+B)	**6,407.86**	**2,854.06**	–	–

C) Details of privately placed secured redeemable non convertible debentures

			Non-current	
Date of maturity	**Of face value ₹ 1 Crore**	**Of face value ₹ 0.10 Crore**	**₹ in Crore 2012**	**₹ in Crore 2011**
Nov-15	250.00	–	250.00	250.00
Oct-15	25.00	–	25.00	25.00
Jul-15	50.00	–	50.00	50.00
Jun-15	–	5.70	5.70	–
Apr-15	–	9.20	9.20	–
Mar-15	–	99.00	99.00	–
Feb-15	–	13.00	13.00	–
Apr-14	–	47.00	47.00	–
Mar-14	–	4.00	4.00	–
Nov-13	–	73.00	73.00	–
Nov-13	203.00	–	203.00	–
Oct-13	–	188.00	188.00	–
Sep-13	–	41.00	41.00	–
Sep-13	130.00	–	130.00	30.00
Aug-13	–	46.80	46.80	–
Aug-13	110.00	–	110.00	–
Jul-13	496.00	–	496.00*	296.00

4. Long term borrowings (Contd.)

Date of maturity	Of face value ₹ 1 Crore	Of face value ₹ 0.10 Crore	Non-current ₹ In Crore 2012	Non-current ₹ In Crore 2011
Jun-13	–	60.00	60.00	–
Jun-13	25.00	–	25.00	25.00
May-13	25.00	–	25.00	25.00
May-13	–	176.20	176.20	–
Apr-13	25.00	27.00	52.00	–
Jan-13	25.00	–	–	25.00
Nov-12	210.00	–	–	210.00
Sep-12	10.00	–	–	10.00
Jul-12	10.00	–	–	10.00
May-12	35.00	–	–	35.00
Apr-12	140.00	–	–	140.00
		Total	**2,128.90**	**1,131.00**

Note:

- Of the total secured Zero Coupon Bonds issued, ₹ 598.90 crore were issued at a premium and ₹ 201.00 crore were issued at a discount
- * Related parties are current holders of ₹ 25 crore of the mentioned issue (previous year ₹ 25 crore)
- Interest rates range from 8.25% p.a. to 10.30% p.a. as at 31 March 2012

D) Terms of repayment of bank loans - secured

(₹ in Crore)

Date of maturity	Repayment schedule	Non-current 2012	Non-current 2011
Mar-15	Bullet repayment	50.00	–
Jan-15	Bullet repayment	400.00	–
Dec-14	Bullet repayment	250.00	–
Nov-14	Bullet repayment	100.00	–
Oct-14	Bullet repayment	250.00	–
Sep-14	Bullet repayment	150.00	–
Aug-14	Bullet repayment	50.00	–
Jun-14	4 quarterly payments of ₹ 12.5 crore starting Jun-14	50.00	–
Mar-14	5 semi-annual payments of ₹ 10 crore starting Mar-14	50.00	–
Feb-14	5 semi-annual payments of ₹ 20 crore starting Feb-14	100.00	–
Jan-14	4 quarterly payments of ₹ 50 crore starting Jan-14	200.00	–
Dec-13	4 quarterly payments of ₹ 75 crore starting Dec-13	300.00	–
Dec-13	Bullet repayment	200.00	200.00
Nov-13	Bullet repayment	50.00	50.00
Oct-13	Bullet repayment	100.00	100.00
Sep-13	Bullet repayment	400.00	400.00
Aug-13	3 annual payments of ₹ 100 crore starting Aug-13	300.00	–
Jul-13	Bullet repayment	400.00	–
May-13	16 quarterly payments of ₹ 12 crore starting May-13	192.00	–
Mar-13	Bullet repayment	–	25.00
Dec-12	Bullet repayment	–	75.00
	Total	**3,592.00**	**850.00**

Interest rates range from 8.75% p.a. to 11.00% p.a. as at 31 March 2012 with a mix of fixed and floating rates

4. Long term borrowings (Contd.)

E) Details of privately placed unsecured redeemable non convertible debentures

Date of maturity	Of face value ₹ 1 Crore	Of face value ₹ 0.10 Crore	Non-current ₹ in Crore 2012	Non-current ₹ in Crore 2011
Jan-15	–	37.00	37.00	–
Jun-14	6.00	–	6.00	–
Feb-14	–	11.00	11.00	–
Dec-13	–	15.00	15.00	–
Nov-13	–	10.00	10.00	–
Aug-13	–	13.00	13.00	–
Jul-13	–	21.00	21.00	–
Jun-13	90.00	–	90.00	–
Jun-13	–	9.60	9.60	–
May-13	–	7.70	7.70	–
May-13	150.00	–	150.00	150.00
Apr-13	–	37.50	37.50	–
Jul-12	125.00	–	–	125.00
Jun-12	25.00	–	–	25.00
May-12	18.00	–	–	18.00
		Total	**407.80**	**318.00**

Note:

- Of the total unsecured Zero Coupon Bonds issued, ₹ 109.80 crore were issued at a premium and ₹ 52.00 crore were issued at a discount
- Interest rates range from 8.00% p.a. to 10.45% p.a. as at 31 March 2012

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

(₹ in Crore)

Date of maturity	Non-current 2012	Non-current 2011
May-21	50.00	–
Oct-20	36.20	36.20
Sep-20	27.50	27.50
Jul-20	50.00	50.00
Jun-20	50.00	50.00
Apr-20	65.00	65.00
Total	**278.70**	**228.70**

Interest rates range from 9.45% p.a. to 9.83% p.a. as at 31 March 2012

4. Long term borrowings (Contd.)

G) Terms of repayment of bank loans - unsecured

(₹ in Crore)

Date of maturity	Repayment Schedule	Non-current 2012	Non-current 2011
Nov-12	Bullet repayment	–	50.00
Sep-12	Bullet repayment	–	175.00
Jun-12	Bullet repayment	–	100.00
	Total	**–**	**325.00**

Interest rates range from 6.50% p.a. to 10.50% p.a. as at 31 March 2012 with a mix of fixed and floating rates

5. Other long term liabilities

(₹ in Crore)

	2012	2011
Trade payables	15.80	6.82
Others:		
– Security deposits	10.27	7.22
– Other Payables	2.47	1.89
Total	**28.54**	**15.93**

6. Provisions

(₹ in Crore)

	Long-Term		Short-term	
	2012	2011	2012	2011
Provision for employee benefits	–	–	4.18	3.72
	–	–	4.18	3.72
Other provisions :				
– Proposed dividend	–	–	49.58	36.63
– Tax on proposed dividend	–	–	8.04	5.94
– Provision for loss estimations	32.25	18.90	0.31	–
– Provision for tax	–	–	1.09	2.12
	32.25	18.90	59.02	44.69
Total	**32.25**	**18.90**	**63.20**	**48.41**

During the year ended 31 March 2012, the dividend proposed for distribution to equity shareholders was ₹ 12/- per share (previous year ₹ 10/-per share).

7. Short term borrowings

(₹ in Crore)

	2012	2011
A) Secured		
From banks , against hypothecation of assets under finance, book debts and other receivables:		
– Cash credit and demand loans	1,374.55	975.94
– Other short term loans	–	805.00
From related parties	–	–
Total (A)	**1,374.55**	**1,780.94**
B) Unsecured		
Overdraft facility from banks	0.01	12.97
Short Term loans:		
– From banks	500.00	150.00
– From related parties	–	–
Short term borrowings by issue of commercial papers	920.00	525.00
Total (B)	1,420.01	687.97
Total (A+B)	**2,794.56**	**2,468.91**

Terms of repayment of secured short term Loans

(₹ in Crore)

Date of maturity	**2012**	**2011**
Dec-11	–	100.00
Nov-11	–	250.00
Sep-11	–	150.00
Aug-11	–	100.00
Apr-11	–	205.00
Total	**–**	**805.00**

Interest rates range from 8.00% p.a. to 9.50% p.a. as at 31 March 2012.

Terms of repayment of unsecured short term loans

(₹ in Crore)

Date of maturity	**2012**	**2011**
Apr-12	500.00	–
Dec-11	–	50.00
Oct-11	–	50.00
Jun-11	–	50.00
Total	**500.00**	**150.00**

Interest rates range from 10.00% p.a. to 10.65% p.a. as at 31 March 2012.

7. Short-term borrowings (Contd.)

Terms of repayment of commercial papers

(₹ in Crore)

Date of Maturity	2012	2011
Mar-13	8.00	–
Dec-12	25.00	–
Nov-12	52.00	–
Oct-12	50.00	–
Sep-12	10.00	–
Aug-12	185.00	–
Jul-12	315.00	–
May-12	100.00	–
Apr-12	175.00	–
Oct-11	–	100.00
Sep-11	–	75.00
Aug-11	–	50.00
Jul-11	–	150.00
Jun-11	–	25.00
Apr-11	–	125.00
Total	**920.00**	**525.00**

Interest rates range from 6.30% p.a. to 10.45% p.a. as at 31 March 2012

8. Other current liabilities

(₹ in Crore)

	2012	2011
Trade payables	182.61	151.73
Other liabilities		
Current maturities of long term borrowings (See note no. 4) :		
– Secured loans	530.00	880.00
– Unsecured loans	494.01	500.38
	1,024.01	1,380.38
Interest accrued but not due	153.80	138.02
Interest accrued and due	1.01	5.01
Income received in advance	1.61	1.69
Unclaimed dividend	0.40	0.42
Unclaimed matured fixed deposits	0.08	0.13
Others :		
– Temporary overdraft as per books only	165.14	51.79
– Statutory dues	5.98	4.32
– Security deposits	7.66	9.03
– Other payables	24.40	15.07
Total	**1,384.09**	**1,605.86**

9. Fixed Assets

(₹ in Crore)

Particulars	Gross Block at cost				Depreciation				Net Block	
	As at 31 March 2011	Additions	Deductions/ Adjustments	As at 31 March 2012	As at 31 March 2011	Deductions/ Adjustments	For the Year (b)	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
A. Tangible assets (b):										
Assets relating to leasing business:										
Plant and Machinery	17.64	–	–	17.64	17.64	–	–	17.64	–	–
Other assets:										
Land freehold (d)	2.26	–	–	2.26	–	–	–	–	2.26	2.26
Building (a)	79.00	33.13	–	112.13	3.86	–	4.81	8.67	103.46	75.14
Computers	23.17	3.17	0.42	25.92	17.09	0.40	3.28	19.97	5.95	6.08
Office equipments	5.10	2.44	0.24	7.30	1.76	0.12	0.70	2.34	4.96	3.34
Furniture and Fixtures	13.73	4.13	1.34	16.52	6.42	0.83	2.22	7.81	8.71	7.31
Vehicles	3.44	1.66	0.38	4.72	1.38	0.21	0.76	1.93	2.79	2.06
Total (A)	**144.34**	**44.53**	**2.38**	**186.49**	**48.15**	**1.56**	**11.77**	**58.36**	**128.13**	**96.19**
Previous year	83.60	61.35	0.61	144.34	39.06	0.54	9.63	48.15	96.19	
B. Intangible assets:										
Specialized software (c)	6.41	7.36	3.11(e)	10.66	–	–	–	–	10.66	6.41
Total (B)	**6.41**	**7.36**	**3.11**	**10.66**	**–**	**–**	**–**	**–**	**10.66**	**6.41**
Previous year	5.91	2.73	2.23(e)	6.41						

a) Includes cost of shares in co-operative society ₹ 250/-
b) See note no. 1 (B) (I)
c) See note no. 1 (B) (II)
d) Represents share in undivided portion of land, on purchase of office premises
e) Amount amortized as expense

10. Investments

(₹ in Crore)

			2012	2011
Non current investments				
A) In Government and Trust Securities				
Other than trade				
Quoted				
	11.83%	Government of India Stock, 2014 of the face value of ₹ 5.00 crore	6.37	6.37
		Less: Amortization of premium [Refer note no. 1 (C) (iii)]	(0.97)	(0.84)
		Total (A)	**5.40**	**5.53**
B) In fully paid equity shares				
Other than trade				
Quoted				
	90	Shares of TCFC Finance Limited	–	–
@	38,700	Shares of ₹ 10 each in Akai Impex Limited	0.23	0.23
	75	Shares of ₹ 10 each in Bajaj Holdings and Investments Limited (₹ 19,646/-)		
@	16,880	Shares of ₹ 10 each in Dai Ichi Karkaria Limited	0.17	0.17
	40	Shares of ₹ 10 each in Dion Global Solutions Limited (₹ 1,435/-)		
	25	Shares of ₹ 10 each in ICICI Bank Ltd (₹ 1,320/-)		
@	52	Shares of ₹ 10 each in Midwest Leasing Limited (₹ 450/-)		
@	50	Shares of ₹ 10 each in Mazda Industries and Leasing Limited (₹ 500/-)		
@	50	Shares of ₹ 10 each in MCC Finance Limited (₹ 1,665/-)		
@	50	Shares of ₹ 10 each in Nagarjuna Finance Limited (₹ 713/-)		
@	100	Shares of ₹ 10 each in P L Finance and Investment Limited (₹ 1,500/-)		
	150	Shares of ₹ 10 each in Bajaj Auto Limited (₹ 7685/-)		
	75	Shares of ₹ 5 each in Bajaj Finserv Limited (₹ 7,441/-)		
@	310	Shares of ₹ 10 each in Southern Fuels Limited	0.01	0.01
			0.41	0.41
		Less: Provision for diminution in value of investments	(0.33)@	(0.33)@
		Total (B)	**0.08**	**0.08**
		Total (A)+(B)	**5.48**	**5.61**

(₹ in Crore)

	Book Value as at		Market Value as at	
	31 March 2012	**31 March 2011**	**31 March 2012**	**31 March 2011**
Quoted	5.48*	5.61*	5.53*	5.74*
Unquoted	–	–	–	–

* Included in market value at cost as the quotation is not available

@ Diminution in value provided for

11. Deferred tax assets (Net)

(₹ in Crore)

		2012	2011
I) Deferred tax liability			
On account of timing difference in			
Depreciation and amortisation		(3.49)	(1.01)
Other liabilities		(0.33)	–
Gross deferred tax liability	**Total (I)**	**(3.82)**	**(1.01)**
II) Deferred tax asset			
On account of timing difference in			
Disallowance u/s 43B of the Income Tax Act, 1961		1.83	1.68
Provision for doubtful debts		63.05	61.08
Other assets		8.10	3.19
Gross deferred tax asset	**Total (II)**	**72.98**	**65.95**
	Total (I+II)	**69.16**	**64.94**

12. Receivables under financing activity (Good unless otherwise stated)

(₹ in Crore)

	Non-current		Current	
	2012	**2011**	**2012**	**2011**
(I) Secured				
(i) (a) Against hypothecation of automobiles, equipments, durables etc (Includes overdue installments ₹ 205.45 crore) [Previous year ₹ 209.00 crore]	1,798.14	1,229.37	3,857.54	2,209.45
(b) Stock of reposessed vehicles under finance agreements at estimated realisable/balance value	–	–	8.87	7.26
	1,798.14	1,229.37	3,866.41	2,216.71
(c) Overdue instalments under finance agreements considered doubtful	–	–	87.51	87.50
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(76.09)*	(87.50)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(11.42)*	–*
	–	–	–	–
	1,798.14	1,229.37	3,866.41	2,216.71
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue installments ₹ 0.41 crore) [previous year ₹ 0.19 crore] Good	3,463.09	1,948.71	142.32	47.33
Doubtful	–	–	0.20	1.27
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(0.20)*	(1.27)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	–*	–*
	–	–	–	–
	3,463.09	1,948.71	142.32	47.33
(iii) Loan against shares (secured by pledge of shares)	42.12	85.67	387.41	222.10
Total (I)	**5,303.35**	**3,263.75**	**4,396.14**	**2,486.14**

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

(₹ in Crore)

	Non-current		Current	
	2012	2011	2012	2011
(II) Unsecured:				
(i) Loans at agreement values less installments received [Includes overdue instalments ₹ 69.51 crore Previous year ₹ 79.53 crore] Good	1,265.86	668.25	1,317.74	853.64
Doubtful	–	–	60.13	65.33
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(52.66)*	(58.62)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(7.47)*	(6.71)*
	–	–	–	–
Total (II)	**1,265.86**	**668.25**	**1,317.74**	**853.64**
Total (I+II)	**6,569.21**	**3,932.00**	**5,713.88**	**3,339.78**

The company assesses all receivables for their recoverability and accordingly makes provisions for non performing assets as considered necessary. Further, the company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Guidelines. During the year, the impact of accelerated provisions in excess of mandated RBI or company's erstwhile policies amounted to ₹ 19.97 crore (Previous year ₹ 38.77 crore)

A general provision, amounting to ₹ 32.25 crore is also made by the company @ 0.25% on the standard assets outstanding and disclosed under "Provisions" in note no. 6 in the financial statements as required by the Reserve Bank of India.

* See note 1E

13. Loans and advances, unsecured, good (unless otherwise stated)

(₹ in Crore)

	Non-current		Current	
	2012	2011	2012	2011
Capital advances	0.56	3.49	–	–
Security deposits	5.98	4.86	–	–
Loan and advances to related parties	0.04	0.04	7.98	2.32
Advances recoverable in cash or kind :				
– Secured considered good	–	–	–	–
– Unsecured considered good	65.86	46.14	213.89	117.74
– Doubtful	–	–	3.55	5.81
– Less: Provision	–	–	(3.55)	(5.81)
	–	–	–	–
	65.86	46.14	213.89	117.74
Total	**72.44**	**54.53**	**221.87**	**120.06**

14. Cash and bank balances

(₹ in Crore)

	Current	
	2012	2011
Cash and cash equivalents		
Cash on hand (including the cash with collecting agents)	17.66	6.73
Cash equivalents:		
– Bank balance in current accounts	41.60	274.64
– Fixed deposits (maturity less than 3 months from date of acquisition)	–	150.00
– Certificates of deposits (maturity less than 3 months from date of acquisition)	–	439.69
	59.26	871.06
Balances with banks:		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	0.57	0.61
	0.57	0.61
Total	**59.83**	**871.67**

15. Other current assets

(₹ in Crore)

	Current	
	2012	2011
Interest receivable on investments	0.23	0.50
Interest receivable on loans (Nil; Previous year ₹ 38,591/-)	–	
Other finance charges receivable	34.63	25.71
Receivables from related parties	37.82	4.51
Other receivables	3.34	–
Total	**76.02**	**30.72**

16. Revenue from operations

(₹ in Crore)

	2012	2011
Revenue from operations		
Finance activity		
a) Financing Charges	1,457.70	915.09
b) Interest on loans	470.54	310.16
c) Service and administration charges	68.02	58.59
	1,996.26	1,283.84
Other operating revenue		
(i) Interest		
(a) On deposits	0.04	4.77
(b) Penal and others	48.20	36.09
	48.24	40.86
(ii) Profit on sale of current investments, net *	10.22	13.62
(iii) Bad debt recoveries	26.29	25.31
(iv) Miscellaneous charges and receipts	82.01	28.70
	166.76	108.49
Total	**2,163.02**	**1,392.33**

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

17. Other income

(₹ in Crore)

	2012	2011
Interest		
On Government and Trust Securities	0.59	0.76
Amortisation of premium/discount (Refer note no. 1 (C) (iii))	(0.13)	(0.84)
Partially provided for as diminution in earlier years written back	–	0.48
	0.46	0.40
Dividend (₹ 42,964/-; Previous year ₹ 39,565/-)		
Miscellaneous Income	0.45	0.22
Surplus on sale of assets, net (Nil; Previous year ₹ 27,954/-)	–	
Provisions no longer required	5.87	5.73
Sundry credit balances appropriated	2.11	6.68
Provision for diminution in value of investments written back, net	–	0.77
Total	**8.89**	**13.80**

18. Employee benefits expense

(₹ in Crore)

	2012	2011
Employees' emoluments: [Includes Manager's remuneration]		
– Salaries, wages and bonus	176.16	135.53
– Contribution to provident and other funds	7.75	6.01
– Staff welfare expenses	6.44	3.18
Total	**190.35**	**144.72**

19. Finance costs

(₹ in Crore)

	2012	2011
Interest expenses	561.21	320.37
Discount in respect of "commercial papers"	175.96	44.83
Other financing costs	9.01	5.81
Total	**746.18**	**371.01**

20. Loan losses and provisions

(₹ in Crore)

	2012	2011
Bad debts written off	148.31	225.56
Provision release on account of bad debts written off	(80.83)	(62.17)
Provision for standard assets	13.35	14.69
Provision for non performing assets	73.55	26.53
Total	**154.38**	**204.61**

21. Other expenses

(₹ in Crore)

	2012	2011
Insurance	0.15	0.10
Rent	5.97	5.90
Commission to non executive directors	0.87	0.50
Communication expenses	13.49	10.66
Outsourcing/back office expenses	52.37	30.20
Service tax	30.05	9.65
Travelling expenses	17.57	12.13
Information technology expenses	15.14	10.87
Marketing commission	96.46	55.99
Recovery costs	89.11	58.25
Bank charges	13.15	11.93
Amortization of software expenses	3.11	2.23
Rates and taxes	0.26	0.05
Auditors' remuneration	0.28	0.27
Deficit on redemption of securities on maturity	–	0.87
Dealer incentive	64.23	46.57
Sundry expenses	64.80	50.11
Total	**467.01**	**306.28**

(₹ in Crore)

	2012	2011
Payment to auditor (Net of service tax credit availed)		
As auditor :		
– Audit fee	0.20	0.20
– Tax audit fee	0.01	0.01
In other capacity :		
– Other services (Certification fees)	0.07	0.06
Reimbursement of expenses (₹ 34,254/-; Previous year ₹ Nil)		–
Total	**0.28**	**0.27**

22. Computation of Earnings Per Share (EPS)

(₹ in Crore)

	2012	2011
A) Basic		
i) Computation of Profit (Numerator):		
Net Profit attributable to shareholders	406.44	246.96
ii) Computation of weighted average number of shares (Denominator):		
Number of shares outstanding at the beginning of the year	36,629,076	36,596,076
Weighted average number of equity shares issued and outstanding during the year	38,443	8,408
Adjusted weighted average equity shares	36,667,519	36,604,484
EPS (Basic) (₹)	110.84	67.47

22. Computation of Earnings Per Share (EPS) (Contd.)

(₹ in Crore)

	2012	2011
B) Diluted		
i) Computation of Profit (Numerator):		
– Net Profit attributable to shareholders	406.44	246.96
ii) Computation of weighted average number of shares (Denominator):		
– Number of shares outstanding as above/at the beginning of the year	36,629,076	36,596,076
Weighted average number of equity shares issued and outstanding during the year	38,443	8,408
Weighted average equity shares under options outstanding at the close of the year*	1,84,372	–
Adjusted weighted average equity shares	36,851,891	36,604,484
EPS (Diluted) (₹)	110.29	67.47

* Dilutive equity shares under warrants outstanding and ESOPs

23. Contingent liability not provided for

(₹ in Crore)

	2012	2011
Disputed claims against the company not acknowledged as debts	3.51	3.81
VAT matters under Appeal	3.49	3.49
ESI matters under appeal	5.14	5.14
Income tax matters under appeal	41.51	20.47

24. Capital and other commitments

(₹ in Crore)

	2012	2011
a. Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account not provided for (Net of advances)	3.18	1.26
b. Other commitments		
The company has capital commitments amounting to ₹ 262.66 crore (Previous year ₹ 150 crore)		

25. Expenditure in foreign currency

(₹ in Crore)

Particulars	2012	2011
Travelling expenses	0.16	0.12
Software expenses	2.33	1.15
Other expenses	0.02	–

26. The company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.

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

A. Gratuity

(₹ in Crore)

Amount to be recognized in Balance Sheet	**2012**	**2011**
Present value of funded obligations	6.39	4.47
Fair value of plan assets	(11.45)	(7.89)
Amount not recognized as an asset (limit in para 59 (b))	1.87	1.24
Net Liability	(3.19)	(2.18)
Amounts in Balance Sheet		
Liability	0.43	0.22
Assets	(3.62)	(2.40)
Net Liability/(Asset)	(3.19)	(2.18)
Expense to be recognized in the Statement of Profit & Loss		
Current service cost	1.12	0.73
Interest on defined benefit obligation	0.45	0.29
Expected return on plan assets	(0.59)	(0.39)
Net actuarial losses/(Gains) recognized in year	0.42	0.53
Effect of the limit in Para 59 (b)	0.63	0.38
Premium allocation difference and other charges transferred	–	–
Total, included in "Employee emoluments"	2.03	1.54
Actual return on plan assets	0.74	0.54
Reconciliation of benefit obligations & plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	4.47	2.92
Current service cost	1.12	0.73
Interest cost	0.45	0.29
Actuarial losses/(gain)	0.57	0.67
Benefits paid	(0.22)	(0.14)
Closing defined benefit obligation	6.39	4.47
Change in fair value of assets		
Opening fair value of plan assets	7.89	5.30
Expected return on plan assets	0.59	0.39
Actuarial gain/(losses)	0.15	0.15
Contributions by employer	3.04	2.19
Benefits paid	(0.22)	(0.14)
Closing fair value of plan assets	11.45	7.89
Summary of the actuarial assumptions		
Discount rate	8.65%	8.30%
Expected rate of return on assets	7.50%	7.50%
Salary escalation Rate - Senior Staff	8.00%	8.00%
- Junior Staff	8.00%	8.00%

(₹ in Crore)

Particulars	2008	2009	2010	2011	2012
Experience adjustments:					
Defined benefit obligation	1.98	2.49	2.92	4.47	6.39
Plan assets	1.12	3.48	5.30	7.89	11.45
Surplus/(Deficit)	(0.86)	0.99	2.38	3.42	5.06
Experience adjustments on plan liabilities	(0.23)	0.13	0.08	0.30	0.80
Experience adjustments on plan assets	0.21	1.40	0.07	0.15	0.16

B. Compensated absences

(₹ in Crore)

Particulars	2012	2011
Experience adjustments:		
Present value of unfunded obligations	3.45	3.05
Expense recognized in the Statement of profit and loss	1.02	1.51
Discount Rate (p.a.)	8.65%	8.30%
Salary escalation Rate (p.a.) - Senior Staff	8.00%	8.00%
Salary escalation Rate (p.a.) - Junior Staff	8.00%	8.00%

Casual leave and earned leave which is considered as a short term benefit, is valued as its encashment value amounting to ₹ 0.73 crore (Previous year ₹ 0.67 crore)

C) Provident fund:

In case of certain employees, the provident fund contribution is made to Bajaj Auto Limited 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 at 31 March 2012. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Remaining term of maturity – 12.05 years
Expected guaranteed interest rate – 8.25%
Discount rate for the remaining term of maturity of interest portfolio – 8.55%

28. Employee Stock Option Plan

The board of directors at its meeting held on 14 October 2009 approved an issue of Stock Options up to a maximum of 5% of the issued equity capital of the company aggregating to 1,829,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December, 2009 approved the issue of equity shares of the company under one or more Employee Stock Option Scheme(s).

The Remuneration & Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, three grants have been made, details of which as on 31 March 2012, are given as under:

Grant date	Exercise price (in ₹)	Options granted	Options vested & exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	358.70	132,000	63,500	63,500	1,250	3,750	127,000
21-Jul-10	542.00	326,750	78,688	224,812	4,250	19,000	303,500
28 July 11	705.15	376,200	4,000	372,200	–	–	376,200
	Total	**834,950**	**146,188**	**660,512**	**5,500**	**22,750**	**806,700**

28. Employee Stock Option Plan (Contd.)

Method used for accounting for share based payment plan

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

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

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

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

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

(₹ in Crore)

Particulars	2012	2011
Net profit (as reported)	406.44	246.96
Add: Stock – based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro forma)	7.57	2.61
Net Profit (pro forma)	398.87	244.35
Basic earnings per share (as reported)	110.84	67.47
Basic earnings per share (pro forma)	108.78	66.76
Diluted earnings per share (as reported)	110.29	67.47
Diluted earnings per share (pro forma)	108.24	66.76

29. The disclosures required in terms of paragraph 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in the Annexure forming part of these financial statements.

30. Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

31. Related Parties:

Disclosure of transactions with Related Parties as required by the Accounting Standard - 18 as prescribed by Companies (Accounting Standards) Rules, 2006:

(₹ in Crore)

Name of related party and Nature of relationship	Nature of transaction	2012 Transaction Value	2012 Outstanding amounts carried in the Balance Sheet	2011 Transaction Value	2011 Outstanding amounts carried in the Balance Sheet
A. Holding Company:					
1. Bajaj Finserv Limited	Dividend paid	20.51	–	11.07	–
	Infrastructure payments	0.72	–	7.04	0.07
	Business support charges	4.93	–	2.49	–
	Other revenue expenses	0.02	–	0.02	–
	Preferential warrants application and allotment money	21.32	21.32	–	–
	Equity contribution received (including premium)	305.32	–	–	–
B. Fellow Subsidiaries:					
1. Bajaj Allianz Life Insurance Company Ltd.	Insurance premium paid	109.39	–	34.10	–
	Premium advance	114.31	6.94	35.98	2.15
	Infrastructure fees	7.05	1.76	7.05	–
	Advertisement fees	2.35	0.59	5.10	–
	Business co-operation fees (Since received)	27.57	27.57	–	–
	Commission income	1.27	1.20	0.72	0.47
	Other reimbursement	24.91	6.26	6.17	3.94
	Advance logo charges received	0.63	–	0.63	0.63
	Unsecured non convertible debentures	–	15.00	15.00	15.00
	Interest paid on non convertible debentures	1.25	–	–	–
2. Bajaj Allianz General Insurance Company Ltd.	Asset insurance	0.15	–	0.10	–
	Vehicle/travel Insurance	0.06	–	0.06	–
	Extended warranty premium	0.50	–	0.05	–
	Insurance premium adjusted	0.36	–	3.62	–
	Advance premium	0.74	1.07	3.63	0.17
	Others	0.10	–	0.21	0.10
	Unsecured non convertible debentures	–	10.00	10.00	10.00
	Interest paid on non convertible debentures	0.83	–	–	–
C. Where Directors have Significant influence:					
1. Bajaj Auto Ltd.	Interest subsidy	5.74	–	5.77	–
	Business support cost paid	6.77	1.24	8.07	–
	Business support cost received	0.99	0.42	0.38	–
2. Bajaj Finserv House owners Association	Infrastructure payments	0.32	0.05	–	–
D. Key Managerial Personnel:					
1. Nanoo Pamnani Vice Chairman	Commission	0.69	0.69	0.50	0.50
	Sitting fees and reimbursement of expenses	0.04	–	0.03	–
2. Rajeev Jain CEO	Remuneration	2.68	1.02	2.50	0.78
	Housing deposit	–	–	0.04	–

32. Amounts less than ₹ 50,000/- have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes '1' to '32'

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

As per our attached report of even date

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

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

Anish Amin
Partner
Membership Number: 40451

Anant Damle
Company Secretary

Pune: 16 May 2012

Pune: 16 May 2012

Annexure (Forming part of the financial statement)

Schedule to Balance Sheet

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

(₹ in Crore)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side:		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures: Secured (including interest accrued thereon ₹ 107.81 crore)	2,666.71	Nil
Unsecured (including interest accrued thereon ₹ 45.54 crore)	900.04	Nil
(Other than falling within the meaning of public deposit*)		–
(b) Deferred credits	Nil	Nil
(c) Term Loans (including interest accrued thereon ₹ 0.98 crore)	4,017.98	Nil
(d) Inter-corporate loans and borrowings	Nil	Nil
(e) Commercial paper	920.00	Nil
(f) Public Deposits* (including interest accrued thereon ₹ 0.21 crore)	1.76	Nil
(g) Other Loans (Short term Loans, cash credit and working capital demand loan)	1,874.56	Nil
* Please see Note 1 below		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	Nil	Nil
(c) Other public deposits	1.76	Nil
* Please see Note 1 below		

Particulars	Amount Outstanding
Asset Side	
(3) Break - up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	Nil
(b) Unsecured	Nil
(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	Nil
(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	3,640.19
(b) Repossessed assets	8.87
(iii) Hypothecation loans counting towards asset financing activities:	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil

Schedule to Balance Sheet (Contd.)

Asset Side

(₹ in Crore)

Particulars	Amount Outstanding
(5) Break up of Investments:	
Current Investments	
1. Quoted:	
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities (including trust securities)	Nil
(v) Others	Nil
2. Unquoted:	
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others	Nil
Long Term Investments	
1. Quoted:	
(i) Shares: (a) Equity	0.08
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government and Trust Securities	5.40
(v) Others	Nil
2. Unquoted:	
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others	Nil

(6) Borrower group-wise classifications of all leased assets, stock under financing and loans and advances

(Please see note (2) below)

	Amount net of provision		
Category	**Secured**	**Unsecured**	**Total**
1. Related parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	45.42	45.42
(c) Other related parties	Nil	0.42	0.42
2. Other than related parties	9,699.49	2,908.09	12,607.58
Total	**9,699.49**	**2,953.93**	**12,653.42**

Schedule to Balance Sheet (Contd.)

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

(₹ in Crore)

Category	Market value/break up or fair value or NAV	Book Value (net of provisions)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other Related Parties	0.03	Nil
2. Other than Related parties	5.50	5.48
Total	**5.53**	**5.48**

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

(₹ in Crore)

(8) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	148.13
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	15.63
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

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

Bajaj Finance Limited

Financials 2012-13

Independent Auditors' Report

To the members of **Bajaj Finance Limited**

Report on the financial statements

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

Management's responsibility for the financial statements

2. The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

   b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

   c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

7. As required by 'the Companies (Auditors' Report) Order, 2003', as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Independent Auditors' Report (Contd.)

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

   a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

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

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

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;

   e) On the basis of written representations received from the directors as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Anish Amin
Partner
Membership Number 40451
Pune : 15 May 2013

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Bajaj Finance Limited on the financial statements for the year ended 31 March 2013

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

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

   c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2. The Company is in the business of financing and consequently, does not hold any inventory. Therefore, the provisions of clause 4(ii) of the said order are not applicable to the Company.

3. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii) (b), (c) and (d)/(f) and (g) of the said order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the Company.

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

   b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, employee state insurance as at 31 March 2013 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Value Added Tax liability	4.74	Year 2005-06 to 2011-12	Commissioner Appeals
ESIC	Employee State Insurance Corporation	4.46	Year 1999-2000 to 2006-07	Employee State Insurance Court
	Employee State Insurance Corporation	0.68	Year 1991-92 to 2002-03	Deputy Director Employee State Insurance Corporation

Annexure to Independent Auditors' Report (Contd.)

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

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

12. In our opinion, the Company has maintained adequate documents and records in the cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under section 49 of the Act.

15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the Company

16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.

18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. In our opinion, and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.

19. The Company has created security in respect of debentures issued and outstanding at the year end. The details of security are disclosed in note no. 4 to the financial statements.

20. We have verified the end use of moneys raised by rights issues of equity shares and the same has been disclosed in note no. 2(A)(ii) of the financial statements.

21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

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

Anish Amin
Partner
Membership Number 40451
Pune: 15 May 2013

Balance Sheet as at 31 March

(₹ In Crore)

Particulars	Note No.	2013	2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	49.78	41.32
Reserves and surplus	3	3,317.26	1,970.93
Money received against share warrants	2 E.ii	–	21.32
		3,367.04	2,033.57
Non-current liabilities			
Long term borrowings	4	7,503.08	6,407.86
Other Long term liabilities	5	41.96	28.54
Long term provisions	6	64.61	32.25
		7,609.65	6,468.65
Current liabilities			
Short term borrowings	7	2,080.14	2,794.56
Trade payables	8	168.95	174.19
Other current liabilities	8	4,502.51	1,395.84
Short term provisions	6	92.88	62.11
		6,844.48	4,426.70
Total		**17,821.17**	**12,928.92**
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		164.43	128.13
Intangible assets		11.78	10.66
		176.21	138.79
Non-current investments	10	5.26	5.48
Deferred tax assets (net)	11	90.37	69.16
Receivables under financing activity	12	9,548.19	6,569.21
Long term loans and advances	13	86.25	71.75
		9,906.28	6,854.39
Current assets			
Current investments	10	–	–
Receivables under financing activity	12	7,195.45	5,713.88
Cash and bank balances	14	416.40	59.83
Short term loans and advances	13	234.84	224.81
Other current assets	15	68.20	76.01
		7,914.89	6,074.53
Total		**17,821.17**	**12,928.92**
Statement of significant accounting policies	1		

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

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Anant Damle
Company Secretary

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
Directors

Statement of Profit and Loss for the year ended 31 March

(₹ In Crore)

Particulars	Note No.	2013	2012
Revenue			
Revenue from operations	16	3,093.72	2,163.02
Other income	17	17.65	8.89
Total revenue (I)		**3,111.37**	**2,171.91**
Expenses			
Employee benefits expense	18	245.15	190.35
Finance costs	19	1,205.68	746.18
Depreciation		15.14	11.77
Loan losses and provisions	20	181.75	154.38
Other expenses	21	592.05	467.01
Total expenses (II)		**2,239.77**	**1,569.69**
Profit before tax (I - II)		**871.60**	**602.22**
Tax expenses:			
Current tax		301.50	200.00
Deferred tax expense/(credit)		(21.21)	(4.22)
Total tax expense		**280.29**	**195.78**
Profit for the year		**591.31**	**406.44**
Earnings per share:	22		
(Face value per share ₹ 10/-)			
Basic (₹)		135.69	107.72
Diluted (₹)		134.74	107.20
Statement of significant accounting policies	1		

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

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

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Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

Cash Flow Statement for the year the ended 31 March

(₹ In Crore)

		2013	2012
A) Cash Flow from operating activities			
Profit before tax		871.60	602.22
Adjustments for:			
Depreciation	15.14		11.77
Amortisations	4.56		3.24
Finance costs	1,205.68		746.18
Provision for doubtful debts and advances, net	65.47		6.07
Provision for diminution in value of investments, net	(0.09)		–
		1,290.76	767.26
Less: Investment income/(loss) included above			
Interest on Government securities	0.59		0.59
Loss on sale of tangible assets, net	(0.05)		(0.43)
Loss on sale of investments, net	(0.10)		–
		0.44	0.16
Cash from operations		2,161.92	1,369.32
Changes in working capital:			
Increase/(decrease) in trade payables	(5.24)		17.27
Increase/(decrease) in short term provisions	1.09		(1.66)
Increase/(decrease) in other current liabilities	423.80		137.24
Increase/(decrease) in other long term liabilities	13.42		12.61
(Increase)/decrease in long term loans and advances	(2.76)		(11.92)
(Increase)/decrease in short term loans and advances	(7.75)		(100.12)
(Increase)/decrease in other current assets	7.81		(45.29)
		430.37	8.13
		2,592.29	1,377.45
Taxes paid (net of refunds)	(313.24)		(205.13)
Finance costs paid	(1,048.90)		(734.40)
		(1,362.14)	(939.53)
		1,230.15	437.92
(Increase)/decrease in receivables under financing activity, current	(1,517.02)		(2,368.77)
(Increase)/decrease in receivables under financing activity, non-current	(2,978.98)		(2,637.21)
		(4,496.00)	(5,005.98)
Net cash generated from operations		**(3,265.85)**	**(4,568.06)**
Carried forward		(3,265.85)	(4,568.06)

Cash Flow Statement for the year ended 31 March (Contd.)

(₹ In Crore)

	2013	2012
Brought forward	(3,265.85)	(4,568.06)
B) Cash flow from investing activities		
Capital expenditure	(57.49)	(51.89)
Sale proceeds of assets/adjustments to gross block	0.46	0.39
(Increase)/decrease in long term investments	0.07	–
Investment income:		
Interest on Government securities	0.59	0.59
Net cash from investing activities	**(56.37)**	**(50.91)**
C) Cash flow from financing activities		
Dividends paid	(49.49)	(36.65)
Dividend distribution tax	(8.04)	(5.94)
Increase/(decrease) in long term borrowings	1,095.22	3,553.80
Increase/(decrease) in short term borrowings	(714.42)	325.65
Increase/(decrease) in current maturities of long term debts	2,526.00	(356.37)
Increase/(decrease) in share capital	8.46	4.69
Increase/(decrease) in share premium, net	842.38	300.63
Increase/(decrease) in money received against share warrants	(21.32)	21.32
Net cash from financing activities	3,678.79	3,807.13
Net increase in cash and cash equivalents	**356.57**	**(811.84)**
Cash and cash equivalents at the beginning of the year*	**59.83**	**871.67**
Cash and cash equivalents at the end of the year*	**416.40**	**59.83**

*Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.69 crore (Previous year ₹ 0.57 crore)

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Anant Damle
Company Secretary

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
$\}$ Directors

1. Statement of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 and Reserve Bank of India Regulations in relation to Non Banking Finance Companies to the extent applicable to the Company.

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

A) System of accounting:

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

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

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

B) Fixed assets, depreciation and amortisation:

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

ii) Depreciation

a. Depreciation on own assets is being provided on "Written Down Value method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the year is being provided for on a pro-rata basis with reference to the month of addition.

b. Depreciation on assets sold during the year is being provided for, at their respective rates up to the month in which such asset is sold.

II) Intangible assets and amortisation thereof

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

C) Investments:

i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short term/current investments and are carried at their cost or market value/realizable value, whichever is lower. Investments maturing within 3 months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.

ii) Investments other than short term/current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.

iii) Fixed income securities are stated at cost less amortisation of premium/discount as the case may be. (Refer D (ii) below)

D) Income from:

i) Assets under finance:

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

1. Statement of significant accounting policies (Contd.)

ii) Investment:

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

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

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

iii) Other Income:

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

E) Receivables under financing activity:

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

ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non performing assets as considered necessary. Further, the Company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Regulations/Guidelines.

iii) A general provision is also made by the Company on the standard assets outstanding and disclosed under "Long term provisions" in Note No. 6 in the financial statements as required.

F) Employee benefits:

i) Gratuity: Payment for present liability of future payment of gratuity is being made to the approved gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India (LIC). However, any deficits in plan assets managed by LIC as compared to actuarial liability are recognised as a liability.

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

iii) Provident fund contributions are made to Bajaj Auto Limited 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 by an appointed actuary is recognised as a liability.

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

v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:

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

H) Provisions and contingent liabilities:

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

I) Employee stock option scheme – See note no. 28

2. Share Capital

(₹ In Crore)

	2013	2012
Authorised 75,000,000 (75,000,000) equity shares of ₹ 10 each	75.00	75.00
Issued 49,778,334 (41,320,076) equity shares of ₹ 10 each	49.78	41.32
Subscribed and paid up: 49,778,334 (41,319,076) equity shares of ₹ 10 each fully called up and paid up	49.78	41.32
Add: – (1,000) forfeited equity shares (₹ 5/- per share paid up) Nil; (Previous year ₹ 5,000/-)	–	
	49.78	**41.32**

A) i) Reconciliation of the shares outstanding at the beginning and at the end of the year

	2013		2012	
	Nos.	₹ in Crore	Nos.	₹ in Crore
Equity shares				
At the beginning of the year	41,319,076	41.32	36,629,076	36.63
Add: Issued during the year - Employee Stock Option Plan*	390,000	0.39	–	–
Add: Allotment on conversion of preferential warrants {See note no. 2(e)(ii)}	1,310,000	1.31	4,690,000	4.69
Add: Issue of shares on rights basis {See note no. 2(a)(ii)}	6,759,258	6.76	–	–
Outstanding at the end of the year	49,778,334	49.78	41,319,076	41.32

*Includes 1,000 equity shares forfeited in earlier years reissued and allotted to "BFL Employee Welfare Trust" under Employee Stock Option Plan.

ii) During the year, the Company issued 6,759,258 equity shares at ₹ 10/- each at a premium of ₹ 1,090/- on rights basis to its existing shareholders in the ratio of 3 equity shares for every 19 shares held. The said shares were fully subscribed subject to 859 shares held in abeyance pending adjudication of title. Accordingly, the funds raised aggregating to ₹ 743.52 crore have been entirely utilised towards the objects of the issue as on 31 March 2013.

B) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Equity shares allotted on conversion of preferential warrants, i.e. 4,690,000 and 1,310,000 equity shares are restricted from transfer other than inter se promoter group upto 28 March 2015 and 10 December 2015 respectively.

C) Shares held by holding company

	2013		2012	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	30,856,613	30.86	25,195,089	25.20

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

	2013		2012	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	30,856,613	61.99%	25,195,089	60.98%

2. Share Capital (Contd.)

E) Shares reserved for issue

i) Under Employee Stock Option Plan:

1,829,803 Equity Shares (i.e. 5% of the then paid up equity share capital) have been approved/reserved for issue under Employee Stock Option Plan, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999), of which 423,000 equity shares have been issued and alloted to ESOP trust upto 31 March 2013.

ii) For warrant conversion:

6,000,000 preferential warrants convertible into equivalent number of equity shares of ₹ 10/- each had been issued to Bajaj Finserv Limited (promoter) by the Company on 28 July 2011 from whom 25% of the issue price amounting to ₹ 97.65 crore has been received in advance entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants. Bajaj Finserv Limited has since exercised its option to convert entire warrants upto 31 March 2013.

3. Reserves and surplus

(₹ In Crore)

	2013	2012
Share premium		
As per last account	1,056.12	755.49
Add: Received during the year:		
– On issue of rights equity shares	736.76	–
– On issue of shares under Employee Stock Option Plan	23.12	–
– On issue of shares by way of conversion of warrants	83.97	300.63
	843.85	300.63
Less: Share issue expenses as per section 78 of the Companies Act, 1956	1.47	–
Closing balance	1,898.50	1,056.12
Capital reserve		
Amount previously received on forfeited equity shares re-issued during the year (₹ 5,000) (previous year Nil)		–
		–
Reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934		
As per last account	221.75	140.25
Add: Set aside during the year	119.00	81.50
Closing balance	340.75	221.75
General reserve		
As per last account	251.60	210.60
Add: Set aside during the year	60.00	41.00
Closing balance	311.60	251.60
Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		
As per last account	0.15	–
Add: Set aside during the year	1.90	0.15
Closing balance	2.05	0.15

3. Reserves and surplus (Contd.)

(₹ In Crore)

	2013	2012
Surplus in the Statement of Profit and Loss		
As per last account	441.31	215.14
Add: Profit for the year	591.31	406.44
	1,032.62	621.58
Less: Appropriations:		
Transfer to reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	119.00	81.50
Transfer to general reserve	60.00	41.00
Transfer to infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	1.90	0.15
Proposed dividend	74.67	49.58
Provision for dividend tax on dividend	12.69	8.04
Total appropriations	268.26	180.27
Closing balance	764.36	441.31
	3,317.26	**1,970.93**

4. Long term borrowings

(₹ In Crore)

	Non-current		Current	
	2013	**2012**	**2013**	**2012**
A) Secured				
Privately placed redeemable non convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and book debts and receivables under financing activity as stated in the respective information memorandum	2,341.90	2,128.90	1,630.00	430.00
From banks, against hypothecation of assets under finance, book debts and other receivables	4,365.00	3,592.00	1,555.00	100.00
	6,706.90	5,720.90	3,185.00	530.00
Less: Shown under other current liabilities	–	–	(3,185.00)	(530.00)
Total (A)	6,706.90	5,720.90	–	–
B) Unsecured				
Privately placed redeemable non convertible debentures	310.00	407.80	364.80	168.00
Privately placed sub-ordinated (Tier II) redeemable non convertible debentures of ₹ 0.10 crore each	485.80	278.70	–	–
Term loans from banks	–	–	–	325.00
Fixed deposits	0.38	0.46	0.21	1.01
	796.18	686.96	365.01	494.01
Less: Shown under other current liabilities	–	–	(365.01)	(494.01)
Total (B)	796.18	686.96	–	–
Total (A+B)	**7,503.08**	**6,407.86**	–	–

4. Long term borrowings (Contd.)

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

(₹ In Crore)

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

Note:

- Of the total non-current secured zero coupon bonds issued, ₹ 881.90 crore. were issued at a premium and ₹ 201 crore were issued at a discount
- * Related parties are current holders of ₹ 140 crore of the mentioned issue (previous year ₹ 25 crore)
- Interest rates range from 8.70% p.a. to 10.05% p.a. as at 31 March 2013

4. Long term borrowings (Contd.)

D) Terms of repayment of bank loans - secured

(₹ In Crore)

		Non-current	
Date of maturity	**Prospective repayment schedule**	**2013**	**2012**
Dec 15	Bullet repayment	50.00	–
Nov 15	Bullet repayment	100.00	–
Oct 15	Bullet repayment	50.00	–
Sep 15	Bullet repayment	50.00	–
Jul 15	Bullet repayment	75.00	–
Jun 15	Bullet repayment	325.00	–
May 15	Bullet repayment	250.00	–
Apr 15	Bullet repayment	350.00	–
	3 semi annual payment of ₹ 16.67 crore starting Mar 15	50.00	–
Mar 15	Bullet repayment	150.00	50.00
	4 quarterly payment of ₹ 25 crore starting Feb 15	100.00	–
Jan 15	Bullet repayment	400.00	400.00
Dec 14	Bullet repayment	400.00	250.00
Nov 14	Bullet repayment	100.00	100.00
Oct 14	Bullet repayment	250.00	250.00
Sep 14	Bullet repayment	150.00	150.00
Aug 14	Bullet repayment	50.00	50.00
	4 quarterly payment of ₹ 25 crore starting Jul 14	100.00	–
	3 annual payment of ₹ 73.33 crore starting Jun 14	220.00	–
Jun 14	Bullet repayment	100.00	–
	4 quarterly payment of ₹ 12.5 crore starting Jun 14	50.00	50.00
	12 quarterly payment of ₹ 6.75 crore starting May 14	81.00	–
	5 semi annual payment of ₹ 30 crore starting May 14	150.00	–
	4 semi annual payment of ₹ 10 crore starting Mar 14	40.00	50.00
	4 semi annual paymentof ₹ 20 crore starting Feb 14	80.00	100.00
	3 quarterly payment of ₹ 50 crore starting Jan 14	150.00	200.00
	2 quarterly payment of ₹ 25 crore starting Dec 13	50.00	100.00
	2 quarterly payment of ₹ 50 crore starting Dec 13	100.00	200.00
Dec 13	Bullet repayment	–	200.00
Nov 13	Bullet repayment	–	50.00
Oct 13	Bullet repayment	–	100.00
Sep 13	Bullet repayment	–	400.00
	2 annual payment of ₹ 100 crore starting Aug 13	200.00	300.00
Jul 13	Bullet repayment	–	400.00
	12 quarterly payment of ₹ 12 crore starting May 13	144.00	192.00
		4,365.00	**3,592.00**

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

4. Long term borrowings (Contd.)

E) Details of privately placed unsecured redeemable non convertible debentures

(₹ In Crore)

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

Note:

- Of the total non current unsecured zero coupon bonds issued, ₹ 109.80 crore were issued at a premium and ₹ 52 crore were issued at a discount
- Interest rates range from 9.22% p.a. to 10.45% p.a. as at 31 March 2013

F) Details of privately placed unsecured redeemable non convertible debentures - sub-ordinated debt issued at face value of ₹ 0.10 Crore:

(₹ In Crore)

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

Note:

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

5. Other long term liabilities

(₹ In Crore)

	2013	2012
Trade payables	22.71	15.80
Others:		
–Security deposits	15.91	10.27
–Other payables	3.34	2.47
	41.96	**28.54**

6. Provisions

(₹ In Crore)

	Non-current		Current	
	2013	**2012**	**2013**	**2012**
Provision for employee benefits	–	–	5.27	4.18
	–	–	5.27	4.18
Other provisions:				
Proposed dividend	–	–	74.67	49.58
Tax on proposed dividend	–	–	12.69	8.04
General provision on standard assets	57.48	32.25	0.25	0.31
Provision for interest sacrifice on restructured assets	7.13	–	–	–
	64.61	32.25	87.61	57.93
	64.61	**32.25**	**92.88**	**62.11**

• During the year ended 31 March 2013, the dividend proposed for distribution to equity shareholders was ₹ 15 per share (previous year ₹ 12/- per share).

7. Short term borrowings

(₹ In Crore)

	2013	2012
A) Secured		
From banks, against hypothecation of assets under finance, book debts and other receivables:		
– Cash credit and demand loans	748.58	1,374.55
Total (A)	**748.58**	**1,374.55**
B) Unsecured		
Overdraft facility from banks	24.56	0.01
Short-term loans:		
– From banks	250.00	500.00
	274.56	500.01
Borrowings by issue of commercial papers	1,057.00	920.00
Total (B)	**1,331.56**	**1,420.01**
Total (A+B)	**2,080.14**	**2,794.56**

7. Short term borrowings (Contd.)

Terms of repayment of unsecured short term loans

(₹ In Crore)

Date of maturity	2013	2012
Apr 13	250.00	
Apr 12	–	500.00
	250.00	**500.00**

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

Terms of repayment of commercial papers:

(₹ In Crore)

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

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

8. Current liabilities

(₹ In Crore)

	2013	2012
Trade payables	168.95	174.19
Other current liabilities		
Current maturities of long term borrowings (See note no. 4):		
– Secured loans	3,185.00	530.00
– Unsecured loans	365.01	494.01
	3,550.01	1,024.01
Interest accrued but not due	311.42	153.80
Interest accrued and due	0.17	1.01
Income received in advance	0.83	1.61
Unclaimed dividend	0.54	0.40
Unclaimed matured fixed deposits (₹ 25,000/-)		0.08
Others:		
– Temporary overdraft as per books only	564.29	165.14
– Statutory dues	12.82	5.98
– Security deposits	5.77	7.66
– Employee benefits payable	24.77	13.65
– Other/miscellaneous payables	31.89	22.50
	4,502.51	**1,395.84**

9. Fixed assets

(₹ In Crore)

	Gross block at cost				Depreciation				Net block	
	As at 31 March 2012	Additions	Deductions/ adjustments	As at 31 March 2013	As at 31 March 2012	Deductions/ adjustments	For the Year (b)	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
A) Tangible assets (b):										
Assets relating to leasing business:										
Plant and Machinery	17.64	–	–	17.64	17.64	–	–	17.64	–	–
Other assets:										
Land freehold (d)	2.26	–	–	2.26	–	–	–	–	2.26	2.26
Building (a)	112.13	36.67	–	148.80	8.67	–	6.10	14.77	134.03	103.46
Computers	25.92	6.41	0.85	31.48	19.97	0.82	4.38	23.53	7.95	5.95
Office equipments	7.30	1.77	0.34	8.73	2.34	0.22	0.97	3.09	5.64	4.96
Furniture and fixtures	16.52	3.05	1.67	17.90	7.81	1.62	2.32	8.51	9.39	8.71
Vehicles	4.72	4.05	1.18	7.59	1.93	0.87	1.37	2.43	5.16	2.79
Total (A)	**186.49**	**51.95**	**4.04**	**234.40**	**58.36**	**3.53**	**15.14**	**69.97**	**164.43**	**128.13**
Previous year	144.34	44.53	2.38	186.49	48.15	1.56	11.77	58.36	128.13	
B) Intangible assets:										
Specialised software (c)	10.66	5.54	4.42 (e)	11.78	–	–	–	–	11.78	10.66
Total (B)	**10.66**	**5.54**	**4.42**	**11.78**	**–**	**–**	**–**	**–**	**11.78**	**10.66**
Previous year	6.41	7.36	3.11 (e)	10.66						

a) Includes cost of shares in co-operative society ₹ 250/-
b) See note no. 1 (B) (I)
c) See note no. 1 (B) (II)
d) Represents share in undivided portion of land, on purchase of office premises
e) Amount amortised as expense

10. Investments

(₹ In Crore)

			2013	2012
Non current investments				
A) In Government and trust securities				
Other than trade				
Unquoted				
	11.83%	Government of India Stock, 2014 of the face value of ₹ 5 crore	6.37	6.37
		Less: Amortisation of premium {Refer note. no. 1 (C) (iii)}	(1.11)	(0.97)
Total (A)			**5.26**	**5.40**
B) In fully paid equity shares				
Other than trade				
Quoted				
	–(90)	Shares of TCFC Finance Limited	–	–
@	38,700	Shares of ₹ 10 each in Akai Impex Limited	0.23	0.23
	75	Shares of ₹ 10 each in Bajaj Holdings and Investments Limited (₹ 19,646/-)		
@	–(16,880)	Shares of ₹ 10 each in Dai Ichi Karkaria Limited	–	0.17
	40	Shares of ₹ 10 each in Dion Global Solutions Limited (₹ 1,435/-)		
	–(25)	Shares of ₹ 10 each in ICICI Bank Ltd (Previous year ₹ 1,320/-)	–	
@	52	Shares of ₹ 10 each in Midwest Leasing Limited (₹ 450/-)		
@	50	Shares of ₹ 10 each in Mazda Industries and Leasing Limited (₹ 500/-)		
@	50	Shares of ₹ 10 each in MCC Finance Limited (₹ 1,665/-)		
@	50	Shares of ₹ 10 each in Nagarjuna Finance Limited (₹ 713/-)		
@	100	Shares of ₹ 10 each in P L Finance and Investment Limited (₹ 1,500/-)		
	150	Shares of ₹ 10 each in Bajaj Auto Limited (₹ 7685/-)		
	–(75)	Shares of ₹ 5 each in Bajaj Finserv Limited (₹ 7,441/-)	–	
@	310	Shares of ₹ 10 each in Southern Fuels Limited	0.01	0.01
			0.24	0.41
		Less : Provision for diminution in value of investments		
			(0.24)@	(0.33)@
TOTAL (B)			**–**	**0.08**
TOTAL (A+B)			**5.26**	**5.48**

(₹ In Crore)

	Book Value as at		Market Value as at	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Quoted	*	0.08	0.03	0.11
Unquoted	5.26	5.40	–	–

* Book value ₹ 27,331/-
@ Diminution in value provided for

11. Deferred tax assets (Net)

(₹ In Crore)

		2013	2012
A) Deferred tax liability			
On account of timing difference in			
Depreciation and amortisation		(7.47)	(3.49)
Other liabilities		(1.52)	(0.33)
Gross deferred tax liability	**Total (A)**	**(8.99)**	**(3.82)**
B) Deferred tax asset			
On account of timing difference in			
Disallowance u/s 43B of the Income Tax Act, 1961		1.24	1.83
Provision for doubtful debts		85.30	63.05
Other assets		12.82	8.10
Gross deferred tax asset	**Total (B)**	**99.36**	**72.98**
	Total (A+B)	**90.37**	**69.16**

12. Receivables under financing activity (Good unless otherwise stated)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
A) Secured				
i) a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue instalments ₹ 189.75 crore) [Previous year ₹ 205.45 crore]	1,583.78	1,423.19	4,415.23	3,498.83
b) Stock of repossessed vehicles under Finance Agreements at estimated realisable/balance value	–	–	13.97	9.13
	1,583.78	1,423.19	4,429.20	3,507.96
c) Overdue Instalments under Finance Agreements considered doubtful	–	–	116.81	87.51
Less: Provision:				
i) Against non performing assets (NPAs)	–	–	(100.87)*	(76.09)*
ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(15.94)*	(11.42)*
	–	–	–	–
	1,583.78	1,423.19	4,429.20	3,507.96
ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue instalments ₹ 1.05 Crore) [Previous year ₹ 0.41 Crore]				
Good	5,610.85	3,463.09	181.45	142.32
Doubtful	–	–	1.13	0.20
Less: Provision:				
i) Against non performing assets (NPAs)	–	–	(1.13)*	(0.20)*
ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	–*	–*
	–	–	–	–
	5,610.85	3,463.09	181.45	142.32
iii) Infrastructure finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets	304.04	374.95	134.50	358.45
iv) Loan against shares (secured by pledge of shares)	26.30	42.12	622.66	387.41
Total (A)	**7,524.97**	**5,303.35**	**5,367.81**	**4,396.14**

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

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
B) Unsecured +				
Loans at agreement values less instalments received (Includes overdue installments ₹ 64.54 crore] [Previous year ₹ 69.51 crore]				
Good	2,023.22	1,265.86	1,827.64	1,317.74
Doubtful	–	–	66.28	60.13
Less: Provision:				
i) Against non performing assets (NPAs)	–	–	(52.67)*	(52.66)*
ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(13.61)*	(7.47)*
	–	–	–	–
	2,023.22	1,265.86	1,827.64	1,317.74
Total (B)	**2,023.22**	**1,265.86**	**1,827.64**	**1,317.74**
Total (A+B)	**9,548.19**	**6,569.21**	**7,195.45**	**5,713.88**

* See note 1E
+ Includes receivables from related parties amounting to ₹ 33.93 crore (previous year ₹ 45.87 crore)

13. Loans and advances, unsecured, good (unless otherwise stated)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
Capital advances	1.45	0.56	–	–
Security deposits	6.91	5.98	3.00	–
Loan and advances to related parties	–	0.04	9.36	7.98
Advance tax, net of provision for taxation	59.43	47.69	–	–
Advances recoverable in cash or kind				
– Secured considered good	–	–	–	–
– Unsecured considered good	18.46	17.48	222.48	216.83
– Doubtful	–	–	1.27	3.55
Less: Provision	–	–	(1.27)	(3.55)
	–	–	–	–
	18.46	17.48	222.48	216.83
	86.25	**71.75**	**234.84**	**224.81**

14. Cash and bank balances

(₹ In Crore)

	Current 2013	Current 2012
Cash and cash equivalents		
Cash on hand	0.03	0.01
Cash with collecting agents	32.91	17.65
Cash equivalents:		
– Bank balance in cash credit/current accounts	113.95	41.60
– Certificates of deposits (maturity less than 3 months from date of acquisition)	268.82	–
	415.71	59.26
Other bank balances:		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	0.69	0.57
	0.69	0.57
	416.40	**59.83**

15. Other current assets

(₹ In Crore)

	2013	2012
Interest receivable on investments	0.84	0.23
Other finance charges receivable	61.19	34.63
Receivables from related parties	2.26	37.82
Other receivables	3.91	3.33
	68.20	**76.01**

16. Revenue from operations

(₹ In Crore)

	2013	2012
Finance activity:		
i) Financing Charges	2,180.93	1,499.33
ii) Interest on loans	668.30	428.91
iii) Service and administration charges	75.56	68.02
	2,924.79	1,996.26
Other operating revenue:		
i) Interest		
a) On deposits	0.62	0.04
b) Penal and others	71.66	48.20
	72.28	48.24
ii) Profit on sale of current investments, net*	21.67	10.22
iii) Bad debt recoveries	25.10	26.29
iv) Miscellaneous charges and receipts	49.88	82.01
	168.93	166.76
	3,093.72	**2,163.02**

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

17. Other income

(₹ In Crore)

	2013	2012
Interest:		
On Government and trust securities	0.59	0.59
Amortisation of premium/discount {Refer note no. 1 (C) (iii)}	(0.14)	(0.13)
	0.45	0.46
Dividend (₹ 42,911/-, previous year ₹ 42,964/-)		
Miscellaneous income	0.22	0.45
Provisions no longer required	12.88	5.87
Sundry credit balances appropriated	4.01	2.11
Provision for diminution in value of investments written back, net	0.09	–
	17.65	**8.89**

18. Employee benefits expense

(₹ In Crore)

	2013	2012
Employees' emoluments: (Includes manager's remuneration)		
Salaries, wages and bonus	226.95	176.16
Contribution to provident and other funds	9.27	7.75
Staff welfare expenses	8.93	6.44
	245.15	**190.35**

19. Finance costs

(₹ In Crore)

	2013	2012
Interest expenses	954.26	561.21
Discount in respect of "Commercial papers"	241.55	175.96
Other financing costs	9.87	9.01
	1,205.68	**746.18**

20. Loan losses and provisions

(₹ In Crore)

	2013	2012
Bad debts written off	116.28	148.31
Provision release on account of bad debts written off	(75.17)	(80.83)
Provision for standard assets	25.23	13.35
Provision for interest sacrifice on restructured assets	7.13	–
Provision for delinquencies	108.28	73.55
	181.75	**154.38**

21. Other expenses

(₹ In Crore)

	2013	2012
Insurance	0.23	0.15
Rent	7.18	5.97
Commission to non executive directors	1.25	0.87
Communication expenses	16.64	13.49
Outsourcing/back office expenses	76.03	52.37
Service tax	20.69	30.05
Travelling expenses	26.38	17.57
Information technology expenses	20.90	15.14
Marketing commission	82.18	96.46
Recovery costs	119.58	89.11
Bank charges	15.05	13.15
Amortisation of software expenses	4.42	3.11
Rates and taxes	0.29	0.26
Auditors' remuneration	0.29	0.28
Loss on sale of investments, net	0.10	–
Loss on sale of assets, net	0.05	0.43
Dealer incentive	100.48	64.23
Sundry expenses	100.31	64.37
	592.05	**467.01**

(₹ In Crore)

	2013	2012
Payment to auditor (net of service tax credit availed)		
As auditor:		
– Audit fee	0.20	0.20
– Tax audit fee	0.01	0.01
In other capacity:		
– Other services (certification fees)	0.07	0.07
Reimbursement of expenses (Previous year ₹ 34,254/-)	0.01	
	0.29	**0.28**

22. Computation of Earnings Per Share (EPS)

(₹ In Crore)

	2013	2012
A) Basic		
i) Computation of profit (Numerator):		
– Net Profit attributable to shareholders	591.31	406.44
ii) Computation of weighted average number of shares (Denominator) :		
– Number of shares outstanding at the beginning of the year	41,319,076	36,629,076
Weighted average number of equity shares issued prior to record date for rights issue of shares	482,233	38,443
Weighted average number of rights shares	555,555	–
Proportionate addition to opening number of shares due to adjustment factor	1,212,238	1,063,358
Weighted average number of shares issued and outstanding during the year - shares issued to ESOP Trust	7,301	–
Adjusted weighted average equity shares	43,576,403	37,730,877
EPS (basic) (₹)	135.69	107.72
B) Diluted		
i) Computation of profit (Numerator):		
– Net Profit attributable to shareholders	591.31	406.44
ii) Computation of weighted average number of shares (Denominator) :		
– Number of shares outstanding as above/at the beginning of the year	41,319,076	36,629,076
Weighted average number of equity shares issued prior to record date for rights issue of shares	482,233	38,443
Weighted average number of rights shares	555,555	–
Proportionate addition to opening number of shares due to adjustment factor	1,212,238	1,063,358
Weighted average number of shares issued and outstanding during the year - shares issued to ESOP Trust	7,301	–
Number of options outstanding at the close of the year*	308,169	184,372
Adjusted weighted average equity shares	43,884,572	37,915,249
EPS (diluted) (₹)	134.74	107.20

* Dilutive equity shares under warrants outstanding and ESOPs

23. Contingent liability not provided for

(₹ In Crore)

	2013	2012
Disputed claims against the Company not acknowledged as debts	4.57	3.51
VAT matters under appeal	6.05	3.49
ESI matters under appeal	5.14	5.14
Income tax matters under appeal	35.33	41.51
Guarantees given on behalf of the Company	4.44	–

24. Capital and other commitments

(₹ In Crore)

	2013	2012
A) Capital commitments Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	4.66	3.18

B) Other commitments

The Company has capital commitments amounting to ₹ 202.84 crore (previous year ₹ 262.66 crore)

25. Expenditure in foreign currency

(₹ In Crore)

	2013	2012
Travelling expenses	0.06	0.16
Software expenses	2.66	2.33
Other expenses	0.05	0.02

26. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.

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

A) Gratuity

(₹ In Crore)

	2013	2012
Amount to be recognised in Balance Sheet		
Present value of funded obligations	9.89	6.39
Fair value of plan assets	(15.97)	(11.45)
Amount not recognised as an asset (limit in para 59 (b))	1.42	1.87
Net Liability	(4.66)	(3.19)
Amounts in Balance Sheet		
Liability	1.10	0.43
Assets	(5.76)	(3.62)
Net Liability/(Asset)	(4.66)	(3.19)
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	1.51	1.12
Interest on defined benefit obligation	0.66	0.45
Expected return on plan assets	(0.87)	(0.59)
Net actuarial losses/(gains) recognised in year	1.38	0.42
Effect of the limit in para 59 (b)	(0.45)	0.63
Premium allocation difference and other charges transferred	–	–
Total, included in "employee emoluments"	2.23	2.03
Actual return on plan assets	1.06	0.74
Reconciliation of benefit obligations & plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	6.39	4.47
Current service cost	1.51	1.12
Interest cost	0.66	0.45
Actuarial losses/(gain)	1.57	0.57
Benefits paid	(0.24)	(0.22)
Closing defined benefit obligation	9.89	6.39

A) Gratuity (Contd.)

(₹ In Crore)

	2013	2012
Change in fair value of assets		
Opening fair value of plan assets	11.45	7.89
Expected return on plan assets	0.87	0.59
Actuarial gain/(losses)	0.19	0.15
Contributions by employer	3.70	3.04
Benefits paid	(0.24)	(0.22)
Closing fair value of plan assets	15.97	11.45
Summary of the actuarial assumptions		
Discount rate	8.05%	8.65%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate - Senior staff	8.00%	8.00%
Salary escalation rate - Junior staff	8.00%	8.00%

(₹ In Crore)

Particulars	2009	2010	2011	2012	2013
Experience adjustments					
Defined benefit obligation	2.49	2.92	4.47	6.39	9.89
Plan assets	3.48	5.30	7.89	11.45	15.97
Surplus/(deficit)	0.99	2.38	3.42	5.06	6.08
Experience adjustments on plan liabilities	0.13	0.08	0.30	0.80	0.87
Experience adjustments on plan assets	1.40	0.07	0.15	0.16	0.19

B) Compensated absences

(₹ In Crore)

Particulars	2013	2012
Present value of unfunded obligations	5.27	3.45
Expense recognised in the Statement of Profit and Loss	2.66	1.02
Discount rate (p.a.)	8.05%	8.65%
Salary escalation rate (p.a.) - Senior staff	8.00%	8.00%
Salary escalation rate (p.a.) - Junior staff	8.00%	8.00%

Casual leave and earned leave which is considered as a short term benefit, is valued at its encashment value amounting to ₹ Nil (Previous year ₹ 0.73 crore)

C) Provident fund

In case of certain employees, the provident fund contribution is made to Bajaj Auto Limited 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 at 31 March 2013. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

(₹ In Crore)

	2013
Amount to be recognised in Balance Sheet	
Present value of funded obligations	51.93
Fair value of plan assets	51.93
Net liability	–
Amounts in balance sheet	
Liability	–
Assets	–
Net liability/(asset)	–
Expense to be recognised in the Statement of Profit and Loss	
Current service cost	5.52
Interest on defined benefit obligation	3.58
Expected return on plan assets	(3.71)
Net actuarial losses/(gains) recognised in year)	0.13
Total, included in "employee emoluments"	5.52
Reconciliation of benefit obligations and plan assets for the period	
Change in defined benefit obligation	
Opening defined benefit obligation	37.42
Current service cost	5.52
Interest cost	3.58
Actuarial losses/(gain)	0.21
Employee's contribution	8.36
Liabilities assumed on acquisition/(settled on divestiture)	–
Benefits paid	(3.16)
Closing defined benefit obligation	51.93
Change in fair value of assets	
Opening fair value of plan assets	37.42
Expected return on plan assets	3.71
Actuarial gain/(losses)	0.08
Employer contributions during the period	5.52
Employee contributions during the period	8.36
Assets acquired on acquisition/(distributed on divestiture)	–
Benefits paid	(3.16)
Closing fair value of plan assets	51.93

C) Provident fund (Contd.)

	(₹ In Crore) 2013
Summary of the actuarial assumptions	
Discount rate	8.05%
Expected rate of return on assets	8.56%
Discounting rate for remaining term to maturity of investment (p.a)	8.05%
Average historic yield on investment (p.a.)	8.56%
Guaranteed rate of return (p.a.)	8.50%

The guidance note on implementing AS 15 "Employee benefits" issued by the Accounting Standards Board of the Institute of Chartered Accountants of India states that provident funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. The current year is the first year in which the actuary has given the disclosures in the actuarial valuation report, in view of the issuance of the guidance note by the Institute of Actuaries of India. Accordingly, the compliance with the disclosure requirements of paragraph 120(n) of AS 15 "Employee benefits" have been done prospectively from this year onwards.

28. Employee stock option plan

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the issued equity capital of the Company aggregating to 1,829,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s).

The Remuneration and Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, four grants have been made, details of which as on 31 March 2013, are given as under:

Grant date	Exercise price (in ₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12 Jan 2010	358.70	132,000	40,687	31,750	55,813	3,750	72,437
21 July 2010	542.00	326,750	67,621	142,750	90,255	26,124	210,371
28 July 2011	705.15	376,200	58,075	272,325	38,975	6,825	330,400
16 May 2012	876.10	359,500	–	359,500	–	–	359,500
Total		**1,194,450**	**166,383**	**806,325**	**185,043**	**36,699**	**972,708**

28. Employee stock option plan (Contd.)

Method used for accounting for share based payment plan

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

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

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

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

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

(₹ In Crore)

Particulars	2013	2012
Net profit (as reported)	591.31	406.44
Add: Stock based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro forma)	12.85	7.57
Net profit (pro forma)	578.46	398.87
Basic Earnings Per Share (as reported)	135.69	107.72
Basic Earnings Per Share (proforma)	132.75	105.71
Diluted Earnings Per Share (as reported)	134.74	107.20
Diluted Earnings Per Share (proforma)	131.81	105.20

29. During the year, the Company transferred assets through direct assignment of cash flows and the underlying securities to two banks. The disclosure as required by the revised Guidelines on Securitisation Transactions issued by RBI on 21 August 2012 is given as under:

(₹ In Crore)

Assets transferred during FY2013		
1.	Gross amount of assets assigned including exposure retained by the seller	398.52
2.	Total Amount of exposure retained by the NBFC to comply with MRR	
	– In form of On-Balance sheet retention of assets	39.85
3.	Total Amount of exposure retained by NBFC other than MRR	
	– In form of On-Balance sheet retention of assets	39.85
4.	Net amount of assets transferred through direct assignment in FY2013	318.81
5.	The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2013	773.06

30. The disclosures required in terms of paragraph 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in the annexure forming part of these financial statements.

31. Related parties

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2013 Transaction value	2013 Outstanding amounts carried in the Balance Sheet	2012 Transaction value	2012 Outstanding amounts carried in the Balance Sheet
A) Holding company and fellow subsidiaries:					
1. Bajaj Finserv Limited (Holding company)	Dividend paid	30.23	–	20.51	–
	Business support charges	6.39	–	4.93	–
	Other revenue expenses	0.10	–	0.02	–
	Preferential warrants application and allotment money/ conversion of warrants	(21.32)	–	21.32	21.32
	Equity contribution received (including premium)	563.95	–	–	–
2. Bajaj Allianz Life Insurance Company Limited (Fellow subsidiary)	Advance premium	153.91	6.94	114.31	6.94
	Insurance premium adjusted	153.96	–	109.39	–
	Infrastructure fees	7.05	–	7.05	1.76
	Advertisement fees	2.35	–	2.35	0.59
	Business co-operation fees	27.57	–	27.57	27.57
	Commission income	1.76	1.10	1.27	1.20
	Other reimbursement	–	0.58	24.91	6.26
	Advance logo charges received	–	–	0.63	–
	Commercial papers	30.00	–	–	–
	Secured non convertible debentures	55.00	55.00	–	–
	Unsecured non convertible debentures	–	2.50	–	15.00
	Interest paid on non convertible debentures	1.26	–	1.25	–
3. Bajaj Allianz General Insurance Company Limited (Fellow subsidiary)	Asset/medical/vehicle/travel insurance	1.06	–	0.21	–
	Advance premium	7.36	2.42	1.24	1.07
	Insurance premium adjusted	5.93	–	0.36	–
	Commission income	0.87	0.33	–	–
	Others	–	–	0.10	–
	Secured non convertible debentures	70.00	85.00	–	–
	Unsecured non convertible debentures	–	–	–	10.00
	Interest paid on non convertible debentures	0.83	–	0.83	–
4. Bajaj Financial Solutions Limited (Fellow Subsidiary)		–	–	–	–
5. Bajaj Financial Securities Limited (Fellow Subsidiary)		–	–	–	–
B) Individuals controlling voting power/exercising significant influence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.01	–	0.02	–
	Commission	0.04	0.04	0.02	0.02
2. Madhur Bajaj (Director)	Sitting fees	0.01	–	0.01	–
	Commission	0.03	0.03	0.01	0.01
3. Sanjiv Bajaj (Director)	Sitting fees	0.01	–	0.03	–
	Commission	0.08	0.08	0.04	0.04
4. Rajiv Bajaj (Director)	Sitting fees	0.01	–	0.01	–
	Commission	0.03	0.03	0.01	0.01
C) Non Executive Director					
Nanoo Pamnani (Vice Chairman)	Commission	0.82	0.82	0.69	0.69
	Sitting fees	0.03	–	0.03	–
D) Key Managerial Personnel					
Rajeev Jain (CEO)	Remuneration	3.02	1.16	2.68	1.02
	ESOPs exercised	4.51	–	–	–

31 Related parties: (Contd.)

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2013 Transaction value	2013 Outstanding amounts carried in the Balance Sheet	2012 Transaction value	2012 Outstanding amounts carried in the Balance Sheet
E) Enterprises over which anyone in (B) and (D) exercises significant influence					
1. Bajaj Auto Limited	Interest subsidy received	4.07	0.21	5.74	–
	Business support cost paid	8.19	0.91	6.77	1.24
	Business support cost received	0.62	0.03	0.99	0.42
2. Bajaj Holdings & Investments Limited	Business support cost paid	0.09	–	0.06	–
3. Mukand Limited	Loan given	–	33.93	42.50	45.87
	Principal repayment received	11.94	–	6.52	–
	Income received	5.41	–	3.47	–
4. Hind Musafir Agency Limited	Services received	6.26	1.17	2.54	0.13

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard-18 - "Related party disclosures" have been identified based on representations made by key managerial personnel and information available with the Company.

32. Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

33. Amounts less than ₹ 50,000/- have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes '1' to '33'

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Anant Damle
Company Secretary

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

Schedule to Balance Sheet

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

(₹ In Crore)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side:		
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
a) Debentures: Secured (including interest accrued thereon ₹ 242.03 crore)	4,213.93	–
Unsecured (including interest accrued thereon ₹ 67.82 crore)	1,228.42	–
(Other than falling within the meaning of public deposit*)		
b) Deferred credits	–	–
c) Term loans (including interest accrued thereon ₹ 1.41 crore)	5,921.41	–
d) Inter-corporate loans and borrowings	–	–
e) Commercial paper	1,057.00	–
f) Public deposits* (including interest accrued thereon ₹ 0.12 crore)	0.71	–
g) Other loans (Short term loans, cash credit and working capital demand loan)	1,023.14	–
* Please see note 1		
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*	0.71	–

* Please see note 1

Particulars	Amount Outstanding
Asset Side	
3) Break - up of loans and advances including bills receivables (other than those included in (4) below)	
a) Secured	6,879.80
b) Unsecured	4,240.15
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	5,999.01
b) Repossessed assets	13.97
iii) Hypothecation loans counting towards asset financing activities	
a) Loans where assets have been repossessed	–
b) Loans other than (a) above	–

Schedule to Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Amount Outstanding
5) Break up of investments	
Current investments	
1. Quoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities (including trust securities)	–
v) Others	–
2. Unquoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities	–
v) Others	–
Long term investments	
1. Quoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government and trust securities	–
v) Others	–
2. Unquoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities	5.26
v) Others	–

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

Category	Amount net of provision		
	Secured	**Unsecured**	**Total**
1. Related parties**			
a) Subsidiaries	–	–	–
b) Companies in the same group	–	11.38	11.38
c) Other related parties	–	34.17	34.17
2. Other than related parties	12,892.78	4,194.60	17,087.38
	12,892.78	**4,240.15**	**17,132.93**

Schedule to Balance Sheet (Contd.)

7) Investor group-wise classification of all investments (current and long term in shares and securities (Both quoted and unquoted)
Please see note 3

(₹ In Crore)

Category	Market value/break up or fair value or NAV	Book value (net of provisions)
1. Related parties**		
a) Subsidiaries	–	–
b) Companies in the same group	–	–
c) Other related parties	–	–
2. Other than related parties	0.03	5.26
	0.03	**5.26**

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

(₹ In Crore)

8) Other Information

Particulars	Amount
Gross Non-Performing Assets	
i) Gross Non-Performing Assets	
a) Related parties	–
b) Other than related parties	188.86
Net Non-Performing Assets	
ii) Net Non-Performing Assets	
a) Related parties	–
b) Other than related parties	32.92
iii) Assets acquired in satisfaction of debt	–

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

Bajaj Finance Limited

Financials 2013-14

Independent Auditors' Report

To the members of **Bajaj Finance Limited**

Report on the financial statements

1. We have audited the accompanying financial statements of Bajaj Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's responsibility for the financial statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;

   b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

   c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

7. As required by 'the Companies (Auditors' Report) Order, 2003', as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Independent Auditors' Report (Contd.)

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

    a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

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

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

    d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

    e) On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Anish Amin
Partner
Membership Number 40451
Pune: 14 May 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Bajaj Finance Limited on the financial statements for the year ended 31 March 2014

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

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

   c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2. The Company is in the business of financing, and consequently, does not hold any inventory. Therefore, the provisions of clause 4 (ii) of the said order are not applicable to the Company.

3. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4 (iii) [(b),(c) and (d)/(f) and (g)] of the said order are not applicable to the Company.

4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

   b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the Company.

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

   b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, employee state insurance and service tax as at 31 March 2014 which have not been deposited on account of a dispute are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Value Added Tax liability	2.48	Year 2005-06 to 2012-13	Commissioner Appeals
ESIC	Employee State Insurance Corporation	4.46	Year 1999-2000 to 2006-07	Employee State Insurance Court
	Employee State Insurance Corporation	0.68	Year 1991-92 to 2002-03	Deputy Director Employee State Insurance Corporation
Central Excise	Service Tax	0.76	Year 2007-08 to 2011-12	Customs, Excise and Service Tax Appellate Tribunal

Annexure to Independent Auditors' Report (Contd.)

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. In our opinion, the Company has maintained adequate documents and records in the cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under section 49 of the Act.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
19. The Company has created security in respect of debentures issued and outstanding at the year-end.
20. The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

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

Anish Amin
Partner
Membership Number 40451
Pune: 14 May 2014

Balance Sheet as at 31 March

(₹ In Crore)

Particulars	Note No.	2014	2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	49.75	49.54
Reserves and surplus	3	3,941.11	3,302.44
		3,990.86	3,351.98
Non-current liabilities			
Long-term borrowings	4	10,477.76	7,503.08
Other long-term liabilities	5	57.35	41.99
Long-term provisions	6	110.47	64.61
		10,645.58	7,609.68
Current liabilities			
Short-term borrowings	7	5,472.78	2,080.14
Trade payables	8	195.92	174.78
Other current liabilities	8	4,186.85	4,496.81
Short-term provisions	6	126.01	92.88
		9,981.56	6,844.61
Total		**24,618.00**	**17,806.27**
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		196.84	164.43
Intangible assets		23.03	11.78
		219.87	176.21
Non-current investments	10	–	5.26
Deferred tax assets (net)	11	139.16	90.37
Receivables under financing activity	12	13,852.42	9,548.19
Long-term loans and advances	13	112.44	72.80
		14,323.89	9,892.83
Current assets			
Current investments	10	28.21	–
Receivables under financing activity	12	9,118.53	7,195.45
Cash and bank balances	14	776.81	416.37
Short-term loans and advances	13	291.84	233.42
Other current assets	15	78.72	68.20
		10,294.11	7,913.44
Total		**24,618.00**	**17,806.27**

Statement of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 14 May 2014

Rajeev Jain
Chief Executive Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Statement of Profit and Loss for the year ended 31 March

(₹ In Crore)

Particulars	Note No.	2014	2013
Revenue			
Revenue from operations	16	4,031.42	3,092.01
Other income	17	41.91	17.65
Total revenue (I)		**4,073.33**	**3,109.66**
Expenses			
Employee benefits expense	18	340.81	245.15
Finance costs	19	1,573.24	1,205.68
Depreciation and Amortisation	9	29.19	19.56
Loan losses and provisions	20	257.81	181.75
Other expenses	21	781.12	585.92
Total expenses (II)		**2,982.17**	**2,238.06**
Profit before tax (I - II)		**1,091.16**	**871.60**
Tax expenses:			
Current tax		421.00	301.50
Deferred tax expense/(credit)		(48.79)	(21.21)
Tax adjustments of earlier years		(0.06)	-
Total tax expense		**372.15**	**280.29**
Profit for the year		**719.01**	**591.31**
Earnings per share:	22		
(Face value per share ₹ 10/-)			
Basic (₹)		144.79	135.88
Diluted (₹)		143.65	134.56

Statement of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 14 May 2014

Rajeev Jain
Chief Executive Officer

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Vice Chairman

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Vice Chairman and
Chairman - Audit Committee

Cash Flow Statement for the year the ended 31 March

(₹ In Crore)

Particulars		2014	2013
A) Cash flow from operating activities			
Profit before tax		1,091.16	871.60
Adjustments for:			
Depreciation	29.19		19.56
Amortisations	0.15		0.14
Finance costs	1,573.24		1,205.68
Provision for doubtful debts and advances, net	138.40		65.47
Provision for diminution in value of investments, net	(0.24)		(0.09)
		1,740.74	1,290.76
Less: Investment income/(loss) included above			
Interest on Government securities	0.63		0.59
Loss on sale of tangible assets, net	(0.43)		(0.05)
Loss on sale of investments, net	–		(0.10)
Investments written off	(0.24)		–
Assets written off	(0.07)		–
		(0.11)	0.44
Cash from operations		2,832.01	2,161.92
Changes in working capital:			
Increase/(decrease) in trade payables	21.14		0.59
Increase/(decrease) in short-term provisions	2.93		1.09
Increase/(decrease) in other current liabilities	(552.61)		418.05
Increase/(decrease) in other long-term liabilities	15.36		13.45
(Increase)/decrease in long-term loans and advances	(2.45)		10.69
(Increase)/decrease in short-term loans and advances	(58.49)		(6.33)
(Increase)/decrease in other current assets	(10.52)		7.81
		(584.64)	445.35
		2,247.37	2,607.27
Taxes paid (net of refunds)	(434.78)		(313.24)
Finance costs paid	(1,579.73)		(1,048.90)
		(2,014.51)	(1,362.14)
		232.86	1,245.13
(Increase)/decrease in receivables under financing activity, current	(2,015.20)		(1,517.02)
(Increase)/decrease in receivables under financing activity, non-current	(4,304.23)		(2,978.98)
		(6,319.43)	(4,496.00)
Net cash generated from operations		**(6,086.57)**	**(3,250.87)**
Carried forward		(6,086.57)	(3,250.87)

Cash Flow Statement for the year the ended 31 March (Contd.)

(₹ In Crore)

Particulars	2014	2013
Brought forward	(6,086.57)	(3,250.87)
B) Cash flow from investing activities		
Capital expenditure	(73.98)	(57.49)
Sale proceeds of assets/adjustments to gross block	0.63	0.46
(Increase)/decrease in investments	(23.09)	0.07
Investment income:		
Interest on Government securities	0.63	0.59
Net cash from investing activities	**(95.81)**	**(56.37)**
C) Cash flow from financing activities		
Dividends paid	(74.58)	(49.44)
Dividend Distribution Tax	(12.69)	(8.04)
Increase/(decrease) in long-term borrowings	2,974.68	1,095.22
Increase/(decrease) in short-term borrowings	3,392.64	(714.42)
Increase/(decrease) in current maturities of long-term debts	249.04	2,526.00
Increase/(decrease) in share capital	0.21	8.22
Increase/(decrease) in share premium, net	13.52	827.56
Increase/(decrease) in money received against share warrants	–	(21.32)
Net cash from financing activities	**6,542.82**	**3,663.78**
Net increase in cash and cash equivalents	**360.44**	**356.54**
Cash and cash equivalents at the beginning of the year*	**416.37**	**59.83**
Cash and cash equivalents at the end of the year*	**776.81**	**416.37**

* Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.74 crore (previous year ₹ 0.69 crore)

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 14 May 2014

Rajeev Jain
Chief Executive Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

1. Statement of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Consequent to the clarification issued by the Ministry of Corporate Affairs vide GC no. 8 dated 4 April 2014, these financial statements have been prepared in accordance with the provisions of the Companies Act, 1956. Accordingly, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 and Reserve Bank of India Regulations in relation to Non Banking Finance Companies to the extent applicable to the Company.

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

A) System of accounting:

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

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

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

B) Fixed assets, depreciation and amortisation:

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

ii) Depreciation:

a) Depreciation on own tangible assets other than leasehold Improvements, is being provided on "written down value method" at the rates specified in Schedule XIV to the Companies Act, 1956.

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

c) Depreciation on addition to assets and assets sold during the year is being provided for, at their respective rates on a prorate basis with reference to the month in which such asset is added or sold as the case may be.

II) On Intangible assets and amortisation thereof:

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

C) Investments:

i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short-term/current investments and are carried at their cost or market value/realisable value, whichever is lower. Investments maturing within 3 months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.

1. Statement of significant accounting policies (Contd.)

ii) Investments other than short-term/current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the Management, such diminution is other than temporary.

iii) Fixed income securities are stated at cost less amortisation of premium/discount as the case may be. (Refer D (ii) below)

D) Income from:

i) Financing activity:

Interest, finance charges, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with hirers, as the case may be, except in the case of Non- Performing Assets.

ii) Investment:

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

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

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

iii) Other income:

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

E) Receivables under financing activity:

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

ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets as considered necessary. Further, the Company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Regulations/Guidelines.

iii) A general provision is also made by the Company on the standard assets outstanding and disclosed under "Long-term provisions" in note no. 6 in the financial statements as required and considered necessary.

F) Employee Benefits:

i) Gratuity: Payment for present liability of future payment of gratuity is being made to the Approved Gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India. However, any deficits in plan assets managed by LIC as compared to actuarial liability are recognised as a liability.

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

iii) Provident fund contributions are made to Bajaj Auto Limited 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 by an appointed actuary is recognised as a liability.

1. Statement of significant accounting policies (Contd.)

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

v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:

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

H) Provisions and contingent liabilities:

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

I) Employee Stock Option Scheme:

The Company operates its Employee Stock Option Scheme through a Trust formed for the purpose. Equity shares are issued to the Trust on the basis of the Company's expectation of the options being exercised by employees. Cost of benefit, if any, is recognised as an expense by the Company. The balance equity shares not exercised and held by the Trust are disclosed as a reduction from the Share Capital and Securities Premium account with an equivalent adjustment to the subscription loan advanced to the Trust. – See note no. 28

2. Share Capital

(₹ In Crore)

Particulars	As at 31 March 2014	2013
Authorised		
75,000,000 (75,000,000) equity shares of ₹ 10 each	75.00	75.00
Issued		
50,142,334 (49,778,334) equity shares of ₹ 10 each	50.14	49.78
Subscribed and paid up:		
50,142,334 (49,778,334) equity shares of ₹ 10 each fully called up and paid up	50.14	49.78
Less: 393,581 (237,957) equity shares of ₹ 10 each held in a Trust for employees under ESOP Scheme (see foot note 'e' below)	0.39	0.24
	49.75	**49.54**

2. Share Capital (Contd.)

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

Particulars	As at 31 March 2014 Nos.	As at 31 March 2014 ₹ In Crore	As at 31 March 2013 Nos.	As at 31 March 2013 ₹ In Crore
Equity shares				
At the beginning of the year (subscribed and paid up)	49,778,334	49.78	41,319,076	41.32
Add: Issued during the year - Employee Stock Option Plan	364,000	0.36	390,000	0.39
Add: Allotment on conversion of preferential warrants	–	–	1,310,000	1.31
Add: Issue of shares on rights basis	–	–	6,759,258	6.76
	50,142,334	50.14	49,778,334	49.78
Less: Equity shares held in trust for employees under ESOP scheme (See foot note ‘e’ below)	393,581	0.39	237,957	0.24
Outstanding at the end of the year	49,748,753	49.75	49,540,377	49.54

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Equity shares allotted on conversion of preferential warrants, i.e. 4,690,000 and 1,310,000 equity shares are restricted from transfer other than inter se promoter group upto 28 March 2015 and 10 December 2015 respectively.

c) Shares held by holding company (Face value ₹ 10)

Particulars	As at 31 March 2014 Nos.	As at 31 March 2014 ₹ In Crore	As at 31 March 2013 Nos.	As at 31 March 2013 ₹ In Crore
Bajaj Finserv Limited	30,856,613	30.86	30,856,613	30.86

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

Particulars	As at 31 March 2014 Nos.	As at 31 March 2014 % Holding	As at 31 March 2013 Nos.	As at 31 March 2013 % Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	30,856,613	61.54%	30,856,613	61.99%

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

1,829,803 Equity Shares (i.e. 5% of the then paid up equity share capital) have been approved/reserved for issue under Employee Stock Option Plan, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI guidelines)), of which 1,609,080 (upto 31 March 2013: 1,194,450) equity shares have been granted as per the scheme and 787,000 (upto 31 March 2013: 423,000) thereof have been issued and alloted to ESOP trust, viz. BFL Employee Welfare Trust, upto 31 March 2014. Consequent to the opinion expressed by the “Expert Advisory Committee” of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI guidelines, the balance unexercised equity shares held by the trust at the close of the year amounting to 393,581 (as at 31 March 2013: 237,957) have been reduced against the share capital of the Company as if the trust is administered by the Company itself. The securities premium related to the unexercised equity shares held by the trust as at the close of the year aggregating ₹ 290,098,680 (as at 31 March 2013: ₹ 148,153,326) has also been reduced from securities premium account and adjusted against the Loans outstanding from the Trust. See note no. 28 for further details.

3. Reserves and surplus

(₹ In Crore)

Particulars	As at 31 March 2014	2013
Share premium		
As per last account	1,898.50	1,056.12
Add: Received during the year:		
– On issue of rights equity shares	–	736.76
– On issue of shares under Employee Stock Option Plan	27.71	23.12
– On issue of shares by way of conversion of warrants	–	83.97
	27.71	843.85
Less: Share issue expenses as per section 78 of the Companies Act, 1956	–	1.47
	1,926.21	1,898.50
Less: Premium on unexercised equity shares held in trust for employees under the ESOP scheme (See note no. 2 footnote 'e')	29.01	14.82
Closing balance	1,897.20	1,883.68
Capital reserve		
Amount previously received on forfeited equity shares re-issued (₹ 5,000)		
Reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934		
As per last account	340.75	221.75
Add: Set aside during the year	144.00	119.00
Closing balance	484.75	340.75
General reserve		
As per last account	311.60	251.60
Add: Set aside during the year	72.00	60.00
Closing balance	383.60	311.60
Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		
As per last account	2.05	0.15
Add: Set aside during the year	1.60	1.90
Closing balance	3.65	2.05
Surplus in the Statement of Profit and Loss		
As per last account	764.36	441.31
Profit for the year	719.01	591.31
	1,483.37	1,032.62
Less: Appropriations:		
Transfer to reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	144.00	119.00
Transfer to general reserve	72.00	60.00
Transfer to infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	1.60	1.90
Proposed dividend	80.23	74.67
Provision for dividend tax on dividend	13.63	12.69
Total appropriations	311.46	268.26
Closing balance	1,171.91	764.36
	3,941.11	**3,302.44**

4. Long-term borrowings

(₹ In Crore)

Particulars	Non-current As at 31 March 2014	Non-current As at 31 March 2013	Current As at 31 March 2014	Current As at 31 March 2013
A) Secured				
Privately placed redeemable non convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and/or Company's office at Unit No. 806 admeasuring 2280 sq. ft. 8th Floor, Block A of Wing Delta, Raheja Towers, Anna Salai, Mount Road, Chennai – 600002 and book debts/loan receivables under financing activity as stated in the respective information memorandum.	3,762.30	2,341.90	963.00	1,630.00
From Banks, against hypothecation of assets under finance, book debts and other receivables	5,816.67	4,365.00	2,478.33	1,555.00
	9,578.97	6,706.90	3,441.33	3,185.00
Less: Shown under other current liabilities (See note no. 8)			(3,441.33)	(3,185.00)
Total (A)	9,578.97	6,706.90	–	–
B) Unsecured				
Privately placed redeemable non convertible debentures	–	310.00	310.00	364.80
Privately placed Subordinated (Tier II) redeemable non convertible debentures of ₹ 0.10 crore each	535.80	485.80	–	–
Term loans from banks	200.00	–	–	–
Fixed deposits	162.99	0.38	47.72	0.21
	898.79	796.18	357.72	365.01
Less: Shown under other current liabilities (See note no. 8)	–	–	(357.72)	(365.01)
Total (B)	898.79	796.18	–	–
Total (A+B)	**10,477.76**	**7,503.08**	**–**	**–**

4. Long-term borrowings (Contd.)

C) Details of privately placed secured redeemable non convertible debentures

(₹ In Crore)

Date of maturity	Repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 10 crore	Non-current As at 31 March 2014	2013
Jan 19	Bullet repayment	–	50.00	50.00	–
May 18	Bullet repayment	–	159.00	159.00*	–
Apr 18	Bullet repayment	–	175.00	175.00*	–
Jan 18	Bullet repayment	595.00	–	595.00*	595.00
Oct 17	Bullet repayment	125.00	–	125.00*	125.00
Mar 17	Bullet repayment	–	68.80	68.80	–
Jan 17	Bullet repayment	–	260.00	260.00*	–
Dec 16	Bullet repayment	–	10.50	10.50	–
Oct 16	Bullet repayment	–	360.00	360.00*	–
May 16	Bullet repayment	–	110.00	110.00	–
Apr 16	Bullet repayment	–	100.00	100.00	–
Jan 16	Bullet repayment	–	125.00	125.00	–
Nov 15	Bullet repayment	250.00	–	250.00	250.00
Oct 15	Bullet repayment	100.00	–	100.00	100.00
Jul 15	Bullet repayment	50.00	–	50.00	50.00
Jun 15	Bullet repayment	–	5.70	5.70	5.70
May 15	Bullet repayment	–	210.20	210.20	50.00
Apr 15	Bullet repayment	–	1,008.10	1,008.10	203.20
Mar 15	Bullet repayment	–	–	–	149.00
Feb 15	Bullet repayment	–	–	–	13.00
Oct 14	Bullet repayment	–	–	–	225.00*
Sep 14	Bullet repayment	–	–	–	215.00*
Aug 14	Bullet repayment	–	–	–	300.00*
Apr 14	Bullet repayment	–	–	–	61.00
				3,762.30	**2,341.90**

Note:
- As on 31 March 2014, of the total non current secured zero coupon bonds issued, ₹ 1,159.00 crore are to be redeemed at a premium.
- * Related parties are current holders of ₹ 175 crore of the mentioned issue (previous year ₹ 140 crore)
- Interest rates range from 8.70% p.a. to 10.08% p.a. as at 31 March 2014

4. Long-term borrowings (Contd.)

D) Terms of repayment of bank loans - secured

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2014	2013
Dec 18	Bullet repayment	200.00	–
	4 quarterly payments of ₹ 25 crore starting Jun 18	100.00	–
	4 quarterly payments of ₹ 25 crore starting May 18	100.00	–
	4 quarterly payments of ₹ 25 crore starting Apr 18	100.00	–
Mar 18	Bullet repayment	100.00	–
Dec 17	Bullet repayment	100.00	–
	4 quarterly payments of ₹ 100 crore starting Dec 17	400.00	–
	4 semi annual payments of ₹ 25 crore starting Sep 17	100.00	–
	4 semi annual payments of ₹ 12.50 crore starting Sep 17	50.00	–
	4 semi annual payments of ₹ 25 crore starting Sep 17	100.00	–
	4 semi annual payments of ₹ 37.50 crore starting Sep 17	150.00	–
	4 semi annual payments of ₹ 25 crore starting Aug 17	100.00	–
	4 semi annual payments of ₹ 37.50 crore starting Jun 17	150.00	–
	4 semi annual payments of ₹ 25 crore starting Jun 17	100.00	–
Mar 17	Bullet repayment	150.00	–
Dec 16	Bullet repayment	400.00	–
Nov 16	Bullet repayment	300.00	–
Aug 16	Bullet repayment	150.00	–
Jul 16	Bullet repayment	400.00	–
Jun 16	Bullet repayment	50.00	–
May 16	Bullet repayment	50.00	–
	4 quarterly payments of ₹ 50 crore starting Mar 16	200.00	–
Dec 15	Bullet repayment	50.00	50.00
Nov 15	Bullet repayment	100.00	100.00
Oct 15	Bullet repayment	50.00	50.00
	7 quarterly payments of ₹ 14.2857 crore starting Aug 15	100.00	–
Sep 15	Bullet repayment	50.00	50.00
Jul 15	Bullet repayment	175.00	75.00
Jun 15	Bullet repayment	375.00	325.00
May 15	Bullet repayment	250.00	250.00
Apr 15	Bullet repayment	350.00	350.00
	3 semi annual payments of ₹ 33.334 crore starting Mar 15	66.67	50.00
Mar 15	Bullet repayment	–	150.00
	4 quarterly payments of ₹ 25 crore starting Feb 15	75.00	100.00
Jan 15	Bullet repayment	–	400.00
Dec 14	Bullet repayment	–	400.00
Nov 14	Bullet repayment	–	100.00

4. Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2014	Non-current As at 31 March 2013
Oct 14	Bullet repayment	–	250.00
Sep 14	Bullet repayment	–	150.00
Aug 14	Bullet repayment	–	50.00
	4 quarterly payments of ₹ 25 crore starting Jul 14	25.00	100.00
	3 annual payments of ₹ 26.667 crore starting Jun 14	53.33	–
	3 annual payments of ₹ 73.334 crore starting Jun 14	146.67	220.00
Jun 14	Bullet repayment	–	100.00
	4 quarterly payments of ₹ 12.5 crore starting Jun 14	–	50.00
	5 semi annual payments of ₹ 30 crore starting May 14	90.00	150.00
	5 semi annual payments of ₹ 10 crore starting Mar 14	20.00	40.00
	5 semi annual payments of ₹ 20 crore starting Feb 14	40.00	80.00
	4 quarterly payments of ₹ 50 crore starting Jan 14	–	150.00
	4 quarterly payments of ₹ 25 crore starting Dec 13	–	50.00
	4 quarterly payments of ₹ 50 crore starting Dec 13	–	100.00
	3 annual payments of ₹ 100 crore starting Aug 13	100.00	200.00
	16 quarterly payments of ₹ 18.75 crore starting May 13	150.00	225.00
		5,816.67	**4,365.00**

Note:
- Interest rates range from 10.05% p.a. p.m. to 10.55% p.a. p.m. as at 31 March 2014

E) Details of privately placed unsecured redeemable non convertible debentures

(₹ In Crore)

Date of maturity	Repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 10 crore	Non-current As at 31 March 2014	Non-current As at 31 March 2013
Jan 15	Bullet repayment	–	37.00	–	37.00
Oct 14	Bullet repayment	10.00	–	–	10.00
Jun 14	Bullet repayment	6.00	–	–	6.00
Apr 14	Bullet repayment	200.00	57.00	–	257.00
				–	**310.00**

Note:
- As on 31 March 2014, of the total non current unsecured zero coupon bonds issued, ₹ 37 crore were issued at a discount
- Interest rates range from 9.22% p.a. to 10.45% p.a. as at 31 March 2014

4. Long-term borrowings (Contd.)

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

(₹ In Crore)

		Non-current	
		As at 31 March	
Date of maturity	Repayment schedule	2014	2013
Apr 23	Bullet repayment	50.00	–
Jan 23	Bullet repayment	49.70*	49.70
Aug 22	Bullet repayment	157.40	157.40
May 21	Bullet repayment	50.00	50.00
Oct 20	Bullet repayment	36.20*	36.20
Sep 20	Bullet repayment	27.50	27.50
Jul 20	Bullet repayment	50.00	50.00
Jun 20	Bullet repayment	50.00*	50.00
Apr 20	Bullet repayment	65.00	65.00
		535.80	**485.80**

Note:
- Interest rates range from 9.45% p.a. to 10.21% p.a. as at 31 March 2014
- * Related parties are current holders of ₹ 2.5 crore of the mentioned issue (previous year ₹ 2.5 crore)

G) Terms of repayment of bank loans - unsecured

(₹ In Crore)

		Non-current	
		As at 31 March	
Date of maturity	Repayment schedule	2014	2013
Nov 16	Bullet repayment	75.00	-
Jul 15	Bullet repayment	125.00	-
		200.00	**-**

Note:
- Interest rates range from 9.95% p.a. p.m. to 10.15% p.a. p.m. as at 31 March 2014

H) Terms of repayment of fixed deposits

(₹ In Crore)

	Non-current	
	As at 31 March	
Maturing upto	2014	2013
Mar 15	–	0.16
Mar 16	8.85	0.22
Mar 17	148.01	–
Mar 18	0.22	–
Mar 19	5.91	–
	162.99	**0.38**

Note:
- Interest rates range from 7% p.a.to 10% p.a. as at 31 March 2014

5. Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March 2014	As at 31 March 2013
Trade payables	35.20	22.71
Others:		
– Security deposits	18.28	15.94
– Other payables	3.87	3.34
	57.35	**41.99**

6. Provisions

(₹ In Crore)

Particulars	Long-term As at 31 March 2014	Long-term As at 31 March 2013	Short-term As at 31 March 2014	Short-term As at 31 March 2013
Provision for employee benefits	–	–	8.20	5.27
	–	–	8.20	5.27
Other provisions				
Proposed dividend {See (i) below}	–	–	80.23	74.67
Tax on proposed dividend	–	–	13.63	12.69
General provision on standard assets {See (ii) below}	101.72	57.48	0.60	0.25
Provision for restructured standard assets	1.62	–	–	–
Provision for interest sacrifice on re-structured assets	7.13	7.13	–	–
Provision for tax (net of advance tax)	–	–	23.35	–
	110.47	64.61	117.81	87.61
	110.47	**64.61**	**126.01**	**92.88**

i) During the year ended 31 March 2014, the dividend proposed for distribution to equity shareholders was ₹ 16/- per share (previous year ₹ 15/- per share).

ii) Consequent to the communication by RBI dated 12 December 2012 of its intent to amend the Prudential Regulatory Framework applicable to NBFCs in a phased manner, the Company has, in preparedness, implemented the proposed revisions to be implemented in the first phase, of enhancing the general provisions in standard assets to 0.40% from the current requirement of 0.25%. As a result, the general provision on standard assets is higher by ₹ 23.24 crore

7. Short-term borrowings

(₹ In Crore)

Particulars	As at 31 March 2014	2013
A) Secured		
From Banks, against hypothecation of assets under finance, book debts and other receivables:		
– Cash credit and demand loans	1,674.65	498.76
– Overdraft facility	–	249.82
– Other short-term loans	1,200.00	–
Total (A)	**2,874.65**	**748.58**
B) Unsecured		
From banks:		
– Overdraft facility	15.88	24.56
– Term loans	–	250.00
	15.88	274.56
Borrowings by issue of Commercial Papers	2,582.25	1,057.00
Total (B)	**2,598.13**	**1,331.56**
Total (A+B)	**5,472.78**	**2,080.14**

Terms of repayment of secured short-term loans

(₹ In Crore)

Date of maturity	As at 31 March 2014	2013
Nov 14	120.00	–
Oct 14	540.00	–
Sep 14	220.00	–
Aug 14	160.00	–
Jul 14	60.00	–
Jun 14	100.00	–
	1,200.00	**–**

Note:
- Interest rates stood at 10.25% p.a. p.m. as at 31 March 2014

Terms of repayment of unsecured short-term loans

(₹ In Crore)

Date of maturity	As at 31 March 2014	2013
Apr 13	–	250.00
	–	**250.00**

Note:
- Interest rate is 10.25% p.a. p.m. as at 31 March 2013

7. Short-term borrowings (Contd.)

Terms of repayment of commercial papers

(₹ In Crore)

Date of maturity	As at 31 March 2014	2013
Feb 15	392.70	–
Jan 15	457.40	–
Dec 14	187.75	–
Nov 14	254.00	–
Oct 14	174.40	–
Sep 14	107.00	–
Jul 14	415.00	–
Jun 14	303.00	–
May 14	50.00	–
Apr 14	241.00	–
Jan 14	–	25.00
Oct 13	–	60.00
Sep 13	–	60.00
Aug 13	–	196.00
Jul 13	–	205.00
Jun 13	–	156.00
May 13	–	130.00
Apr 13	–	225.00
	2,582.25	**1,057.00**

Note:

• Interest rates range from 8.66% p.a. to 10.95% p.a. as at 31 March 2014

8. Current liabilities

(₹ In Crore)

Particulars	As at 31 March 2014	2013
Trade payables	195.92	174.78
Other current liabilities		
Current maturities of long-term borrowings (See note no. 4)		
– Secured loans	3,441.33	3,185.00
– Unsecured loans	357.72	365.01
	3,799.05	3,550.01
Interest accrued but not due	305.10	311.57
Interest accrued and due	0.01	0.02
Income received in advance	0.24	0.83
Unclaimed dividend	0.63	0.54
Unclaimed matured fixed deposits Nil (previous year ₹ 25,000/-)	–	
Others		
– Temporary overdraft as per books only	1.66	564.29
– Statutory dues	15.47	12.82
– Security deposits	3.94	5.77
– Employee benefits payable	28.12	24.77
– Other/miscellaneous payables	32.63	26.19
	4,186.85	**4,496.81**

9. Fixed assets

(₹ In Crore)

Particulars	Gross block at cost				Depreciation				Net block	
	As at 31 March 2013	Additions	Deductions/ adjustments	As at 31 March 2014	As at 31 March 2013	Deductions/ adjustments	For the Year (b)	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
A) Tangible assets (b):										
Assets relating to leasing business:										
Plant and Machinery	17.64	–	–	17.64	17.64	–	–	17.64	–	–
Leasehold improvements	–	9.22	–	9.22	–	–	1.43	1.43	7.79	–
Other assets:										
Land freehold (d)	2.26	–	–	2.26	–	–	–	–	2.26	2.26
Building (a)	148.80	8.92	–	157.72	14.77	–	6.88	21.65	136.07	134.03
Computers	31.48	12.72	1.93	42.27	23.53	1.86	6.39	28.06	14.21	7.95
Office equipments	8.73	11.94	0.93	19.74	3.09	0.74	2.18	4.53	15.21	5.64
Furniture and fixtures	17.90	10.60	1.86	26.64	8.51	1.47	4.12	11.16	15.48	9.39
Vehicles	7.59	2.86	1.16	9.29	2.43	0.68	1.72	3.47	5.82	5.16
Total (A)	**234.40**	**56.26**	**5.88**	**284.78**	**69.97**	**4.75**	**22.72**	**87.94**	**196.84**	**164.43**
Previous year	186.49	51.95	4.04	234.40	58.36	3.53	15.14	69.97	164.43	
B) Intangible assets:										
Specialised software (c)	11.78	17.72	6.47 (e)	23.03	–	–	–	–	23.03	11.78
Total (B)	**11.78**	**17.72**	**6.47**	**23.03**	**–**	**–**	**–**	**–**	**23.03**	**11.78**
Previous year	10.66	5.54	4.42 (e)	11.78						

a) Includes cost of shares in co-operative society ₹ 250/-
b) See Note No. 1 (B) (I)
c) See Note No. 1 (B) (II)
d) Represents share in undivided portion of land, on purchase of office premises
e) Amount amortised as expense
f) Depreciation and amortisation, recognised in the Statement of Profit and Loss:

	For the year ended 31 March	
	2014	**2013**
Depreciation	22.72	15.14
Amortisation of intangible assets	6.47	4.42
	29.19	19.56

10. Investments

(₹ In Crore)

Particulars	Non-current As at 31 March 2014	Non-current As at 31 March 2013	Current As at 31 March 2014	Current As at 31 March 2013
A) In Government and trust securities:				
Other than trade:				
Unquoted				
Long-term				
11.83% Government of India Stock, 2014 of the face value of ₹ 5 crore	–	6.37	6.37	–
Less: Amortisation of premium {Refer note no. 1 (C) (iii)}	–	(1.11)	(1.26)	–
	–	5.26	5.11	–
Short-term				
Treasury Bills - 364 day TB 05032015	–	–	23.10	–
Total (A)	–	5.26	28.21	–
B) In fully paid equity shares:				
Other than trade:				
Quoted				
Long-term				
@ – (38,700) Shares of ₹ 10 each in Akai Impex Limited	–	0.23	–	–
75 Shares of ₹ 10 each in Bajaj Holdings and Investments Limited ₹ 19,646/-			–	–
@ – (40) Shares of ₹ 10 each in Dion Global Solutions Limited - (Previous year ₹ 1,435/-)	–		–	–
@ – (52) Shares of ₹ 10 each in Midwest Leasing Limited - (Previous year ₹ 450/-)	–		–	–
@ – (50) Shares of ₹ 10 each in Mazda Industries and Leasing Limited - (Previous year ₹ 500/-)	–		–	–
@ – (50) Shares of ₹ 10 each in MCC Finance Limited - (Previous year ₹ 1,665/-)	–		–	–
@ – (50) Shares of ₹ 10 each in Nagarjuna Finance Limited - (Previous year ₹ 713/-)	–		–	–
@ – (100) Shares of ₹10 each in P L Finance and Investment Limited - (Previous year ₹ 1,500/-)	–		–	–
150 Shares of ₹ 10 each in Bajaj Auto Limited ₹ 7685/-			–	–
@ – (310) Shares of ₹ 10 each in Southern Fuels Limited	–	0.01	–	–
		0.24	–	–
Less: Provision for diminution in value of Investments	– @	(0.24)	–	–
Total (B)		–	–	–
Total (A + B)		**5.26**	**28.21**	**–**

(₹ In Crore)

Particulars	Book value As at 31 March 2014	Book value As at 31 March 2013	Market value As at 31 March 2014	Market value As at 31 March 2013
Quoted	– *		0.04	0.03
Unquoted	–	5.26	–	–

* At cost ₹ 27,331/- (Previous year Book Value ₹ 27,619/-)

@Diminution in value provided for earlier now written off during the year

11. Deferred tax assets (net)

(₹ In Crore)

Particulars		As at 31 March 2014	As at 31 March 2013
A) Deferred tax liability			
On account of timing difference in			
Depreciation and amortisation		(10.53)	(7.47)
Other liabilities		(1.54)	(1.52)
Gross deferred tax liability	**Total (A)**	**(12.07)**	**(8.99)**
B) Deferred tax asset			
On account of timing difference in			
Disallowance u/s 43B of the Income Tax Act, 1961		1.68	1.24
Provision for doubtful debts		132.34	85.30
Other assets		17.21	12.82
Gross deferred tax asset	**Total (B)**	**151.23**	**99.36**
	Total (A+B)	**139.16**	**90.37**

12. Receivables under financing activity (Good unless otherwise stated)

(₹ In Crore)

Particulars	Non-current As at 31 March 2014	Non-current As at 31 March 2013	Current As at 31 March 2014	Current As at 31 March 2013
(A) Secured				
i) a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue installments ₹ 272.20 crore) [Previous year ₹ 189.75 crore]	1,297.07	1,583.78	5,454.05	4,415.23
b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	–	–	14.80	13.97
	1,297.07	1,583.78	5,468.85	4,429.20
c) Overdue installments under finance agreements considered doubtful	–	–	177.22	116.81
Less: Provision:				
i) Against non performing assets (NPAs)	–	–	(129.53)*	(100.87)*
ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(47.69)*	(15.94)*
	–	–	–	–
Carried forward	1,297.07	1,583.78	5,468.85	4,429.20

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

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2014	2013	2014	2013
Brought forward	1,297.07	1,583.78	5,468.85	4,429.20
ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue installments ₹ 0.70 crore) [Previous year ₹ 1.05 crore]				
Good	8,964.19	5,610.85	313.72	181.45
Doubtful	–	–	4.06	1.13
Less: Provision:				
i) Against non performing assets (NPAs)	–	–	(4.06)*	(1.13)*
ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	–*	–*
	–	–	–	–
	8,964.19	5,610.85	313.72	181.45
iii) Infrastructure Finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue installments ₹ 29.20 crore) [Previous year Nil]				
Good	442.88	304.04	81.98	134.50
Doubtful	–	–	1.94	–
Less: Provision:				
i) Against non performing assets (NPAs)	–	–	(1.94)*	–*
	–	–	–	–
	442.88	304.04	81.98	134.50
iv) Loan against shares (secured by pledge of shares)	74.60	26.30	772.74	622.66
Total (A)	**10,778.74**	**7,524.97**	**6,637.29**	**5,367.81**
(B) Unsecured +				
i) Loans at agreement values less installments received (Includes overdue installments ₹ 93.64 Crore] [Previous year ₹ 64.54 crore]				
Good	3,073.68	2,023.22	2,481.24	1,827.64
Doubtful	–	–	93.12	66.28
Less: Provision:				
i) Against non performing assets (NPAs)	–	–	(76.29)*	(52.67)*
ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(16.83)*	(13.61)*
	–	–	–	–
	3,073.68	2,023.22	2,481.24	1,827.64
Total (B)	**3,073.68**	**2,023.22**	**2,481.24**	**1,827.64**
Total (A + B)	**13,852.42**	**9,548.19**	**9,118.53**	**7,195.45**

* See note 1E

+ Includes receivables from related parties amounting to ₹ 14.36 crore (previous year ₹ 33.93 crore)

13. Loans and advances, unsecured, good (unless otherwise stated)

(₹ In Crore)

Particulars	Non-current As at 31 March 2014	Non-current As at 31 March 2013	Current As at 31 March 2014	Current As at 31 March 2013
Capital advances	3.41	1.45	–	–
Security deposits	11.95	6.94	–	3.00
Advances to related parties	–	–	9.23	9.36
Advance tax, net of provision for taxation	96.62	59.43	–	–
Advances to dealers	–	–	120.07	151.43
Discount on Commercial Papers/NCDs raised representing interest paid in advance	–	–	122.18	37.43
Advances recoverable in cash or kind:				
– Secured considered good	–	–	–	–
– Unsecured considered good	0.46	4.98	40.36	32.20
– Doubtful	–	–	1.34	1.27
Less: Provision	–	–	(1.34)	(1.27)
	–	–	–	–
	0.46	4.98	40.36	32.20
	112.44	**72.80**	**291.84**	**233.42**

14. Cash and bank balances

(₹ In Crore)

Particulars	Current As at 31 March 2014	Current As at 31 March 2013
Cash and cash equivalents		
Cash on hand (Previous year ₹ 30,226/-)	1.66	
Cash with collecting agents	42.40	32.91
Cash equivalents:		
– Bank balance in cash credit/current accounts	157.11	113.95
– Certificates of deposits (maturity less than 3 months from date of acquisition)	574.90	268.82
	776.07	415.68
Other bank balances		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	0.74	0.69
	0.74	0.69
	776.81	**416.37**

15. Other current assets

(₹ In Crore)

Particulars	As at 31 March 2014	2013
Interest receivable on investments	1.89	0.84
Other finance charges receivable	70.46	61.19
Receivables from related parties	2.35	2.26
Other receivables	4.02	3.91
	78.72	**68.20**

16. Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Finance activity		
a) Financing charges	2,705.88	2,146.16
b) Interest on loans	925.81	668.30
c) Service and administration charges	156.86	108.62
	3,788.55	2,923.08
Other operating revenue:		
i) Interest		
a) On deposits	4.28	0.62
b) Penal and others	111.22	71.66
	115.50	72.28
ii) Profit on sale of current investments, net*	63.21	21.67
iii) Bad debt recoveries	22.50	25.10
iv) Miscellaneous charges and receipts	41.66	49.88
	242.87	168.93
	4,031.42	**3,092.01**

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

17. Other Income

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Interest:		
On Government and trust securities, non-current investments	0.63	0.59
Amortisation of premium/discount	(0.15)	(0.14)
	0.48	0.45
Dividend from non-current (₹ 6,750/-, previous year ₹ 42,911/-)		
Miscellaneous income	0.34	0.22
Provisions no longer required	24.21	12.88
Sundry credit balances appropriated	7.96	4.01
Interest on income tax refunds, net	8.68	–
Provision for diminution in value of investments written back, net	0.24	0.09
	41.91	**17.65**

18. Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Employees' emoluments: (Includes manager's remuneration)		
Salaries, wages and bonus	313.94	226.95
Contribution to provident and other funds	15.19	9.27
Staff welfare expenses	11.68	8.93
	340.81	**245.15**

19. Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Interest expenses	1,246.71	954.26
Discount in respect of "commercial papers"	312.66	241.55
Other financing costs	13.87	9.87
	1,573.24	**1,205.68**

20. Loan losses and provisions

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Bad debts written off	119.41	116.28
Provision release on account of bad debts written off	(61.71)	(75.17)
Provision for standard assets	44.59	25.23
Provision for interest sacrifice on re-structured assets	–	7.13
Provision for delinquencies	155.52	108.28
	257.81	**181.75**

21. Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Insurance	0.55	0.23
Rent	11.44	7.18
Commission to non-executive directors	1.36	1.25
Communication expenses	21.36	16.64
Outsourcing/back office expenses	108.63	76.03
Service tax	22.04	20.69
Travelling expenses	36.14	26.38
Information technology expenses	29.53	20.90
Marketing commission	92.76	82.18
Recovery costs	167.85	119.58
Bank charges	18.43	15.05
Rates and taxes	1.47	0.29
Auditors' remuneration	0.46	0.29
Loss on sale of investments, net	–	0.10
Loss on sale of assets, net	0.43	0.05
Investments written off	0.24	–
Assets written off	0.07	–
Dealer incentive	137.93	100.48
Sundry expenses	130.43	98.60
	781.12	**585.92**

21. Other expenses (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Payment to auditor (net of service tax credit availed)		
As auditor:		
– Audit fee	0.30	0.20
– Tax audit fee	0.04	0.01
– Limited review	0.06	0.04
In other capacity:		
– Other services (certification fees)	0.05	0.03
– Reimbursement of expenses	0.01	0.01
	0.46	**0.29**

22. Computation of Earnings per Share (EPS)

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
A) Basic		
i) Computation of profit (Numerator) :		
– Net Profit attributable to shareholders	719.01	591.31
ii) Computation of weighted average number of shares (Denominator) :		
– Number of shares outstanding at the beginning of the year	49,540,377	41,291,576
Weighted average number of equity shares issued and outstanding during the year	118,634	298
Weighted average number of equity shares issued prior to record date for rights issue of shares	–	457,737
Weighted average number of rights shares	–	555,555
Proporationate addition to opening number of shares due to adjustment factor	–	1,210,730
Adjusted weighted average equity shares	49,659,011	43,515,896
EPS (Basic) (₹)	144.79	135.88
B) Diluted		
i) Computation of Profit (Numerator):		
Net Profit attributable to shareholders	719.01	591.31
ii) Computation of weighted average number of shares (Denominator):		
Number of shares outstanding as above/at the beginning of the year	49,540,377	41,291,576
Weighted average number of equity shares issued and outstanding during the year	118,634	298
Weighted average number of equity shares issued prior to record date for rights issue of shares	–	457,737
Weighted average number of rights shares	–	555,555
Proportionate addition to opening number of shares due to adjustment factor	–	1,210,730
Number of options outstanding at the close of the year*	393,304	428,365
Adjusted weighted average equity shares	50,052,315	43,944,261
EPS (Diluted) (₹)	143.65	134.56

* Dilutive equity shares under warrants outstanding and ESOPs

23. Contingent liability not provided for

(₹ In Crore)

Particulars	As at 31 March 2014	2013
Disputed claims against the Company not acknowledged as debts	6.56	4.57
VAT matter under appeal	3.43	6.05
ESI matter under appeal	5.14	5.14
Service tax matter under appeal	0.95	–
Income tax matters:		
– Appeals by the Company	15.85	29.59
– Appeals by the income tax department	22.31	5.74
Guarantees given on behalf of the Company	–	4.44

24. Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2014	2013
A) Capital commitments Estimated amount of Contracts remaining to be executed on capital account not provided for (Net of advances)	2.62	4.66
B) Other commitments: The Company has capital commitments amounting to ₹ 51.31 crore (previous year ₹ 202.84 crore)		

25. Expenditure in foreign currency

(₹ In Crore)

Particulars	For the year ended 31 March 2014	2013
Travelling expenses	0.18	0.06
Software expenses	4.23	2.66
Other expenses	–	0.05

26. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.

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

A) Gratuity

(₹ In Crore)

Particulars	**2014**	**2013**
Amount to be recognised in Balance Sheet		
Present value of funded obligations	16.39	9.89
Fair value of plan assets	(23.34)	(15.97)
Amount not recognised as an asset (limit in para 59 (b))	2.21	1.42
Net Liability	(4.74)	(4.66)
Amounts in Balance Sheet		
Liability	3.36	1.10
Assets	(8.10)	(5.76)
Net Liability/(Asset)*	(4.74)	(4.66)
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	2.39	1.51
Interest on defined benefit obligation	0.95	0.66
Expected return on plan assets	(1.19)	(0.87)
Net actuarial losses/(gains) recognised in year	3.03	1.38
Effect of the limit in para 59 (b)	0.77	(0.45)
Premium allocation difference and other charges transferred	–	–
Total, included in "employee benefits expense"	5.95	2.23
Actual return on plan assets	1.56	1.06
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	9.89	6.39
Current service cost	2.39	1.51
Interest cost	0.95	0.66
Actuarial losses/(gain)	3.39	1.57
Benefits paid	(0.23)	(0.24)
Closing defined benefit obligation	16.39	9.89
Change in fair value of assets		
Opening fair value of plan assets	15.97	11.45
Expected return on plan assets	1.20	0.87
Actuarial gain/(losses)	0.36	0.19
Contributions by employer*	6.04	3.70
Benefits paid	(0.23)	(0.24)
Closing fair value of plan assets	23.34	15.97

* includes advance contribution to be adjusted in subsequent years.

A) Gratuity (Contd.)

Particulars	2014	2013
Summary of the actuarial assumptions		
Discount rate	9.35%	8.05%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate - Senior staff	10.00%	8.00%
Salary escalation rate - Junior staff	10.00%	8.00%

(₹ In Crore)

Particulars	2010	2011	2012	2013	2014
Experience adjustments					
Defined benefit obligation	2.92	4.47	6.39	9.89	16.39
Plan assets	5.30	7.89	11.45	15.97	23.34
Surplus/(deficit)	2.38	3.42	5.06	6.08	6.95
Experience adjustments on plan liabilities	0.08	0.30	0.80	0.87	2.18
Experience adjustments on plan assets	0.07	0.15	0.16	0.19	0.36

B) Compensated absences

(₹ In Crore)

Particulars	2014	2013
Present value of unfunded obligations	8.20	5.27
Expense recognised in the Statement of Profit and Loss	6.71	3.94
Discount Rate (p.a.)	9.35%	8.05%
Salary escalation rate (p.a.) - Senior staff	10.00%	8.00%
Salary escalation rate (p.a.) - Junior staff	10.00%	8.00%

Casual leave and earned leave which is considered as a short-term benefit, is valued at its encashment value amounting to ₹ Nil (Previous year ₹ Nil)

C) Provident fund

In case of certain employees, the provident fund contribution is made to Bajaj Auto Limited 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 at 31 March 2014. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

(₹ In Crore)

Particulars	2014	2013
Amount to be recognised in Balance Sheet		
Present value of funded obligations	71.84	51.93
Fair value of plan assets	71.84	51.93
Net liability	–	–
Amounts in Balance Sheet		
Liability	–	–
Assets	–	–
Net liability/(asset)	–	–
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	7.27	5.52
Interest on defined benefit obligation	4.60	3.58
Expected return on plan assets	(5.07)	(3.71)
Net actuarial losses/(gains) recognised in year	0.47	0.13
Total, included in “employee benefits expense"	7.27	5.52
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	51.93	37.42
Current service cost	7.27	5.52
Interest cost	4.60	3.58
Actuarial losses/(gain)	0.81	0.21
Employees contribution	11.26	8.36
Liabilities assumed on acquisition/(settled on divestiture)	–	–
Benefits paid	(4.03)	(3.16)
Closing defined benefit obligation	71.84	51.93
Change in fair value of assets		
Opening fair value of plan assets	51.93	37.42
Expected return on plan assets	5.07	3.71
Actuarial gain/(losses)	0.34	0.08
Employer contributions during the period	7.27	5.52
Employee contributions during the period	11.26	8.36
Assets acquired on acquisition/(distributed on divestiture)	–	–
Benefits paid	(4.03)	(3.16)
Closing fair value of plan assets	71.84	51.93

C) Provident fund (Contd.)

Particulars	2014	2013
Summary of the actuarial assumptions		
Discount rate	9.35%	8.05%
Expected rate of return on assets	9.01%	8.56%
Discounting rate for remaining term to maturity of investment (p.a)	9.00%	8.05%
Average historic yield on investment (p.a.)	8.66%	8.56%
Guaranteed rate of return (p.a.)	8.75%	8.50%

28. Employee stock option plan

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options upto a maximum of 5% of the issued equity capital of the Company aggregating to 18,29,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s).

The Remuneration and Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, six grants have been made, details of which as on 31 March 2014 are given as under:

Grant date	Exercise price (in ₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12 Jan 10	358.70	132,000	56,125	–	72,125	3,750	56,125
21 Jul 10	542.00	326,750	68,157	70,125	161,094	27,374	138,282
28 Jul 11	705.15	376,200	70,275	162,500	116,100	27,325	232,775
16 May 12	876.10	359,500	45,775	241,500	44,100	28,125	287,275
15 May 13	1,380.35	394,930	–	364,680	–	30,250	364,680
01 Nov 13	1,353.05	19,700	–	19,700	–	–	19,700
Total		**1,609,080**	**240,332**	**858,505**	**393,419**	**116,824**	**1,098,837**

28. Employee stock option plan (Contd.)

Method used for accounting for share based payment plan

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

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

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

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

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

(₹ In Crore)

Particulars	2014	2013
Net profit (as reported)	719.01	591.31
Add: Stock – based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro forma)	14.98	12.85
Net Profit (pro forma)	704.03	578.46
Basic Earnings per share (as reported)	144.79	135.88
Basic Earnings per share (pro forma)	141.77	132.93
Diluted Earnings per share (as reported)	143.65	134.56
Diluted Earnings per share (pro forma)	140.66	131.64

29. During the year, the Company transferred assets through direct assignment of cash flows and the underlying securities to four banks. The disclosure as required by the revised Guidelines on Securitisation Transactions issued by RBI on 21 August 2012 is given as under:

(₹ In Crore)

Assets transferred during FY2014	Amount
1. Gross amount of assets assigned including exposure retained by the seller	943.31
2. Total amount of exposure retained by the NBFC to comply with MRR — In form of on-Balance Sheet retention of assets	94.33
3. Total amount of exposure retained by NBFC other than MRR — In form of on-Balance Sheet retention of Assets	74.18
4. Net amount of assets transferred through direct assignment in FY2014	774.80
5. The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2014	1,090.41

30. The disclosures required in terms of Paragraph 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in the Annexure forming part of these Financial Statements.

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

(₹ In Crore)

	Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification																					
Sr. No.	Details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1.	Restructured Accounts as on April 1 of the FY (opening figures)	No of borrowers	1	-	-	-	1	-	-	-	-	-	1	13	-	-	14	2	13	-	-	15
		Amount outstanding	55.50	-	-	-	55.50	-	-	-	-	-	33.00	19.27	-	-	52.27	88.50	19.27	-	-	107.77
		provision thereon	-	-	-	-	-	-	-	-	-	-	-	5.10	-	-	5.10	-	5.10	-	-	5.10
2.	Fresh restructuring during the year	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2	-	-	2
		Amount outstanding	1.37$	-	-	-	1.37	-	-	-	-	-	-	8.21	-	-	8.21	1.37	8.21	-	-	9.58
		provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.82	-	-	0.82	-	0.82	-	-	0.82
3.	Upgradations to restructured standard category during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	3	(3)	-	-	-	3	(3)	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2.19	(6.28)	-	-	(4.09)	2.19	(6.28)	-	-	(4.09)
		provision thereon	-	-	-	-	-	-	-	-	-	-	0.06	(1.08)	-	-	(1.02)	0.06	(1.08)	-	-	(1.02)
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Downgradations of restructured accounts during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	(1)	1	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(19.24)	19.24	-	-	-	(19.24)	19.24	-	-	-
		provision thereon	-	-	-	-	-	-	-	-	-	-	-	1.92	-	-	1.92	-	1.92	-	-	1.92
6.	Write-offs of restructured accounts during the FY #	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	(4)	-	-	(4)	-	(4)	-	-	(4)
		Amount outstanding	(0.30)	-	-	-	(0.30)	-	-	-	-	-	(13.76)	(5.23)	-	-	(18.99)	(14.06)	(5.23)	-	-	(19.29)
		provision thereon	-	-	-	-	-	-	-	-	-	-	-	(0.06)	-	-	(0.06)	-	(0.06)	-	-	(0.06)
7.	Restructured Accounts as on March 31 of the FY (Closing figures*)	No of borrowers	1	-	-	-	1	-	-	-	-	-	3	9	-	-	12	4	9	-	-	13
		Amount outstanding	56.57	-	-	-	56.57	-	-	-	-	-	2.19	35.21	-	-	37.40	58.76	35.21	-	-	93.97
		provision thereon	1.56	-	-	-	1.56	-	-	-	-	-	0.06	6.70	-	-	6.76	1.62	6.70	-	-	8.32

* Provision made @ 2.75% consequent to Notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated 23 January 2014 of the Reserve Bank of India

Represents recoveries from restructured advances

$ Represents Funded interest component pursuent to CDR arrangement

32. Related parties

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2014 Transaction value	2014 Outstanding amounts carried in Balance Sheet	2013 Transaction value	2013 Outstanding amounts carried in Balance Sheet
A) Holding company and fellow subsidiaries					
1. Bajaj Finserv Limited (Holding company)	Dividend paid	46.29	–	30.23	–
	Business support charges paid	6.94	–	6.39	–
	Other revenue expenses	0.08	–	0.10	–
	Preferential warrants application and allotment money/ conversion of warrants	–	–	(21.32)	–
	Equity contribution received (including premium)	–	–	563.95	–
2. Bajaj Allianz Life Insurance Company Limited (Fellow subsidiary)	Advance premium	238.66	2.59	153.91	6.94
	Insurance premium adjusted	243.01	–	153.96	–
	Infrastructure fees	2.66	–	6.27	–
	Advertisement fees	0.88	–	2.09	–
	Business co-operation fees	10.42	–	24.54	–
	Commission income	5.27	1.92	1.76	1.10
	Commercial papers	–	–	30.00	–
	Secured non convertible debentures	100.00	155.00	55.00	55.00
	Unsecured non convertible debentures	–	2.50	–	2.50
	Interest paid on non convertible debentures	4.10	–	1.26	–
3. Bajaj Allianz General Insurance Company Limited (Fellow subsidiary)	Asset/medical/vehicle/travel insurance	0.53	–	1.06	–
	Advance premium	42.66	5.49	7.36	2.42
	Insurance premium adjusted	39.59	–	5.93	–
	Commission income	4.36	0.43	0.87	0.33
	Secured non convertible debentures	–	85.00	70.00	85.00
	Interest paid on non convertible debentures	7.27	–	0.83	–
4. Bajaj Financial Solutions Limited (Fellow subsidiary)	Business support charges paid	0.37	–	–	–
	Assets purchased	0.60	–	–	–
5. Bajaj Financial Securities Limited (Fellow Subsidiary)	Business support charges paid	0.07	–	–	–
	Fixed deposits	0.24	0.24	–	–
B) Individuals controlling voting power/ exercising significant influence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.02	–	0.01	–
	Commission	0.05	0.05	0.04	0.04
2. Madhur Bajaj (Director)	Sitting fees	0.01	–	0.01	–
	Commission	0.04	0.04	0.03	0.03
3. Rajiv Bajaj (Director)	Sitting fees	0.01	–	0.01	–
	Commission	0.03	0.03	0.03	0.03
C) Non-executive Director					
Nanoo Pamnani (Vice Chairman)	Sitting fees	0.03	–	0.03	–
	Commission	0.83	0.83	0.82	0.82
D) Key Managerial Personnel					
Rajeev Jain (CEO)	Remuneration	3.67	1.65	3.02	1.16
	ESOPs exercised	1.14	–	4.51	–

32. Related parties (Contd.)

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2014 Transaction value	2014 Outstanding amounts carried in Balance Sheet	2013 Transaction value	2013 Outstanding amounts carried in Balance Sheet
E) Enterprises over which anyone in (B) and (D) exercises significant influence					
1. Bajaj Auto Limited	Interest subsidy received	3.88	–	4.07	0.21
	Business support cost paid	12.46	–	8.19	0.91
	Business support cost received	1.49	–	0.62	0.03
2. Bajaj Holdings & Investments Limited	Business support cost paid	2.36	–	0.09	–
3. Mukand Limited	Loan given	–	14.36	–	33.93
	Principal repayment received	19.57	–	11.94	–
	Income received	3.13	–	5.41	–
4. Hind Musafir Agency Limited	Services received	8.78	0.45	6.26	1.17
	Advance for services	–	1.60	–	–
5. Bajaj Electricals Limited	Assets purchased	0.63	0.14	–	–

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard-18- "Related Party Disclosures" have been identified based on representations made by key managerial personnel and information available with the Company.

33. On the basis of information available with the Company as regards the registration of its vendors under the Medium, Small and Micro Enterprises Development Act 2006, there are no dues outstanding beyond the prescribed credit period and consequently no interest payable under the said Act.

34. Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

35. Amounts less than ₹ 50,000/- have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes '1' to '35'

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 14 May 2014

Rajeev Jain
Chief Executive Officer

Anant Damle
Company Secretary

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Annexure (Forming part of the financial statement)

Schedule to Balance Sheet

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

(₹ In Crore)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side:		
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
a) Debentures: Secured (including interest accrued thereon ₹ 240.26 crore)	4,965.56	–
Unsecured (including interest accrued thereon ₹ 61.08 crore)	906.88	–
(Other than falling within the meaning of public deposit*)		
b) Deferred credits	–	–
c) Term loans (including interest accrued thereon ₹ 0.99 crore)	8,495.99	–
d) Inter-corporate loans and borrowings	–	–
e) Commercial paper	2,582.25	–
f) Public deposits* (including interest accrued thereon ₹ 1.28 crore)	211.99	–
g) Other loans (Short-term Loans,cash credit and working capital demand loan-including interest accrued thereon ₹ 1.28 crore)	2,891.81	–
* Please see note 1		
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*	211.99	–
* Please see note 1		

Particulars	Amount Outstanding
Asset Side	
3) Break - up of loans and advances including bills receivables (other than those included in (4) below)	
a) Secured	10,650.11
b) Unsecured	6,037.92
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	6,751.12
b) Repossessed assets	14.80
iii) Hypothecation loans counting towards asset financing activities	
a) Loans where assets have been repossessed	–
b) Loans other than (a) above	–

Schedule to Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Amount Outstanding
5) Break up of investments	
Current investments	
1. Quoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities (including trust securities)	–
v) Others (please specify)	–
2. Unquoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities	28.21
v) Others (please specify)	–
Long-term investments	
1. Quoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government and trust securities	–
v) Others (please specify)	–
2. Unquoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities	–
v) Others (please specify)	–

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

Category	Amount net of provision		
	Secured	**Unsecured**	**Total**
1. Related parties**			
a) Subsidiaries	–	–	–
b) Companies in the same group	–	11.58	11.58
c) Other related parties	–	14.36	14.36
2. Other than related parties	17,416.03	6,011.98	23,428.01
	17,416.03	**6,037.92**	**23,453.95**

Schedule to Balance Sheet (Contd.)

7) Investor group-wise classification of all investments (current and long-term in shares and securities (Both quoted and unquoted)

Please see note 3

(₹ In Crore)

Category	Market value/break up or fair value or NAV$	Book value (net of provisions)
1. Related parties**		
a) Subsidiaries	–	–
b) Companies in the same group	–	–
c) Other related parties	–	–
2. Other than related parties	28.25	28.21
	28.25	**28.21**

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

$ Government securities valued cost less amortisation of premium

8) Other information

(₹ In Crore)

Particulars	Amount
Gross Non-Performing Assets	
i) Gross non-Performing assets	
a) Related parties	–
b) Other than related parties	279.61
Net Non-Performing Assets	
ii) Net non-performing assets	
a) Related parties	–
b) Other than related parties	66.45
iii) Assets acquired in satisfaction of debt	–

Notes:

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

Bajaj Finance Limited 2014-15

Consolidated Financial Statements

Independent Auditors' Report

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

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Bajaj Finance Ltd. ('hereinafter referred to as the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the consolidated Balance Sheet as at 31 March 2015, the consolidated Statement of Profit and Loss (refer note 1(c) to the attached consolidated financial statements) and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the Consolidated Financial Statements').

Management's responsibility for the Consolidated Financial Statements

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

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls.
   An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2015 and their consolidated profit for the year ended on that date.

Independent Auditors' Report (Contd.)

Report on other legal and regulatory requirements

8. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies incorporated in India (Refer Note 1[a] to the consolidated financial statements), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

9. As required by section 143(3) of the Act, we report, to the extent applicable, that:

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

   (b) In our opinion, proper books of account as required by Law maintained by the Holding Company, its subsidiaries incorporated in India included in the Group, including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and its subsidiaries incorporated in India.

   (c) The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries incorporated in India, included in the Group, including relevant records relating to the preparation of the Consolidated Financial Statements.

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

   (e) On the basis of the written representations received from the Directors of the Holding Company and its subsidiary companies incorporated in India, on 31 March 2015 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the Directors of the Group is disqualified as on 31 March 2015 from being appointed as a Director in terms of section 164 (2) of the Act.

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact, if any, of pending litigations as at 31 March 2015 on the consolidated financial position of the Group.

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts as at 31 March 2015. The Group did not have long-term derivative contracts as at 31 March 2015.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts required to be transferred to Investor Education and Protection Fund by subsidiary companies incorporated in India during the year ended 31 March 2015.

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

S. Venkatesh
Partner
Date: 2o May 2015
Membership Number: 037942

Annexure to Independent Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Bajaj Finance Ltd. on the Consolidated Financial Statements as of and for the year ended 31 March 2015

i. (a) The Holding Company and its subsidiaries incorporated in India are maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management of the Holding Company according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the aforesaid Holding Company and the nature of its assets. The subsidiaries incorporated in India do not have any tangible assets and hence the question of verification does not arise.

ii. (a) The Holding Company is in the business of financing and consequently does not hold any inventory. The subsidiaries incorporated in India are yet to start business or are in the business of rendering services, and consequently, do not hold any inventory. Therefore, the provisions of clause 3(ii) of the said Order are not applicable to such Holding Company and its subsidiaries.

iii. The Holding Company and its subsidiaries incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3 (iii)(a) and (iii)(b) of the said Order are not applicable to the aforesaid Holding Company and its subsidiaries.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Holding Company and its subsidiaries incorporated in India and the nature of their respective businesses for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the aforesaid Holding Company and its subsidiaries incorporated in India and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. In our opinion, and according to the information and explanations given to us the Holding Company has complied with the provisions of sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits. The subsidiaries incorporated in India have not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and the rules framed thereunder to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the services of the Holding Company and its subsidiaries incorporated in India.

vii. (a) In our opinion, and according to the information and explanations given to us and the records of the Holding Company and its subsidiaries incorporated in India examined by us, the Holding Company and its subsidiaries are regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Holding Company there are no dues of income-tax, wealth-tax, duty of customs, duty of excise which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax as at 31 March 2015 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Sales Tax	0.86	2005-06 to 2008-09	Additional Commissioner
	Sales tax	0.09	2005-06	Appellate Tribunal
	Sales tax	1.54	2008-09 to 2011-12	Rajasthan Tax Board
	Sales tax	0.70	2012-13 to July 14	Deputy Commissioner Appeals
	Sales tax	1.31	2005-06 to 2006-07	Sales Tax Appellate Tribunal
Central Excise	Service Tax	0.76	2007-08 to 2011-12	Customs, Excise & Service Tax Appellate Tribunal
	Service Tax	0.22	2012–13	Commissioner Appeals

According to the information and explanations given to us and the records of the Subsidiaries incorporated in India examined by us, there are no dues of income-tax, sales-tax, wealth-tax, duty of customs, duty of excise, service tax which have not been deposited on account of any dispute.

c) The amount required to be transferred to Investor Education and Protection Fund by the Holding Company has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder. There are no amounts required to be transferred by the subsidiaries incorporated in India to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Holding Company has no accumulated losses as at the end of the financial year and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year. The accumulated losses of one of the subsidiary did not exceed fifty percent of its net worth as at 31 March 2015 and it has not incurred cash losses in the financial year ended on that date. However it had incurred cash losses in the immediately preceding financial year. The other subsidiary's accumulated losses exceeded fifty percent of its net worth as at the end of the financial year and it had also incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.

ix. According to the records of the Holding Company examined by us and the information and explanations given to us, the Holding Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date. As the subsidiaries incorporated in India do not have any borrowings from any financial institution or bank nor have they issued any debentures as at the balance sheet date, the provisions of clause 3(ix) of the Order are not applicable to the aforesaid subsidiaries.

x. In our opinion, and according to the information and explanations given to us, the Holding Company and its subsidiaries incorporated in India have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the aforesaid Holding Company and its subsidiaries.

xi. In our opinion, and according to the information and explanations given to us the term loans obtained by the Holding Company have been applied for the purposes for which they were obtained. The subsidiaries incorporated in India have not raised any term loans. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the aforesaid subsidiaries.

xii. During the course of our examination of the books and records of the Holding Company and its subsidiaries incorporated in India, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Holding Company and the nature of its business and which have been provided for.

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

S. Venkatesh
Partner
Membership Number: 037942
Pune: 20 May 2015

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	50.00
Reserves and surplus	4	4,749.71
		4,799.71
Non-current liabilities		
Long-term borrowings	5	18,273.51
Other long-term liabilities	6	135.77
Long-term provisions	7	152.08
		18,561.36
Current liabilities		
Short-term borrowings	8	4,313.90
Trade payables	9	269.04
Other current liabilities	9	4,700.09
Short-term provisions	7	167.23
		9,450.26
Total		**32,811.33**
ASSETS		
Non-current assets		
Fixed assets	10	
Tangible assets		218.26
Intangible assets		30.92
		249.18
Goodwill on consolidation		3.27
Non-current investments	11	147.09
Deferred tax assets (net)	12	212.28
Receivables under financing activity	13	18,119.67
Long-term loans and advances	14	89.97
Other non-current assets - Fixed deposits with bank		0.24
		18,821.70
Current assets		
Current investments	11	179.20
Receivables under financing activity	13	13,079.78
Cash and bank balances	15	220.87
Short-term loans and advances	14	343.92
Other current assets	16	165.86
		13,989.63
Total		**32,811.33**

Statement of significant accounting policies — 2

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

S. Venkatesh
Partner
Membership Number: 037942

Pune: 20 May 2015

Rajeev Jain
Managing Director

Anant Damle
Company Secretary

Rajesh Viswanathan
Chief Financial Officer

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2015
Revenue		
Revenue from operations	17	5,381.80
Other income	18	36.48
Total revenue (I)		**5,418.28**
Expenses		
Employee benefits expense	19	450.73
Finance costs	20	2,248.27
Depreciation and Amortisation	10	35.60
Loan losses and provisions	21	384.56
Other expenses	22	942.17
Total expenses (II)		**4,061.33**
Profit before tax (I - II)		**1,356.95**
Tax expense		
Current tax		531.75
Deferred tax expense/(credit)		(73.12)
Tax adjustments of earlier years		0.44
Total tax expense		**459.07**
Profit for the year		**897.88**
Earnings per share:	23	
(Face value per share ₹ 10/-)		
Basic (₹)		179.94
Diluted (₹)		177.70

Statement of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

S. Venkatesh
Partner
Membership Number: 037942

Pune: 20 May 2015

Rajeev Jain
Managing Director

Anant Damle
Company Secretary

Rajesh Viswanathan
Chief Financial Officer

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

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

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

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

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

On 1 November 2014, Bajaj Finance Ltd. has acquired from its Holding Company, Bajaj Finserv Ltd., its wholly owned subsidiary Bajaj Financial Solutions Ltd. (name changed to Bajaj Housing Finance Ltd. w.e.f. 14 November 2014) together with its subsidiary Bajaj Financial Securities Ltd. for consideration of ₹ 17 crore. On 12 December 2014, Bajaj Finance Ltd. has further subscribed to 11,000,000 equity shares of face value ₹ 10 each offered by Bajaj Housing Finance Ltd., on rights basis at par.

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

(₹ In Crore)

	Net Assets (i.e. total assets minus total liabilities)		Share in Profit or Loss	
Name of the company	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Bajaj Finance Ltd	100%	4,797.08	100%	897.87
Bajaj Housing Finance Ltd.		1.27		0.01
Bajaj Financial Securities Ltd.		1.36		–

(c) Since the Company acquired its first subsidiary during the year on 1 November 2014 consequent to which the Company has prepared these consolidated financial statements for the first time, preparation of consolidated cash flow statement under the indirect method is not possible and thus the same has not been prepared. Similarly, no previous period comparatives have been presented.

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

2 (I) Statement of significant accounting policies and practices:

(a) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e. year ended 31 March.

(b) These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956 shall continue to apply. Accordingly, these consolidated financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 and the RBI guidelines/regulations to the extent applicable.

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

(II) Principles of consolidation

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

(b) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.

(c) The excess of the cost to the Parent Company of its investments in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the financial statements as goodwill.

(III) Since the subsidiary, viz. Bajaj Housing Finance Ltd., has not commenced business of housing finance during the year and both the subsidiaries are insignificant in context of the consolidated group, the consolidated financial statements largely reflect the results of the parent and hence other significant accounting policies followed by the group can be referred to in note no. 2 to the standalone financial statements of the parent.

3 Share capital

(₹ In Crore)

Particulars	As at 31 March 2015
Authorised: 75,000,000 equity shares of ₹ 10 each	75.00
Issued: 50,147,259 equity shares of ₹ 10 each	50.15
Subscribed and paid up: 50,147,259 equity shares of ₹ 10 each fully called up and paid up	50.15
Less: 146,861 equity shares of ₹ 10 each held in a trust for employees under ESOP Scheme (See footnote 'e' below)	0.15
	50.00

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

	As at 31 March	
	2015	
Particulars	**Nos.**	**₹ In Crore**
At the beginning of the year (Subscribed and Paid up)	50,142,334	50.14
Add: Issued during the year - Employee Stock Option Plan	4,925	0.01
	50,147,259	50.15
Less: Equity shares held in trust for employees under ESOP scheme (See footnote 'e' below)	146,861	0.15
Outstanding at the end of the year	50,000,398	50.00

3 Share Capital (Contd.)

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Equity shares allotted on conversion of preferential warrants, i.e. 1,310,000 equity shares are restricted from transfer other than inter se promoter group upto 10 December 2015.

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

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

* An associate of Bajaj Holdings and Investments Ltd.

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

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

* An associate of Bajaj Holdings and Investments Ltd.

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

2,507,116 equity shares (i.e. 5% of the paid up equity share capital) have been approved/reserved for issue under Employee Stock Option Plan, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI guidelines)), of which 1,890,680 equity shares have been granted as per the scheme and 791,925 thereof have been issued and alloted to ESOP trust, viz. BFL Employee Welfare Trust, upto 31 March 2015. Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI guidelines, the balance unexercised equity shares held by the trust at the close of the year amounting to 146,861 have been reduced against the Share Capital of the Company as if the trust is administered by the Company itself. The securities premium related to the unexercised equity shares held by the trust as at the close of the year aggregating ₹ 103,110,017 has also been reduced from securities premium account and adjusted against the loans outstanding from the trust.

4 Reserves and surplus

(₹ In Crore)

Particulars	As at 31 March 2015
Share premium	
Balance as at the beginning of the year	1,926.21
Add: Received during the year:	
– On issue of shares under Employee Stock Option Plan	0.67
	1,926.88
Less: Premium on unexercised equity shares held in trust for employees under the ESOP scheme (See note no. 3 footnote 'e')	10.31
Balance as at the end of the year	1,916.57
Capital reserve	
Amount previously received on forfeited equity shares re-issued (₹ 5,000)	
Reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	
Balance as at the beginning of the year	484.75
Add: Set aside during the year	185.00
Balance as at the end of the year	669.75
General reserve	
Balance as at the beginning of the year	383.60
Add: Set aside during the year	90.00
Balance as at the end of the year	473.60
Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	
Balance as at the beginning of the year	3.65
Add: Set aside during the year	2.10
Balance as at the end of the year	5.75
Surplus in the Statement of Profit and Loss	
Balance as at the beginning of the year	1,171.91
Profit for the year	897.88
	2,069.79
Less: Appropriations	
Transfer to Reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	185.00
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	2.10
Transfer to General reserve	90.00
Proposed dividend	90.27
Provision for dividend tax on dividend	18.38
Total appropriations	385.75
Balance as at the end of the year	1,684.04
	4,749.71

4 Long-term borrowings

(₹ In Crore)

Particulars	Non-current As at 31 March 2015	Current As at 31 March 2015
A) Secured		
Privately placed redeemable non-convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and/or Company's office at Unit No. 806 admeasuring 2280 sq. ft. 8th Floor, Block, A of Wing Delta, Raheja Towers, Anna Salai, Mount Road, Chennai – 600 002 and book debts/loan receivables under financing activity as stated in the respective information memorandum.	7,164.10	1,701.00
From Banks, against hypothecation of assets under finance, book debts and other receivables	9,284.47	2,142.20
	16,448.57	3,843.20
Less: Shown under other current liabilities (See note no. 9)		(3,843.20)
Total (A)	16,448.57	–
B) Unsecured		
Privately placed redeemable non-convertible debentures	–	50.00
Privately placed subordinated (Tier II) redeemable non-convertible debentures of ₹ 0.10 crore each	988.30	–
Term loans from banks	175.00	–
Fixed deposits	661.64	210.05
	1,824.94	260.05
Less: Shown under other current liabilities (See note no. 9)		(260.05)
Total (B)	1,824.94	–
Total (A+B)	**18,273.51**	**–**

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

(₹ In Crore)

Date of maturity	Repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 10 crore	Non-current As at 31 March 2015
Nov 24	Bullet repayment	–	100.00	100.00
Mar 20	Bullet repayment	–	25.00	25.00
Dec 19	Bullet repayment	–	125.00	125.00*
Nov 19	Bullet repayment	–	15.00	15.00
Oct 19	Bullet repayment	–	180.00	180.00*
Aug 19	Bullet repayment	–	72.50	72.50*
Jul 19	Bullet repayment	–	145.00	145.00*
Apr 19	Bullet repayment	–	45.00	45.00
Jan 19	Bullet repayment	–	50.00	50.00
May 18	Bullet repayment	–	159.00	159.00*

4 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 10 crore	Non-current As at 31 March 2015
Apr 18	Bullet repayment	–	267.00	267.00*
Mar 18	Bullet repayment	–	181.50	181.50
Feb 18	Bullet repayment	–	29.10	29.10
Jan 18	Bullet repayment	595.00	96.50	691.50*
Dec 17	Bullet repayment	–	49.90	49.90
Nov 17	Bullet repayment	–	388.00	388.00
Oct 17	Bullet repayment	125.00	332.80	457.80*
Sep 17	Bullet repayment	–	261.60	261.60
Aug 17	Bullet repayment	–	191.40	191.40
Jul 17	Bullet repayment	–	5.00	5.00
Jun 17	Bullet repayment	–	300.00	300.00
May 17	Bullet repayment	–	5.30	5.30
Apr 17	Bullet repayment	–	361.30	361.30*
Mar 17	Bullet repayment	–	100.80	100.80
Feb 17	Bullet repayment	–	61.90	61.90
Jan 17	Bullet repayment	–	352.00	352.00*
Dec 16	Bullet repayment	–	129.00	129.00
Nov 16	Bullet repayment	–	150.60	150.60
Oct 16	Bullet repayment	–	725.00	725.00*
Sep 16	Bullet repayment	–	264.90	264.90
Aug 16	Bullet repayment	–	775.00	775.00
Jul 16	Bullet repayment	–	40.00	40.00
May 16	Bullet repayment	–	110.00	110.00
Apr 16	Bullet repayment	–	349.00	349.00
				7,164.10

Note:

As on 31 March 2015, of the total non-current secured zero coupon bonds issued, ₹ 2,467.30 crore were issued at a premium

*Related parties are current holders of ₹ 425 crore of the mentioned issue - See note no. 26 for disclosures

Interest rates range from 8.85% p.a. to 10.00% p.a. as at 31 March 2015

D) Terms of repayment of bank loans - secured

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2015
Mar 20	Bullet repayment	300.00
Feb 20	Bullet repayment	100.00
Dec 19	Bullet repayment	200.00
	4 quarterly payments of ₹ 37.5 crore starting Jun 19	150.00

4 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2015
	4 quarterly payments of ₹ 50 crore starting Jun 19	200.00
	4 quarterly payments of ₹ 25 crore starting Mar 19	100.00
	4 quarterly payments of ₹ 25 crore starting Mar 19	100.00
	4 quarterly payments of ₹ 12.5 crore starting Mar 19	50.00
Dec 18	Bullet repayment	200.00
	4 quarterly payments of ₹ 25 crore starting Dec 18	100.00
	4 quarterly payments of ₹ 50 crore starting Sep 18	200.00
	4 quarterly payments of ₹ 25 crore starting Sep 18	100.00
	4 semi-annual payments of ₹ 25 crore starting Sep 18	100.00
	4 semi-annual payments of ₹ 25 crore starting Aug 18	100.00
Jun 18	Bullet repayment	100.00
	4 semi-annual payments of ₹ 25 crore starting Jun 18	100.00
	4 quarterly payments of ₹ 25 crore starting Jun 18	100.00
	4 quarterly payments of ₹ 37.5 crore starting Jun 18	150.00
	4 quarterly payments of ₹ 25 crore starting May 18	100.00
	4 quarterly payments of ₹ 25 crore starting May 18	100.00
	4 semi-annual payments of ₹ 25 crore starting Apr 18	100.00
	4 semi-annual payments of ₹ 25 crore starting Apr 18	100.00
	4 quarterly payments of ₹ 25 crore starting Apr 18	100.00
	4 quarterly payments of ₹ 25 crore starting Mar 18	100.00
	4 semi-annual payments of ₹ 12.5 crore starting Mar 18	50.00
Mar 18	Bullet repayment	200.00
Feb 18	Bullet repayment	100.00
Jan 18	Bullet repayment	250.00
Dec 17	Bullet repayment	300.00
	4 semi-annual payments of ₹ 12.5 crore starting Dec 17	50.00
	4 semi-annual payments of ₹ 50 crore starting Dec 17	200.00
	4 quarterly payments of ₹ 100 crore starting Dec 17	400.00
	4 semi-annual payments of ₹ 12.5 crore starting Dec 17	50.00
	4 semi-annual payments of ₹ 25 crore starting Dec 17	100.00
	4 semi-annual payments of ₹ 25 crore starting Dec 17	100.00
Oct 17	Bullet repayment	100.00
	4 semi-annual payments of ₹ 25 crore starting Sep 17	100.00
	4 semi-annual payments of ₹ 62.5 crore starting Sep 17	250.00
	4 semi-annual payments of ₹ 12.5 crore starting Sep 17	50.00
	4 semi-annual payments of ₹ 25 crore starting Sep 17	100.00
	4 semi-annual payments of ₹ 37.50 crore starting Sep 17	150.00
	4 semi-annual payments of ₹ 25 crore starting Sep 17	100.00

4 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2015
Aug 17	Bullet repayment	150.00
	4 semi-annual payments of ₹ 25 crore starting Aug 17	100.00
Jul 17	Bullet repayment	100.00
Jun 17	Bullet repayment	235.00
	4 semi-annual payments of ₹ 37.50 crore starting Jun 17	150.00
	4 semi-annual payments of ₹ 25 crore starting Jun 17	100.00
May 17	Bullet repayment	50.00
	4 semi-annual payments of ₹ 25 crore starting May 17	100.00
	4 semi-annual payments of ₹ 25 crore starting Mar 17	100.00
Mar 17	Bullet repayment	250.00
Dec 16	Bullet repayment	400.00
Aug 16	Bullet repayment	150.00
Jul 16	Bullet repayment	400.00
Jun 16	Bullet repayment	50.00
May 16	Bullet repayment	50.00
	4 quarterly payments of ₹ 50 crore starting Mar 16	150.00
	16 quarterly payments of ₹ 6.25 crore starting Feb 16	93.75
	7 quarterly payments of ₹ 21.4286 crore starting Feb 16	128.57
	7 quarterly payments of ₹ 15 crore starting Feb 16	90.00
Dec 15	Bullet repayment	–
	7 quarterly payments of ₹ 15 crore starting Dec 15	75.00
Nov 15	Bullet repayment	–
	7 quarterly payments of ₹ 20 crore starting Nov 15	100.00
Oct 15	Bullet repayment	–
Sep 15	Bullet repayment	–
	7 quarterly payments of ₹ 14.2857 crore starting Aug 15	57.14
Jul 15	Bullet repayment	–
Jun 15	Bullet repayment	–
May 15	Bullet repayment	–
Apr 15	Bullet repayment	–
	3 semi-annual payments of ₹ 33.334 crore starting Mar 15	–
	4 quarterly payments of ₹ 25 crore starting Feb 15	–
	4 quarterly payments of ₹ 25 crore starting Jul 14	–
	3 annual payments of ₹ 26.667 crore starting Jun 14	26.67
	3 annual payments of ₹ 73.334 crore starting Jun 14	73.34
	5 semi-annual payments of ₹ 30 crore starting May 14	30.00
	5 semi-annual payments of ₹ 10 crore starting Mar 14	–

4 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2015
	5 semi-annual payments of ₹ 20 crore starting Feb 14	–
	3 annual payments of ₹ 100 crore starting Aug 13	–
	16 quarterly payments of ₹ 18.75 crore starting May 13	75.00
		9,284.47

Note:
Interest rates range from 9.65% p.a.p.m. to 10.30% p.a.payable monthly as at 31 March 2015

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

(₹ In Crore)

Date of maturity	Non-current As at 31 March 2015
Sep 24	452.50
Apr 23	50.00
Jan 23	49.70*
Aug 22	157.40
May 21	50.00
Oct 20	36.20*
Sep 20	27.50
Jul 20	50.00
Jun 20	50.00*
Apr 20	65.00
	988.30

Note:
Interest rates range from 9.45% p.a. to 10.21% p.a. as at 31 March 2015
*Related parties are current holders of ₹ 2.5 crore of the mentioned issue - See note no. 26 for disclosures

F) Terms of repayment of bank loans - unsecured

(₹ In Crore)

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

Note:
Interest rate at 10.05% p.a. payable monthly as at 31 March 2015

4 Long-term borrowings (Contd.)

G) Terms of repayment of fixed deposits:

(₹ In Crore)

Maturing upto	Repayment schedule	Non-current As at 31 March 2015
Mar 20		8.16
Mar 19		6.17
Mar 18		258.96
Mar 17		388.35
		661.64

Note:
Interest rates range from 7% p.a.to 10.25% p.a. as at 31 March 2015
Includes fixed deposits accepted from:
(i) Related Parties aggregating to ₹ 13.50 crore
(ii) Key Managerial Persons aggregating to ₹ 0.01 crore

6 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March 2015
Trade payables	32.21
Others:	
Security deposits	17.11
Other payables	4.29
Interest accrued but not due	82.16
	135.77

7 Provisions

(₹ In Crore)

Particulars	Long-term As at 31 March 2015	Short-term As at 31 March 2015
Provision for employee benefits		
Gratuity	-	2.15
Privilege leave entitlements	-	16.17
	-	18.32
Other provisions		
Proposed dividend	-	90.27
Tax on proposed dividend	-	18.38
General provision on standard assets	136.17	-
Provision for restructured standard assets	8.78	-
Provision for interest sacrifice on re-structured assets	7.13	-
Provision for tax (net of advance tax ₹ 491.49 crore)	-	40.26
	152.08	148.91
	152.08	**167.23**

8 Short-term borrowings

(₹ In Crore)

Particulars	As at 31 March 2015
A) Secured	
From banks, against hypothecation of assets under finance, book debts and other receivables:	
– Cash credit and demand loans	2,002.69
– Overdraft facility	239.87
– Other short-term loans	-
Total (A)	**2,242.56**
B) Unsecured	
From banks:	
– Overdraft facility	28.37
– Overdraft facility	500.00
– Fixed deposits	111.67
	640.04
Borrowings by issue of Commercial Papers	1,431.30
Total (B)	**2,071.34**
Total (A+B)	**4,313.90**

Terms of repayment of unsecured short-term loans

(₹ In Crore)

Date of maturity	As at 31 March 2015
Apr-15	500.00
	500.00

Note:
Interest rate is 10% p.a. payable monthly as at 31 March 2015

Terms of repayment of commercial papers

(₹ In Crore)

Date of maturity	As at 31 March 2015
Feb 16	200.00
Nov 15	10.00
Oct 15	94.00
Aug 15	85.00
Jun 15	500.80
May 15	491.50
Apr 15	50.00
	1,431.30

Note:
Interest rates range from 8.75% p.a. to 9.55% p.a. as at 31 March 2015

8 Short-term borrowings (Contd.)

Terms of repayment of fixed deposits (₹ In Crore)

Date of maturity	As at 31 March 2015
Mar 16	6.03
Feb 16	46.13
Jan 16	0.61
Dec 15	0.40
Nov 15	0.68
Oct 15	50.35
Sep 15	1.75
Aug 15	0.41
Jul 15	0.47
Jun 15	0.38
May 15	0.60
Apr 15	3.86
	111.67

Note:
Interest rates range from 8.9% p.a.to 10% p.a. as at 31 March 2015

9 Current liabilities

(₹ In Crore)

Particulars	As at 31 March 2015
Trade payables	269.04
Other current liabilities	
Current maturities of long-term borrowings (See note no. 5)	
Secured loans	3,843.20
Unsecured loans	260.05
	4,103.25
Interest accrued but not due	492.62
Interest accrued and due	0.01
Income received in advance	0.01
Unclaimed dividend	0.77
Investor Education and Protection Fund (₹ 4,682: Since paid)	
Others	
Statutory dues	25.42
Security deposits	0.80
Employee benefits payable	40.69
Other/miscellaneous payables	36.52
	4,700.09

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

10 Fixed assets

(₹ In Crore)

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

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

b) Amount amortised as expense

c) Effective 1 April 2014:

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

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

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

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

11 Investments

(₹ In Crore)

		Non-current	Current
Particulars		**As at 31 March 2015**	**As at 31 March 2015**
(A) In Government and Trust Securities:			
Other than trade:			
Unquoted:			
Long-term			
11.83%	Government of India Stock, 2014 of the face value of ₹ 5.00 crore	–	–
8.27%	Government of India Stock, 2020 of the face value of ₹ 25.00 crore	25.44	–
8.27%	Government of India Stock, 2020 of the face value of ₹ 60.00 crore	–	61.46
8.28%	Government of India Stock, 2027 of the face value of ₹ 25.00 crore	26.06	–
8.40%	Government of India Stock, 2024 of the face value of ₹ 15.00 crore	15.60	–
8.60%	Government of India Stock, 2028 of the face value of ₹ 75.00 crore	80.01	–
8.60%	Government of India Stock, 2028 of the face value of ₹ 50.00 crore	–	53.47
8.83%	Government of India Stock, 2023 of the face value of ₹ 40.00 crore	–	42.63
		147.11	157.56
	Less: Amortisation of premium	(0.02)	(0.10)
	Less: Provision for diminution in value of investments	–	(0.26)
Total (A)		**147.09**	**157.20**
(B) In fully paid equity shares:			
Other than trade:			
Quoted:			
Long-term			
75	Shares of ₹ 10 each in Bajaj Holdings and Investments Ltd. ₹ 19,646		–
150	Shares of ₹ 10 each in Bajaj Auto Ltd. ₹ 7,685		
	Sub - Total (₹ 27,331, Previous year ₹ 27,331)		–
Total (B)			**–**
(C) In mutual funds:			
Unquoted:			
	IDFC Money Manager Fund Treasury Plan C - Growth - Defunt (101,780 units of the face value of ₹ 10/- each)	–	0.13
	IDFC Money Manager Fund Treasury Plan C - Growth - Direct (73,867 units of the face value of ₹ 10/- each)	–	0.55
	Birla Sun Life Savings Fund - Growth - Direct Plan (418,358 units of the face value of ₹ 100/- each)	–	11.00
	ICICI Prudential Flexible Income - Regular Plan - Growth (567,920 units of the face value of ₹ 100/- each)	–	9.86
	ICICI Prudential Flexible Income - Direct Plan - Growth (3,382 units of the face value of ₹ 100/- each)	–	0.46
Total (C)		–	22.00
TOTAL (A+B+C)		**147.09**	**179.20**

(₹ In Crore)

	Book value	Market value
Particulars	**As at 31 March 2015**	**As at 31 March 2015**
Quoted	–*	0.04
Unquoted	326.29	–

* At cost ₹ 27,331

12 Deferred tax assets (net)

(₹ In Crore)

Particulars		As at 31 March 2015
A) Deferred tax liability		
On account of timing difference in depreciation and amortisation		(12.73)
Gross deferred tax liability	**Total (A)**	**(12.73)**
B) Deferred tax asset		
On account of timing difference in		
Disallowance u/s 43B of the Income Tax Act, 1961		5.60
Provision for doubtful debts		203.24
Other assets		16.17
Gross deferred tax asset	**Total (A)**	**225.01**
	Total (A+B)	**212.28**

13 Receivables under financing activity (Good unless otherwise stated)

(₹ In Crore)

Particulars	Non current As at 31 March 2015	Current As at 31 March 2015
(I) Secured		
(i) (a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue installments ₹ 330 crore)	1,273.50	7,099.28
(b) Stock of reposessed vehicles under finance agreements at estimated realisable/balance value	–	13.92
	1,273.50	7,113.20
(c) Overdue installments under Finance Agreements considered doubtful	–	239.62
Less: Provision:		
(i) Against Non Performing Assets (NPAs)	–	(171.39)
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	(68.23)
	–	–
	1,273.50	7,113.20
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue installments ₹ 11.44 Crore)		
Good	11,319.42	717.21
Doubtful	–	40.20
Less: Provision:		
(i) Against Non Performing Assets (NPAs)	–	(34.26)
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	(5.94)
	–	–
Carried forward	11,319.42	717.21

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

(₹ In Crore)

Particulars	Non current As at 31 March 2015	Current As at 31 March 2015
Brought forward	11,319.42	717.21
(iii) Infrastructure Finance:		
Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue installments ₹ 35.99 Crore)		
Good	398.15	20.30
Doubtful	–	22.40
Less: Provision:		
Against Non Performing Assets (NPAs)	–	(22.40)
	–	-
	398.15	20.30
(iv) Loan against shares (secured by pledge of shares)	82.98	1,502.29
Total (I)	**13,074.05**	**9,353.00**
(II) Unsecured: +		
(i) Loans at agreement values less installments received (Includes overdue installments ₹ 130.81 Crore]		
Good	5,045.62	3,726.78
Doubtful	–	134.13
Less: Provision:		
(i) Against Non Performing Assets (NPAs)	–	(111.48)
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	(22.65)
	5,045.62	3,726.78
Total (II)	**5,045.62**	**3,726.78**
Total (I + II)	**18,119.67**	**13,079.78**

+ Includes receivables from related parties amounting to ₹ 46.69 crore

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

(₹ In Crore)

Particulars	Non current As at 31 March 2015	Current As at 31 March 2015
Capital advances	1.50	–
Security deposits	15.38	–
Advances to related parties	–	30.29
Advance tax (net of provision for taxation ₹ 1,262.14 crore)	72.33	–
Advances to dealers	–	229.28
Discount on commercial papers/NCDs raised representing interest paid in advance	–	36.07
Advances recoverable in cash or kind:		
– Unsecured considered good	0.76	48.28
– Doubtful	–	2.34
Less: Provision	–	(2.34)
	–	–
	0.76	48.28
	89.97	**343.92**

15 Cash and bank balances

(₹ In Crore)

Particulars	Current As at 31 March 2015
Cash and cash equivalents	
Cash on hand	6.16
Cash with collecting agents	35.69
Cash equivalents:	
Bank balance in cash credit/current accounts	177.00
– Other bank balances	1.16
– Certificates of deposits (maturity less than 3 months from date of acquisition)	–
	220.01
Other bank balances	
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	0.86
	0.86
	220.87

16 Other current assets

(₹ In Crore)

Particulars	As at 31 March 2015
Interest receivable on investments	7.27
Other finance charges receivable	153.81
Receivables from related parties	1.10
Other receivables	3.68
	165.86

17 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2015
Finance activity	
a) Financing charges	3,524.27
b) Interest on loans	1,368.00
c)Service and administration charges	227.70
	5,119.97
Other operating revenue	
(i) Interest	
(a) On deposits	21.47
(b) Penal and others	138.24
	159.71
(ii) Profit on sale of current investments, net*	43.93
(iii) Bad debt recoveries	19.01
(iv) Miscellaneous charges and receipts	39.18
	261.83
	5,381.80

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

18 Other Income

(₹ In Crore)

Particulars	For the year ended 31 March 2015
Interest	
On Government and trust securities, current investments	9.55
Amortisation of premium/discount	(0.08)
	9.47
Dividend from non-current (₹ 11,625)	
Miscellaneous income	0.66
Provisions no longer required	8.00
Sundry credit balances appropriated	17.35
Interest on income tax refunds, net	0.97
Net gain/(loss) on sale of investments	0.01
Interest accrued on fixed deposits	0.02
	36.48

19 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2015
Employees' Emoluments: [Includes Managerial remuneration]	
Salaries, wages and bonus	413.24
Contribution to provident and other funds	18.51
Staff welfare expenses	18.98
	450.73

20 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2015
Interest expenses	1,845.40
Discount in respect of 'Commercial Papers'	383.81
Other financing costs	19.06
	2,248.27

21 Loan losses and provisions

(₹ In Crore)

Particulars	For the year ended 31 March 2015
Bad debts written off	182.53
Provision release on account of bad debts written off	(139.47)
Provision for standard assets	33.85
Provision for restructured standard assets	7.16
Provision for delinquencies	300.49
	384.56

22 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2015
Insurance	0.50
Rent	16.34
Commission to non-executive Directors	1.59
Communication expenses	26.06
Outsourcing/back office expenses	109.08
Service tax	27.91
Travelling expenses	45.40
Information technology expenses	37.89
Marketing commission	61.34
Recovery costs	204.35
Bank charges	25.44
Rates and taxes	2.05
Auditors' remuneration	0.51
Loss on sale of assets, net	0.26
Dealer incentive	208.28
Marked to market losses on investments	0.26
Expenditure towards Corporate Social Responsibility activities	5.80
Sundry expenses	169.11
	942.17

22 Other expenses (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2015
Payment to auditor (net of service tax credit availed)	
As auditor:	
– Audit fee	0.33
– Tax audit fee	0.04
– Limited review	0.06
In other capacity:	
– Other services (certification fees)	0.05
– Reimbursement of expenses	0.03
	0.51

23 Computation of Earnings per Share (EPS)

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

Particulars	For the year ended 31 March 2015
A) Basic	
i) Computation of Profit (numerator):	
– Net Profit attributable to shareholders	897.88
ii) Computation of weighted average number of shares (Denominator):	
– Number of shares outstanding at the beginning of the year	49,748,753
Adjusted weighted average equity shares	49,898,604
EPS (basic) (₹)	179.94
B) Diluted	
i) Computation of Profit (numerator):	
– Net Profit attributable to shareholders	897.88
ii) Computation of weighted average number of shares (Denominator):	
– Number of shares outstanding as above/at the beginning of the year	49,748,753
Weighted average number of equity shares issued and outstanding during the year	149,851
Number of options outstanding at the close of the year*	629,602
Adjusted weighted average equity shares	50,528,206
EPS (diluted) (₹)	177.70

* Dilutive equity shares under warrants outstanding and ESOPs

24 Contingent liability not provided for

(₹ In Crore)

Particulars		As at 31 March 2015
A)	Disputed claims against the Company not acknowledged as debts	7.77
	VAT matters under appeal	6.86
	ESI matters under appaal	5.14
	Service tax matters under appeal	1.19
	Income tax matters	
	– Appeals by the Company	9.66
	– Appeal by the Income Tax Department	12.86
B)	Guarantees given on bahalf of the Company	2.24

25 Capital and other commitments

(₹ In Crore)

Particulars		As at 31 March 2015
A)	Estimated amount of contacts remaining to be executed on capital account not provided for (Net of advances)	6.64
B)	Other commmitments: The Company's commitments representing balance towards partially disbursed loans	192.28

26 Disclosure of transactions with related parties as required by Accounting Standard-18 are given in the Annexure forming part of these consolidated financial statements.

Signatures to Notes '1' to '26'

In terms of our report of even date

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

S Venkatesh
Partner
Membership Number: 037942

Pune: 20 May 2015

Rajeev Jain
Managing Director

Anant Damle
Company Secretary

Rajesh Viswanathan
Chief Financial Officer

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015 Transaction value	2015 Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries & Fellow Subsidiaries:			
1. Bajaj Finserv Ltd. (Holding Company)	Dividend paid	49.37	–
	Business support charges paid (o/s as on 31 March 2015 ₹ 38,930)	6.18	–
	Business support charges received	0.16	–
	Other revenue expenses	0.07	–
	Non-convertible debentures issued	–	100.00
2. Bajaj Allianz Life Insurance Company Ltd. (Fellow Subsidiary)	Group life insurance exp	1.16	–
	Advance premium	192.83	17.92
	Insurance premium adjusted (including cancellation receipts)	228.61	–
	Commission income	1.45	0.52
	Certificate of Deposit sold	23.29	–
	Non-convertible debentures issued	40.00	182.50
	Interest paid on non-convertible debentures	13.66	–
	Asset purchased	0.07	–
3. Bajaj Allianz General Insurance Company Ltd. (Fellow Subsidiary)	Asset/Medical/Vehicle/Travel Insurance	0.53	–
	Advance premium	72.80	12.37
	Insurance premium adjusted (including cancellation receipts)	88.10	–
	Commission income	13.88	0.51
	Non-convertible debentures issued	25.00	60.00
	Interest paid on non-convertible debentures	3.32	–
B. Individuals controlling voting power/exercising significant ifluence and their relatives:			
1. Rahul Bajaj (Chairman)	Sitting Fees	0.06	–
	Commission	0.06	0.06
2. Sanjiv Bajaj (Vice Chairman)	Sitting Fees	0.09	–
	Commission	0.09	0.09
3. Madhur Bajaj (Director)	Sitting Fees	0.04	–
	Commission	0.04	0.04
4. Rajiv Bajaj (Director)	Sitting Fees	0.03	–
	Commission	0.03	0.03
C. Non executive Director			
Nanoo Pamnani (Vice Chairman)	Sitting Fees	0.09	–
	Commission	0.89	0.89
D. Key Managerial Personnel			
Rajeev Jain (Managing Director) (CEO till 31 March 2015)	Remuneration	5.14	2.28
	ESOPs exercised-perquisite	2.86	–
E. Enterprises over which anyone in (B) & (D) exercises significant influence			
1. Bajaj Auto Ltd.	Interest subsidy received	7.24	0.07
	Business support cost paid	14.34	0.69
	Business support cost received	0.91	–
2. Bajaj Holdings & Investments Ltd.	Business support cost paid	2.54	–
	Business support charges received	0.16	–
3. Mukand Ltd.	Loan given	34.68	46.69
	Principal repayment received	16.49	–
	Income received	5.07	–

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015 Transaction value	2015 Outstanding amounts carried in Balance Sheet
4. Hind Musafir Agency Ltd.	Services received	9.46	0.17
5. Bajaj Electricals Ltd.	Assets purchased	0.34	–
6. Jamnalal Sons Pvt. Ltd	Dividend paid (₹ 1,504)		–
7. Hercules Hoists Ltd.	Fixed deposits accepted	13.50	13.50
	Fixed deposits Repaid	(3.00)	–
	Interest paid on fixed deposits	0.29	–
	Interest accrued on fixed deposits	1.27	1.27
8. Maharashtra Scooters Ltd.	Business support charges paid	0.08	–
	Non-convertible debentures issued	–	80.00
9. Bajaj Auto Holdings Ltd.	Non convertible debentures issued	–	5.00

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard-18- 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

Bajaj Finance Limited
2014-15

Standalone Financial Statements

Independent Auditors' Report

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

Report on the standalone financial statements

1. We have audited the accompanying standalone financial statements of Bajaj Finance Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

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

Auditor's responsibility

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

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

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

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Independent Auditors' Report (Contd.)

Report on other legal and regulatory requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

    (e) On the basis of the written representations received from the Directors as on 31 March 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2015 from being appointed as a Director in terms of section 164 (2) of the Act.

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

        i The Company has disclosed the impact, if any, of pending litigations as at 31 March 2015 on its financial position in its financial statements.

        ii. The Company has made provision as at 31 March 2015, as required under the applicable Law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any long-term derivative contracts as at 31 March 2015.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2015.

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

S. Venkatesh
Partner
Membership Number: 037942
Pune: 20 May 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Bajaj Finance Ltd. on the financial statements as of and for the year ended 31 March 2015

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

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

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

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3 (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

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

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

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, wealth-tax, duty of customs, duty of excise which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax as at 31 March 2015 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Sales Tax	0.86	2005-06 to 2008-09	Additional Commissioner
	Sales tax	0.09	2005-06	Appellate Tribunal
	Sales tax	1.54	2008-09 to 2011-12	Rajasthan Tax Board
	Sales tax	0.70	2012-13 to July 14	Deputy Commissioner Appeals
	Sales tax	1.31	2005-06 to 2006-07	Sales Tax Appellate Tribunal
Central Excise	Service Tax	0.76	2007-08 to 2011-12	Customs, Excise & Service Tax Appellate Tribunal
	Service Tax	0.22	2012–13	Commissioner Appeals

(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

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

ix. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the order are not applicable to the Company.

xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

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

S. Venkatesh
Partner
Membership Number: 037942
Pune: 20 May 2015

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	50.00	49.75
Reserves and surplus	4	4,749.70	3,941.11
		4,799.70	3,990.86
Non-current liabilities			
Long-term borrowings	5	18,273.62	10,477.76
Other long-term liabilities	6	135.77	103.60
Long-term provisions	7	152.08	110.47
		18,561.47	10,691.83
Current liabilities			
Short-term borrowings	8	4,313.90	5,472.78
Trade payables	9	269.00	214.61
Other current liabilities	9	4,699.90	4,121.91
Short-term provisions	7	167.23	126.01
		9,450.03	9,935.31
Total		**32,811.20**	**24,618.00**
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		218.26	196.84
Intangible assets		30.92	23.03
		249.18	219.87
Non-current investments	11	175.09	-
Deferred tax assets (net)	12	212.28	139.16
Receivables under financing activity	13	18,119.67	13,852.42
Long-term loans and advances	14	88.60	112.44
		18,844.82	14,323.89
Current assets			
Current investments	11	157.20	28.21
Receivables under financing activity	13	13,079.78	9,118.53
Cash and bank balances	15	219.66	776.81
Short-term loans and advances	14	343.90	291.84
Other current assets	16	165.84	78.72
		13,966.38	10,294.11
Total		**32,811.20**	**24,618.00**
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

S. Venkatesh
Partner
Membership Number: 037942

Pune: 20 May 2015

Rajeev Jain
Managing Director

Anant Damle
Company Secretary

Rajesh Viswanathan
Chief Financial Officer

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2015	2014
Revenue			
Revenue from operations	17	5,381.80	4,032.44
Other income	18	36.43	41.91
Total Revenue (I)		**5,418.23**	**4,074.35**
Expenses			
Employee benefits expense	19	450.73	340.81
Finance costs	20	2,248.30	1,573.24
Depreciation and Amortisation	10	35.60	29.19
Loan losses and provisions	21	384.56	258.83
Other expenses	22	942.10	781.12
Total expenses (II)		**4,061.29**	**2,983.19**
Profit before tax (I - II)		**1,356.94**	**1,091.16**
Tax expense			
Current tax		531.75	421.00
Deferred tax expense/(credit)		(73.12)	(48.79)
Tax adjustments of earlier years		0.44	(0.06)
Total tax expense		**459.07**	**372.15**
Profit for the year		**897.87**	**719.01**
Earnings per share:	23		
(Face value per share ₹ 10/-)			
Basic (₹)		179.94	144.79
Diluted (₹)		177.70	143.65
Statement of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

S. Venkatesh
Partner
Membership Number: 037942

Pune: 20 May 2015

Rajeev Jain
Managing Director

Anant Damle
Company Secretary

Rajesh Viswanathan
Chief Financial Officer

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

Cash Flow Statement

(₹ In Crore)

Particulars	for the year the ended 31 March		
		2015	**2014**
A) Cash flow from operating activities			
Profit before tax		1,356.94	1,091.16
Adjustments for:			
Depreciation and amortisation	35.60		29.19
Amortisation of premium on Government securities	0.08		0.15
Finance costs	2,248.30		1,573.24
Provision for doubtful debts and advances, net	202.03		138.40
Marked to Market losses on investments	0.26		(0.24)
		2,486.27	1,740.74
Less: Investment income/(loss) included above			
Interest on Government securities	9.55		0.63
Loss on sale of tangible assets, net	(0.24)		(0.43)
Investments written off	-		(0.24)
Assets written off	-		(0.07)
		9.31	(0.11)
Cash from operations		3,833.90	2,832.01
Changes in working capital:			
Increase/(decrease) in trade payables	54.39		21.14
Increase/(decrease) in short-term provisions	10.12		2.93
Increase/(decrease) in other current liabilities	39.87		(552.61)
Increase/(decrease) in other long-term liabilities	32.17		15.36
(Increase)/decrease in long-term loans and advances	(0.54)		(2.45)
(Increase)/decrease in short-term loans and advances	(53.06)		(58.49)
(Increase)/decrease in other current assets	(87.12)		(10.52)
		(4.17)	(584.64)
		3,829.73	2,247.37
Taxes paid (net of refunds)	(490.90)		(434.78)
Finance costs paid	(2,014.52)		(1,579.73)
		(2,505.42)	(2,014.51)
		1,324.31	232.86
(Increase)/decrease in receivables under financing activity, current	(4,121.23)		(2,015.20)
(Increase)/decrease in receivables under financing activity, non-current	(4,267.25)		(4,304.23)
		(8,388.48)	(6,319.43)
Net cash generated from operations		**(7,064.17)**	**(6,086.57)**
Carried forward		(7,064.17)	(6,086.57)

Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	for the year the ended 31 March 2015	2014
Brought forward	(7,064.17)	(6,086.57)
B) Cash flow from investing activities		
Capital expenditure	(65.87)	(73.98)
Sale proceeds of assets/adjustments to gross block	0.72	0.63
(Increase)/decrease in investments	(304.46)	(23.09)
Investment income:		
Interest on Government securities	9.55	0.63
Net cash from investing activities	**(360.06)**	**(95.81)**
C) Cash flow from financing activities		
Dividends paid	(80.09)	(74.58)
Dividend distribution tax	(13.63)	(12.69)
Increase/(decrease) in long-term borrowings	7,795.86	2,974.68
Increase/(decrease) in short-term borrowings	(1,158.88)	3,392.64
Increase/(decrease) in current maturities of long-term debts	304.20	249.04
Increase/(decrease) in share capital	0.25	0.21
Increase/(decrease) in share premium, net	19.37	13.52
Net cash from financing activities	**6,867.08**	**6,542.82**
Net increase in cash and cash equivalents	**(557.15)**	**360.44**
Cash and cash equivalents at the beginning of the year*	**776.81**	**416.37**
Cash and cash equivalents at the end of the year*	**219.66**	**776.81**

*Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.86 crore (previous year ₹ 0.74 crore)

In terms of our report of even date

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

S. Venkatesh
Partner
Membership Number: 037942

Pune: 20 May 2015

Rajeev Jain
Managing Director

Anant Damle
Company Secretary

Rajesh Viswanathan
Chief Financial Officer

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

1 General information

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

2 Statement of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Accordingly, these financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956, Companies (Accounting Standards) Rules, 2006, (as amended), the other relevant provisions of the Companies Act, 2013 and Reserve Bank of India Regulations in relation to Non Banking Finance Companies to the extent applicable to the Company.

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

A) System of accounting

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

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

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

B) Fixed assets, depreciation and amortisation

(I) (i) Tangible assets are carried at cost of acquisition.

(ii) Depreciation on tangible assets

(a) From the current year, depreciation is provided on a pro-rata basis for all tangible assets except buildings on straight line method over the useful life of assets as against the past practice of determination of life based on minimum of rates provided by Schedule XIV of the Companies Act, 1956 on written down value (WDV) 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.

2 Statement of significant accounting policies (Contd.)

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

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

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

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

(vi) For effects of change in policy, see note no. 10 (f) and (g).

II) Intangible assets and amortisation thereof:

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

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

D) Investments

(i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose of within twelve months from the date of acquisition are classified as short-term/current investments and are carried at their cost or market value/net realisable value, whichever is lower. Investments maturing within 3 months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.

(ii) Investments other than short-term/current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the Management, such diminution is other than temporary.

(iii) Fixed income securities are stated at cost less amortisation of premium/discount as the case may be {refer E (ii) (c) below}

E) Income from

(i) Financing activity

Interest, finance charges, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with borrowers, as the case may be, except in the case of non-performing assets where income is recognised only when realised.

(ii) Investment

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

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

2 Statement of significant accounting policies (Contd.)

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

(iii) Other income

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

F) Receivables under financing activity

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

(ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets as considered necessary including by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India (RBI) Regulations/Guidelines.

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

G) Borrowing costs

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

H) Employee Benefits

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

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

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

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

(v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

I) Taxation

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

2 Statement of significant accounting policies (Contd.)

J) Provisions and contingent liabilities

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

K) Employee Stock Option Scheme

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

L) Operating leases

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

3 Share Capital

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Authorised		
75,000,000 (75,000,000) equity shares of ₹ 10 each	75.00	75.00
Issued		
50,147,259 (50,142,334) equity shares of ₹ 10 each	50.15	50.14
Subscribed and paid up:		
50,147,259 (50,142,334) equity shares of ₹ 10 each fully called up and paid up	50.15	50.14
Less: 146,861 (393,581) equity shares of ₹ 10 each held in a trust for employees under ESOP Scheme (See footnote 'e' below)	0.15	0.39
	50.00	**49.75**

3 Share Capital (Contd.)

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year (Subscribed and Paid up)	50,142,334	50.14	49,778,334	49.78
Add: Issued during the year - Employee Stock Option Plan	4,925	0.01	364,000	0.36
	50,147,259	50.15	50,142,334	50.14
Less: Equity shares held in trust for employees under ESOP scheme (See footnote 'e' below)	146,861	0.15	393,581	0.39
Outstanding at the end of the year	50,000,398	50.00	49,748,753	49.75

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Equity shares allotted on conversion of preferential warrants, i.e. 1,310,000 equity shares are restricted from transfer other than inter se promoter group upto 10 December 2015.

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finserv Ltd.*	30,856,613	30.86	30,856,613	30.86

* An associate of Bajaj Holdings and Investments Ltd.

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Ltd.	30,856,613	61.53%	30,856,613	61.54%

e) Shares reserved for issue under Employee Stock Option Plan

2,507,116 (1,829,803) equity shares (i.e. 5% of the paid up equity share capital) have been approved/reserved for issue under Employee Stock Option Plan, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI guidelines)), of which 1,890,680 (upto 31 March 2014:- 1,609,080) equity shares have been granted as per the scheme and 791,925 (upto 31 March 2014:- 787,000) thereof have been issued and alloted to ESOP trust, viz. BFL Employee Welfare Trust, upto 31 March 2015. Consequent to the opinion expressed by the 'Expert Advisory Committee' of the Institute of Chartered Accountants of India on the applicability of clause 22A.1 of the SEBI Guidelines, the balance unexercised equity shares held by the trust at the close of the year amounting to 146,861 (as at 31 March 2014:-393,581) have been reduced against the Share Capital of the Company as if the trust is administered by the Company itself. The Securities Premium related to the unexercised equity shares held by the trust as at the close of the year aggregating ₹ 103,110,017 (as at 31 March 2014:- ₹ 290,098,680) has also been reduced from securities premium account and adjusted against the loans outstanding from the trust. See note no. 29 for further details.

4 Reserves and surplus

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Share premium		
Balance as at the beginning of the year	1,926.21	1,898.50
Add: Received during the year:		
– On issue of shares under Employee Stock Option Plan	0.67	27.71
	1,926.88	1,926.21
Less: Premium on unexercised equity shares held in trust for employees under the ESOP scheme (See note no. 3 footnote 'e')	10.31	29.01
Balance as at the end of the year	1,916.57	1,897.20
Capital reserve		
Amount previously received on forfeited equity shares re-issued (₹ 5,000)		
Reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	484.75	340.75
Add: Set aside during the year	185.00	144.00
Balance as at the end of the year	669.75	484.75
General reserve		
Balance as at the beginning of the year	383.60	311.60
Add: Set aside during the year	90.00	72.00
Balance as at the end of the year	473.60	383.60
Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	3.65	2.05
Add: Set aside during the year	2.10	1.60
Balance as at the end of the year	5.75	3.65
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	1,171.91	764.36
Profit for the year	897.87	719.01
	2,069.78	1,483.37
Less: Appropriations		
Transfer to Reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	185.00	144.00
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	2.10	1.60
Transfer to General reserve	90.00	72.00
Proposed dividend	90.27	80.23
Provision for dividend tax on dividend	18.38	13.63
Total appropriations	385.75	311.46
Balance as at the end of the year	1,684.03	1,171.91
	4,749.70	**3,941.11**

5 Long-term borrowings

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2015	2014	2015	2014
A) Secured				
Privately placed redeemable non-convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and/or Company's office at Unit No. 806 admeasuring 2280 sq. ft. 8th Floor, Block, A of Wing Delta, Raheja Towers, Anna Salai, Mount Road, Chennai – 600 002 and book debts/loan receivables under financing activity as stated in the respective information memorandum.	7,164.10	3,762.30	1,701.00	963.00
From banks, against hypothecation of assets under finance, book debts and other receivables	9,284.47	5,816.67	2,142.20	2,478.33
	16,448.57	9,578.97	3,843.20	3,441.33
Less: Shown under other current liabilities (See note no. 9)	–	–	(3,843.20)	(3,441.33)
Total (A)	16,448.57	9,578.97	–	–
B) Unsecured				
Privately placed redeemable non-convertible debentures	–	–	50.00	310.00
Privately placed Subordinated (Tier II) redeemable non-convertible debentures of ₹ 0.10 crore each	988.30	535.80	–	–
Term loans from banks	175.00	200.00	–	–
Fixed deposits	661.75	162.99	210.05	47.72
	1,825.05	898.79	260.05	357.72
Less: Shown under other current liabilities (see note no. 9)	–	–	(260.05)	(357.72)
Total (B)	1,825.05	898.79	–	–
Total (A+B)	**18,273.62**	**10,477.76**	**–**	**–**

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 10 crore	Non-current As at 31 March 2015	2014
Nov 24	Bullet repayment	–	100.00	100.00	-
Mar 20	Bullet repayment	–	25.00	25.00	-
Dec 19	Bullet repayment	–	125.00	125.00*	-
Nov 19	Bullet repayment	–	15.00	15.00	-
Oct 19	Bullet repayment	–	180.00	180.00*	-
Aug 19	Bullet repayment	–	72.50	72.50*	-
Jul 19	Bullet repayment	–	145.00	145.00*	-
Apr 19	Bullet repayment	–	45.00	45.00	-
Jan 19	Bullet repayment	–	50.00	50.00	50.00
May 18	Bullet repayment	–	159.00	159.00*	159.00
Apr 18	Bullet repayment	–	267.00	267.00*	175.00
Mar 18	Bullet repayment	–	181.50	181.50	-
Feb 18	Bullet repayment	–	29.10	29.10	-
Jan 18	Bullet repayment	595.00	96.50	691.50*	595.00
Dec 17	Bullet repayment	–	49.90	49.90	-
Nov 17	Bullet repayment	–	388.00	388.00	-
Oct 17	Bullet repayment	125.00	332.80	457.80*	125.00
Sep 17	Bullet repayment	–	261.60	261.60	-
Aug 17	Bullet repayment	–	191.40	191.40	-
Jul 17	Bullet repayment	–	5.00	5.00	-
Jun 17	Bullet repayment	–	300.00	300.00	-
May 17	Bullet repayment	–	5.30	5.30	-
Apr 17	Bullet repayment	–	361.30	361.30*	-
Mar 17	Bullet repayment	–	100.80	100.80	68.80
Feb 17	Bullet repayment	–	61.90	61.90	-
Jan 17	Bullet repayment	–	352.00	352.00*	260.00
Dec 16	Bullet repayment	–	129.00	129.00	10.50
Nov 16	Bullet repayment	–	150.60	150.60	-
Oct 16	Bullet repayment	–	725.00	725.00*	360.00
Sep 16	Bullet repayment	–	264.90	264.90	-
Aug 16	Bullet repayment	–	775.00	775.00*	-
Jul 16	Bullet repayment	–	40.00	40.00	-
May 16	Bullet repayment	–	110.00	110.00	110.00
Apr 16	Bullet repayment	–	349.00	349.00	100.00
Jan 16	Bullet repayment	–	–	-	125.00

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 10 crore	Non-current As at 31 March 2015	2014
Nov 15	Bullet repayment	–	–	-	250.00
Oct 15	Bullet repayment	–	–	-	100.00
Jul 15	Bullet repayment	–	–	-	50.00
Jun 15	Bullet repayment	–	–	-	5.70
May 15	Bullet repayment	–	–	-	210.20
Apr 15	Bullet repayment	–	–	-	1,008.10
				7,164.10	**3,762.30**

Note:
As on Mar 31 2015,of the total Non Current Secured Zero Coupon Bonds issued, ₹ 2467.30 crore are to be redeemed at a premium
* Related parties are current holders of ₹ 425 crore of the mentioned issue (previous year ₹ 175 crore) - See note no. 31 for disclosures
Interest rates range from 8.85% p.a. to 10.08% p.a. as at 31 March 2015

D) Terms of repayment of bank loans - secured

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2015	2014
Mar 20	Bullet repayment	300.00	–
Feb 20	Bullet repayment	100.00	–
Dec 19	Bullet repayment	200.00	–
	4 quarterly payments of ₹ 37.5 crore starting Jun 19	150.00	–
	4 quarterly payments of ₹ 50 crore starting Jun 19	200.00	–
	4 quarterly payments of ₹ 25 crore starting Mar 19	100.00	–
	4 quarterly payments of ₹ 25 crore starting Mar 19	100.00	–
	4 quarterly payments of ₹ 12.5 crore starting Mar 19	50.00	–
Dec 18	Bullet repayment	200.00	200.00
	4 quarterly payments of ₹ 25 crore starting Dec 18	100.00	–
	4 quarterly payments of ₹ 50 crore starting Sep 18	200.00	–
	4 quarterly payments of ₹ 25 crore starting Sep 18	100.00	–
	4 semi-annual payments of ₹ 25 crore starting Sep 18	100.00	–
	4 semi-annual payments of ₹ 25 crore starting Aug 18	100.00	–
Jun 18	Bullet repayment	100.00	–
	4 semi-annual payments of ₹ 25 crore starting Jun 18	100.00	–
	4 quarterly payments of ₹ 25 crore starting Jun 18	100.00	100.00
	4 quarterly payments of ₹ 37.5 crore starting Jun 18	150.00	–
	4 quarterly payments of ₹ 25 crore starting May 18	100.00	–
	4 quarterly payments of ₹ 25 crore starting May 18	100.00	100.00

5 Long-term borrowings (Contd.)

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

		Non-current	
		As at 31 March	
Date of maturity	**Repayment schedule**	**2015**	**2014**
	4 semi-annual payments of ₹ 25 crore starting Apr 18	100.00	–
	4 semi-annual payments of ₹ 25 crore starting Apr 18	100.00	–
	4 quarterly payments of ₹ 25 crore starting Apr 18	100.00	100.00
	4 quarterly payments of ₹ 25 crore starting Mar 18	100.00	–
	4 semi-annual payments of ₹ 12.5 crore starting Mar 18	50.00	–
Mar 18	Bullet repayment	200.00	100.00
Feb 18	Bullet repayment	100.00	–
Jan 18	Bullet repayment	250.00	–
Dec 17	Bullet repayment	300.00	100.00
	4 semi-annual payments of ₹ 12.5 crore starting Dec 17	50.00	–
	4 semi-annual payments of ₹ 50 crore starting Dec 17	200.00	–
	4 quarterly payments of ₹ 100 crore starting Dec 17	400.00	400.00
	4 semi-annual payments of ₹ 12.5 crore starting Dec 17	50.00	–
	4 semi-annual payments of ₹ 25 crore starting Dec 17	100.00	–
	4 semi-annual payments of ₹ 25 crore starting Dec 17	100.00	–
Oct 17	Bullet repayment	100.00	–
	4 semi-annual payments of ₹ 25 crore starting Sep 17	100.00	100.00
	4 semi-annual payments of ₹ 62.5 crore starting Sep 17	250.00	–
	4 semi-annual payments of ₹ 12.5 crore starting Sep 17	50.00	50.00
	4 semi-annual payments of ₹ 25 crore starting Sep 17	100.00	100.00
	4 semi-annual payments of ₹ 37.50 crore starting Sep 17	150.00	150.00
	4 semi-annual payments of ₹ 25 crore starting Sep 17	100.00	–
Aug 17	Bullet repayment	150.00	–
	4 semi-annual payments of ₹ 25 crore starting Aug 17	100.00	100.00
Jul 17	Bullet repayment	100.00	–
Jun 17	Bullet repayment	235.00	–
	4 semi-annual payments of ₹ 37.50 crore starting Jun 17	150.00	150.00
	4 semi-annual payments of ₹ 25 crore starting Jun 17	100.00	100.00
May 17	Bullet repayment	50.00	–
	4 semi-annual payments of ₹ 25 crore starting May 17	100.00	–
	4 semi-annual payments of ₹ 25 crore starting Mar 17	100.00	–
Mar 17	Bullet repayment	250.00	150.00
Dec 16	Bullet repayment	400.00	400.00
Nov 16	Bullet repayment	300.00	300.00
Aug 16	Bullet repayment	150.00	150.00
Jul 16	Bullet repayment	400.00	400.00
Jun 16	Bullet repayment	50.00	50.00

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

		Non-current	
		As at 31 March	
Date of maturity	**Repayment schedule**	**2015**	**2014**
May 16	Bullet repayment	50.00	50.00
	4 quarterly payments of ₹ 50 crore starting Mar 16	150.00	200.00
	16 quarterly payments of ₹ 6.25 crore starting Feb 16	93.75	–
	7 quarterly payments of ₹ 21.4286 crore starting Feb 16	128.57	–
	7 quarterly payments of ₹ 15 crore starting Feb 16	90.00	–
Dec 15	Bullet repayment	–	50.00
	7 quarterly payments of ₹ 15 crore starting Dec 15	75.00	–
Nov 15	Bullet repayment	–	100.00
	7 quarterly payments of ₹ 20 crore starting Nov 15	100.00	–
Oct 15	Bullet repayment	–	50.00
Sep 15	Bullet repayment	–	50.00
	7 quarterly payments of ₹ 14.2857 crore starting Aug 15	57.14	100.00
Jul 15	Bullet repayment	–	175.00
Jun 15	Bullet repayment	–	375.00
May 15	Bullet repayment	–	250.00
Apr 15	Bullet repayment	–	350.00
	3 semi-annual payments of ₹ 33.334 crore starting Mar 15	–	66.67
	4 quarterly payments of ₹ 25 crore starting Feb 15	–	75.00
	4 quarterly payments of ₹ 25 crore starting Jul 14	–	25.00
	3 annual payments of ₹ 26.667 crore starting Jun 14	26.67	53.33
	3 annual payments of ₹ 73.334 crore starting Jun 14	73.34	146.67
	5 semi-annual payments of ₹ 30 crore starting May 14	30.00	90.00
	5 semi-annual payments of ₹ 10 crore starting Mar 14	–	20.00
	5 semi-annual payments of ₹ 20 crore starting Feb 14	–	40.00
	3 annual payments of ₹ 100 crore starting Aug 13	–	100.00
	16 quarterly payments of ₹ 18.75 crore starting May 13	75.00	150.00
		9,284.47	**5,816.67**

Note:
Interest rates range from 9.65% p.a.p.m. to 10.30% p.a. payable monthly as at 31 March 2015

5 Long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2015	Non-current As at 31 March 2014
Sep 24		452.50	–
Apr 23		50.00	50.00
Jan 23		49.70*	49.70
Aug 22		157.40	157.40
May 21		50.00	50.00
Oct 20		36.20*	36.20
Sep 20		27.50	27.50
Jul 20		50.00	50.00
Jun 20		50.00*	50.00
Apr 20		65.00	65.00
		988.30	**535.80**

Note:
Interest rates range from 9.45% p.a. to 10.21% p.a. as at 31 March 2015
* Related parties are current holders of ₹ 2.5 crore of the mentioned issue (previous year ₹ 2.5 crore) - See note no. 31 for disclosures

F) Terms of repayment of bank loans - unsecured

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current As at 31 March 2015	Non-current As at 31 March 2014
Jun 17	Bullet repayment	100.00	–
Nov 16	Bullet repayment	75.00	75.00
Jul 15	Bullet repayment	–	125.00
		175.00	**200.00**

Note:
Interest rate at 10.05% p.a. payable monthly as at 31 March 2015

G) Terms of repayment of fixed deposits

(₹ In Crore)

Maturing upto	Non-current As at 31 March 2015	Non-current As at 31 March 2014
Mar 20	8.16	–
Mar 19	6.17	5.91
Mar 18	259.06	0.22
Mar 17	388.36	148.01
Mar 16	–	8.85
	661.75	**162.99**

Note:
Interest rates range from 7% p.a.to 10.25% p.a. as at 31 March 2015
Includes fixed deposits accepted from:
(i) Related Parties aggregating to ₹ 13.61 crore (previous year ₹ 3.24 crore)
(ii) Key Managerial Persons aggregating to ₹ 0.01 crore (previous year ₹ 0.01 crore)

6 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Trade payables	32.21	35.20
Others:		
– Security deposits	17.11	18.28
– Other payables	4.29	3.87
– Interest accrued but not due	82.16	46.25
	135.77	**103.60**

7 Provisions

(₹ In Crore)

	Long-term		Short-term	
	As at 31 March		As at 31 March	
Particulars	**2015**	**2014**	**2015**	**2014**
Provision for employee benefits				
Gratuity	–	–	2.15	–
Privelege leave entitlements	–	–	16.17	8.20
	–	–	18.32	8.20
Other provisions				
Proposed dividend {See (i) below}	–	–	90.27	80.23
Tax on proposed dividend	–	–	18.38	13.63
General provision on standard assets	136.17	101.72	–	0.60
Provision for restructured standard assets	8.78	1.62	–	–
Provision for interest sacrifice on re-structured assets	7.13	7.13	–	–
Provision for tax (net of advance tax ₹ 491.49 crore, PY ₹ 397.65 crore)	–	–	40.26	23.35
	152.08	110.47	148.91	117.81
	152.08	**110.47**	**167.23**	**126.01**

During the year ended 31 March 2015, the dividend proposed for distribution to equity shareholders was ₹ 18/- per share (previous year ₹ 16/- per share).

8 Short-term borrowings

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
A) Secured		
From banks, against hypothecation of assets under finance, book debts and other receivables:		
– Cash credit and demand loans	2,002.69	1,674.65
– Overdraft facility	239.87	–
– Other short-term loans	–	1,200.00
Total (A)	**2,242.56**	**2,874.65**
B) Unsecured		
From banks:		
– Overdraft facility	28.37	15.88
– Term loans	500.00	–
– Fixed deposits	111.67	–
	640.04	15.88
Borrowings by issue of commercial papers	1,431.30	2,582.25
Total (B)	**2,071.34**	**2,598.13**
Total (A+B)	**4,313.90**	**5,472.78**

Terms of repayment of secured short-term loans

(₹ In Crore)

Date of maturity	As at 31 March 2015	As at 31 March 2014
Nov 14	–	120.00
Oct 14	–	540.00
Sep 14	–	220.00
Aug 14	–	160.00
Jul 14	–	60.00
Jun 14	–	100.00
	–	**1,200.00**

Note:
Interest rates stood at 10.25% p.a.payable monthly as at 31 March 2014

Terms of repayment of unsecured short-term loans

(₹ In Crore)

Date of maturity	As at 31 March 2015	As at 31 March 2014
Apr 15	500.00	–
	500.00	**–**

Note:
Interest rate is 10% p.a. payable monthly as at 31 March 2015

8 **Short-term borrowings** (Contd.)

Terms of repayment of commercial papers (₹ In Crore)

Date of maturity	As at 31 March 2015	As at 31 March 2014
Feb 16	200.00	–
Nov 15	10.00	–
Oct 15	94.00	–
Aug 15	85.00	–
Jun 15	500.80	–
May 15	491.50	–
Apr 15	50.00	–
Mar 15	–	–
Feb 15	–	392.70
Jan 15	–	457.40
Dec 14	–	187.75
Nov 14	–	254.00
Oct 14	–	174.40
Sep 14	–	107.00
Jul 14	–	415.00
Jun 14	–	303.00
May 14	–	50.00
Apr 14	–	241.00
	1,431.30	**2,582.25**

Note:
Interest rates range from 8.75% p.a. to 9.55% p.a. as at 31 March 2015

Terms of repayment of Fixed Deposits (₹ In Crore)

Date of maturity	As at 31 March 2015	As at 31 March 2014
Mar 16	6.03	–
Feb 16	46.13	–
Jan 16	0.61	–
Dec 15	0.40	–
Nov 15	0.68	–
Oct 15	50.35	–
Sep 15	1.75	–
Aug 15	0.41	–
Jul 15	0.47	–
Jun 15	0.38	–
May 15	0.60	–
Apr 15	3.86	–
	111.67	**–**

9 Current liabilities

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Trade payables	269.00	214.61
Other current liabilities:		
Current maturities of long-term borrowings (See note no. 5)		
Secured loans	3,843.20	3,441.33
Unsecured loans	260.05	357.72
	4,103.25	3,799.05
Interest accrued but not due	492.63	258.85
Interest accrued and due	0.01	0.01
Income received in advance	0.01	0.24
Unclaimed dividend	0.77	0.63
Investor Education and Protection Fund (₹ 4,682, previous year ₹ 3,240: Since paid)		
Others		
Temporary overdraft as per books only	–	1.66
Statutory dues	25.42	15.47
Security deposits	0.80	3.94
Employee benefits payable	40.69	28.12
Other/miscellaneous payables	36.32	13.94
	4,699.90	**4,121.91**

10 Fixed assets

(₹ In Crore)

Particulars	Gross block at cost: As at 31 March 2014	Additions	Deductions/ adjustments	As at 31 March 2015	Depreciation and amortisation: As at 31 March 2014	Depreciation written back (f)	Deductions/ adjustments	For the Year (b)	As at 31 March 2015	Net block: As at 31 March 2015	As at 31 March 2014
A) Tangible assets (b):											
Assets relating to erstwhile leasing:											
Plant and Machinery	17.64	–	17.64	–	17.64	–	17.64	–	–	–	–
Leasehold improvements	9.22	12.45	–	21.67	1.43	–	–	4.13	5.56	16.11	7.79
Other assets:											
Land freehold (d)	2.26	–	–	2.26	–	–	–	–	–	2.26	2.26
Building (a)	157.72	0.62	0.16	158.18	21.65	–	–	6.66	28.31	129.87	136.07
Computers	42.27	9.45	2.26	49.46	28.06	5.38	1.82	12.53	33.39	16.07	14.21
Office equipments	19.74	9.34	0.12	28.96	4.53	2.48	0.02	7.69	9.72	19.24	15.21
Furniture and Fixtures	26.64	14.10	(0.28)	41.02	11.16	3.85	0.04	5.31	12.58	28.44	15.48
Vehicles	9.29	3.04	1.19	11.14	3.47	1.99	0.61	4.00	4.87	6.27	5.82
TOTAL (A)	**284.78**	**49.00**	**21.09**	**312.69**	**87.94**	**13.70**	**20.13**	**40.32**	**94.43**	**218.26**	**196.84**
Previous year	234.40	56.26	5.88	284.78	69.97	–	4.75	22.72	87.94	196.84	
B) Intangible assets:											
Specialised software (c)	23.03	16.87	8.98 (e)	30.92	–	–	–	–	–	30.92	23.03
TOTAL (B)	**23.03**	**16.87**	**8.98**	**30.92**	**–**	**–**	–	**–**	**–**	**30.92**	**23.03**
Previous year	11.78	17.72	6.47 (e)	23.03	–	–	–	–	–	–	–

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

b) See note no. 2 (B) (I)

c) See note no. 2 (B) (II)

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

e) Amount amortised as expense

f) Effective 1 April 2014:

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

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

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

	For the year ended 31 March 2015	2014
Depreciation	40.32	22.72
Amortisation of intangible assets	8.98	6.47
	49.30	29.19
Less: Write back due to change in policy	(13.70)	–
	35.60	29.19

11 Investments

(₹ In Crore)

Particulars	Non-current As at 31 March 2015	Non-current As at 31 March 2014	Current As at 31 March 2015	Current As at 31 March 2014
In Government and Trust Securities:				
Other than trade:				
Unquoted:				
Long-term				
11.83% Government of India Stock, 2014 of the face value of ₹ 5 crore	–	–	–	6.37
8.27% Government of India Stock, 2020 of the face value of ₹ 25 crore	25.44	–	–	–
8.27% Government of India Stock, 2020 of the face value of ₹ 60 crore	–	–	61.46	–
8.28% Government of India Stock, 2027 of the face value of ₹ 25 crore	26.06	–	–	–
8.40% Government of India Stock, 2024 of the face value of ₹ 15 crore	15.60	–	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 75 crore	80.01	–	–	–
8.60% Government of India Stock, 2028 of the face value of ₹ 50 crore	–	–	53.47	–
8.83% Government of India Stock, 2023 of the face value of ₹ 40 crore	–	–	42.63	–
	147.11	–	157.56	6.37
Less: Amortisation of premium [Refer Note. 2 (D) (iii)]	(0.02)	–	(0.10)	(1.26)
Less: Marked to market losses on investments	–	–	(0.26)	–
	147.09	–	157.20	5.11
Short-term				
Treasury Bills - 364 day TB 05032015	–	–	–	23.10
	147.09	–	157.20	28.21
In fully paid equity shares:				
Trade:				
Unquoted:				
Long-term				
In wholly owned subsidiary				
50,000,000 (Nil) Shares of ₹ 10/- in Bajaj Housing Finance Ltd.@	28.00	–	–	–
	28.00	–	–	–
Other than trade:				
Quoted:				
Long-term				
75 Shares of ₹ 10 each in Bajaj Holdings and Investments Ltd. ₹ 19,646			–	–
150 Shares of ₹ 10 each in Bajaj Auto Ltd. ₹ 7,685				
Sub - Total (₹ 27,331, Previous year ₹ 27,331)			–	–
Total	**175.09**	**–**	**157.20**	**28.21**

(₹ In Crore)

Particulars	Book value As at 31 March 2015	Book value As at 31 March 2014	Market value As at 31 March 2015	Market value As at 31 March 2014
Quoted	-*	-	0.04	0.04
Unquoted	332.29	28.21	-	-

* At cost ₹ 27,331 (Previous year Book Value ₹ 27,331)

@ On 1 November, 2014, the Company has acquired from its Holding Company, Bajaj Finserv Ltd., its wholly owned subsidiary viz. Bajaj Financial Solutions Ltd. (name changed to Bajaj Housing Finance Ltd. w.e.f. 14 November 2014) together with its wholly owned subsidiary Bajaj Financial Securities Ltd. for a consideration of ₹ 17 crore. On 12 December 2014, the Company has further subscribed to 11,000,000 equity shares of face value ₹ 10/- each offered by Bajaj Housing Finance Ltd., on rights basis at par.

12 Deferred tax assets (net)

(₹ In Crore)

Particulars		As at 31 March 2015	As at 31 March 2014
A) Deferred tax liability			
On account of timing difference in			
Depreciation and amortisation		(12.73)	(10.53)
Other liabilities		–	(1.54)
Gross deferred tax liability	**Total (A)**	**(12.73)**	**(12.07)**
B) Deferred tax asset			
On account of timing difference in			
Disallowance u/s 43B of the Income Tax Act, 1961		5.60	1.68
Provision for doubtful debts		203.24	132.34
Other assets		16.17	17.21
Gross deferred tax asset	**Total (B)**	**225.01**	**151.23**
	Total (A+B)	**212.28**	**139.16**

13 Receivables under financing activity (Good unless otherwise stated)

(₹ In Crore)

Particulars	Non-current As at 31 March 2015	Non-current As at 31 March 2014	Current As at 31 March 2015	Current As at 31 March 2014
(I) Secured				
(i) (a) Against hypothecation of automobiles, equipments, durables, etc. (Includes overdue installments ₹ 330 crore) [Previous year ₹ 272.20 crore]	1,273.50	1,297.07	7,099.28	5,454.05
(b) Stock of reposessed vehicles under finance agreements at estimated realisable/balance value	–	–	13.92	14.80
	1,273.50	1,297.07	7,113.20	5,468.85
(c) Overdue installments under finance agreements considered doubtful	–	–	239.62	177.22
Less:Provision				
(i) Against Non Performing Assets (NPAs)	–	–	(171.39)*	(129.53)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(68.23)*	(47.69)*
	–	–	–	–
Carried forward	1,273.50	1,297.07	7,113.20	5,468.85

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

(₹ In Crore)

Particulars	Non-current As at 31 March 2015	Non-current As at 31 March 2014	Current As at 31 March 2015	Current As at 31 March 2014
Brought forward	1,273.50	1,297.07	7,113.20	5,468.85
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue installments ₹ 11.44 crore) [Previous year ₹ 0.70 crore]				
Good	11,319.42	8,964.19	717.21	313.72
Doubtful	–	–	40.20	4.06
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(34.26)*	(4.06)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(5.94)*	–*
	–	–	–	–
	11,319.42	8,964.19	717.21	313.72
(iii) Infrastructure Finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue installments ₹ 35.99 crore) [Previous year ₹ 29.20 Crore]				
Good	398.15	442.88	20.30	81.98
Doubtful	–	–	22.40	1.94
Less: Provision:				
Against Non Performing Assets (NPAs)	–	–	(22.40)*	(1.94)*
	–	–	–	–
	398.15	442.88	20.30	81.98
(iv) Loan against shares (secured by pledge of shares) (Includes overdue installments ₹ 2.20 Crore) [Previous year ₹ 0.03 Crore]	82.98	74.60	1,502.29	772.74
TOTAL (I)	**13,074.05**	**10,778.74**	**9,353.00**	**6,637.29**
(II) Unsecured+				
Loans at agreement values less installments received (Includes overdue installments ₹ 130.81 crore] [Previous year ₹ 93.64 crore]				
Good	5,045.62	3,073.68	3,726.78	2,481.24
Doubtful	–	–	134.13	93.12
Less:Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(111.48)*	(76.29)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(22.65)*	(16.83)*
	–	–	–	–
	5,045.62	3,073.68	3,726.78	2,481.24
TOTAL (II)	**5,045.62**	**3,073.68**	**3,726.78**	**2,481.24**
TOTAL (I + II)	**18,119.67**	**13,852.42**	**13,079.78**	**9,118.53**

* See note 2(f)

+ Includes receivables from related parties amounting to ₹ 46.69 crore (previous year ₹ 28.50 crore)

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

(₹ In Crore)

Particulars	Non-current As at 31 March 2015	Non-current As at 31 March 2014	Current As at 31 March 2015	Current As at 31 March 2014
Capital advances	1.50	3.41	–	–
Security deposits	14.26	11.95	–	–
Advances to related parties	–	–	30.29	9.23
Advance tax (net of provision for taxation ₹ 1,262.14 crore, previous year ₹ 841.13 crore)	72.24	96.62	–	–
Advances to dealers	–	–	229.28	120.07
Discount on Commercial Papers/NCDs raised representing interest paid in advance	–	–	36.07	122.18
Advances recoverable in cash or kind:				
Unsecured considered good	0.60	0.46	48.26	40.36
Doubtful	–	–	2.34	1.34
Less: Provision	–	–	(2.34)	(1.34)
	–	–	–	–
	0.60	0.46	48.26	40.36
	88.60	**112.44**	**343.90**	**291.84**

15 Cash and bank balances

(₹ In Crore)

Particulars	Current As at 31 March 2015	Current As at 31 March 2014
Cash and cash equivalents		
Cash on hand	6.11	1.66
Cash with collecting agents	35.69	42.40
Cash equivalents:		
Bank balance in cash credit/current accounts	177.00	157.11
Certificates of deposits (maturity less than 3 months from date of acquisition)	–	574.90
	218.80	776.07
Other bank balances		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	0.86	0.74
	0.86	0.74
	219.66	**776.81**

16 Other current assets

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Interest receivable on investments	7.25	1.89
Other finance charges receivable	153.81	70.46
Receivables from related parties	1.10	2.35
Other receivables	3.68	4.02
	165.84	**78.72**

17 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Finance activity		
a) Financing charges	3,524.27	2,705.88
b) Interest on loans	1,368.00	925.81
c)Service and administration charges	227.70	157.88
	5,119.97	3,789.57
Other operating revenue:		
i) Interest		
a) On deposits	21.47	4.28
b) Penal and others	138.24	111.22
	159.71	115.50
ii) Profit on sale of current investments, net*	43.93	63.21
iii) Bad debt recoveries	19.01	22.50
iv) Miscellaneous charges and receipts	39.18	41.66
	261.83	242.87
	5,381.80	**4,032.44**

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

18 Other Income

(₹ In Crore)

Particulars	For the year ended 31 March 2015	2014
Interest		
On Government and trust securities, current investments	9.55	0.63
Amortisation of premium/discount	(0.08)	(0.15)
	9.47	0.48
Dividend from non-current (₹ 11,625, Previous year ₹ 6,750)		
Miscellaneous income	0.64	0.34
Provisions no longer required	8.00	24.21
Sundry credit balances appropriated	17.35	7.96
Interest on income tax refunds, net	0.97	8.68
Provision for diminution in value of investments written back, net	–	0.24
	36.43	**41.91**

19 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2015	2014
Employees' Emoluments:		
(Includes Managerial remuneration)		
Salaries, wages and bonus	413.24	313.94
Contribution to provident and other funds	18.51	15.19
Staff welfare expenses	18.98	11.68
	450.73	**340.81**

20 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2015	2014
Interest expenses	1,845.43	1,246.71
Discount in respect of ‘Commercial papers’	383.81	312.66
Other financing costs	19.06	13.87
	2,248.30	**1,573.24**

21 Loan losses and provisions

(₹ In Crore)

Particulars	For the year ended 31 March 2015	2014
Bad debts written off	182.53	120.43
Provision release on account of bad debts written off	(139.47)	(61.71)
Provision for standard assets	33.85	44.59
Provision for restructured standard assets	7.16	1.62
Provision for delinquencies	300.49	153.90
	384.56	**258.83**

22 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2015	2014
Insurance	0.50	0.55
Rent	16.34	11.44
Commission to non-executive Directors	1.59	1.36
Communication expenses	26.06	21.36
Outsourcing/back office expenses	109.08	108.63
Service tax	27.91	22.04
Travelling expenses	45.40	36.14
Information technology expenses	37.89	29.53
Marketing commission	61.34	92.76
Recovery costs	204.35	167.85
Bank charges	25.44	18.43
Rates and taxes	2.05	1.47
Auditors' remuneration	0.50	0.46
Loss on sale of assets, net	0.24	0.43
Investments written off	–	0.24
Assets written off	–	0.07
Dealer Incentive	208.28	137.93
Marked to market losses on investments	0.26	–
Expenditure towards Corporate Social Responsibility activities	5.80	–
Sundry expenses	169.07	130.43
	942.10	**781.12**

21 Other expenses (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2015	2014
Payment to auditor (net of service tax credit availed)		
As auditor:		
– Audit fee	0.32	0.32
– Tax audit fee	0.04	0.04
– Limited review	0.06	0.06
In other capacity:		
– Other services (certification fees)	0.05	0.03
– Reimbursement of expenses	0.03	0.01
	0.50	**0.46**

23 Computation of Earnings per Share (EPS)

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

Particulars	For the year ended 31 March 2015	2014
A) Basic		
i) Computation of Profit (numerator):		
– Net Profit attributable to shareholders	897.87	719.01
ii) Computation of weighted average number of shares (Denominator):		
– Number of shares outstanding at the beginning of the year	49,748,753	49,540,377
Weighted average number of equity shares issued and outstanding during the year	149,851	118,634
Adjusted weighted average equity shares	49,898,604	49,659,011
EPS (basic) (₹)	179.94	144.79
B) Diluted		
i) Computation of Profit (numerator):		
– Net Profit attributable to shareholders	897.87	719.01
ii) Computation of weighted average number of shares (Denominator):		
Number of shares outstanding as above/at the beginning of the year	49,748,753	49,540,377
Weighted average number of equity shares issued and outstanding during the year	149,851	118,634
Number of options outstanding at the close of the year *	629,602	393,304
Adjusted weighted average equity shares	50,528,206	50,052,315
EPS (diluted) (₹)	177.70	143.65

* Dilutive equity shares under warrants outstanding and ESOPs

24 Contingent liability not provided for

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Disputed claims against the Company not acknowledged as debts	7.77	6.56
VAT matters under Appeal	6.86	3.43
ESI matters under appeal	5.14	5.14
Service tax matters under appeal	1.19	0.95
Income tax matters:		
Appeals by the Company	9.66	15.85
Appeal by the Income Tax department	12.86	22.31
Guarantees given on behalf of the Company	2.24	–

25 Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
A) Capital commitments Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	6.64	2.62
B) Other commitments: The Company's capital commitments towards partially disbursed loans	192.28	197.75

26 Expenditure in foreign currency

(₹ In Crore)

Particulars	As at 31 March 2015	As at 31 March 2014
Travelling expenses	0.21	0.18
Software expenses	5.12	4.23
Other expenses	1.03	–

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

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

A) Gratuity (₹ In Crore)

Particulars	2015	2014
Amount to be recognised in Balance Sheet		
Present value of funded obligations	26.83	16.39
Fair value of plan assets	(25.15)	(23.34)
Amount not recognised as an asset (limit in para 59 (b))	0.47	2.21
Net Liability	2.15	(4.74)
Amounts in Balance Sheet		
Liability	2.15	3.36
Assets	-	(8.10)
Net Liability/(Asset)	2.15	(4.74)
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	3.63	2.39
Interest on defined benefit obligation	1.81	0.95
Expected return on plan assets	(1.82)	(1.19)
Net actuarial losses/(gains) recognised in year	5.19	3.03
Effect of the limit in para 59 (b)	(1.72)	0.77
Premium allocation difference and other charges transferred	-	-
Total, included in 'employee benefits expense'	7.09	5.95
Actual return on plan assets	2.53	1.56
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	16.39	9.89
Current service cost	3.63	2.39
Interest cost	1.81	0.95
Actuarial losses/(gain)	5.90	3.39
Benefits paid	(0.90)	(0.23)
Closing defined benefit obligation	26.83	16.39
Change in fair value of assets		
Opening fair value of plan assets	23.34	15.97
Expected return on plan assets	1.82	1.20
Actuarial gain/(losses)	0.71	0.36
Contributions by employer	0.18	6.04
Benefits paid	(0.90)	(0.23)
Closing fair value of plan assets	25.15	23.34

A) Gratuity (Contd.)

(₹ In Crore)

Particulars	2015	2014
Summary of the actuarial assumptions		
Discount rate	7.90%	9.35%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate - Senior staff	10.00%	10.00%
Salary escalation rate - Junior staff	10.00%	10.00%

Particulars	2015	2014
Expected contribution to fund in the next year	3.00	–

Category of plan assets	2015	2014
Insurer managed funds	100%	100%

(₹ In Crore)

Particulars	2011	2012	2013	2014	2015
Experience adjustments					
Defined benefit obligation	4.47	6.39	9.89	16.39	26.83
Plan assets	7.89	11.45	15.97	23.34	25.15
Surplus/(deficit)	3.42	5.06	6.08	6.95	(1.67)
Experience adjustments on plan liabilities	0.29	0.80	0.87	2.18	1.76
Experience adjustments on plan assets	0.15	0.16	0.19	0.36	0.71

B) Compensated absences

(₹ In Crore)

Particulars	2015	2014
Present value of funded obligations	16.17	8.20
Expense recognised in the Statement of Profit and Loss	13.78	6.71
Discount Rate (p.a.)	7.90%	9.35%
Salary escalation rate (p.a.) - Senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - Junior staff	10.00%	10.00%

C) Provident fund

In case of certain employees, the Provident Fund contribution is made to Bajaj Auto Ltd. Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is no shortfall as of 31 March 2015. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are:

(₹ In Crore)

Particulars	2015	2014
Amount to be recognised in Balance Sheet		
Present value of funded obligations	92.71	71.84
Fair value of plan assets	92.71	71.84
Net liability	-	-
Amounts in Balance Sheet		
Liability	-	-
Assets	-	-
Net liability/(asset)	-	-
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	6.96	7.27
Interest on defined benefit obligation	7.07	4.60
Expected return on plan assets	(7.09)	(5.07)
Net actuarial losses/(gains) recognised in year	0.02	0.47
Total, included in 'employee benefits expense'	6.96	7.27
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	71.84	51.93
Current service cost	6.96	7.27
Interest cost	7.07	4.60
Actuarial losses/(gain)	(0.38)	0.81
Employees contribution	13.07	11.26
Liabilities assumed on acquisition/(settled on divestiture)	0.50	-
Benefits paid	(6.35)	(4.03)
Closing defined benefit obligation	92.71	71.84
Change in fair value of assets		
Opening fair value of plan assets	71.84	51.93
Expected return on plan assets	7.09	5.07
Actuarial gain/(losses)	(0.39)	0.34
Employer contributions during the period	6.96	7.27
Employee contributions during the period	13.07	11.26
Assets acquired on acquisition/(distributed on divestiture)	0.50	-
Benefits paid	(6.36)	(4.03)
Closing fair value of plan assets	92.71	71.84

C) Provident fund (Contd.)

(₹ In Crore)

Particulars	2015	2014
Summary of the actuarial assumptions		
Discount rate	7.90%	9..35%
Expected rate of return on assets	8.67%	9.01%
Discounting rate for remaining term to maturity of investment (p.a)	7.95%	9.00%
Average historic yield on investment (p.a.)	8.72%	8.66%
Guaranteed rate of return (p.a.)	8.75%	8.75%

Particulars	2015	2014
Expected contribution to fund in the next year	7.66	8.00

Category of plant assets	2015	2014
Government of India Securities	51%	49%
Corporate bonds	40%	35%
Special Deposit Scheme	9%	10%
Others	-	6%

(₹ In Crore)

Particulars	2011	2012	2013	2014	2015
Experience adjustments					
Defined benefit obligation	-	37.42	51.93	71.84	92.71
Plan assets	-	37.42	51.93	71.84	92.71
Surplus/(deficit)	-	-	-	-	-
Experience adjustments on plan liabilities	-	-	0.21	0.81	(0.38)
Experience adjustments on plan assets	-	-	0.08	0.34	(0.39)

29 Employee stock option plan

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options up to a maximum of 5% of the issued equity capital of the Company aggregating to 1,829,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 677,313 equity shares under the Stock Options schemes of the Company, i.e., Employee Stock Option Plan 2009.

The Remuneration & Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, seven grants have been made, details of which as on 31 March 2015, are given as under:

Grant date	Exercise price (in ₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12 Jan 10	358.70	132,000	27,937	-	100,313	3,750	27,937
21 Jul 10	542.00	326,750	79,562	-	215,251	31,937	79,562
28 Jul 11	705.15	376,200	72,400	72,200	190,200	41,400	144,600
16 May 12	876.10	359,500	68,700	142,350	97,400	51,050	211,050
15 May 13	1,380.35	394,930	47,670	245,610	36,975	64,675	293,280
01 Nov 13	1,353.05	19,700	-	14,775	4,925	-	14,775
16 Jul 14	2,196.55	281,600	-	280,200	-	1,400	280,200
Total		**1,890,680**	**296,269**	**755,135**	**645,064**	**194,212**	**1,051,404**

Method used for accounting for share based payment plan

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

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

Variables	12 Jan 2010	21 July 2010	28 July 2011	16 May 2012	15 May 2013	1 Nov 2013	16 July 2014
1) Risk free interest rate	6.70%	7.42%	8.27%	8.36%	7.32%	8.71%	8.66%
2) Expected life	1 -5 years	3.5-6.5 years	3.5-6.5 years	3.5-6.5 years	1-5 years	1-5 years	1 -5 years
3) Expected volatility	54.01%	55.38%	53.01%	49.58%	29.97%	32.83%	38.01%
4) Dividend yield	0.62%	1.28%	1.42%	1.37%	1.09%	1.11%	0.73%
5) Price of the underlying share in the market at the time of the option grant (₹)	358.70	542.00	705.15	876.10	1380.35	1353.05	2196.55

29 Employee stock option plan (Contd.)

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

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

(₹ In Crore)

Particulars	2015	2014
Net profit (as reported)	897.87	719.01
Add: Stock – based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro-forma)	16.73	14.98
Net Profit (pro-forma)	881.14	704.03
Basic earnings per share (as reported)	179.94	144.79
Basic earnings per share (pro-forma)	177.70	141.77
Diluted earnings per share (as reported)	176.59	143.65
Diluted earnings per share (pro-forma)	174.39	140.66

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

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015 Transaction value	2015 Outstanding amounts carried in Balance Sheet	2014 Transaction value	2014 Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries & Fellow Subsidiaries					
1. Bajaj Finserv Ltd. (Holding Company)	Dividend paid	49.37	–	46.29	–
	Business support charges paid (o/s as on 31 March 2015 ₹ 38,930)	6.18	–	6.94	–
	Business support charges received	0.16	–	–	–
	Other revenue expenses	0.07	–	0.08	
	Purchase of equity shares of Subsidiary-Bajaj Financial Solutions Ltd.	17.00	–	–	–
	Non-convertible debentures issued	–	100.00	–	–
2. Bajaj Housing Finance Ltd. (Subsidiary from 1-Nov-14, Fellow Subsidiary upto 31-Oct-14 & formerly known as Bajaj Financial Solutions Ltd.)	Business support charges received (₹ 24,996)	–	–	–	–
	Business support charges paid	–	–	0.37	–
	Asset purchased	–	–	0.60	
	Purchase of equity shares	11.00	28.00	–	–
3. Bajaj Financial Securities Ltd. (Subsidiary from 1-Nov-14 & Fellow Subsidiary upto 31-Oct-14)	Business support charges received	0.01	–	–	–
	Business support charges paid	–	–	0.07	–
	Fixed deposits accepted	0.11	0.11	0.24	0.24
	Fixed deposits repaid	(0.24)	–	–	–
	Interest paid on fixed deposits	0.02	–	–	–
	Interest accrued on fixed deposits (o/s as on 31 March 2014 is ₹ 38,466)	0.01	0.01	–	
4. Bajaj Allianz Life Insurance Company Ltd. (Fellow Subsidiary)	Group life insurance exp	1.16	–	–	–
	Advance premium	192.83	17.92	238.66	2.59
	Insurance premium adjusted (including cancellation receipts)	228.61	–	243.01	–
	Infrastructure, Advertisement and Business Co-operation Fees	–	–	13.96	–
	Commission income	1.45	0.52	5.27	1.92
	Certificate of Deposit sold	23.29	–	–	–
	Non-convertible debentures issued	40.00	182.50	100.00	157.50
	Interest paid on non-convertible debentures	13.66	–	4.10	–
	Asset purchased	0.07	–	–	–
5. Bajaj Allianz General Insurance Company Ltd. (Fellow Subsidiary)	Asset/Medical/Vehicle/Travel Insurance	0.53	–	0.53	–
	Advance premium	72.80	12.37	42.66	5.49
	Insurance premium adjusted (including cancellation receipts)	88.10	–	39.59	–
	Commission income	13.88	0.51	4.36	0.43
	Non-convertible debentures issued	25.00	60.00	–	85.00
	Interest paid on non-convertible debentures	3.32	–	7.27	–
B. Individuals controlling voting power/exercising significant ifluence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting Fees	0.06	–	0.02	–
	Commission	0.06	0.06	0.05	0.05
2. Sanjiv Bajaj (Vice Chairman)	Sitting Fees	0.09	–	–	–
	Commission	0.09	0.09	–	–
3. Madhur Bajaj (Director)	Sitting Fees	0.04	–	0.01	–
	Commission	0.04	0.04	0.04	0.04
4. Rajiv Bajaj (Director)	Sitting Fees	0.03	–	0.01	–
	Commission	0.03	0.03	0.03	0.03
C. Non executive Director					
Nanoo Pamnani (Vice Chairman)	Sitting Fees	0.09	–	0.03	–
	Commission	0.89	0.89	0.83	0.83

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

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015 Transaction value	2015 Outstanding amounts carried in Balance Sheet	2014 Transaction value	2014 Outstanding amounts carried in Balance Sheet
D. Key Managerial Personnel					
Rajeev Jain (Managing Director) (CEO till 31 March 2015)	Remuneration	5.14	2.28	3.67	1.65
	ESOPs exercised-perquisite	2.86	–	1.14	–
E. Enterprises over which anyone in (B) & (D) exercises significant influence					
1. Bajaj Auto Ltd.	Interest subsidy received	7.24	0.07	3.88	–
	Business support cost paid	14.34	0.69	12.46	–
	Business support cost received	0.91	–	1.49	–
2. Bajaj Holdings & Investments Ltd.	Business support cost paid	2.54	–	2.36	–
	Business support charges received	0.16	–	–	–
3. Mukand Ltd.	Loan given	34.68	46.69	14.00	28.50
	Principal repayment received	16.49	–	19.71	–
	Income received	5.07	–	3.38	–
4. Hind Musafir Agency Ltd.	Services received	9.46	0.17	8.78	0.45
	Advance for services	–	–	–	1.60
5. Bajaj Electricals Ltd.	Assets purchased	0.34	–	0.63	0.14
6. Jamnalal Sons Pvt. Ltd.	Dividend paid (₹ 1,504)		–	–	–
7. Hercules Hoists Ltd.	Fixed deposits accepted	13.50	13.50	3.00	3.00
	Fixed deposits repaid	(3.00)	–	–	–
	Interest paid on fixed deposits	0.29	–	–	–
	Interest accrued on fixed deposits	1.27	1.27	0.03	0.03
8. Maharashtra Scooters Ltd.	Business support charges paid	0.08	–	–	–
	Non-convertible debentures issued	–	80.00	–	–
9. Bajaj Auto Holdings Ltd.	Non-convertible debentures issued	–	5.00	–	–

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard-18- 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

32 On the basis of information available with the Company as regards the registration of its vendors under the Medium, Small and Micro Enterprises Development Act 2006, there are no dues outstanding beyond the prescribed credit period and consequently no interest payable under the said Act.

33 Previous year's figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

34 Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes '1' to '34'

In terms of our report of even date

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

S Vankatesh
Partner
Membership Number: 037942

Pune: 20 May 2015

Rajeev Jain
Managing Director

Anant Damle
Company Secretary

Rajesh Viswanathan
Chief Financial Officer

Rahul Bajaj
Chairman

Sanjiv Bajaj
Vice Chairman

Nanoo Pamnani
Vice Chairman and
Chairman - Audit Committee

I Schedule to Balance Sheet

(₹ In Crore)

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

Particulars		Amount Outstanding	Amount Overdue
Liabilities Side			
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid			
a) Debentures:	Secured (including interest accrued thereon ₹ 487.74 crore)	9,352.84	–
	Unsecured (including interest accrued thereon ₹ 60.30 crore) (Other than falling within the meaning of public deposit*)	1,098.60	–
b) Deferred credits		–	–
c) Term loans (including interest accrued thereon ₹ 1.08 crore)		11,602.75	–
d) Inter-corporate loans and borrowings		–	–
e) Commercial paper		1,431.30	–
f) Public deposits* (including interest accrued thereon ₹ 24.13 crore)		1,007.60	–
g) Other loans (Short-term Loans,cash credit and working capital demand loan-including interest accrued thereon ₹ 1.32 crore)		2,772.25	–
* Please see note 1 below			
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)			
a) In the form of unsecured debentures		–	–
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		–	–
c) Other public deposits*		1,007.60	–

* Please see note 1 below

Particulars	Amount Outstanding
Asset Side	
3) Break-up of loans and advances including bills receivables (other than those included in (4) below)	
a) Secured	14,040.35
b) Unsecured	9,370.74
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	8,372.78
b) Repossessed assets	13.92
iii) Hypothecation loans counting towards asset financing activities	
a) Loans where assets have been repossessed	–
b) Loans other than (a) above	–

I Schedule to Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Amount Overdue
5) Break up of investments	
Current investments	
1. Quoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities (including trust securities)	–
v) Others (please specify)	–
2. Unquoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities	157.20
v) Others (please specify)	–
Long-term investments	
1. Quoted:	
i) Shares: a) Equity	–
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government and trust securities	–
v) Others (please specify)	–
2. Unquoted:	
i) Shares: a) Equity	28.00
b) Preference	–
ii) Debentures and bonds	–
iii) Units of mutual funds	–
iv) Government securities	147.09
v) Others (please specify)	–

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

Category	Amount net of provision		
	Secured	**Unsecured**	**Total**
1. Related parties**			
a) Subsidiaries	–	–	–
b) Companies in the same group	–	31.39	31.39
c) Other related parties	–	46.69	46.69
2. Other than related parties	22,427.05	9,292.66	31,719.71
	22,427.05	**9,370.74**	**31,797.79**

I Schedule to Balance Sheet (Contd.)

(₹ In Crore)

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

Category	Market value/break up or fair value or NAV$	Book value (net of provisions)
1. Related parties**		
a) Subsidiaries	28.00	28.00
b) Companies in the same group	–	–
c) Other related parties	–	–
2. Other than related parties	304.33	304.29
	332.33	**332.29**

** As per Accounting Standard of ICAI (Please see Note 3)
$ Government Securities valued cost less amortisation of premium

8) Other information

(₹ In Crore)

Particulars	Amount
Gross Non-Performing Assets	
i) Gross non-performing assets	
a) Related parties	–
b) Other than related parties	484.41
Net Non-Performing Assets	
ii) Net non-performing assets	
a) Related parties	–
b) Other than related parties	142.54
iii) Assets acquired in satisfaction of debt	–

Notes:

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

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

(₹ In Crore)

Type of restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
Asset Classification	Details	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured Accounts as on April 1 of the FY (opening figures)	No of borrowers	1				1					-	3	9			12	4	9	-	-	13
	Amount outstanding	56.57				56.57					-	2.19	35.21			37.40	58.76	35.21	-	-	93.97
	provision thereon	1.56*				1.56					-	0.06	6.70			6.76	1.62	6.70	-	-	8.32
Fresh restructuring during the year	No of borrowers					-					-	1	97			98	1	97	-	-	98
	Amount outstanding					-					-	160.60	26.71			187.31	160.60	26.71	-	-	187.31
	provision thereon					-					-	8.78	2.67			11.45	8.78	2.67	-	-	11.45
Upgradations to restructured standard category during the FY	No of borrowers					-					-					-	-	-	-	-	-
	Amount outstanding					-					-					-	-	-	-	-	-
	provision thereon					-					-					-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers					-					-					-	-	-	-	-	-
	Amount outstanding					-					-					-	-	-	-	-	-
	provision thereon					-					-					-	-	-	-	-	-
Downgradations of restructured accounts during the FY	No of borrowers	(1)	1			-					-					-	(1)	1	-	-	-
	Amount outstanding	(56.57)	56.56			(0.01)					-					-	(56.57)	56.56	-	-	(0.01)
	provision thereon	(1.56)	21.35			19.79					-					-	(1.56)	21.35	-	-	19.79
Write-offs of restructured accounts during the FY #	No of borrowers					-					-	(3)	(3)			(6)	(3)	(3)	-	-	(6)
	Amount outstanding					-					-	(2.19)	(15.92)			(18.11)	(2.19)	(15.92)	-	-	(18.11)(i)
	provision thereon					-					-	(0.06)	1.51			1.45	(0.06)	1.51	-	-	1.45(ii)
Restructured Accounts as on 31 March of the FY (Closing figures*)	No of borrowers	-	1	-	-	1	-	-	-	-	-	1	103	-	-	104	1	104	-	-	105
	Amount outstanding	-	56.56	-	-	56.56	-	-	-	-	-	160.60	46.00	-	-	206.60	160.60	102.56	-	-	263.16
	provision thereon	-	21.35	-	-	21.35	-	-	-	-	-	8.78	10.88	-	-	19.66	8.78	32.23	-	-	41.01

* Provision made @ 2.75% consequent to Notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated 23 January 2014 of the Reserve Bank of India

@ Represents recoveries from restructured advances

$ Represents Funded interest component pursuent to CDR arrangement

(i) Net roll back of ₹ 18.11 crore is after considerting a write off amounting to ₹ 2.92 crore

(ii) ₹ 1.45 crore comprises of additional provision amounting to ₹ 6.11 crore and a release of ₹ 4.66 crore on account of write off/collections

III The disclosure as required by the revised Guidelines on Securitisation Transactions issued by RBI on 21 August 2012 is given as under:

During the year, the Company transferred assets through direct assignment of cash flows and the underlying securities to Four banks.

Assets Transferred during FY2015 (₹ In Crore)

Particulars	Amount
Gross amount of assets assigned including exposure retained by the seller	941.79
Total amount of exposure retained by the NBFC to comply with MRR – In form of On-balance sheet retention of assets	94.18
Total Amount of exposure retained by NBFC other than MRR – In form of On-balance sheet retention of assets	20.88
Net amount of Assets Transferred through direct assignment during the year	826.73
The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2015	1,210.14

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

(1) Capital (₹ In Crore)

	As at 31 March	
Particulars	**2015**	**2014**
(i) CRAR (%)	17.97%	19.14%
(ii) CRAR Tier I capital (%)	14.15%	16.17%
(iii) CRAR Tier II capital (%)	3.82%	2.97%
(iv) Amount of subordinated debt raised as Tier II capital	988.30	535.80
(v) Amount raised by issue of perpetual debt instruments	–	–

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

(2) Investments

(₹ In Crore)

Particulars	As at 31 March 2015	2014
1. Value of investments		
(i) Gross value of invesments		
– In India	332.67	29.47
– Outside India	–	–
(ii) Provisions for depreciation/amortisations		
– In India	0.38	1.26
– Outside India	–	–
(iii) Net value of investments		
– In India	332.29	28.21
– Outside India	–	–
2. Movement of provisions held towards depreciation/amortisations on investments		
(i) Opening balance	1.26	1.35
(ii) Add: Provisions during the year	0.38	0.15
(iii) Less: Write off/write back of excess provisions during the year	1.26	0.24
(iv) Closing balance	0.38	1.26

(3) Details of assignment transactions undertaken by the NBFC

(₹ In Crore)

Particulars	As at 31 March 2015	2014
(i) No. of accounts	6,729	5,736
(ii) Aggregate value (net of provisions) of accounts sold	5,018.63	4,076.84
(iii) Aggregate consideration	2,985.27	2,158.54
(iv) Additional consideration realised in respect of accounts transferred in earlier years	–	–
(v) Aggregate gain/loss over net book value	–	–

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

(₹ In Crore)

Particulars	Upto 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits made	–	–	–	–	–	–	12.95	1.31	14.26
Advances	1,889.02	1,739.58	1,357.44	3,339.32	4,754.42	6,856.54	2,620.31	8,642.82	31,199.45
Investments	157.20	–	–	–	–	–	–	175.09	332.29
Borrowings (including deposits accepted)	1,278.97	1,076.07	931.88	640.54	4,489.69	11,818.74	5,366.59	1,088.29	26,690.77
Foreign currency assets	–	–	–	–	–	–	–	–	–
Foreign currency liabilities	–	–	–	–	–	–	–	–	–

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

(5) Exposures

a) Exposures to real estate sector

(₹ In Crore)

Category	As at 31 March 2015	As at 31 March 2014
(i) Residential mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	6,797.97	5,246.60
(ii) Commercial real estate – Lending secured by mortgages on commercial real estates	893.54	654.86
(iii) Investments in mortgage backed securities	–	–

b) Exposure to capital market

(₹ In Crore)

Category		As at 31 March 2015	As at 31 March 2014
(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	1,585.27	847.34
(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		**1,585.27**	**847.34**

6) Registration obtained from other financial sector regulators

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

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

(7) Ratings assigned by credit rating agencies (₹ In Crore)

Rating agency	Program	Rating assigned	Migration in ratings during tye year	2015	2014
CRISIL	Non-convertible debenture	CRISIL AA+/STABLE	NIL	7,350	3,350
	Lower Tier II Bond	CRISIL AA+/STABLE	NIL	700	700
	Fixed deposit	FAAA/STABLE	NIL	NA	NA
	Long-term bank loans	CRISIL AA+/STABLE	NIL	16,000	16,000
	Short-term bank loans	CRISIL A1+	NIL		
	Subordinate debt	CRISIL AA+/STABLE	NIL	1,000	-
	Short-term debt	CRISIL A1+	NIL	5,500	3,500
ICRA	Non-convertible debenture	ICRA AA+(STABLE)	NIL	5,000	3,000
	Lower Tier II Bond	ICRA AA+(STABLE)	NIL	700	700
	Fixed deposit	MAAA(STABLE)	NIL	NA	NA
	Subordinate debt	ICRA AA+(STABLE)	NIL	1,000	-
	Short-term debt	ICRA A1+	NIL	5,500	2,000

(8) Provisions and contingencies (₹ In Crore)

Break up of provisions and contingencies shown under the head expenditure in the Statment of Profit and Loss	For the year ended 31 March 2015	2014
Provision for depreciation/amortisation on investment	0.34	0.09
Provisions for NPA	110.19	53.34
Provision for income tax/deferred tax and tax adjustments of earlier years	459.07	372.15
Provision for standard assets	33.85	44.59
Other provisions and contingencies:		
Provision for restructured standard assets	7.16	1.62
Provision for proposed dividend	90.27	80.23
Provision for tax on proposed dividend	18.38	13.63

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

(9) Concentration of deposits, advances, exposures and NPAs (₹ In Crore)

Particulars	Amount
a) Concentration of deposits:	
Total deposits of 20 largest depositors	385.91
Percentage of deposits of 20 largest depositors to total deposits of the Company	39.24%
b) Concentration of advances:	
Total advances to 20 largest borrowers	1432.94
Percentage of advances to 20 largest borrowers to total advances of the Company	4.59%
c) Concentration of exposures:	
Total exposures to 20 largest borrowers/customers	1432.94
Percentage of exposures to 20 largest borrowers/customers to total exposure of the Company on borrowers/customers	4.59%
d) Concentration of NPAs:	
Total exposure to top 4 NPA accounts	85.70

e) Sector wise NPAs

Sector	% of gross NPAs to total advances in the sector	% of net NPAs to total advances in the sector
Agriculture & allied activities	0.00%	0.00%
MSME	0.00%	0.00%
Corporate borrowers	2.36%	1.46%
Services	0.00%	0.00%
Unsecured personal loans	1.98%	0.23%
Auto loans	4.06%	0.74%
Advances	4.79%	0.00%
Other personal loans	0.70%	0.13%
Total NPA	**1.51%**	**0.45%**

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

(10) Movement of NPAs (₹ In Crore)

Particulars	For the year ended 31 March 2015	2014
(i) Net NPAs to net advances (%)	0.45%	0.28%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	279.61	188.86
(b) Additions during the year	347.18	206.13
(c) Reductions during the year	142.38	115.38
(d) Closing balance	484.41	279.61
(iii) Movement of net NPAs		
(a) Opening balance	66.46	33.02
(b) Additions during the year	110.88	67.35
(c) Reductions during the year	34.81	33.90
(d) Closing balance	142.53	66.46
(iv) Movement of provisions for NPAs (excluding provisions for standard assets)		
(a) Opening balance	213.15	155.84
(b) Provisions made during the year	236.29	138.78
(c) Write offs/write back of excess provisions	107.57	81.48
(d) Closing balance	341.87	213.15

(11) Disclosure of complaints

Particulars	Count
(a) No. of complaints pending at the beginning of the year	-
(b) No. of complaints received during the year	103
(c) No. of complaints redressed during the year	103
(d) No. of complaints pending at the end of the year	-

DECLARATION

The Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____
-Sd-
Mr. Rahulkumar Kamalnayan Bajaj
(Non-executive Chairman)

____
-Sd-
Mr. Nanoo Gobindram Pamnani
(Vice-Chairman, Non-executive and Independent Director)

____
-Sd-
Mr. Sanjivnayan Rahulkumar Bajaj
(Vice-Chairman and Non-executive Director)

____
-Sd-
Mr. Rajeev Jain
(Managing Director)

____
-Sd-
Mr. Madhurkumar Ramkrishnaji Bajaj
(Non-executive Director)

____
-Sd-
Mr. Rajivnayan Rahulkumar Bajaj
(Non-executive Director)

____
-Sd-
Mr. Dhirajlal Shantilal Mehta
(Non-Executive and Independent Director)

____
-Sd-
Mr. Balaji Rao Jagannathrao Doveton
(Non-Executive and Independent Director)

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-Sd-
Dr. Omkar Goswami
(Non-executive and Independent Director)

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-Sd-
Mr. Dipakkumar Jagdishprasad Poddar
(Non-Executive and Independent Director)

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-Sd-
Mr. Ranjan Surajprakash Sanghi
(Non-executive and Independent Director)

____
-Sd-
Mr. Rajendra Lakhotia
(Non-executive and Independent Director)

____
-Sd-
Dr. Gita Piramal
(Non-executive and Independent Director)

Date: June 8, 2015 Place: Pune

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____
-Sd-
Mr. Rahulkumar Kamalnayan Bajaj
(Non-executive Chairman)

____
-Sd-
Mr. Nanoo Gobindram Pamnani
(Vice-Chairman, Non-executive and Independent Director)

____
-Sd-
Mr. Sanjivnayan Rahulkumar Bajaj
(Vice-Chairman and Non-executive Director)

____
-Sd-
Mr. Rajeev Jain
(Managing Director)

____
-Sd-
Mr. Madhurkumar Ramkrishnaji Bajaj
(Non-executive Director)

____
-Sd-
Mr. Rajivnayan Rahulkumar Bajaj
(Non-executive Director)

____
-Sd-
Mr. Dhirajlal Shantilal Mehta
(Non-Executive and Independent Director)

____
-Sd-
Mr. Balaji Rao Jagannathrao Doveton
(Non-Executive and Independent Director)

____
-Sd-
Dr. Omkar Goswami
(Non-executive and Independent Director)

____
-Sd-
Mr. Dipakkumar Jagdishprasad Poddar
(Non-Executive and Independent Director)

____
-Sd-
Mr. Ranjan Surajprakash Sanghi
(Non-executive and Independent Director)

____
-Sd-
Mr. Rajendra Lakhotia
(Non-executive and Independent Director)

____
-Sd-
Dr. Gita Piramal
(Non-executive and Independent Director)

I am authorized by the Special Committee of the Board of Directors of the Company, vide resolution number 2 dated June 4, 2015 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed: __________________

-Sd-
Anant Damle, Company Secretary

Date: June 8, 2015 Place: Pune

BAJAJ FINANCE LIMITED

Registered Office
Akurdi,
Pune – 411035, Maharashtra, India

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

Website: www.bajajfinserv.in/finance/
CIN: L65910MH1987PLC042961

Compliance Officer: Anant Damle
Tel: (91 20) 3018 6072; Fax: (91 20) 3018 6364; E-mail: anant.damle@bajajfinserv.in

SOLE GLOBAL COORDINATOR AND BOOK RUNNING LEAD MANAGER

JM Financial Institutional Securities Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025

STATUTORY AUDITORS OF THE COMPANY

Dalal & Shah, Chartered Accountants
252, Veer Savarkar Marg
Shivaji Park, Dadar
Mumbai 400 028

LEGAL ADVISERS TO THE ISSUE

As to Indian law

AZB & Partners
AZB House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Maharashtra India

As to International law

Duane Morris & Selvam LLP
16 Collyer Quay
#17-00
Singapore, 049318